Standard Bank Group Limited
(Incorporated in the Republic of South Africa)
(Registered bank controlling company)
(Reg No 1969/017128/06)
JSE Securities Exchange share code: SBK
Namibian Stock Exchange share code: SNB
ISIN: ZAE000038873

Audited results and dividend announcement for the year ended 31 December 2003

Headline earnings 19% up
Headline earnings per share 18% higher
Dividend per share 22% up
ROE 22,8%
Cost-to-income ratio 56,2%

Overview of financial results

Standard Bank Group continued its long-term growth trend in 2003 with headline earnings for the year 19% higher at R6 248 million. Results for the year were achieved against the backdrop of a strengthening South African economy and improvements in global markets, particularly financial markets in emerging economies. In South Africa, economic fundamentals continued to improve, with reductions in inflation and interest rates, and a significant strengthening in the external value of the rand. The group's diversity across different markets, financial products and customers once again provided a sound base for creating shareholder value.

The group's domestic banking operations produced earnings growth of 16% and returns on equity in excess of 30% in both Retail Banking and Corporate and Investment Banking. This was supported by ongoing improvements in credit management, substantial growth in advances in the higher-margin retail categories, and good growth in non-interest revenue. In local currency terms, strong profit growth was achieved in the African operations, but this was largely offset on translation by the effect of the stronger rand. A highlight of the 2003 performance was the exceptional growth achieved by the group's international operations, which more than doubled earnings in rand terms despite the exchange rate effect.

The group's key financial highlights for the year were as follows:

- return on equity of 22,8% compared with 20,3% in 2002;
- headline earnings of R6 248 million, 18,7% up;
- headline earnings per share of 468,3 cents, 18,2% higher;
- credit loss ratio improved to 0.91%;
- dividends of 151 cents per share, 21,8% up; and
- the cost-to-income ratio improved to 56,2% from 57,3%.

The group's medium-term financial objectives published a year ago were:

- Return on equity of 20%;
- Headline earnings growth of inflation (CPIX) plus 10%, which equated to a growth rate of 16,8% for 2003;
- Cost-to-income ratio of 57%; and
- A group credit loss ratio of 1%.

All of these objectives were achieved in 2003.

Effect of adopting AC 133 on the results

In accordance with South African Generally Accepted Accounting Practice (SA GAAP), the group adopted the accounting statement AC 133 "Financial Instruments: Recognition and Measurement" with effect from 1 January 2003. The effect of this on earnings for the year and on the opening equity and asset and liability base are given below. In summary, the adoption of AC 133 has not had a material effect, with earnings for the year R76 million higher and opening equity at 1 January 2003 R234 million lower as a consequence.

Income statement

Net interest income – up 9%

The average prime rate for 2003 was approximately 0,5% lower than that of the previous year. This differential, together with the sharp decline in rates in the second half of the year, caused some margin contraction domestically and restricted growth in net interest income in the latter part of the year. The impact of the lower margins was partly offset by healthy growth in most retail lending categories. Interest income was also positively impacted by the requirement of AC 133 to accrue for interest on impaired loans and to account for the mark-to-market changes of dated instruments. Given the significant interest rate volatility experienced in the last two years, asset and liability management continues to be an important focus in both the domestic and African operations. Interest rate hedging strategies, predominantly on the liability portfolio, have been implemented to reduce the adverse effects of the interest rate cycle on the group's domestic banking portfolios.

Provision for credit losses – reduced 5%

The 5,5% reduction in the overall charge for credit losses was the net effect of a 22% decrease in the charge for non-performing loans and an increase of 180% in the charge for performing loans.

The charge in respect of non-performing loans, previously termed specific provisions, was reduced due to improved credit processes throughout the group and favourable economic conditions in most of the markets in which the group operates. Specific factors included more robust credit origination processes, lower domestic interest rates, improved collections and improvements in international credit conditions. This lower charge was achieved despite an increase in the provision in recognition of the discounting of future recoveries in terms of AC 133.

Provisions relating to performing loans, previously termed general provisions, are based on impairments quantified over the estimated life of advances portfolios, which is consistent with both AC 133 and the future requirements of Basel II. The substantial increase in these provisions was due to several factors, including a significant growth in retail lending portfolios of a term nature and an associated increase in market shares. The prior year charge in this category was based on a regulatory matrix and is not comparable.

The group's total credit loss ratio improved from 1,08% to 0,91%, and non-performing loans reduced from 2,6% of loans and advances to 2,1% at year end.

Non-interest revenue – up 12%

The growth in non-interest revenue was a combination of fee and commission income up 8%, trading income 21% higher and other sources of non-interest income up 12%.

Domestic banking fees and commissions increased by 13%, mainly due to the growth in the customer base and higher transaction volumes. This was partly offset by the impact of a stronger rand on fees from Africa and International.

Trading income increased by 21%, primarily as a result of International's 44% growth. Domestic trading income declined by 6% off the high base of the previous year. Sustained recoveries in international fixed income and natural resource markets, coupled with good new business flows, were the primary reasons for the growth in International. Domestically, the performance of debt and capital markets trading was disappointing, while foreign exchange trading produced satisfactory results. The increase in other income of 12% originated mainly from investment realisations, fair-value changes in equity investments and increased rental income from group property companies.

Operating expenses - up 8% (staff costs up 9% and other costs up 7%)
Domestically, costs increased by 13% as the group continued to invest in branch infrastructure, IT capacity, staff training and incentive programmes. The stronger rand exchange rate had the effect of reducing costs in rand terms for International and African operations, although expenditure in local currency was intentionally increased to grow geographical presence and ensure more robust systems and risk management processes. A 2% increase in headcount was recorded across the group, mainly due to credit card processes being brought back in-house, additional staff to cope with higher levels of retail business volumes and new operations outside South Africa.

Income growth exceeded cost growth for the seventh consecutive year and the cost-to-income ratio improved accordingly.

Exceptional items
Exceptional items for the year amounted to an after tax gain of R162 million.

The group's annual review of intangible assets indicated impairments of R81 million related to several IT systems which no longer fit the group's integration strategy and are required to be written-off. Capital profits on the realisation of properties, net of property impairments, amounted to

R188 million, and a profit of R49 million was realised on the sale of businesses to empowerment consortiums and the sale of the bluebean book to a joint venture with Barclaycard.

Goodwill

The charge represents the continued amortisation of goodwill that arose on acquisitions in recent years. Goodwill on the banking operation's balance sheet amounted to R262 million (2002: R381 million) at the year-end.

Taxation

The effective tax rate decreased from 33,5% to 31,7%. The direct tax rate reflected a slight decrease from 28,2% to 27,3%, while the indirect tax rate declined from 5,3% to 4,4% due to a change in the mix of the domestic bank's revenues.

Balance sheet

Banking assets

Banking assets increased by 44% or R137 billion. The growth was, however, inflated by the effect of the implementation of new accounting policies that required the grossing-up of derivative positions, resulting in an increase of R96 billion in assets. Loans and advances were 23% higher, with strong growth recorded in all operations. Domestic loan growth of 20% was primarily due to a focus on increasing term lending to individuals, particularly in the following key product areas:

- mortgage loans, which were 32% higher, reflected growth in both volume and value terms assisted by the buoyant property market;
- instalment finance, which was 19% up, with loans to the commercial and retail sectors growing by 22% and 19% respectively; and
- card debtor balances and revolving credit plan balances, which were 28% and 38% higher respectively.

An increased focus over recent years on retail service levels and customer retention is generating results as market share was gained in mortgage lending, 23,0% (2002: 20,3%), credit card, 28,8% (2002: 24,9%), and instalment finance 22,3% (2002: 21,8%).

In line with the group's strategy of not pursuing low-margin corporate lending business, domestic growth in this area remained subdued, although, within this category, Structured Finance increased its loans by 36%.

International's lending portfolio grew by 37% in UK sterling terms, off a low 2002 base. Collateralised lending in emerging economies together with precious and base metals financing were the main areas of growth.

In view of the majority of International's revenues being denominated in US dollars, International's measurement currency for its statutory entities has been converted from UK sterling to US dollars from 1 January 2004.

Shareholders' funds

Ordinary shareholders' funds grew by 10% to R29 billion. The net increase in shareholders' funds for the year includes a reversal of R1 866 million in gains previously recorded on the translation of foreign net assets. The group's policy of accounting for translation movements through equity has been consistently applied.

Liberty Group

The long-term insurance industry experienced a difficult operating environment in 2003. Although there was a late rally in the local and international equity markets, Liberty's headline earnings decreased by 11% (9% excluding the impact of Stanlib), mainly due to releases from the policyholder liabilities in 2002 associated with lower projected policy renewal costs, not repeated in 2003. Indexed new business of R3,8 billion was 4,8% up on 2003 with net inflows of cash remaining strong at R4,5 billion. The number of in-force policies increased by 2,8% during 2003. Liberty remains strongly capitalised with a capital adequacy multiple of 2,6 times.

Capital

The group's capital adequacy ratio increased to 14,8% from 14,3% at December 2002, above the weighted average regulatory requirement of 10,5% for the 25 banks across the group. Optimisation of capital within Standard Bank is a key focus. Internal capital generation remains positive, ensuring that strategic considerations and normal business growth are not constrained by capital limitations.

Dividends

A final dividend of 109,5 cents per share (2002: 90 cents) has been declared, bringing the total dividend for 2003 to 151 cents per share (2002: 124 cents), an increase of 22% at a dividend cover of 3,1 times. In line with the previously stated intention to reduce the group’s dividend cover, it is anticipated that dividend cover for 2004 will be reduced to 3,0 times, at which stage the dividend policy will be reviewed to assess the possibility of further reductions in cover.

Financial Sector Charter

During the year, the Financial Sector developed and announced a voluntary charter as a framework to enable broad-based black economic empowerment. Standard Bank was intimately involved in the process and is committed to achieving the relevant targets as set out in the Charter scorecard. We believe that the Charter reflects an appropriate balance between mechanisms to redress the inequities of South Africa’s past and the ongoing stability of the banking industry. If correctly implemented, the Charter will contribute significantly to the long-term sustainability of the South African economy.

Prospects

Sound economic fundamentals together with low inflation and lower interest rates in South Africa are expected to support further growth in credit demand, although at a lower rate than that experienced in 2003.

The performance of our domestic business remains particularly sensitive to net interest margins. Should interest rates remain at current levels, domestic margins will be narrower than in 2003, as less interest will be earned on transactional deposit balances and capital. It is however expected that lower credit loss rates and the current momentum of strong asset growth, will partly compensate for this effect. Reduced cost growth in a lower inflationary environment should also provide further assistance in maintaining domestic financial performance.

The positive outlook for emerging markets is likely to continue into 2004 and should assist in sustaining earnings in dollar terms from International operations at around 2003 levels. Earnings growth in Africa will benefit from newly acquired operations in Botswana and Mozambique.

The challenges in the year ahead will be demanding, but the group's diverse spread of business, quality of staff and strong brand should result in the group producing returns to shareholders in line with our published objectives. Standard Bank's principal financial objectives for 2004 remain unchanged at a return on equity of 20% and headline earnings growth of inflation (CPIX) plus 10 percentage points.

Derek Cooper, Chairman
Jacko Maree, Chief Executive

Declaration of dividend no. 69
Notice is hereby given that a final dividend no. 69 of 109,5 cents per ordinary share has been declared payable on Tuesday, 13 April 2004 to shareholders recorded in the books of the company at the close of business on the record date, Thursday 8 April 2004. The last day to trade to participate in the dividend is Thursday, 1 April 2004. Shares will commence trading ex-dividend from Friday 2 April 2004.

The relevant dates for the payment of the dividend are as follows:

Last day to trade "CUM" dividend	Thursday, 1 April 2004
Shares trade "EX" dividend	Friday, 2 April 2004
Record date	Thursday, 8 April 2004
Payment date	Tuesday, 13 April 2004

Share certificates may not be dematerialised or rematerialised between Friday, 2 April 2004 and Thursday, 8 April 2004, both days inclusive.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Shareholders who have dematerialised their share certificates will have their accounts at their CSDP or broker credited on Tuesday, 13 April 2004.

By order of the board,
Loren Wulfsohn, Group Secretary

Segmental report	% change	2003 R million	2002 R million
Headline earnings			
Domestic Banking	16	4 609	3 960
Retail Banking	18	2 542	2 162
Corporate and Investment Banking	19	2 150	1 814
Central Services		(83)	(16)
Africa	1	489	482
International	>100	866	429
Stanlib	(35)	40	62
Central funding and eliminations		(26)	32
Standard Bank operations	20	5 978	4 965
Liberty	(9)	270	298
Standard Bank Group	19	6 248	5 263

Consolidated income statement	% change	2003 R million	2002 R million
Standard Bank operations			
Net interest income before provision for credit losses	9	11 437	10 520
Provision for credit losses	(5)	1 848	1 955
Net interest income	12	9 589	8 565
Non-interest revenue	12	12 790	11 448
Total income	12	22 379	20 013
Operating expenses	8	13 608	12 587
Staff costs	9	7 581	6 934
Other operating expenses	7	6 027	5 653
Operating profit	18	8 771	7 426
Income from associates	6	102	96
Goodwill amortisation	15	(173)	(151)
Exceptional items		144	-
Income before taxation	20	8 844	7 371
Taxation	14	2 773	2 435
Income after taxation	23	6 071	4 936
Attributable to outside and preference shareholders	(15)	104	122
Standard Bank income attributable to ordinary shareholders	24	5 967	4 814
Liberty			
Operating profit	25	1 713	1 369
Realised investment gains/(losses) attributable to shareholders' assets		471	(363)
Goodwill amortisation		(78)	(14)
Income before taxation		2 106	992
Taxation		823	368
Income after taxation		1 283	624
Attributable to outside and preference shareholders		904	441
Liberty income attributable to ordinary shareholders		379	183
Group income attributable to ordinary shareholders	27	6 346	4 997

Consolidated balance sheet	% change	2003 R million	2002 R million
Assets Standard Bank operations	44	444 195	307 592
Cash and balances with banks		22 081	36 641
Short-term negotiable securities	90	22 018	11 577
Derivative assets		104 723	9 218
Trading assets	20	31 811	26 578
Investment securities	4	19 487	18 649
Loans and advances	23	220 375	178 925
Other assets		19 611	22 146
Interest in associates	96	541	276
Goodwill and other intangible assets		508	671
Property and equipment	4	3 040	2 911
Liberty	12	96 195	85 761
Current assets		3 687	3 754
Investments	13	91 869	81 491
Goodwill and other intangible assets	42	276	194
Equipment and furniture	13	363	322
Total assets	37	540 390	393 353
Equity and liabilities			
Liabilities	40	505 302	361 293
Standard Bank operations	47	417 518	283 614
Derivative liabilities	>100	98 634	4 007
Trading liabilities	35	18 162	13 482
Deposit and current accounts	14	272 677	239 715
Other liabilities and provisions	7	20 989	19 656
Subordinated bonds	4	7 056	6 754
Liberty	13	87 784	77 679
Other liabilities	14	2 444	2 136
Convertible bonds	(23)	1 500	1 947
Policyholder liabilities	14	83 840	73 596
Capital and reserves	10	28 667	26 062
Share capital	1	142	141

Share premium	6	2 273	2 141
Reserves	10	26 252	23 780
Minority interest	7	6 421	5 998
Total equity and liabilities	37	540 390	393 353
Ordinary shareholders' funds			
Adjusted for the increase in market value over the carrying value of Liberty	8	30 465	28 303

Third party funds under management			
Asset management		66 576	60 027
Wealth management		199 469	171 489
		266 045	231 516

Consolidated cash flow information			
Cash flows from operating activities		16 986	15 613
Cash flows used in operating funds		(11 374)	(812)
Net cash used in investing activities		(5 863)	(5 379)
Net cash used in financing activities		(1 759)	(1 082)

Contingent liabilities and capital commitments			
Contingent liabilities			
Letters of credit		4 920	4 369
Guarantees		16 562	21 112
		21 482	25 481
Capital commitments			
Contracted capital expenditure		215	467
Capital expenditure authorised but not yet contracted		505	167
		720	634

Headline earnings	% change	2003 R million	2002 R million
Group income attributable to ordinary shareholders	27	6 346	4 997
Standard Bank income adjusted for:			
Goodwill amortised		173	151
Exceptional items		(162)	-
Exceptional items before taxation		(144)	-
- Profit on sale of properties		(238)	-
- Impairment of properties		41	-
- Impairment of intangibles		116	-
- Profit on sale of subsidiaries and divisions		(57)	-
- Other capital profits		(6)	-
Taxation on the above items		(18)	-
Liberty income adjusted for:		(109)	115
Goodwill amortised		78	14
Realised investment (gains)/losses attributable to shareholders' assets		(471)	363
Capital gains tax		25	9
Attributable to outside and preference shareholders		259	(271)
Headline earnings	19	6 248	5 263

Financial statistics	% change	2003	2002
Standard Bank Group			
Shares in issue (millions)			
Number of ordinary shares in issue			
- end of period		1 339	1 331
- weighted average		1 334	1 328
Cents per ordinary share			
Headline earnings	18	468	396

Dividends	22	151	124
Earnings	27	476	376
Fully diluted earnings	27	470	371
Net asset value	9	2 141	1 957
Financial performance (%)			
Return on equity		22,8	20,3
Standard Bank operations			
Financial performance (%)			
Return on equity		24,0	21,2
Cost-to-income ratio		56,2	57,3
Effective tax rate		31,7	33,5
Capital adequacy (%)			
Capital ratio			
- primary capital		11,4	10,9
- total capital		14,8	14,3

Consolidated statement of changes in shareholders' funds	2003 R million	2002 R million
Balance at beginning of the year	26 062	25 693
Change in accounting policy	(234)	-
Restated balance at beginning of the year	25 828	25 693
Group income	6 346	4 997
Dividends paid	(1 753)	(1 433)
Net translation reversal	(1 866)	(3 271)
Issue of share capital and share premium	133	95
Other reserve movements, net of taxation and minorities	(21)	(19)
Balance at end of the year	28 667	26 062

Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of financial instruments classified as instruments available-for-sale, held at fair value or derivative instruments, as well as investment and owner-occupied properties in the group's insurance operations. The accounting policies comply in all material respects with Statements and Interpretations of SA GAAP, as well as with the South African Companies Act of 1973 and the Long-term Insurance Act of 1998.

Changes in accounting policies

The accounting policies are consistent with those applied in 2002, except for the adoption of the new accounting statement, Financial Instruments: Recognition and Measurement (AC 133), with effect from 1 January 2003. As required by the transitional provisions of AC 133, the change in accounting policy has been applied prospectively and the comparative amounts for 2002 have therefore not been restated. The income statement impact of adopting AC 133 on earnings of 2003 is analysed as follows:

	2003 R million
Net interest income before provision for credit losses	343
Provision for credit losses	(219)
Net interest income	124
Non-interest revenue	(2)
Total income	122
Operating expenses	-
Operating profit	122
Income from associates	7
Income before taxation	129
Taxation	(41)
Income after taxation	88
Attributable to outside and preference shareholders	(1)

Standard Bank operations Liberty	87 (11)
Group income attributable to ordinary shareholders	76

Impact of AC 133 on key ratios	2003 Excluding AC 133	2003 Including AC 133
Headline earnings growth	17,3	18,7
ROE	22,6	22,8
Cost-to-income ratio	57,0	56,2
Credit loss ratio	0,80	0,91

Auditors' report

The auditors, KPMG Inc. and PricewaterhouseCoopers Inc., have issued their opinion on the group financial statements for the year ended 31 December 2003. A copy of the auditors' unqualified report is available for inspection at the company's registered office.

Board of Directors

DE Cooper (Chairman)

JH Maree* (Chief Executive)

DDB Band

E Bradley

T Evans

TS Gcabashe

DA Hawton

Sir Paul Judge#

SJ Macozoma

RP Menell

Adv KD Moroka

AC Nissen

RA Plumbridge

MJD Ruck*

Sir Robert Smith#

Dr CL Stals

Dr CB Strauss

* Executive Directors # British

Group Secretary

L Wulfsohn

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Website disclosure
The Standard Bank Group Limited results for the year ended 31 December 2003 will be published on the Standard Bank website at 08h05 South African time. http://www.standardbank.co.za

Live broadcast on Summit TV
A live results broadcast will be available to Southern African viewers via Summit, DStv Channel 55 at 16h00. Questions can be submitted by dialling into the conference call facility on 0800-200-648.

Live teleconference
Dial in numbers are:

South Africa	16h00	0800-200-648
United Kingdom	14h00, GMT	0800 917 7042
Europe	15h00, European Time	+800 246 78700
North America	09h00, Eastern Time	1-800-860-2442

Live audio webcast
Please login to www.standardbank.co.za
Questions can be e-mailed during the presentation

A delayed audio webcast will be available from 20h00 South African time.