The Standard Bank of South Africa

Annual financial statements 2003

blueprint for **growth**

Standard Bank

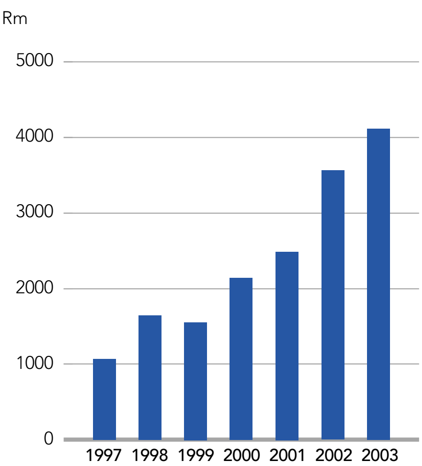
Contents

Financial highlights

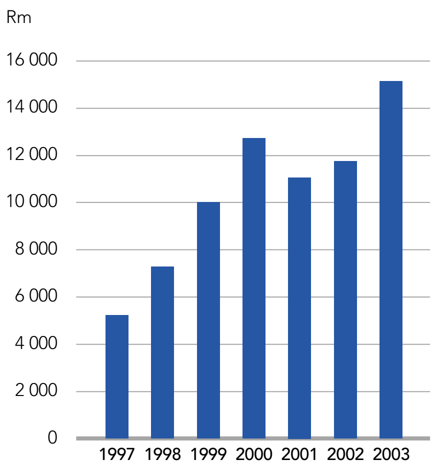
	2003	2002	% change	2003 US$ equivalent
Income statement (Rm)				
Operating profit	**5 986**	5 331	12	793
Headline earnings	**4 117**	3 561	16	545
Income attributable to ordinary shareholder	**4 240**	3 817	11	562
Balance sheet (Rm)				
Ordinary shareholder's funds	**15 175**	11 744	29	2 272
Total assets	**320 791**	214 195	50	48 023
Loans and advances	**153 345**	125 075	23	22 956
Financial performance				
Return on equity (%)	**30,6**	31,2		
Share statistics per ordinary share (cents)				
Headline earnings	**6 864**	6 054	13	909
Earnings	**7 069**	6 490	9	936
Dividends	**2 416**	7 684	(69)	320
Net asset value	**25 293**	19 600	29	3 786
Capital adequacy				
Total risk-weighted assets (Rm)	**174 423**	159 320	9	26 111
Primary qualifying capital (Rm)	**14 784**	11 414	30	2 213
Total qualifying capital (Rm)	**21 636**	17 991	20	3 239
Primary qualifying capital to risk-weighted assets (%)	**8,5**	7,2		
Total qualifying capital to risk-weighted assets (%)	**12,4**	11,3		

The 2003 rand/US dollar exchange rates : period end rate – R6,68 (2002: R8,58)
: average rate – R7,55 (2002: R10,50)

Headline earnings



Ordinary shareholder's funds



Risk management overview

The effective management of risk in a diverse and complex organisation such as The Standard Bank of South Africa Limited (SBSA) requires a strong risk management culture. This culture ensures that sound business decisions can be taken to adequately balance the diverse elements of risk and reward, both of which are integral to banking.

Approach to risk management

The company's risk management approach is integrated with the Standard Bank Group risk management processes and is based on 5 main principles – risk governance structures, risk ownership, risk management policies, risk identification and measurement and risk reporting:

- **Risk governance structures**

  A risk governance structure is in place to ensure independent oversight. It begins with the board of directors, who reviews and accepts the type and level of risk that the company is willing to take in pursuit of growth and maximising opportunities. The board has delegated its risk related responsibilities to three committees, which focus on different aspects of risk management. The three board committees are the group risk management committee, the group audit committee and the group credit committee.

- **Risk ownership**

  Risk management, and the accountability therefore, is integrated into the business units.

- **Risk management policies**

  Risk management policies are formally documented and approved. The accountability for developing and maintaining group risk policies rests with group risk management.

- **Risk identification and measurement**

  Risks are identified and measured consistently across the company and, where appropriate, to the requirements of the individual business units.

- **Risk reporting**

  Risks are reported within business units through the decentralised risk management areas and ultimately to the group risk management committee.

The New Basel Capital Accord (Basel II)

The company has compared risk management policies, processes and systems to the Basel II proposals. Several projects are in progress to address development areas.

Major risks

The major risks to which the company is exposed are detailed below:

Credit risk – the risk of loss arising from counterparty default.

In lending transactions, credit risk arises through non-performance by a customer with respect to facilities utilised. These facilities typically take the form of loans and advances, the advancement of securities and contracts to support customer obligations (letters of credit and guarantees).

In trading activities, credit risk arises due to non-performance or defaults by a counterparty and comprises the following:

- settlement risk, the risk that a settlement within a transaction does not take place as expected which results in one party having delivered full value prior to receipt of value;

- replacement risk, the risk of having to replace a defaulted or cancelled in-the-money derivative instrument with a comparable instrument; and

- issuer risk, the risk that a particular principal payment or set of payments due from the issuer of an instrument will not be forthcoming as scheduled.

Market risk – the risk of a decrease in the market value of a portfolio of financial instruments caused by an adverse move in market variables such as equity, bond and commodity prices, currency exchange rates and interest rates, credit spreads and implied volatilities on all of the above. Market risk exists wherever the company has trading, banking or investment positions. These exposures arise from customer-driven business and from proprietary positions.

Market risk exposure on trading positions

The board of directors grants general authority to take on market risk exposure to the Africa asset and liability committee, which is chaired by the chief executive.

The company manages market risk through risk limits. The company uses a range of risk measurement methodologies and tools to establish limits, including value at risk, stress testing, loss triggers and traditional risk management measures.

Market risk on equity investments

Equity management committees approve investments in listed and unlisted entities within an approval limit framework. Market risk on investments is managed in accordance with the purpose and strategic benefits of such investments, rather than purely on market considerations. Periodic reviews and re-assessments are undertaken.

Market risk exposure on banking positions

Banking-related market risk is contained within the company's treasury operations. Independent asset and liability management functions monitor exposures to interest rate risk, which is the potential adverse effect of interest rate movements on net interest income.

Liquidity risk – the risk that the company has insufficient funds or marketable assets available to fulfil its future cash flow obligations on time.

The nature of banking, investment and trading activities results in continuous exposure to liquidity risks in respect of balance sheet activities.

Sound liquidity management is crucial in protecting the company's capital, maintaining market confidence and ensuring future growth.

The monitoring of liquidity risk is facilitated by the adoption of a series of limits that are in line with guidelines issued by the Financial Services Authority (FSA) in the United Kingdom.

Compliance risk – the risk of non-compliance with any statutory requirements of central or local government, including regulations imposed by the South African Reserve Bank (SARB), the Financial Services Board and the various financial exchanges. The company's lead regulator is the Bank Supervision Department of the SARB.

A policy of constructive engagement is followed with all regulators and the SARB Bank Supervision Department, in particular, is regarded as a key stakeholder.

Given the significance of regulatory developments and the impact they have on the company, several focus areas have been formally established in Group Compliance. These are money laundering control, the provision of financial advice and health and safety.

Operational risk – the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The company has an operational risk management framework which outlines the management process, the governance structure and the culture for managing operational risk.

The role of operational risk managers is to:

- identify and evaluate the risks inherent in the business activities and processes, and to manage them within established tolerances;
- provide support for sound business decisions, through a balanced focus on risk and return in decision-making and through ongoing staff awareness; and
- assist business units in fulfilling their operational risk management responsibilities.

Business continuity management and information risk management form part of the operational risk framework.

The company's capacity to respond to abnormal conditions is strengthened through a process of simulations in identified critical business areas. Emphasis has been placed on rehearsal of the recovery capability which focuses on the ability to respond to a crisis, recover critical processes and resume normal operations.

Information risk is the possibility of harm being caused to a business as a result of a loss of the confidentiality, integrity or availability of information. Emphasis is on monitoring the status of the company's information security and in measuring the effectiveness of information security processes.

Reputational risk – the risk of damaging the company's image which may impair its ability to retain and generate business.

The company evaluates reputational risk through its management of the major risk types as set out above.

In addition, there is an open communication culture that allows for all issues to be appropriately dealt with in a timely manner.

Capital adequacy

Minimum requirements

The capital adequacy ratio reflects the capital strength of an entity when compared to the minimum requirement set out by the regulator.

SBSA is required to meet the South African Reserve Bank capital requirements, being a minimum capital adequacy ratio of 10%. These regulations are based on guidelines developed by the Bank for International Settlement.

Qualifying capital

Qualifying capital is divided into three tiers: primary, secondary and tertiary capital.

Primary capital comprises funds raised through the issue of ordinary shares, non-redeemable, non-cumulative preference shares, retained earnings and reserves (other than statutory revaluation reserves).

Secondary capital comprises cumulative preference shares, certain subordinated loan funding, general debt provisions net of any related deferred tax and 50% of statutory revaluation reserves.

Tertiary capital comprises certain subordinated loan funding and may only be used to support trading activities.

Risk-weighted assets

Risk-weighted assets are determined by applying a set risk weighting to on- and off-balance sheet financial instruments, according to the relative credit risk of the counterparty. Included in the overall risk-weighted assets is a notional risk weighting for the trading book, calculated based on the market, counterparty and large exposure risks.

Capital adequacy ratio

The capital adequacy ratio improved from 11,3% in 2002 to 12,4% in 2003.

The reason for the increase was mainly attributable to good earnings growth. This was partly offset by dividend payments, coupled with an increase in risk-weighted assets.

Corporate governance

Standard Bank Group (SBG) continues to ensure that the highest levels of corporate governance are observed in the conduct of the group's affairs.

As a major subsidiary of SBG, SBSA continues to adhere to governance objectives established in the group and also operates within the governance framework established by SBG. During the period under review, the board complied with legislation, regulation and relevant codes of conduct. SBSA fully endorses the principles set out in the Code of Banking Practice (the code). For the first time this past year, compliance with the code was audited. Group Internal Audit completed the audit of the code, which was ratified by an independent firm of auditors, and certified SBSA's satisfactory compliance with the code.

Board of directors

The company continues to be led by an effective board that retains ultimate control of the company. The board ensures that its conduct is in accordance with the group's principles of transparency, integrity and accountability. The board has the ultimate responsibility for the strategic direction of the company and compliance with legislative and regulatory requirements. An annual meeting is held to discuss strategy.

There are currently 17 directors on the board, the majority of whom are independent non-executive directors.

The board meets regularly and during 2003, five board meetings were held. The attendance at meetings was as follows:

Board of directors	Mar	May	Aug	Oct	Dec
Derek Cooper (chairman)	✔	✔	✔	✔	✔
Roy Andersen[1, 4]	✔	A			
Doug Band	✔	✔	✔	✔	✔
Elisabeth Bradley	✔	✔	✔	✔	✔
Trevor Evans[2]			✔	✔	✔
Thulani Gcabashe[2]			A	✔	✔
Buddy Hawton	A	✔	✔	✔	✔
Sir Paul Judge[2]			✔	✔	✔
Graham Mackay[3]	A	A			
Saki Macozoma	✔	✔	✔	✔	✔
Jacko Maree[4]	✔	✔	✔	✔	✔
Rick Menell	✔	✔	✔	✔	✔
Kgomotso Moroka[2]			✔	A	✔
Chris Nissen[2]			✔	✔	A
Robin Plumbridge	✔	✔	✔	✔	A
Myles Ruck[4]	✔	✔	✔	✔	✔
Sir Robert Smith[2]			A	✔	✔
Chris Stals	✔	✔	✔	✔	✔
Conrad Strauss	✔	✔	✔	✔	✔
Eddie Theron[5]	✔	✔			

[1] Retired 31 May 2003.
[2] Appointed 1 July 2003.
[3] Resigned 18 June 2003.
[4] Executive director.
[5] Retired 19 May 2003.
A = apologies
R = recused

Two directors are not independent: Doug Band (who has a consulting relationship with the group) and Saki Macozoma (who has a business relationship with the group through Stanlib and Andisa Capital). The roles of chairman and chief executive remain separate and distinct. There are two executive directors, namely Jacko Maree (chief executive) and Myles Ruck (chief executive, Liberty Group). The mix of skills and backgrounds on the board ensure that independent thought is brought to bear on board decisions.

The information needs of the board are monitored to ensure that they receive the right information to enable them to fulfil their responsibilities. Where relevant, information is adjusted to meet board requirements.

Directors have access to the advice and services of the company secretary, the ability to interact with any employee and the right to seek legal advice at the company's expense. The company secretary also assists the directors in providing any information or documentation that they may require to enable them to discharge their responsibilities. Further, the board is kept advised of any changes in regulation and legislation on an ongoing basis. New directors receive a thorough induction which includes being provided with a governance manual together with meetings with management that are structured to meet individual needs.

The board of directors has a mandate with agreed terms of reference that are continuously reviewed to ensure that they remain relevant. The performance of the board against its mandate is assessed annually. This is reviewed by external auditors and a report issued to the governance and nominations committee (now reconstituted as the directors' affairs committee) of SBG. Further, the board also conducted an assessment of its own effectiveness.

There is a well formulated risk governance structure in the group. Management operate within limits in terms of delegated authorities.

Full details of the governance practices of SBG (including subsidiary entities) and the greater risk management framework of SBG, of which SBSA is a participant, is set out in the SBG annual report that can be found at www.standardbank.co.za.

Going concern

The company continues to adopt the going concern basis in preparing the financial statements. The directors have documented the basis for their conclusion and have adequate reason to believe that the company has sufficient resources to continue operating as a going concern in the foreseeable future.

Financial definitions

Headline earnings (Rm)	Earnings attributable to ordinary shareholder excluding goodwill amortisation and capital profits and losses.
Earnings per share (cents)	Earnings attributable to ordinary shareholder divided by the weighted average number of ordinary shares in issue.
Headline earnings per share (cents)	Headline earnings divided by the weighted average number of ordinary shares in issue.
Dividends per share (cents)	Total dividends declared per share relating to the year under review.
Net asset value per share (cents)	Ordinary shareholder's funds divided by the number of ordinary shares in issue at year end.
Return on equity (%)	Headline earnings as a percentage of average ordinary shareholder's funds.
Return on risk-weighted assets (%)	Headline earnings as a percentage of average risk-weighted assets.
Cost-to-income ratio (%)	Operating expenses as a percentage of total income, before deducting the provision for credit losses.
Effective tax rate (%)	The income statement tax charge as a percentage of income before tax, excluding income from associates and joint ventures.

Seven-year review

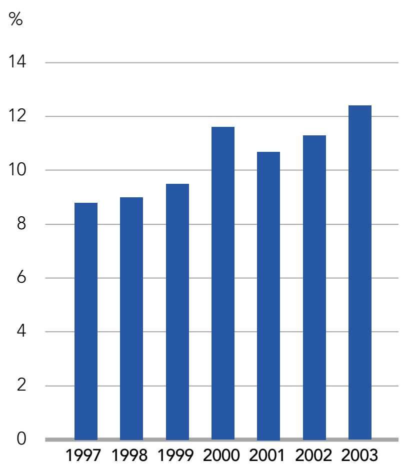
Balance sheet

	CAGR[1] %	**2003 Rm**	2002 Rm	2001 Rm	2000 Rm	1999 Rm	1998 Rm	1997 Rm
Assets								
Cash and balances with banks	(1)	**8 201**	25 312	19 397	10 192	12 755	8 701	8 877
Short-term negotiable securities	24	**15 160**	5 771	4 458	8 985	6 092	5 608	4 126
Trading assets	42	**6 821**	6 145	3 639	3 550	1 433	914	818
Investment securities	34	**14 566**	9 654	11 757	3 509	3 973	3 560	2 490
Loans and advances	9	**153 345**	125 075	110 710	101 727	95 370	97 836	90 383
Derivative and other assets	63	**89 753**	20 908	21 436	13 651	6 478	5 700	4 715
Interest in group companies, associates and joint ventures	37	**30 587**	18 968	13 387	11 304	14 682	7 531	4 686
Intangible assets[2]		**209**	226	225	107	–	–	–
Property and equipment	(1)	**2 149**	2 136	1 924	2 204	2 220	2 185	2 281
Total assets	18	**320 791**	214 195	186 933	155 229	143 003	132 035	118 376
Equity and liabilities								
Capital and reserves	19	**15 175**	11 744	11 062	12 726	10 010	7 280	5 238
Liabilities	18	**305 616**	202 451	175 871	142 503	132 993	124 755	113 138
Deposit and current accounts	11	**198 982**	172 728	150 635	125 283	122 554	113 002	103 601
Derivative, trading and other liabilities	60	**91 520**	17 382	14 060	10 122	6 494	6 547	5 405
Subordinated bonds	20	**5 830**	5 700	4 700	2 700	35	1 760	1 990
Liabilities to group companies	28	**9 284**	6 641	6 476	4 398	3 910	3 446	2 142
Total equity and liabilities	18	**320 791**	214 195	186 933	155 229	143 003	132 035	118 376

[1] CAGR refers to compound annual growth rate based on rand amounts for the period 1997 to 2003.
[2] Strategic software development costs, reflected as intangible assets, have only been capitalised since 2000.

Figures included in the seven-year review have been restated where necessary to provide a meaningful comparison of performance over the period.

Total qualifying capital to risk-weighted assets

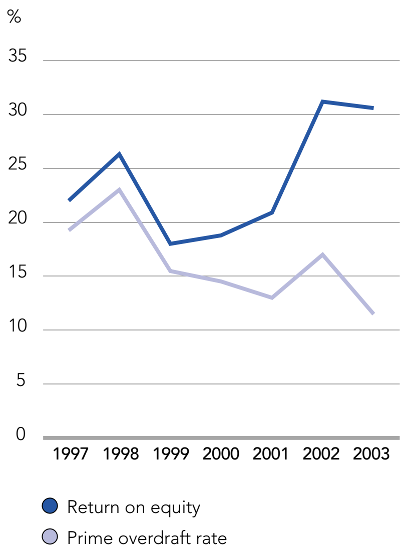


Income statement

	CAGR[1] %	2003 Rm	2002 Rm	2001 Rm	2000 Rm	1999 Rm	1998 Rm	1997 Rm
Interest income	11	**31 517**	26 249	19 403	17 050	18 662	19 632	16 601
Interest expense	10	**22 652**	18 332	13 196	11 333	13 447	14 723	12 514
Net interest income before provision for credit losses	14	**8 865**	7 917	6 207	5 717	5 215	4 909	4 087
Provision for credit losses	6	**1 341**	1 359	1 330	1 303	1 545	1 003	967
Net interest income	16	**7 524**	6 558	4 877	4 414	3 670	3 906	3 120
Non-interest revenue	17	**7 672**	7 006	5 745	4 763	4 548	3 639	2 960
Total income	16	**15 196**	13 564	10 622	9 177	8 218	7 545	6 080
Operating expenses	12	**9 210**	8 233	6 979	6 305	6 168	5 447	4 680
Operating profit	27	**5 986**	5 331	3 643	2 872	2 050	2 098	1 400
Income from associates and joint ventures		**32**	36	61	117	102	168	133
Goodwill amortisation and exceptional items		**110**	256	–	768	(22)	(18)	46
Income before tax	25	**6 128**	5 623	3 704	3 757	2 130	2 248	1 579
Tax	26	**1 888**	1 806	1 214	847	553	610	464
Income attributable to ordinary shareholder	25	**4 240**	3 817	2 490	2 910	1 577	1 638	1 115

[1] CAGR refers to compound annual growth rate for the period 1997 to 2003.

Financial performance



Statistics, returns and capital adequacy

	CAGR[1] %	**2003**	2002	2001	2000	1999	1998	1997
Share statistics								
Number of ordinary shares in issue (millions)								
– weighted average		**60**	59	57	56	53	52	52
– end of period		**60**	60	59	56	56	52	52
Headline earnings (Rm)	25	**4 117**	3 561	2 490	2 142	1 557	1 646	1 069
Share statistics per ordinary share (cents)								
Earnings	22	**7 069**	6 490	4 384	5 153	2 955	3 180	2 165
Headline earnings	22	**6 864**	6 054	4 384	3 793	2 918	3 195	2 076
Dividends declared	20	**2 416**	7 684	6 963	2 047	243	1 015	822
Net asset value	16	**25 293**	19 600	18 820	22 537	17 727	14 136	10 171
Selected returns and ratios								
Return on equity (%)		**30,6**	31,2	20,9	18,8	18,0	26,3	22,0
Return on average risk-weighted assets (%)		**2,5**	2,3	1,8	1,8	1,5	1,7	1,2
Average ordinary shareholder's funds to average total assets (%)		**5,0**	5,7	7,0	7,6	6,3	5,0	4,4
Cost-to-income ratio (%)		**55,7**	55,2	58,4	60,2	63,2	63,7	66,4
Effective tax rate (%)		**31,0**	32,3	33,3	23,3	27,3	29,3	32,1
Headline earnings per employee (rand)	27	**158 890**	135 989	98 186	85 179	58 045	62 896	38 630
Number of employees at year end		**25 911**	26 186	25 360	25 147	26 824	26 170	27 673
Capital adequacy								
Total risk-weighted assets (Rm)	11	**174 423**	159 320	151 469	121 094	110 905	103 108	91 771
Primary qualifying capital (Rm)	20	**14 784**	11 414	10 756	10 182	9 126	6 365	4 948
Total qualifying capital (Rm)	18	**21 636**	17 991	16 243	14 045	10 554	9 272	8 116
Primary qualifying capital to risk-weighted assets (%)		**8,5**	7,2	7,1	8,4	8,2	6,2	5,4
Total qualifying capital to risk-weighted assets (%)		**12,4**	11,3	10,7	11,6	9,5	9,0	8,8
Exchange rates at year end								
US$	5	**6,68**	8,58	12,00	7,57	6,16	5,89	4,87
UK£	7	**11,95**	13,82	17,45	11,30	9,92	9,63	7,99
Euro		**8,42**	9,01	10,68	7,10	6,17	n/a	n/a
Market indicators at 31 December								
Prime overdraft rate (%)		**11,50**	17,00	13,00	14,50	15,50	23,00	19,25
JSE All Share Index (closing)	11	**10 387**	9 277	10 457	8 164	8 357	5 016	5 466
JSE Banks Index (closing)	3	**14 153**	12 035	12 812	13 697	12 482	9 778	12 050

[1] CAGR refers to compound annual growth rate for the period 1997 to 2003.

Report of the independent auditors

To the member of The Standard Bank of South Africa Limited

We have audited the annual financial statements of the company set out on pages 13 to 62 for the year ended 31 December 2003. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company at 31 December 2003 and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.

KPMG Inc.
KPMG Inc.
Registered Accountants and Auditors
Chartered Accountants (SA)

PricewaterhouseCoopers Inc.
Registered Accountants and Auditors
Chartered Accountants (SA)

Johannesburg
9 March 2004

Directors' responsibility for financial reporting

In accordance with Companies Act requirements, the directors are responsible for the preparation of the annual financial statements which conform with South African Statements of Generally Accepted Accounting Practice and which fairly present the state of affairs of the company as at the end of the financial year, and the net income and cash flows for that period.

It is the responsibility of the independent auditors to report on the fair presentation of the financial statements.

The directors are ultimately responsible for the internal controls. Management enables the directors to meet these responsibilities. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for company assets. Appropriate accounting policies, supported by reasonable and prudent judgements and estimates, are applied on a consistent and going concern basis. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

Systems and controls are monitored throughout the company. Greater detail is provided in the risk management overview and corporate governance section on pages 2 to 6.

Based on the information and explanations given by management and the internal and external auditors, the directors are of the opinion that the accounting controls are adequate and that the financial records may be relied upon for preparing the financial statements and maintaining accountability for the company's assets and liabilities. Nothing has come to the attention of the directors to indicate that any breakdown in the functioning of these controls, resulting in material loss to the company, has occurred during the year and up to the date of this report. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

A directors' report and group financial statements have not been prepared as the company is a wholly-owned subsidiary of Standard Bank Group Limited, a company incorporated in the Republic of South Africa.

The financial statements which appear on pages 13 to 62 were approved by the board of directors on 9 March 2004 and signed on its behalf by

Derek Cooper
Chairman

Jacko Maree
Chief executive

Secretary's certification

Compliance with Companies Act 61, of 1973

In terms of the provisions of the Companies Act 61 of 1973 (the Act), and for the year ended 31 December 2003, I certify that The Standard Bank of South Africa Limited has lodged all returns required by the Act with the Registrar of Companies and that all such returns are true, correct and up to date.

Loren Wulfsohn
Secretary
9 March 2004

Balance sheet

at 31 December 2003

	Note	2003 Rm	2002 Rm
Assets			
Cash and balances with banks	2	**8 201**	25 312
Short-term negotiable securities	3	**15 160**	5 771
Derivative assets	4	**79 573**	4 521
Trading assets	5	**6 821**	6 145
Investment securities	6	**14 566**	9 654
Loans and advances	7	**153 345**	125 075
Other assets	8	**10 180**	16 387
Interest in group companies, associates and joint ventures	9	**30 587**	18 968
Intangible assets	10	**209**	226
Property and equipment	11	**2 149**	2 136
Total assets		**320 791**	214 195
Equity and liabilities			
Capital and reserves		**15 175**	11 744
Share capital	12	**60**	60
Share premium	13	**5 643**	5 145
Reserves		**9 472**	6 539
Liabilities		**305 616**	202 451
Deposit and current accounts	14	**198 982**	172 728
Trading liabilities	15	**4 757**	3 655
Derivative liabilities	4	**73 701**	-
Other liabilities and provisions	16	**13 062**	13 727
Subordinated bonds	17	**5 830**	5 700
Liabilities to group companies	9	**9 284**	6 641
Total equity and liabilities		**320 791**	214 195

Income statement

for the year ended 31 December 2003

	Note	2003 Rm	2002 Rm
Interest income	19.1	**31 517**	26 249
Interest expense	19.2	**22 652**	18 332
Net interest income before provision for credit losses		**8 865**	7 917
Provision for credit losses	19.3	**1 341**	1 359
Net interest income		**7 524**	6 558
Non-interest revenue	19.4	**7 672**	7 006
Total income		**15 196**	13 564
Operating expenses		**9 210**	8 233
Staff costs	19.5	**4 859**	4 174
Other operating expenses	19.6	**4 351**	4 059
Operating profit		**5 986**	5 331
Income from associates and joint ventures	9.2	**32**	36
Goodwill amortisation	9.2	**(4)**	(2)
Exceptional items	20.4	**114**	258
Income before tax		**6 128**	5 623
Tax	21	**1 888**	1 806
Income attributable to ordinary shareholder		**4 240**	3 817
Headline earnings (Rm)	20.4	**4 117**	3 561
Earnings per share (cents)	20.3	**7 069**	6 490
Headline earnings per share (cents)	20.3	**6 864**	6 054
Dividends per share (cents)	20.2	**2 416**	7 684

Cash flow statement

for the year ended 31 December 2003

	Note	2003 Rm	2002 Rm
Operating activities			
Cash receipts from customers	22.2	**38 271**	32 773
Cash paid to customers, employees and suppliers	22.3	**(31 247)**	(25 926)
Dividends received	22.4	**696**	518
Net cash flows from operating activities	22.1	**7 720**	7 365
Changes in operating funds			
Increase in income-earning assets	22.5	**(41 356)**	(18 418)
Increase in deposits, other liabilities and provisions	22.6	**29 079**	23 155
Net cash flows (used in)/from operating funds		**(12 277)**	4 737
Tax paid	22.7	**(1 801)**	(2 273)
Investing activities			
Capital expenditure on			
– property		**(2)**	(2)
– equipment, furniture and vehicles		**(911)**	(975)
– intangible assets		**(132)**	(49)
Investment in associates and joint ventures		**(62)**	(42)
Proceeds from sale of			
– property		**355**	102
– equipment, furniture and vehicles		**193**	68
– business operations		**38**	143
Net cash flows used in investing activities		**(521)**	(755)
Financing activities			
Proceeds from issue of share capital	22.9	**498**	499
Proceeds from issue of bonds		**–**	1 000
Dividends paid	22.10	**(1 250)**	(3 150)
Net cash flows used in financing activities		**(752)**	(1 651)
Effects of exchange rate changes on cash and cash equivalents		**(91)**	(195)
Net (decrease)/increase in cash and cash equivalents		**(7 722)**	7 228
Cash and cash equivalents at beginning of the year		**31 083**	23 855
Cash and cash equivalents at end of the year		**23 361**	31 083

Statement of changes in shareholder's funds

for the year ended 31 December 2003

	Note	Share capital and premium Rm	Translation reserve Rm	Statutory general credit risk reserve Rm	Cash flow hedging reserve Rm	Available-for-sale reserve Rm	Retained earnings Rm	Total Rm
Balance at 1 January 2002		4 995	283				5 784	11 062
Currency translation differences			(195)					(195)
Income attributable to ordinary shareholder							3 817	3 817
Dividends paid	20.2						(3 150)	(3 150)
Issue of share capital and premium		499						499
Utilisation of share premium		(289)						(289)
Balance at 31 December 2002		5 205	88				6 451	11 744
Balance as at 1 January 2003		5 205	88				6 451	11 744
Change in accounting policy	23			242	20	5	(230)	37
Restated balance at 1 January 2003		**5 205**	**88**	**242**	**20**	**5**	**6 221**	**11 781**
Currency translation differences			**(91)**					**(91)**
Cash flow hedges – net fair value gains					**3**			**3**
Decrease in statutory general credit risk reserve				**(58)**			**58**	**–**
Mark-to-market of available-for-sale assets						**(6)**		**(6)**
Income attributable to ordinary shareholder							**4 240**	**4 240**
Dividends paid	20.2						**(1 250)**	**(1 250)**
Issue of share capital and premium		**498**						**498**
Balance at 31 December 2003		**5 703**	**(3)**	**184**	**23**	**(1)**	**9 269**	**15 175**

All balances are stated net of any applicable tax.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

The accounting policies are consistent with those adopted in the previous year, except for changes made as a result of the adoption of the new accounting statement on Financial Instruments: Recognition and Measurement (AC 133), the South African equivalent of the International Accounting Standard, IAS 39.

The impact of AC 133 is detailed in note 23 on page 56.

AC 133 has been applied prospectively in accordance with the requirements of this standard and therefore comparative financial information has not been restated but reclassifications of balance sheet comparatives has occurred where required.

The following significant accounting policy changes occurred relating to financial instruments as a result of the adoption of AC 133 and the resulting consequences on interpretations of Financial Instruments: Disclosure and Presentation (AC 125):

Summary of accounting policy changes resulting from AC 133

Accounting policies before adoption of AC 133	Accounting policies adjusted for AC 133
Short-term negotiable securities and investment securities Short-term negotiable securities and investment securities were measured at amortised cost or cost, providing only for permanent impairments in value.	These securities are classified according to their underlying nature and intent, with the accounting treatment dependent on the classification. Generally, the securities are classified as held at fair value or available-for-sale and are measured at fair value. Changes in securities held at fair value are recognised in the income statement. Changes on available-for-sale securities are recognised in equity until disposal, at which stage the gain or loss is transferred to the income statement but excluded from headline earnings. Where the company has the ability and intent to hold these securities to maturity, they are classified as financial assets held-to-maturity. Where the company has originated the securities by advancing funds directly to a debtor, they are classified as securities originated by the company. Held-to-maturity securities and securities originated by the company are accounted for at amortised cost.
Provision for credit losses Specific provisions for non-performing loans were calculated based on the difference between the book value of the loan and expected recoveries. Interest income was suspended on non-performing loans. The general provisions for performing loans were calculated on a matrix methodology based on the regulatory provisioning requirements of the South African Reserve Bank.	Provisions for non-performing loans are based on the difference between the book value of the loan and the present value of the expected future cash flows discounted to the reporting date. The discounting of future cash flows results in additional provisions which unwind over time as interest income. Portfolio provisions for the impairment of performing loans cover losses which, although not yet specifically identified, are present in any portfolio of bank advances. Provisions are based on historic loss patterns adjusted for economic conditions and the credit cycle at the balance sheet date.

Accounting policies before adoption of AC133	Accounting policies adjusted for AC 133
Loans with off-market interest rates Loans with off-market interest rates were carried at amortised cost.	These loans are impaired on initial recognition to achieve the recognition of a market-related interest rate over the period to repayment.
Derivatives The fair values of derivative financial assets and liabilities were disclosed on a net basis and included in other assets.	Derivatives are separately disclosed as derivative assets or liabilities and offsetting is only applied to the extent that a legal right of set-off exists and the company intends to settle on a net basis.
Hedge accounting Previously the effectiveness of a hedge was the main qualifying criteria in applying hedge accounting.	Hedging instruments are formally designated at the inception of the hedge relationships to the hedged items. Strict hedging criteria, including requirements for hedge documentation and effectiveness, are now applied in accordance with AC 133.
Derivatives subject to hedging relationships were carried off-balance sheet.	Assets subject to fair value hedging relationships are fair-valued for the risk being hedged. Derivatives used for hedging purposes are accounted for on-balance sheet.

1 Basis of preparation

These financial statements are prepared in accordance with, and comply with, South African Statements and Interpretations of Statements of Generally Accepted Accounting Practice and the South African Companies Act of 1973. The financial statements are prepared in accordance with the going concern principle under the historical cost basis as modified by the revaluation of financial instruments, classified as instruments available-for-sale, held for trading, instruments held at fair value and derivative instruments.

All monetary figures appearing in the financial statements, unless otherwise indicated, are stated in millions of rands (Rm).

Investments in subsidiaries are accounted for at cost. The carrying amounts of these investments are reviewed annually and written down for impairment where considered necessary.

2 Associates and joint ventures

An associate is a company, not being a subsidiary, in which an investment is held and over whose financial and operating policies the company is able to exercise significant influence.

These investments are accounted for by means of the equity method. Equity accounting involves recognising the company's share of the associate's profit or loss for the year in the income statement. This method is applied from the date on which the enterprise becomes an associate, up to the date on which it ceases to be an associate.

Where an investment is acquired and held exclusively with a view to its disposal in the near future, it is not accounted for under the equity method. These investments are accounted for on the basis set out in accounting policy 5.

A jointly controlled entity is a contractual arrangement that establishes joint control over the economic activity of an entity.

The company's interests in jointly controlled entities are accounted for using the equity method.

Interests in associates and jointly controlled entities are carried in the balance sheet at an amount that reflects the company's share of the net assets of the associate or jointly controlled entity and includes the unamortised portion of goodwill on acquisitions after 1 January 2000.

Jointly controlled assets are assets contributed or acquired for the purpose of a joint venture. Each venturer has control over its share of future economic benefits through its share in the jointly controlled assets. The company recognises its share of the jointly controlled assets, liabilities, income and expenses in respect of its interest in the joint venture.

3 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net assets of the acquired associate or joint venture at the date of acquisition.

Goodwill arising on the acquisition of associates or joint ventures occurring on or after 1 January 2000, is amortised using the straight-line method over its estimated useful life, not exceeding 20 years.

Goodwill is carried at cost less any accumulated amortisation. The carrying amount of goodwill is reviewed annually and written down for impairment where considered necessary.

Negative goodwill relating to identifiable expected losses is recognised in the income statement when the future losses or expenses are recognised.

4 Cash and balances with banks

Cash and balances with banks comprise coin and bank notes, balances with central banks and balances with other banks.

5 Short-term negotiable securities, trading assets and investment securities

Financial assets are held for liquidity, investment, trading or hedging purposes. All financial assets are measured initially at cost including transaction costs. These financial assets are recognised on the date the company commits to purchase the assets (trade date) and are derecognised when the company no longer has control over the assets. Gains or losses on disposal are determined using the average costing method.

Management determines the appropriate classification at the time of the purchase. Short-term negotiable securities and investment securities with fixed maturity, where management has both the intent and the ability to hold the securities to maturity, are classified as held-to-maturity. Short-term negotiable securities and investment securities originated by the enterprise are financial assets that are created by the enterprise by providing money directly to a debtor, other than those that are originated with the intent to be sold immediately or in the short term. Financial assets classified as held-to-maturity or originated by the company are carried at amortised cost, using the effective yield method, less any provision for impairment.

Financial assets that the company holds for short-term profit taking are classified as assets held for trading. Subsequent to initial recognition, trading assets are measured at fair value. All related realised and unrealised gains and losses arising from the change in fair values of trading assets are included in trading income in the income statement. Interest earned and dividends received while holding trading assets are included in trading income.

In terms of AC 133, an accounting option exists to carry any financial asset at fair value. Where the company has elected this option, these financial assets are classified as assets held at fair value and subsequent to initial recognition, are carried at fair value. All related realised and unrealised gains and losses arising from the change in fair value of these financial assets are included in interest income for all dated financial assets and in other income for all undated financial assets. Such classification is not changed subsequent to initial recognition.

Financial assets that are not held for trading purposes, originated by the company or held-to-maturity, are classified as available-for-sale assets. Unrealised gains or losses arising from the changes in the fair value of available-for-sale assets are recognised in equity. On disposal of available-for-sale assets, the fair value adjustments accumulated in equity are recognised in the income statement as gains or losses from available-for-sale assets.

6 Foreign currency transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Such balances are translated at year end exchange rates. Translation differences on non-monetary available-for-sale financial assets are recognised directly in equity.

7 Derivative financial instruments

A derivative is a financial instrument whose value changes in response to an underlying variable, that requires little or no initial investment and that is settled at a future date. All derivatives are accounted for as trading instruments unless they meet the criteria for hedge accounting. Derivatives are initially recognised at cost, including transaction costs, and subsequently remeasured to fair value. Fair values are obtained from quoted market prices, dealer price quotations, discounted cash flow models, and option pricing models which consider current market and contractual prices for the underlying instruments as well as time value of money.

All derivative instruments of the company are carried as assets when the fair value is positive and as liabilities when the fair value is negative, subject to offsetting principles as described in accounting policy 20. Realised and unrealised gains and losses are recognised in the income statement.

Embedded derivatives included in hybrid instruments are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value. Where separated from the host contracts, embedded derivatives are accounted for and measured at fair value with any gains or losses from the change in fair value included in the income statement. The host contracts are accounted for and measured applying the rules of the relevant category of that financial instrument.

8 Hedge accounting

On the date that a derivative contract is designated as a hedging instrument, the company designates the derivative as either:

- a hedge of the fair value of a recognised asset or liability (fair value hedge); or
- a hedge of future cash flow attributable to a recognised asset or liability, a forecast transaction or a firm commitment (cash flow hedge).

A hedging relationship exists where:

- at the inception of the hedge there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is highly effective throughout the reporting period; and
- for a hedge of a forecast transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect net profit.

Hedge accounting requires that the hedging instrument be measured at fair value. The fair value of a derivative hedging instrument is calculated in the same way as the fair value of a trading instrument.

Where a hedge relationship is designated as a fair value hedge, the hedged item is stated at fair value in respect of the risk being hedged. Gains or losses on the remeasurement of both the fair value hedge instrument and the hedged item, are recognised in the income statement. Fair value adjustments relating to the hedged instrument are allocated to the same income statement category as the related hedged item.

The effective portion of changes in the fair value of derivatives that are cash flow hedges are recognised in equity. The ineffective part of any gain or loss is recognised in the income statement. Where a forecast transaction or firm commitment results in the recognition of an asset, liability, income or expense, the cumulative gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset, liability, income or expense.

When a hedging instrument or hedge relationship is terminated, but the hedged transaction is still expected to occur, the cumulative gains or losses recognised in equity remains in equity and is recognised in accordance with the above policy. If the hedged transaction is no longer expected to occur, the cumulative gains or losses recognised in equity is immediately recognised in the income statement and is classified as trading income.

9 Loans and advances

Loans and advances originated by the company are classified as originated loans and advances. Purchased loans that the company has the intent and ability to hold to maturity are classified as held-to-maturity assets. Originated loans and loans held-to-maturity are accounted for at amortised cost. Origination transaction costs are capitalised to the value of the loan and amortised through interest income. Where the company has elected to classify and account for any loan at fair value, the movement in the fair value is accounted for in the income statement as interest income.

10 Provision for credit losses

Advances and other assets are stated after the deduction of provisions for loan impairments. Advances and other assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such impairment indicators signify that it is probable that the company will be unable to collect all amounts due, a provision for impairment is made to reduce the carrying amount of the asset to its estimated recoverable amount.

Provisions for non-performing loans, covering identified doubtful debts, are based on periodic evaluations of advances and take account of past loss experience, economic conditions and changes in the nature and level of risk exposure.

Retail loans and advances are considered non-performing when amounts are due and unpaid for three months. Corporate loans are analysed on a case-by-case basis taking into account breaches of key loan conditions.

When a loan carried at amortised cost has been identified as impaired, the carrying amount of the loan is reduced to an amount equal to the present value of expected future cash flows, discounted at the original effective interest rate of the loan. The resulting loss is accounted for as a provision for loan impairment in the income statement.

Subsequent to impairment, the effects of discounting unwind over time as interest income based on the original effective interest rate.

Portfolio provisions for the impairment of performing loans cover losses which, although not yet specifically identified, are present in any portfolio of bank advances based on historic loss patterns.

Statutory reserve requirements that exceed the provisions for loan impairments are recognised in reserves by a transfer directly from retained earnings to a separate category of equity.

The amounts required to finance the assessed level of provisions for loan impairments and any subsequent reversals thereof or recoveries of amounts previously written off are charged to the income statement. Advances are written off using specific provisions for loan impairments once all reasonable attempts at collection have been made and there is no realistic prospect of recovering outstanding amounts.

Property in possession represents the excess of bought-in cost of properties over the loan balances and is measured at the discounted expected surplus cash flows resulting from the realisation of the bought-in security.

11 Assets leased to customers and instalment sale contracts – lessor accounting

Lease and instalment sale contracts are regarded as financing transactions and rentals and instalments receivable, less unearned finance charges, are included in loans and advances on the balance sheet.

Finance charges earned are computed using the effective interest rate method. The benefits arising from investment allowances on assets leased to customers are accounted for in tax.

12 Repurchase and resale agreements and lending of securities

Securities sold subject to linked repurchase agreements are retained in the financial statements as trading or investment securities and valued in terms of accounting policy 5. The liability to the counterparty is included under deposit and current accounts.

Securities purchased under agreements to resell are recorded as loans granted under resale agreements and included under loans and advances to other banks or customers as appropriate.

The difference between the sale and repurchase price is treated as interest and accrued over the life of the repurchase agreement using the effective yield method.

Securities lent to counterparties are retained in the financial statements and are classified and measured in accordance with accounting policy 5. Securities borrowed are not recognised in the financial statements unless these are sold to third parties. In these cases, the obligation to return the securities borrowed is recorded at fair value as a trading liability.

Income and expenses arising from the securities borrowing and lending business are recognised on an accrual basis over the period of the transactions.

13 Property and equipment

Equipment, furniture, vehicles and other tangible assets are stated at cost less accumulated depreciation and are depreciated on the straight-line basis over the estimated useful lives of the assets to the expected residual values. The carrying value of assets is reviewed regularly to assess whether there is any indication of impairment and where the carrying amounts of assets are greater than their recoverable amounts, the assets are written down to these recoverable amounts. The recoverable amount is the greater of the net selling price of the asset or the value in use. Depreciation and impairment losses are included in the income statement.

Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are charged against income. Gains and losses on disposals of assets are included in the income statement.

Freehold buildings are classified as owner-occupied properties and accounted for in terms of the cost method. These buildings are depreciated on the straight-line basis over their estimated useful lives, not exceeding 40 years. The freehold land portion is not depreciated.

Leasehold buildings are depreciated over the period of the lease or over such lesser period as is considered appropriate.

The estimated useful lives of tangible assets are as follows:

Property	– not exceeding 40 years
Computer equipment	– 5 years
Motor vehicles	– 5 years
Office equipment	– 5 to 8 years
Furniture and fittings	– 5 to 13 years
Capitalised leased assets	– over the shorter of the lease term or its useful life

14 Intangible assets

Computer software costs associated with developing computer software programs are recognised as an expense as incurred. However, strategic information technology development costs that are clearly associated with an identifiable and unique system which will be controlled by the company and has a probable benefit exceeding one year, are recognised as intangible assets.

Computer software costs recognised as assets are amortised on the straight-line basis at rates appropriate to the expected useful lives of the assets, not exceeding five years, and are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying amount of capitalised computer software is reviewed annually and is written down when the carrying amount exceeds the recoverable amount.

15 Provision for leave pay

Employee benefits in the form of annual leave entitlements are provided for when they accrue to employees as a result of services rendered up to the balance sheet date.

16 Other provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

When the effect of discounting is material, provisions are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

17 Tax

Income tax and capital gains tax on the profit or loss for the year comprise current and deferred tax and represent the expected tax payable on taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred income tax and deferred capital gains tax are provided for on the comprehensive basis, using the balance sheet liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets and liabilities are not discounted.

Deferred tax related to fair value re-measurement of available-for-sale assets and cash flow hedges which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

Indirect taxes, including non-recoverable value added tax (VAT), regional service council (RSC) levies, skills development levies and other duties for banking operations, are included in the tax charge in the income statement.

18 Lessee accounting

Leases, where the company assumes substantially all the benefits and risks of ownership, are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are separated using the effective interest rate method to identify the finance cost, which is charged against income over the lease period, and the capital repayment which reduces the liability to the lessor.

Leases of assets under which all the risks and benefits are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

19 Equity

Share issue costs

Incremental external costs directly attributable to a transaction that increases or decreases equity is deducted from equity, net of related tax. All other share issue costs are expensed immediately.

Dividends on ordinary shares

Dividends are recognised in the period in which they are declared. Dividends declared after balance sheet date are disclosed in the dividends note.

20 Offsetting

Financial assets and liabilities are offset and the net amount reported on the balance sheet when there is a legally enforceable right to set-off the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

21 Revenue and expenditure

Revenues described below represent the most appropriate equivalent of turnover. Revenue is derived substantially from the business of banking and related activities and comprises net interest income and non-interest revenue.

Net interest income

Interest income and expenses are recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective yield method. Where financial assets have been impaired, interest income continues to be recognised on the impaired value, based on the original effective interest rate. Net interest income includes fair value adjustments on interest-bearing financial instruments held at fair value, excluding financial instruments held for trading. Dividends received on lending activities are included in interest income.

External expenses incurred directly as a result of bringing margin-yielding assets on-balance sheet are amortised through interest income over the life of the asset.

Non-interest revenue

Non-interest revenue includes dividends from investments, fees and commissions from banking, net revenue from exchange and securities trading and net gains on the realisation or revaluation of investment banking assets.

Dividends are recognised in the period in which right to receipt is established. Scrip dividends are recognised as dividends received to the extent that it compares to cash dividends in a similar entity, after taking into account the purpose of the scrip dividends. Fees and commissions are recognised when the related service is performed.

22 Post-retirement benefits

The company operates a number of defined contribution plans based on a percentage of pensionable earnings funded by both the employer and employees, the assets of which are generally held in separate trustee-administered funds. Contributions to these plans are charged to the income statement in the period to which they relate.

The company also operates a number of defined benefit funds with membership generally limited to employees who were in the employment of the company at specified dates. These funds are governed by the Pension funds Act 1956.

Employer companies contribute to the cost of benefits taking account of the recommendations of the actuaries. Statutory actuarial valuations are required every three years. Interim valuations are also performed annually at balance sheet date.

These obligations are measured at the present value of the estimated future cash outflows using interest rates of government bonds with maturity dates that approximate the expected maturity of the obligation.

The company's current service costs to the defined benefit funds are recognised as expenses in the current year. Any shortfall arising within the fund as a result of defined benefits, would be measured using the projected unit credit method, and recognised over the expected service period of active employees and immediately for past services. Past service costs, experience adjustments and the effect of changes in actuarial assumptions are recognised as expenses or income in the current year to the extent that they relate to retired employees. For active employees, these items are recognised as expenses or income systematically over a period not exceeding the expected remaining service period of employees.

The company operates an unfunded post-retirement medical aid scheme, with membership limited to employees who retired before 1 March 2000. Medical aid costs are included in the income statement. For past service, the company recognises and provides for the actuarially determined present value of post-retirement medical aid employer contributions on an accrual basis using the projected unit credit method. Valuation of this obligation is carried out by independent qualified actuaries.

Unrecognised actuarial gains or losses are accounted for over a period not exceeding the remaining life of members.

23 Equity participation plans

Share options in SBG are granted to eligible employees. No compensation cost is recognised as the options are granted at market value on the date of the grant.

24 Segment reporting

A segment is a distinguishable component of the company engaged in providing products or services within a particular economic environment, which is subject to risks and rewards that are different from those of other segments.

Segments with a majority of income earned from external customers and whose total income, operating profit or total assets are 10% or more of the company's total, are reported separately. Transactions between segments are priced at market-related rates.

25 Comparative figures

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

1 Segment reporting

2003	Retail Banking Rm	Corporate and Investment Banking Rm	Central services Rm	Total Rm
Net interest income before provision for credit losses	**6 753**	**1 983**	**129**	**8 865**
Provision for credit losses	1 108	176	57	1 341
Net interest income	**5 645**	**1 807**	**72**	**7 524**
Non-interest revenue	5 020	2 396	256	7 672
Total income	**10 665**	**4 203**	**328**	**15 196**
Operating expenses	7 084	2 099	27	9 210
Operating profit	**3 581**	**2 104**	**301**	**5 986**
Income from associates and joint ventures	28	4		32
Exceptional items and goodwill amortisation	(17)		127	110
Income before tax	**3 592**	**2 108**	**428**	**6 128**
Tax	1 216	557	115	1 888
Income attributable to ordinary shareholder	**2 376**	**1 551**	**313**	**4 240**
Headline earnings	**2 393**	**1 551**	**173**	**4 117**
Operating information				
Total assets (excluding inter-segmental balances)	115 880	196 170	8 741	320 791
Total liabilities (excluding inter-segmental balances)	107 535	189 306	8 775	305 616
Number of employees	16 167	2 956	6 788	25 911
Other information				
Interest in associated undertakings	63	88	–	151
Capital expenditure	415	100	530	1 045
Depreciation and amortisation	214	77	332	623
Impairments	39	41	57	137

2002	Retail Banking Rm	Corporate and Investment Banking Rm	Central services Rm	Total Rm
Net interest income before provision for credit losses	**6 057**	**1 707**	**153**	**7 917**
Provision for credit losses	985	355	19	1 359
Net interest income	**5 072**	**1 352**	**134**	**6 558**
Non-interest revenue	4 174	2 406	426	7 006
Total income	**9 246**	**3 758**	**560**	**13 564**
Operating expenses	6 049	1 907	277	8 233
Operating profit	**3 197**	**1 851**	**283**	**5 331**
Income from associates and joint ventures	24	12		36
Exceptional items and goodwill amortisation	44	212		256
Income before tax	**3 265**	**2 075**	**283**	**5 623**
Tax	1 182	435	189	1 806
Income attributable to ordinary shareholder	**2 083**	**1 640**	**94**	**3 817**
Headline earnings	**2 039**	**1 428**	**94**	**3 561**
Operating information				
Total assets (excluding inter-segmental balances)	87 738	120 563	5 894	214 195
Total liabilities (excluding inter-segmental balances)	80 942	115 769	5 740	202 451
Number of employees	16 613	2 685	6 888	26 186
Other information				
Interest in associated undertakings	11	53	–	64
Capital expenditure	287	85	654	1 026
Depreciation and amortisation	149	58	420	627
Impairments	–	–	–	–

1 Segment reporting continued

The principal business units in the company are as follows:

Business unit	Scope of operations
– Retail Banking	Banking, investment, insurance and other financial services to individual customers, the agricultural sector and small and medium sized enterprises.
– Corporate and Investment Banking	Corporate, commercial and investment banking services and property finance to corporate and medium sized clients in South Africa, foreign banks and international counterparties.
– Central services	Support functions to business i.e. finance, human resources, risk and corporate affairs.

The segment report includes only those business unit activities conducted within the SBSA legal entity. The consolidated results of each business unit, containing all the activities of the business units across SBG, are reflected in the segment reporting in the SBG annual financial statements.

During the year, the activities of Business Banking, a division that provided financial services to medium sized businesses, was incorporated into Retail Banking and Corporate and Investment Banking divisions.

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

	2003 Rm	2002 Rm
2 Cash and balances with banks		
Coins and bank notes	**2 818**	2 822
Balances with central banks	**3 170**	20 464
Balances with other banks	**2 213**	2 026
	8 201	25 312
3 Short-term negotiable securities		
Held at amortised cost		5 771
Held at fair value	**15 160**	
	15 160	5 771

Short-term negotiable securities were previously carried at amortised cost but are now classified as assets held at fair value following the adoption of AC 133.

4 Derivative financial instruments

As a result of the adoption of AC 133, all derivatives have been reclassified as either derivatives held for trading or derivatives held for hedging. In accordance with the transitional provisions of AC 133, the statement has been applied prospectively and the 2002 results have therefore not been restated.

4.1 Fair value

The fair value of a derivative financial instrument represents the present value of the positive or negative cash flows, which would have occurred if the rights and obligations arising from that instrument were closed out in an orderly market place transaction at year end.

4.2 Notional amount

The gross notional amount is the sum of the absolute value of all bought and sold contracts. The amount cannot be used to assess the market risk associated with the position and should be used only as a means of assessing the company's participation in derivative contracts.

4 Derivative financial instruments (continued)

SBSA utilises the following derivative instruments for trading and hedging purposes:

	Maturity analysis of net fair value		
	< 1 year 2003 Rm	1 – 5 years 2003 Rm	> 5 years 2003 Rm
4.3 Derivative assets and liabilities			
Derivatives held for trading			
Foreign exchange derivatives	(460)	154	(475)
Forwards	(468)	154	–
Futures	–	–	–
Options	8	–	(475)
Interest rate derivatives	2 616	485	(229)
Forwards	(566)	81	–
Caps and floors	49	(24)	–
Swaps	3 122	428	(32)
Swaptions	6	–	–
Bonds and options	5	–	(197)
Commodity derivatives	641	(259)	56
Forwards	612	(363)	21
Futures	(1)	(1)	–
Options	30	105	35
Credit derivatives	2	101	(51)
Credit default swaps	–	(42)	23
Credit linked notes	–	134	–
Total return swaps	2	9	(74)
Equity derivatives	1 678	607	(399)
Forwards	221	–	–
Futures	3	1	–
Options	1 759	(46)	(359)
Swaps	14	18	–
Other	(319)	634	(40)
Total derivative assets/(liabilities) held for trading	4 477	1 088	(1 098)
Derivatives held for hedging			
Derivatives designated as fair value hedges – interest rate swaps	1 189	302	(113)
Derivatives designated as cash flow hedges – currency swaps	–	27	–
Total derivative assets/(liabilities) held for hedging	1 189	329	(113)
Total derivative assets/(liabilities)	5 666	1 417	(1 211)

Net fair value 2003 Rm	Fair value of assets 2003 Rm	Fair value of liabilities 2003 Rm	Contract/ notional amount 2003 Rm	Net fair value 2002 Rm	Fair value of assets 2002 Rm	Fair value of liabilities 2002 Rm	Contract/ notional amount 2002 Rm
(781)	15 454	(16 235)	428 659	(375)	24 652	(25 027)	370 536
(314)	14 812	(15 126)	390 193	(444)	24 247	(24 691)	353 282
–	–	–	6 728	2	2	–	8 223
(467)	642	(1 109)	31 738	67	403	(336)	9 031
2 872	54 592	(51 720)	2 444 426	806	43 419	(42 613)	2 811 594
(485)	1 412	(1 897)	934 598	(52)	943	(995)	804 860
25	160	(135)	44 596	11	103	(92)	36 421
3 518	51 491	(47 973)	1 325 076	(304)	36 657	(36 961)	1 421 661
6	28	(22)	64 017	(51)	–	(51)	7 185
(192)	1 501	(1 693)	76 139	1 202	5 716	(4 514)	541 467
438	1 735	(1 297)	86 434	3 238	4 617	(1 379)	44 062
270	1 468	(1 198)	77 814	2	2	–	76
(2)	–	(2)	108	2 851	3 995	(1 144)	28 728
170	267	(97)	8 512	385	620	(235)	15 258
52	1 203	(1 151)	19 197	(18)	358	(376)	28 558
(19)	196	(215)	17 903	(21)	131	(152)	22 358
134	883	(749)	132	8	16	(8)	3 516
(63)	124	(187)	1 162	(5)	211	(216)	2 684
1 886	4 363	(2 477)	519 198	870	6 448	(5 578)	398 379
221	241	(20)	158 360	22	22	–	138
4	5	(1)	10 042	–	73	(73)	15 939
1 354	3 431	(2 077)	350 445	855	6 340	(5 485)	382 302
32	32	–	351	(7)	13	(20)	–
275	654	(379)	–	–	–	–	–
4 467	77 347	(72 880)	3 497 914	4 521	79 494	(74 973)	3 653 129
1 378	2 199	(821)	28 392	–	–	–	–
27	27	–	1 550	–	–	–	–
1 405	2 226	(821)	29 942	–	–	–	–
5 872	79 573	(73 701)	3 527 856	4 521	79 494	(74 973)	3 653 129

4.4 Use and measurement of derivative instruments

In the normal course of business, the company enters into a variety of derivative transactions for both trading and hedging purposes. Derivative financial instruments are entered into for trading purposes and for hedging foreign exchange and interest rate exposures. Derivative instruments used by the company in both trading and hedging activities include swaps, options, forwards, futures, and other similar types of instruments based on foreign exchange rates, interest rates, credit risk and the prices of commodities and equities.

The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

Following the introduction of AC 133 in 2003, the fair value of all derivatives is recognised on-balance sheet and is only netted to the extent that a legal right of set-off exists and there is an intention to settle on a net basis.

In 2002, trading derivatives were recognised on-balance sheet and netting took place with the same counterparties. Hedging derivatives were accounted for off-balance sheet.

Swaps are transactions in which two parties exchange cash flows on a specified notional amount for a predetermined period. The major types of swap transactions undertaken by the company are as follows:

- Interest rate swap contracts generally entail the contractual exchange of fixed and floating rate interest payments in a single currency, based on a notional amount and an interest reference rate.
- Cross currency interest rate swaps involve the exchange of interest payments based on two different currency principal balances and interest reference rates and generally also entail exchange of principal amounts at the start and/or end of the contract.
- Credit default swaps are the most common form of credit derivatives, under which the party buying protection makes one or more payments to the party selling protection during the life of the swap in exchange for an undertaking by the seller to make a payment to the buyer following a credit event, as defined in the contract, with respect to a third party.
- Total return swaps are contracts in which one party (the total return payer) transfers the economic risks and rewards associated with an underlying asset to another counterparty (the total return receiver). The transfer of risks and rewards is affected by way of an exchange of cash flows that mirror changes in the value of the underlying asset and any income derived therefrom.

Options are contractual agreements under which the seller (writer) grants the purchaser the right, but not the obligation, either to buy (call option) or to sell (put option) by or at a set date, a specified amount of a financial instrument or commodity at a predetermined price. The seller receives a premium from the purchaser for this right. Options may be traded over-the-counter (OTC) or on a regulated exchange.

Forwards and futures are contractual obligations to buy or sell financial instruments or commodities on a future date at a specified price. Forward contracts are tailor-made agreements that are transacted between counterparties in the OTC market, whereas futures are standardised contracts transacted on regulated exchanges.

4.5 Derivatives held for trading

The company trades derivative instruments on behalf of customers and for its own positions. The company transacts derivative contracts to address customer demands both as a market maker in the wholesale markets and in structuring tailored derivatives for customers. The company also takes proprietary positions for its own accounts. Trading derivative products include the following derivative instruments:

4.5.1 Foreign exchange derivatives

Foreign exchange derivatives are used to hedge foreign currency risks on behalf of customers and for the company's own positions. Foreign exchange derivatives primarily consist of forward exchange contracts, foreign exchange futures and foreign exchange options.

4.5.2 Interest rate derivatives

Interest rate derivatives are used to modify the volatility and interest rate characteristics of interest-earning assets and interest-bearing liabilities on behalf of customers and for the company's own positions. Interest rate derivatives primarily consist of forward rate agreements, swaps, swaptions, bonds and options, caps and floors.

4.5.3 Commodity derivatives

Commodity derivatives are used to address customer commodity demands and to take proprietary positions for the company's own accounts. Commodity derivatives primarily consist of commodity forwards, commodity futures, and commodity options.

4.5.4 Credit derivatives

Credit derivatives are used to hedge the credit risk from one counterparty to another and to manage the credit exposure to selected counterparties on behalf of customers and for the company's own positions. Credit derivatives primarily consist of credit default swaps, credit linked notes and total return swaps.

4.5.5 Equity derivatives

Equity derivatives are used to address customer equity demands and to take proprietary positions for the company's own accounts. Equity derivatives primarily consist of options, index options, forwards, futures, swaps and other equity related financial derivative instruments.

4.6 Derivatives held for hedging

The company enters into derivative transactions which are designated and qualify as either fair value or cash flow hedges for recognised assets or liabilities or forecast transactions. Derivatives held for hedging consist of:

4.6.1 Derivatives designated as fair value hedges

The company's fair value hedges principally consist of currency futures, interest rate swaps and cross currency interest rate swaps that are used to protect against changes in market interest rates and currencies.

4.6.2. Derivatives designated as cash flow hedges

The company uses currency swaps and exchange traded currency options to protect against changes in cash flows of certain variable rate debt issues. The company applies hedge accounting for its non-trading interest rate risk in major currencies by analysing expected cash flows on a company basis. The objective is to protect against changes in future interest cash flows resulting from the impact of changes in market interest rates and reinvestment or reborrowing of current balances.

	2003 Rm	2002 Rm
5 Trading assets		
Listed		
– Securities of, or guaranteed by, the South African government	**4 145**	4 489
– Other	**2 674**	1 656
Unlisted	**2**	–
	6 821	6 145
Dated	**6 547**	5 524
Undated	**274**	621
	6 821	6 145
Maturity analysis		
The maturities represent periods to redemption of the trading assets recorded.		
– Redeemable on demand	**125**	–
– Maturing within 1 month	**1 315**	–
– Maturing after 1 month but within 6 months	**545**	217
– Maturing after 6 months but within 12 months	**328**	50
– Undated and maturing after 12 months	**4 508**	5 878
	6 821	6 145

Redemption value

Dated trading assets had a redemption value at 31 December 2003 of R10 401 million (2002: R5 680 million).

	2003 Rm	2002 Rm
6 Investment securities		
Listed		
– Securities of, or guaranteed by, the South African government	**13 189**	8 173
– Other	**686**	809
Unlisted	**691**	672
	14 566	9 654
Directors' valuation of unlisted investment securities: R691 million (2002: R668 million)		
Comprising:		
Held at fair value[1]	**8 100**	
Available-for-sale[1]	**38**	
Held-to-maturity[1, 2]	**6 428**	
	14 566	9 654
[1] AC133 has been applied prospectively and the 2002 results have therefore not been restated.		
[2] Investment securities held-to-maturity had a fair value of R6 621million.		
Dated	**13 643**	8 788
Undated	**923**	866
	14 566	9 654
Maturity analysis		
The maturities represent periods to redemption of the investments recorded.		
– Redeemable on demand	**14**	840
– Maturing within 1 month	**503**	–
– Maturing after 1 month but within 6 months	**129**	1 105
– Maturing after 6 months but within 12 months	**1**	123
– Undated and maturing after 12 months	**13 919**	7 586
	14 566	9 654

Repurchase commitments

Investment securities include securities sold subject to repurchase commitments to the value of R6 027 million (2002: R3 884 million).

Redemption value

Dated investment securities had a redemption value at 31 December 2003 of R13 607 million (2002: R8 821 million).

Investment registers

Registers of the investment securities are available for inspection by the member, or its authorised agents, at the registered office of the company.

7 Loans and advances

The company extends advances to the personal, commercial and corporate sectors as well as to the public sector. Advances made to individuals are mostly in the form of mortgages, instalment credit, overdrafts and credit card borrowings. A significant portion of the company's advances to commercial and corporate borrowers consists of advances made to companies engaged in manufacturing, finance and service industries.

Loans and advances are classified as originated by the company and are held at amortised cost.

	2003 Rm	2002 Rm
7.1 Loans and advances originated		
Loans and advances to banks	**2 492**	1 159
Loans and advances to customers	**153 628**	126 444
– Loans and overdrafts	**45 664**	42 693
– Card debtors	**4 885**	3 651
– Mortgage advances	**74 886**	56 885
– Instalment sale and finance leases	**27 530**	22 720
– Preference shares and debentures	**540**	368
– Trade, other bills and bankers' acceptances	**123**	127
	156 120	127 603
Provision for credit losses (Note 7.2)	**2 775**	2 528
Loans and advances net of provision for credit losses	**153 345**	125 075

Loans and advances included net positive fair value adjustments of R494 million relating to loans and advances which were subject to fair value hedging relationships.

Maturity analysis

The maturity analysis is based on the remaining periods to contractual maturity from year end.

	2003 Rm	2002 Rm
– Redeemable on demand	**13 143**	19 773
– Maturing within 1 month	**10 906**	4 803
– Maturing after 1 month but within 6 months	**15 716**	12 303
– Maturing after 6 months but within 12 months	**13 027**	11 802
– Maturing after 12 months	**103 328**	78 922
	156 120	127 603

Segmental analysis – industry

	2003 Rm	2002 Rm
Agriculture	**3 593**	3 403
Construction	**740**	766
Electricity	**1 665**	3 280
Finance, real estate and other business services	**33 796**	24 638
Individuals	**80 159**	63 626
Manufacturing	**6 071**	8 737
Mining	**2 117**	1 924
Other services	**20 954**	14 607
Transport	**3 594**	3 978
Wholesale	**3 431**	2 644
	156 120	127 603

Segmental analysis – geographic area

The following table sets out the distribution of the company's gross loans and advances by geographic area where the loans are recorded.

	2003 Rm	2002 Rm
Eastern Cape	**9 460**	7 905
Free State	**9 026**	7 135
Gauteng	**54 094**	45 193
Kwazulu-Natal	**21 687**	17 240
Limpopo	**4 761**	3 725
Mpumalanga	**9 898**	7 552
North West	**8 712**	5 778
Northern Cape	**3 653**	2 975
Western Cape	**23 345**	19 578
International	**11 484**	10 522
	156 120	127 603

7.2 Provision for credit losses

	2003 Rm	2002 Rm
Balance at beginning of the year	**2 528**	2 254
Change in accounting policy - AC 133	**(2)**	
Present value adjustment to non-performing loan provisions	**299**	
Fair value adjustment to staff loans at off-market rates	**130**	
Methodology change to performing loan provisions	**(431)**	
Restated balance at 1 January 2003	**2 526**	2 254
Credit losses written off	**(1 024)**	(1 253)
Credit losses recovered and provisions reversed	**255**	181
Discount element recognised in interest income	**(314)**	
Exchange and other movements	**(9)**	(13)
Provision for the year per income statement	**1 341**	1 359
Balance at the end of the year	**2 775**	2 528
Comprising:		
Loans and advances		
Provisions against non-performing loans	**1 685**	1 386
Provisions against performing loans	**1 090**	1 142
	2 775	2 528

	2003 Rm	2002 Rm
Segmental analysis of provisions against non-performing loans – industry		
Agriculture	**34**	115
Construction	**35**	22
Electricity	**1**	5
Finance, real estate and other business services	**418**	298
Individuals	**646**	403
Manufacturing	**105**	100
Mining	**8**	15
Other services	**324**	274
Transport	**18**	30
Wholesale	**96**	124
	1 685	1 386

	2003 Rm	2002 Rm
7.3 Unearned finance charges deducted from instalment sale and finance leases	**5 692**	6 730

8 Other assets

	2003 Rm	2002 Rm
Trading account assets	**6 044**	12 358
Items in the course of collection	**322**	283
Accrued interest	**1 725**	1 016
Current tax asset	**140**	–
Other debtors	**1 949**	2 730
	10 180	16 387

	2003 Rm	2002 Rm
9 Interest in group companies, associates and joint ventures		
9.1 Interest in group companies		
Holding company		
– Indebtedness to the company	**499**	62
Interest in subsidiary companies	**2 211**	2 605
– Shares at cost	**26**	26
– Indebtedness to the company	**2 185**	2 579
Interest in fellow subsidiary companies	**27 726**	16 237
– Shares at cost	**1**	1
– Indebtedness to the company	**27 725**	16 236
	30 436	18 904
9.2 Interest in associates and joint ventures		
Carrying value at the beginning of the year	**64**	13
Movements for the year		
Share of profit	**32**	36
Net acquisitions	**62**	42
Share of direct reserve movements	**–**	(1)
Goodwill amortisation	**(4)**	(2)
Distribution of profit	**(3)**	(24)
Carrying value at the end of the year	**151**	64
Comprising:		
Cost of investment	**103**	42
Goodwill on investment	**15**	10
Share of reserves	**40**	15
Goodwill amortisation	**(7)**	(3)
	151	64
Total interest in group companies, associates and joint ventures	**30 587**	18 968

Goodwill on acquisition of associates and joint ventures is amortised over 5 years.
Associates and joint ventures are listed in Annexure B on pages 61 and 62.

	2003 Rm	2002 Rm
9.3 Liabilities to group companies		
Indebtedness by the company to:		
Holding company	**527**	476
Subsidiaries	**3 372**	2 155
Fellow subsidiaries	**5 385**	4 010
	9 284	6 641

	2003 Rm	2002 Rm
10 Intangible assets		
10.1 Computer software		
Cost at the beginning of the year	**281**	232
Additions	**132**	49
Assets decommissioned	**(106)**	–
Cost at the end of the year	**307**	281
Accumulated amortisation at the beginning of the year	**55**	7
Amortisation	**53**	48
Impairments	**96**	–
Assets decommissioned	**(106)**	–
Accumulated amortisation at end of the year	**98**	55
Balance at the end of the year	**209**	226

	2003			2002		
	Cost Rm	**Accumulated depreciation Rm**	**Net book value Rm**	Cost Rm	Accumulated depreciation Rm	Net book value Rm
11 Property and equipment						
11.1 Summary						
Property						
Freehold	**620**	**274**	**346**	807	304	503
Leasehold	**9**	**7**	**2**	9	6	3
	629	**281**	**348**	816	310	506
Equipment						
Computer equipment	**1 965**	**865**	**1 100**	1 728	718	1 010
Motor vehicles	**466**	**188**	**278**	446	160	286
Office equipment	**158**	**44**	**114**	99	37	62
Furniture and fittings	**622**	**313**	**309**	567	295	272
	3 211	**1 410**	**1 801**	2 840	1 210	1 630
	3 840	**1 691**	**2 149**	3 656	1 520	2 136

2003	Opening net book value Rm	Additions Rm	Disposals Rm	Depreciation Rm	Impairments Rm	Closing net book value Rm
11.2 Movement						
Property						
Freehold	**503**	**2**	**(104)**	**(14)**	**(41)**	**346**
Leasehold	**3**	**–**	**–**	**(1)**	**–**	**2**
	506	**2**	**(104)**	**(15)**	**(41)**	**348**
Equipment						
Computer equipment	**1 010**	**598**	**(124)**	**(384)**	**–**	**1 100**
Motor vehicles	**286**	**134**	**(51)**	**(91)**	**–**	**278**
Office equipment	**62**	**70**	**(1)**	**(17)**	**–**	**114**
Furniture and fittings	**272**	**109**	**(13)**	**(59)**	**–**	**309**
	1 630	**911**	**(189)**	**(551)**	**–**	**1 801**
	2 136	**913**	**(293)**	**(566)**	**(41)**	**2 149**

2002						
11.3 Movement						
Property						
Freehold	580	2	(62)	(17)	–	503
Leasehold	3	–	–	–	–	3
	583	2	(62)	(17)	–	506
Equipment						
Computer equipment	911	445	(27)	(319)	–	1 010
Motor vehicles	112	445	(91)	(180)	–	286
Office equipment	45	28	(1)	(10)	–	62
Furniture and fittings	273	57	(7)	(51)	–	272
	1 341	975	(126)	(560)	–	1 630
	1 924	977	(188)	(577)	–	2 136

11.4 Valuation

The open-market value of freehold property, based on valuations undertaken during 2001 by valuers registered under the Valuers Act 1982, was estimated at R673 million (2002: R909 million). Registers of property are available for inspection by the member or its authorised agents, at the registered offices of the company. Valuation was generally in terms of the investment method whereby net income is capitalised having regard to tenancy, location and the physical nature of the property.

	2003 Rm	2002 Rm
12 Share capital		
12.1 Authorised		
80 000 000 (2002: 60 000 000) ordinary shares of R1 each	**80**	60
12.2 Issued		
59 997 103 (2002: 59 917 103) ordinary shares of R1 each	**60**	60
During the year, 80 000 (2002: 1 139 679) ordinary shares of R1 each were issued at a premium of R6 249,00 (2002: R437,72) per ordinary share.		
12.3 Unissued shares		
20 002 897 (2002: 82 897) ordinary shares of R1 each are under the general authority of the directors, whose authority expires at the annual general meeting to be held on 19 May 2004.	**20**	–
13 Share premium – ordinary shares		
Share premium on issue of shares	**5 643**	5 145
A share issue at a premium of R498 million (2002: R498 million), net of stamp duty of R2 million (2002: R1 million) was made on 24 March 2003.		

	2003 Rm	2002 Rm
14 Deposit and current accounts		
Deposit products include cheque accounts, savings accounts, call and notice deposits, fixed deposits and negotiable certificates of deposit.		
Deposits and loans from banks	**8 312**	10 105
– Deposits from banks and central banks	**4 409**	6 711
– Deposits from banks under repurchase agreements	**3 903**	3 394
Customers' current accounts	**73 993**	62 478
Customers' savings accounts	**20 298**	17 322
Other deposits and loan accounts	**83 067**	74 682
Negotiable certificates of deposit	**10 077**	7 431
Customer deposits received under repurchase agreements	**3 235**	710
	198 982	172 728

Deposit and current accounts were increased by fair value adjustments of R555 million relating to deposit and current accounts which were subject to fair value hedging relationships.

Maturity analysis

The maturity analysis is based on the remaining periods to contractual maturity from year end.

	2003 Rm	2002 Rm
– Repayable on demand	**121 022**	93 713
– Maturing within 1 month	**22 782**	24 808
– Maturing after 1 month but within 6 months	**35 208**	34 571
– Maturing after 6 months but within 12 months	**11 429**	7 550
– Maturing after 12 months	**8 541**	12 086
	198 982	172 728

15 Trading liabilities

	2003 Rm	2002 Rm
Listed dated liabilities	**4 757**	3 655

Redemption values

Dated trading liabilities had a redemption value at 31 December 2003 of R3 887 million (2002: R3 162 million).

	2003 Rm	2002 Rm
16 Other liabilities and provisions		
16.1 Summary		
Trading account liabilities	**753**	2 697
Items in the course of transmission	**416**	331
Accrued interest	**5 463**	4 971
Current tax liability	**–**	65
Deferred tax	**2 423**	2 103
Other liabilities and provisions	**4 007**	3 560
	13 062	13 727
16.2 Deferred tax analysis		
Accrued interest	**91**	111
Assets on lease	**424**	399
Depreciation	**96**	180
Fair value adjustments of financial instruments	**19**	
Derivatives	**1 714**	1 135
Provision for credit losses	**(471)**	(285)
Other differences	**550**	563
Deferred tax liability closing balance	**2 423**	2 103
16.3 Deferred tax reconciliation		
Balance at beginning of year	**2 103**	3 386
Change in accounting policy	**28**	
– Fair value adjustments of financial instruments[1]	**28**	
– Provision for credit losses[1]	**–**	
Restated balance	**2 131**	3 386
Various categories of originating/(reversing) temporary differences for the year:	**292**	(1 283)
Accrued interest	**(20)**	44
Assessed losses	**–**	474
Assets on lease	**25**	25
Depreciation	**(84)**	48
Fair value adjustment on financial instruments	**(9)**	
Derivatives	**579**	(1 726)
Provision for credit losses	**(186)**	(43)
Other differences	**(13)**	(105)
Balance at end of the year	**2 423**	2 103

[1] AC 133 has been applied prospectively and the 2002 results have therefore not been restated.

	2003 Rm	2002 Rm
17 Subordinated bonds		
Unsecured, subordinated, redeemable		
Qualifying as secondary capital in terms of applicable banking legislation	**4 830**	4 700
– Redeemable in 2010[1]	**1 264**	1 200
– Redeemable in 2010[2]	**1 500**	1 500
– Redeemable in 2013[3]	**2 066**	2 000
Qualifying as tertiary capital in terms of applicable banking legislation		
– Redeemable in 2005[4]	**1 000**	1 000
Total bonds	**5 830**	5 700

[1] 15,5% bonds issued in rands and paying a fixed semi-annual coupon. The bonds carry an option to be called at their nominal amount on 1 June 2005 or on any interest payment date thereafter. After this option date, the coupon switches to floating at the Johannesburg interbank agreed rate plus 260 basis points, until maturity on 1 June 2010.

[2] 13,75% bonds issued in rands and paying a fixed semi-annual coupon. The bonds carry an option to be called at their nominal amount on 2 December 2005 or on any interest payment date thereafter. After this option date, the coupon switches to floating at the Johannesburg interbank agreed rate plus 217 basis points, until maturity on 2 December 2010.

[3] 11,25% bonds issued in rands and paying a fixed semi-annual coupon. The bonds carry an option to be called at their nominal amount on 31 October 2008 or on any interest payment date thereafter. After this option date, the coupon switches to a floating average mid-market yield rate per annum for three month ZAR deposits plus 209 basis points, until maturity on 31 October 2013.

[4] 12,5% bonds issued in rands and paying a fixed semi-annual coupon. SBSA is entitled to defer the due date for payment of any principal or interest in respect of the bonds if so required by the Registrar of Banks. Such deferment would be subject to conditions prescribed by the Registrar of Banks. The bonds are redeemable on 15 February 2005.

	2003 Rm	2002 Rm
18 Contingent liabilities and capital commitments		
18.1 Contingent liabilities		
Letters of credit	**1 334**	1 333
Guarantees	**14 448**	18 756
	15 782	20 089

No material losses are anticipated as a result of these transactions.

	2003 Rm	2002 Rm
18.2 Capital commitments		
Contracted capital expenditure	**64**	118
Capital expenditure authorised but not yet contracted	**486**	50
	550	168

The expenditure will be funded from the company's internal resources.

18.3 Operating lease commitments

The future minimum payments under non-cancellable operating leases are as follows:

	2003 Rm	2002 Rm
Premises		
Within 1 year	**61**	62
After 1 year but within 5 years	**299**	290
After 5 years	**501**	484
	861	836
Equipment		
Within 1 year	**8**	6
After 1 year but within 5 years	**15**	12
	23	18

	2003 Rm	2002 Rm
19 Income statement information		
19.1 Interest income		
Interest on loans and advances and short-term funds	**28 115**	24 542
Interest on investment securities	**2 484**	1 225
Discount element recognised from provision for credit losses	**314**	
Fair value adjustments on dated financial instruments	**(60)**	
Dividends on dated investment securities	**664**	482
	31 517	26 249

Dated securities are held in connection with normal banking business and income derived therefrom is included above in interest on loans and advances and interest on investment securities. Dividends on dated investment securities as shown above arose as follows:

	2003 Rm	2002 Rm
Subsidiaries and fellow subsidiaries	**335**	122
Unlisted equities	**329**	360
	664	482

	2003 Rm	2002 Rm
19.2 Interest expense		
Current accounts	**354**	322
Savings and deposit accounts	**2 435**	2 037
Market bid accounts	**12 050**	9 682
Foreign finance creditors	**199**	332
Subordinated bonds	**766**	689
Other interest-bearing liabilities	**6 848**	5 270
	22 652	18 332
19.3 Provision for credit losses		
Provisions against non-performing loans	**955**	1 201
Provisions against performing loans	**386**	158
	1 341	1 359

	2003 Rm	2002 Rm
19.4 Non-interest revenue		
Fees and commission revenue	**5 779**	5 135
– Point of representation	**2 977**	2 674
– Electronic banking	**564**	458
– Knowledge based fees and commission	**134**	119
– Card based commission	**915**	791
– Subsidiaries and fellow subsidiaries	**202**	225
– Insurance: fees and commission	**124**	125
– Other	**863**	743
Trading revenue	**1 113**	1 330
– Commodities	**90**	125
– Foreign exchange	**987**	941
– Debt securities	**(40)**	196
– Equities	**67**	32
– Other	**9**	36
Other revenue	**780**	541
– Banking and other income	**501**	354
– Insurance	**178**	135
– Subsidiaries and fellow subsidiaries	**101**	52
	7 672	7 006

	2003 Rm	2002 Rm
19.5 Staff costs		
Salaries and allowances	**4 579**	4 021
Retirement benefit costs	**280**	153
	4 859	4 174

	2003 Rm	2002 Rm
19.6 Other operating expenses		
Premises	**335**	319
Depreciation	**566**	577
Property		
– Freehold	**14**	17
– Leasehold	**1**	–
Equipment		
– Computer equipment	**384**	319
– Motor vehicles	**91**	180
– Office equipment	**17**	10
– Furniture and fittings	**59**	51
Amortisation – intangible assets	**53**	48
Auditors' remuneration	**27**	24
– Audit fees		
– Current year	**16**	14
– Prior year	**–**	2
– Fees for other services	**11**	8
Professional fees	**345**	341
– Managerial	**12**	12
– Technical and other	**333**	329
Operating lease charges	**399**	351
– Premises	**368**	329
– Equipment	**31**	22
(Profit)/loss on sale of equipment	**(4)**	14
Other expenses	**2 630**	2 385
	4 351	4 059

	2003 Rm	2002 Rm
20 Supplementary income statement information		
20.1 Directors' emoluments		
Executive directors		
Emoluments of directors in respect of services rendered:		
As directors of SBSA	**11**	15
While directors of SBSA		
– as directors of subsidiary companies	**–**	–
– otherwise in connection with the affairs of SBSA or its subsidiaries	**6**	2
Non-executive directors		
Emoluments of directors in respect of services rendered:		
As directors of SBSA	**1**	1
While directors of SBSA		
– as directors of subsidiary companies	**–**	–
– otherwise in connection with the affairs of SBSA or its subsidiaries	**2**	2
Pensions of past directors	**1**	1
	21	21

	2003 Rm	2002 Rm
20.2 Dividends		
Ordinary dividends		
Dividend in specie 83 of 492,0 cents per share paid on 31 March 2002 to the shareholder registered on 31 March 2002		289
Reduction in share premium		(289)
Dividend 84 of 1 701,0 cents per share paid on 8 July 2002 to the shareholder registered on 8 July 2002		1 000
Dividend 85 of 2 807,0 cents per share paid on 27 September 2002 to the shareholder registered on 27 September 2002		1 650
Dividend 86 of 851,0 cents per share paid on 17 December 2002 to the shareholder registered on 11 December 2002		500
Dividend 87 of 225,0 cents per share paid on 24 March 2003 to the shareholder registered on 24 March 2003	**135**	
Dividend 88 of 775,0 cents per share paid on 25 March 2003 to the shareholder registered on 25 March 2003	**465**	
Dividend 89 of 833,0 cents per share paid on 25 March 2003 to the shareholder registered on 24 March 2003	**500**	
Dividend 90 of 250,0 cents per share paid on 15 September 2003 to the shareholder registered on 15 September 2003	**150**	
	1 250	3 150

On 31 January 2004 the following dividend was declared:
Dividend 91 of 833,0 cents per share paid on 31 January 2004 to the shareholder registered on 31 January 2004.
On 9 March 2004 the following dividends were declared:
Dividend 92 of 233,0 cents per share payable on 24 March 2004 to the shareholder registered on 24 March 2004.
Dividend 93 of 1 100,0 cents per share payable on 25 March 2004 to the shareholder registered on 25 March 2004, bringing the total dividends declared in respect of 2003 to 2 416 cents per share (2002: 7 684 cents).

	2003	2002
20.3 Earnings per share		
The calculations of earnings and headline earnings per share are as follows:		
Attributable earnings (Rm)	**4 240**	3 817
Headline earnings (Rm)	**4 117**	3 561
Weighted average number of ordinary shares in issue (thousands)	**59 979**	58 818
Earnings per share (cents)	**7 069**	6 490
Headline earnings per share (cents)	**6 864**	6 054
Reconciliation of weighted average number of ordinary shares in issue (thousands)		
Shares in issue at the beginning of the year	**59 917**	58 777
The effect of shares issued during the year	**62**	41
Weighted average number of ordinary shares in issue (thousands)	**59 979**	58 818

	2003 Gross Rm	2003 Tax Rm	2003 Net Rm	2002 Rm
20.4 Headline earnings				
Income attributable to ordinary shareholders	**6 128**	**(1 888)**	**4 240**	3 817
Adjusted for the following:				
Exceptional items	**(114)**	**(13)**	**(127)**	(258)
– Profit on sale of fixed assets	**(251)**	**28**	**(223)**	–
– Gain on disposal of business units	**–**	**–**	**–**	(258)
– Impairment of fixed assets	**41**	**(12)**	**29**	–
– Impairment of intangible assets	**96**	**(29)**	**67**	–
Goodwill amortised	**4**	**–**	**4**	2
	6 018	**(1 901)**	**4 117**	3 561

	2003 Rm	2002 Rm
21 Tax		
21.1 Current year		
Tax on income	**1 563**	1 267
South African normal tax	**1 223**	2 607
South African deferred tax	**292**	(1 342)
Foreign normal and withholding tax	**48**	2
Transaction and other taxes	**325**	331
Regional services council levies	**78**	65
Value added tax	**217**	246
Duties	**14**	11
Skills development levy (net of recoveries)	**16**	9
Prior years	**–**	208
South African normal tax	**–**	86
South African deferred tax	**–**	122
	1 888	1 806

21.2 South African tax rate reconciliation (%)

	2003	2002
The tax charge for the year as a percentage of operating profit before tax	**31**	32
Regional services council levies and stamp duties	**(1)**	(1)
Value added tax	**(4)**	(5)
Tax relating to prior years	**–**	(4)
Net tax charge	**26**	22
The charge for the year has been reduced/(increased) as a consequence of:		
– Dividends received	**5**	5
– Other non-taxable income	**3**	2
– Other permanent differences	**(4)**	1
Standard rate of South African tax	**30**	30

21.3 Future tax relief

Secondary tax on companies

The company has accumulated STC credits of R501 million (2002: R231 million) which have arisen as a result of dividends received and receivable exceeding dividends declared. The tax effects of these have not been raised as an asset.

	2003 Rm	2002 Rm
22 Cash flow statement		
22.1 Reconciliation of operating profit to cash flows from operating activities		
Income before tax	**6 128**	5 623
Adjusted for:	**1 592**	1 742
– Depreciation – property and equipment	**566**	577
– Provision for credit losses	**1 341**	1 359
– (Profit)/loss on sale of equipment	**(4)**	14
– Profit on sale of properties	**(251)**	–
– Amortisation of intangible assets	**53**	48
– Impairment losses	**137**	–
– Fair value adjustments on dated financial instruments	**60**	–
– Interest recognised on impaired loans	**(314)**	–
– Gain on disposal of business units	**–**	(258)
– Goodwill amortisation	**4**	2
Cash flows from operating activities	**7 720**	7 365

	2003 Rm	2002 Rm
22.2 Cash receipts from customers		
Interest income and investment income	**30 599**	25 767
Fees and commission revenue	**5 779**	5 135
Trading and other revenue	**1 893**	1 871
	38 271	32 773

	2003 Rm	2002 Rm
22.3 Cash paid to customers, employees and suppliers		
Interest expense	**(22 652)**	(18 332)
Total operating expenses	**(8 595)**	(7 594)
	(31 247)	(25 926)

	2003 Rm	2002 Rm
22.4 Dividends received		
Dividends from subsidiaries	**335**	122
Dividends from associates	**32**	36
Dividends from dated investment securities	**329**	360
	696	518

	2003 Rm	2002 Rm
22.5 (Increase)/decrease in income-earning assets		
Investment securities	**(4 912)**	2 103
Trading assets	**(676)**	(2 506)
Loans and advances	**(29 365)**	(15 725)
Net derivative assets/liabilities	**(1 160)**	–
Investments in group companies	**(11 590)**	(5 685)
Other assets	**6 347**	3 395
	(41 356)	(18 418)
22.6 Increase/(decrease) in deposits and other liabilities and provisions		
Customers' current, savings and other deposits, and deposits and loans from banks	**20 574**	25 528
Deposits received under repurchase agreements	**3 034**	1 053
Negotiable certificates of deposit	**2 646**	(4 488)
Trading liabilities	**1 102**	–
Liabilities to group companies	**2 643**	165
Other liabilities and provisions	**(920)**	897
	29 079	23 155
22.7 Tax paid		
Amounts (unpaid)/paid at beginning of the year	**(65)**	688
Tax charge for the year	**(1 596)**	(3 026)
Amounts (paid)/unpaid at end of the year	**(140)**	65
	(1 801)	(2 273)

	2003 Rm	2002 Rm
22.8 Sale of business units		
The book value of assets sold was as follows:		
Cash and short-term funds	–	2
Loans and advances	–	1
Investment in subsidiaries	–	3
Property and equipment	–	4
Other liabilities and provisions	–	(27)
Other assets	–	50
Net asset value	–	33
Profit on sale	–	258
Investment in restructured entity	–	(291)
Cash purchase price paid	–	–

	2003 Rm	2002 Rm
22.9 Issued share capital		
Ordinary share capital	–	1
Share premium	**498**	498
Proceeds from issue of share capital	**498**	499

	2003 Rm	2002 Rm
22.10 Dividends paid		
Dividends to ordinary shareholder	**(1 250)**	(3 150)

23 Changes in accounting policy

The effects of the change in accounting policy are as follows:

23.1 Restatements to the opening balance of reserves

The impact of complying with AC 133 on opening shareholder's equity is as follows:

	Cash flow hedging reserve Rm	Statutory general credit risk reserve Rm	Available-for-sale revaluation reserve Rm	Retained earnings Rm	Total Rm
Change in accounting policy					
Classification and valuation of financial instruments				30	30
Creation of cash flow hedging reserve	27				27
Creation of available-for-sale reserve			6		6
Present value adjustment to non-performing loan provisions				(299)	(299)
Fair value adjustment to staff loans at off-market rates				(130)	(130)
Methodology change to performing loan provisions				431	431
Tax on adjustments	(7)		(1)	(20)	(28)
	20	–	5	12	37
Creation of statutory general credit risk reserve – after tax		242		(242)	–
	20	242	5	(230)	37

23.2 Effect on current period income

Effect of adopting AC 133 on income	20
Tax	(5)
	15

In terms of the requirements of AC 133, the statement has been applied on a prospective basis and consequently the 2002 effect on income has not been restated.

24. Related party transactions

24.1 Associates and joint ventures

During the year, the company and its subsidiaries, in the ordinary course of business, entered into various non-material transactions with associates and joint ventures. These transactions occurred under terms that are no more favourable than those arranged with third parties. Details of interests in and income from associates and joint ventures are disclosed in **Annexure B on page 61 and 62.**

24.2 Subsidiaries

Transactions between subsidiaries are conducted in the ordinary course of business at arms length. Details of interests in subsidiaries are disclosed in **Annexure A on page 60**.

24.3 Directors

Details relating to directors' emoluments are disclosed in note 20.1.

Further detail is included in the SBG annual financial statements.

	2003 Rm	2002 Rm
25 Post-retirement benefits		
Amounts recognised in the balance sheet		
Retirement fund	**180**	–
Post-retirement healthcare benefits		
– Provider Fund	**21**	–
– Other	**342**	318
	543	318

Retirement fund

Membership of the principal fund, the Standard Bank Group Retirement Fund (SBGRF) exceeds 95% of Standard Bank operations' permanent staff in South Africa. The fund, one of the largest in South Africa, is a trustee administered defined contribution fund governed by the Pension Funds Act, 1956. Member elected trustees represent 50% of the trustee board. The assets of the fund are held independently of the company's assets.

The fund is subject to statutory financial review by actuaries at an interval of not more than three years. The 31 December 2003 valuation is in progress and should be finalised in due course. The most recent valuation at 31 December 2000 confirmed that the fund was financially sound.

Employees who were members of the fund on 31 December 1994, have guaranteed benefits available under the rules of the defined benefit fund. A specific liability has been recognised within the fund to provide for guaranteed benefits which may arise under the rules of the scheme. New members from 1 January 1995 participate only in the benefits of the defined contribution fund.

In December 2003, the company received approval from the Financial Services Board for a transfer of R653 million from the employer reserve to an employer surplus account, effective 31 December 2001. At 31 December 2003, the employer surplus account amounted to R338 million. Account has not been taken of any remaining surplus at 31 December 2003 as the valuation of the fund, the determination of its financial position and the determination of the surplus, if any, are still to be approved by the Registrar of Pension Funds in terms of the Pension Fund Second Amendment Act, 39 of 2001.

The amounts recognised in the balance sheet in respect of the retirement fund are determined as follows:

	2003 Rm	2002 Rm
Surplus	(338)	–
Present value of unfunded obligations	10 174	9 691
Fair value of plan assets	(10 512)	(9 691)
Unrecognised actuarial gains	518	–
Included in other liabilities and provisions in the balance sheet	180	–

Unrecognised actuarial gains or losses are deferred and recognised in the income statement over a period not exceeding the estimated service lives of the employees.

	2003 Rm	2002 Rm
The amounts recognised in the income statement are determined as follows:		
Current service cost	204	150
Interest cost	1 086	–
Expected return on plan assets	(1 109)	–
Included in staff costs	181	150
Movement in the liability recognised in the balance sheet		
Balance at the beginning of the year	–	–
Income statement charge	181	150
Contributions paid	(1)	(150)
Balance at the end of the year	180	–

Post-retirement healthcare benefits

The bank provides the following post-retirement healthcare benefits to its employees:

Provider Fund

A post-retirement healthcare benefit fund provides eligible employees, who were employed in South Africa on 1 March 2000, with a lump sum benefit on retirement enabling them to purchase an annuity to be applied towards their post-retirement healthcare costs. This benefit is pre-funded in a provident fund. Any shortfall in the payment to be made by these employees towards their healthcare costs subsequent to retirement is not the responsibility of the bank. The last actuarial valuation was performed on 1 March 2001 and reflected an excess in the fund.

The company received approval from the Financial Services Board to transfer the excess to an employer reserve.

Other

The liability represents a post-retirement healthcare benefit scheme that covers all employees who retired before 1 March 2000. The liability is unfunded and is valued every year using the projected unit credit method. The latest full statutory actuarial valuation was performed on 31 December 2002.

	2003 Rm	2002 Rm
The amounts recognised in the balance sheet in respect of post-retirement healthcare benefits are determined as follows:		
Unfunded obligations	**220**	355
Present value of unfunded obligations	**872**	930
Fair value of plan assets	**(652)**	(575)
Unrecognised actuarial gains/(losses)	**143**	(37)
Included in other liabilities and provisions in the balance sheet	**363**	318
The amounts recognised in the income statement are determined as follows:		
Current service cost	**24**	–
Interest cost	**105**	34
Expected return on plan assets	**(54)**	(12)
Included in staff costs	**75**	22
Movement in the liability recognised in the balance sheet		
Balance at the beginning of the year	**318**	322
Income statement charge	**75**	22
Contributions paid	**(30)**	(26)
Balance at end of the year	**363**	318

The principal actuarial assumptions used for accounting purposes were:

	Retirement fund (%)	Provider Fund (%)	Retired employees (%)
Discount rate	11,0	11,0	9,5
Return on investments	11,5	11,5	
Salary/benefit inflation	6,5	8,5	6,5
CPI inflation	6,5	6,5	5,0
Medical inflation			7,0

Annexure A – subsidiaries

Subsidiaries	Nature of operation	Issued capital Rm	Effective holding 2003 %	Effective holding 2002 %	Book value of shares 2003 Rm	Book value of shares 2002 Rm	Net indebtedness 2003 Rm	Net indebtedness 2002 Rm
Non-banking subsidiaries								
Diners Club (S.A.) (Pty) Limited	Travel and entertainment card	*	**100**	100	**	**	**565**	625
FHP Managers (Pty) Limited	Investment holding company	*	**100**	100	**	**	**160**	93
Blue Bond Investments Limited	Participation mortgage bond finance	*	**100**	100	**	**	**490**	424
Standard Bank Financial Services Holdings (Pty) Limited	Long and short-term insurance broking	*	**100**	100	**	**	**–**	–
Standard Bank Insurance Brokers (Pty) Limited	Insurance broking	*	**100**	100	***	***	**47**	(42)
Andisa Securities (Pty) Limited (formerly SCMB Securities (Pty) Limited)	Stockbrokers	*	**100**	100	**3**	3	**(2 578)**	(392)
Miscellaneous	Finance companies		**100**	100	**23**	23	**129**	(284)
Total investment in subsidiaries					**26**	26	**(1 187)**	424

Detailed information is only given in respect of subsidiaries which are material to the financial position of the company.

* Issued share capital less than R1 million.
** Book value less than R1 million.
*** Held indirectly.

Annexure B – associates and joint ventures

Associates

	Travelex Rand Travellers Cheques Limited		EduLoan		FIHRST	
Nature of business	Travellers cheques		Students loans		Payroll processing systems	
Year end	December		December		March	
Date to which equity accounted	31 December 2003		31 December 2003		31 December 2003	
	2003	2002	**2003**	2002	**2003**	2002
Effective holding	**49%**	49%	**45%**	0%	**46%**	40%
	Rm	Rm	**Rm**	Rm	**Rm**	Rm
Carrying value	**2**	2	**26**	–	**5**	7
Valuation	**2**	2	**26**	–	**5**	7
Method of valuation	Directors' valuation		Directors' valuation		Directors' valuation	
Balance sheet						
Non-current assets	**–**	–	**10**	–	**10**	12
Current assets	**35**	14	**150**	–	**3**	5
Non-current liabilities	**–**	(34)	**(61)**	–	**(22)**	(3)
Current liabilities	**(28)**	–	**(62)**	–	**(3)**	(20)
Loans to associates	**–**	–	**–**	–	**–**	2
Attributable income	**–**	–	**–**	–	**–**	–

	Other		Total associates	
Nature of business	Various			
Year end	Various			
Date to which equity accounted	31 December 2003			
	2003	2002	**2003**	2002
Effective holding	**Various**	Various	**Various**	Various
	Rm	Rm	**Rm**	Rm
Carrying value	**89**	55	**122**	64
Valuation	**89**	55	**122**	64
Method of valuation	Directors' valuation		Directors' valuation	
Balance sheet				
Non-current assets	**242**	174	**262**	186
Current assets	**544**	331	**732**	350
Non-current liabilities	**(169)**	(139)	**(252)**	(176)
Current liabilities	**(418)**	(122)	**(511)**	(142)
Loans to associates	**95**	–	**95**	2
Attributable income	**3**	12	**3**	12

Joint ventures	African Bank Investments Limited		New Unitrans Finance (Pty) Limited		Siemens Financial Services (Pty) Limited	
Nature of business	Banking		Finance		Finance	
Year end	September		June		September	
Date to which equity accounted	31 December 2003		31 December 2003		31 December 2003	
	2003	2002	**2003**	2002	**2003**	2002
Effective holding	**50%**	50%	**50%**	50%	**49%**	25%
	Rm	Rm	**Rm**	Rm	**Rm**	Rm
Carrying value	**29**	–	**–**	–	**–**	–
Valuation	**29**	–	**–**	–	**–**	–
Method of valuation	Directors' valuation		Directors' valuation		Directors' valuation	
Balance sheet						
Non-current assets	**380**	256	**264**	–	**1**	–
Current assets	**15**	10	**3**	–	**1**	–
Non-current liabilities	**(254)**	(9)	**(271)**	–	**(1)**	–
Current liabilities	**(22)**	(193)	**(1)**	–	**(1)**	–
Loans to joint ventures	**119**	90	–	–	**–**	–
Attributable income	**29**	24	**–**	–	**–**	–

	Total joint ventures		Total associates and joint ventures	
	2003	2002	**2003**	2002
Effective holding	**Various**	Various	**Various**	Various
	Rm	Rm	**Rm**	Rm
Carrying value	**29**	–	**151**	64
Valuation	**29**	–	**151**	64
Method of valuation	Director's valuation		Director's valuation	
Balance sheet				
Non-current assets	**645**	256	**907**	442
Current assets	**19**	10	**751**	360
Non-current liabilities	**(526)**	(9)	**(778)**	(185)
Current liabilities	**(24)**	(193)	**(535)**	(335)
Loans to joint ventures	**119**	90	**214**	92
Attributable income	**29**	24	**32**	36

Directorate

D E Cooper (chairman)
J H Maree (chief executive)[1]
D D B Band
E Bradley
T Evans[3]
T S Gcabashe[3]
D A Hawton
Sir Paul Judge[2, 3]
S J Macozoma
R P Menell
Adv K D Moroka[3]
A C Nissen[3]
R A Plumbridge
M J D Ruck[1]
Sir Robert Smith[2, 3]
Dr C L Stals
Dr C B Strauss

Retired 31 May 2003

R C Andersen[1]

Resigned 18 June 2003

E A G Mackay

Retired 19 May 2003

E P Theron

[1] Executive
[2] British
[3] Appointed 1 July 2003

Secretary

L Wulfsohn

The Standard Bank of South Africa Limited

(Reg No 1962/000738/06)

Holding company details:

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(Registered bank controlling company)
(Reg No 1969/017128/06)

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