

blueprint for growth

Analysis of financial results
for the year ended 31 December 2002



**Standard Bank
Group**

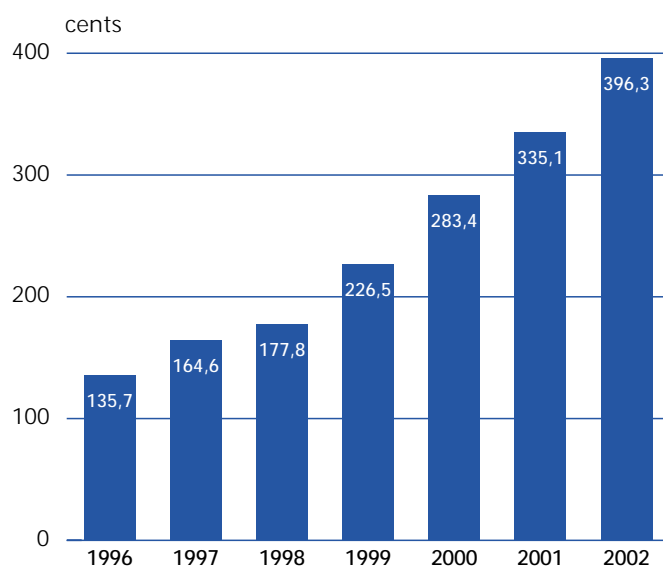
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Group results in brief

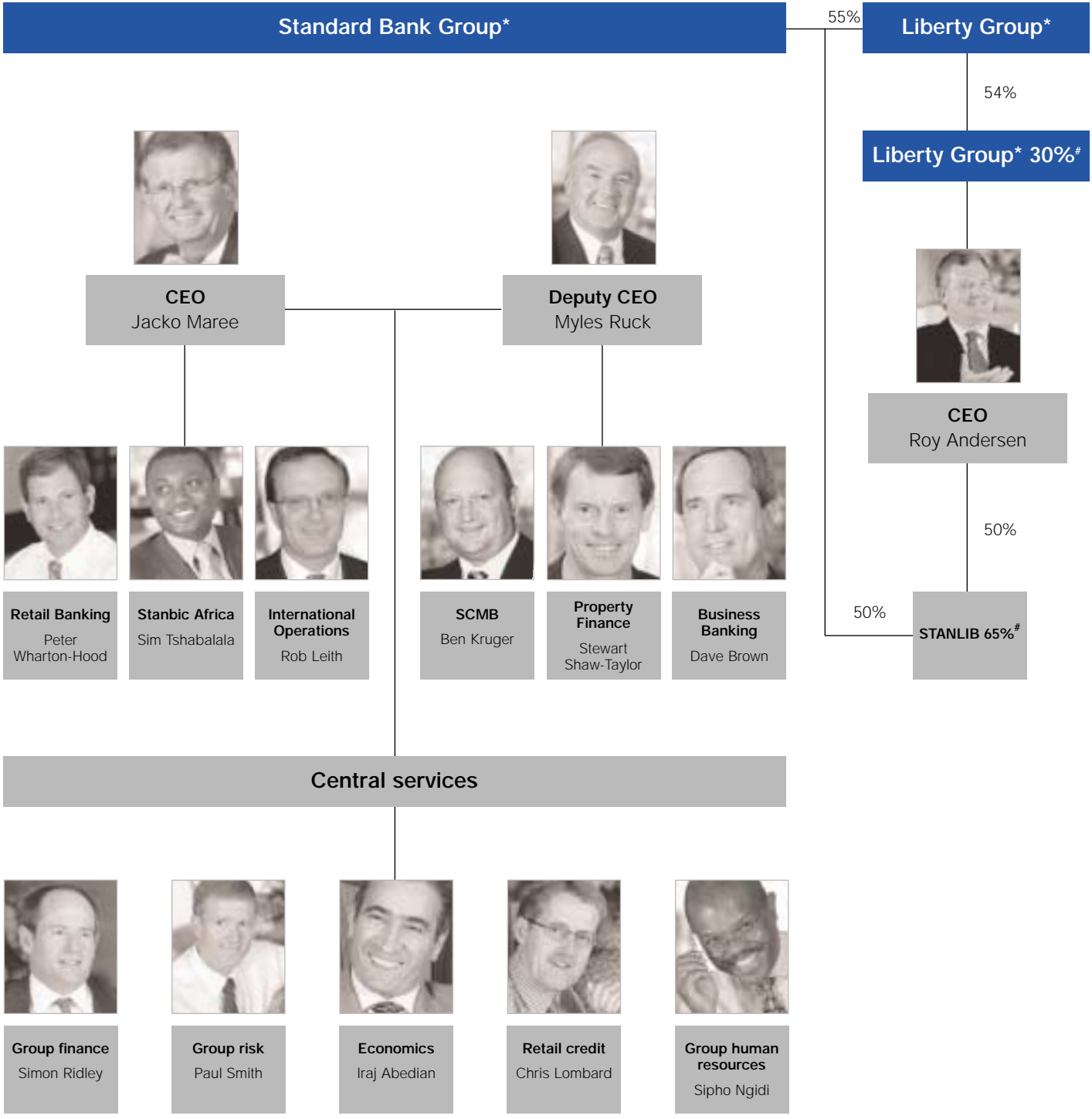
- Headline earnings of R5 263 million, 19% up
- Headline earnings per ordinary share of 396 cents, 18% higher
- Headline ROE 20,3%
- Headline ROA on banking operations, 1,6%
- Cost-to-income ratio 57,3%
- Net asset value per share 1 957 cents, 1% higher

Headline earnings per share





Management structure



* Quoted on the JSE Securities Exchange

Effective Standard Bank Group holding at 31 December 2002

Highlights

		Dec '02	% change	Dec '01
Standard Bank Group				
Headline earnings	Rm	5 263	19	4 419
Attributable earnings	Rm	4 997	10	4 525
Headline EPS	cents	396	18	335
EPS	cents	376	10	343
Dividends per share	cents	124	22	102
Net asset value per share	cents	1 957	1	1 939
Ordinary shareholders' funds	Rm	26 054	1	25 685
Price-to-book (market value)	times	1,4		1,5
Headline ROE	%	20,3		20,1
Headline ROA	%	1,3		1,3
Capital adequacy	%	14,3		14,2
Standard Bank operations				
Earnings				
Operating profit	Rm	7 426	29	5 769
Attributable earnings	Rm	4 814	23	3 920
Headline earnings	Rm	4 965	25	3 985
Balance sheet				
Total assets	Rm	303 937	(1)	306 196
Advances	Rm	170 377	5	162 002
Deposits	Rm	239 715	1	237 006
Other indicators				
Headline ROE	%	21,2		19,9
Headline ROA	%	1,6		1,5
Net interest income to average total assets	%	3,3		3,3
Non-interest revenue to total income	%	52,1		52,8
Credit provision for the period (income statement)	Rm	1 955	22	1 603
– to average loans and advances	%	1,2		1,1
Total loans and advances credit provision (balance sheet)	Rm	3 387	2	3 321
– to average loans and advances	%	2,0		2,3
Cost-to-income ratio	%	57,3		57,4
Effective tax rate (including indirect taxes)	%	33,5		30,8
Number of employees		34 613	5	33 086
Exchange rates				
Average R/US\$		10,50		8,61
Average R/UK£		15,74		12,39
Period end R/US\$		8,58		12,00
Period end R/UK£		13,82		17,45

2002 was characterised by

Changing business environment

- Local banking sector consolidation
- Increase in interest rates – 400 bp
- Volatile local and international equity markets
- Deterioration in international credit markets
- Recovery in rand exchange rate towards year end
- Increased pace of black economic empowerment

Translation gain/(reversal)

- 2001 R4 037 million
- 2002 (R3 271 million)

Accounting policies

- Policies used are consistent with the prior year except for:
 - AC135: Investment properties. Owner occupied properties depreciated over a maximum useful life of 40 years

This change has been applied retrospectively and comparative amounts, as well as retained earnings for 2001, have been restated

Acquisitions

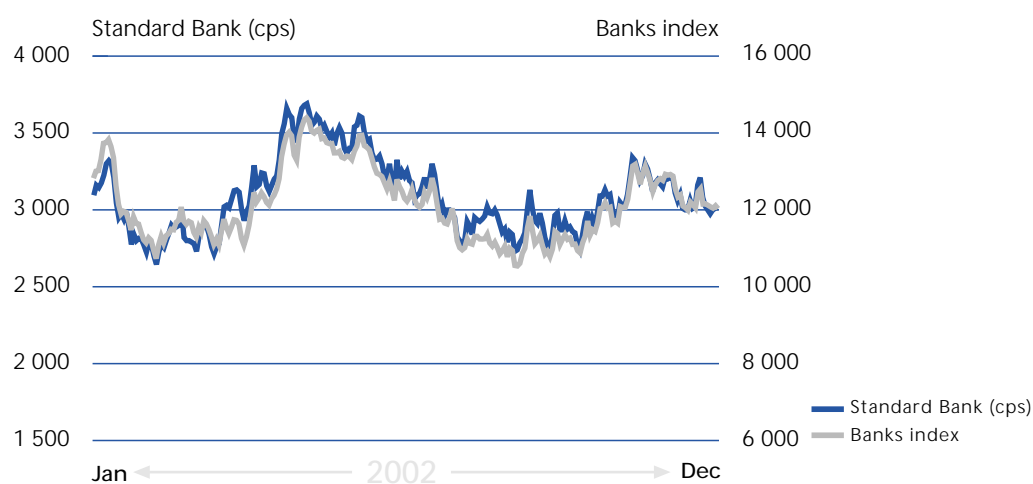
2001

- 100% interest in Hong Kong based Jardine Fleming Bank with effect from 1 July 2001
- 100% interest in Melville Douglas, an investment management services company, with effect from 1 April 2001
- 60% interest in Commercial Bank of Malawi, with effect from 1 July 2001

2002

- On 1 January 2002, the group acquired an 80% interest in Uganda Commercial Bank Limited and in May 2002 merged it with its 100% interest in Stanbic Bank Uganda Limited. As a result of this merger, the group now owns a 90% interest in Stanbic Bank Uganda Limited

Share performance



Income statement

	Dec '02 Rm	% change	Dec '01 Rm
Standard Bank operations			
Interest income	31 230	28	24 368
Interest expense	20 697	28	16 191
Net interest income before provision for credit losses	10 533	29	8 177
Provision for credit losses	1 955	22	1 603
Net interest income	8 578	30	6 574
Non-interest revenue	11 435	25	9 135
Total income	20 013	27	15 709
Operating expenses	12 587	27	9 940
– Staff costs	6 934	30	5 347
– Other operating expenses	5 653	23	4 593
Operating profit	7 426	29	5 769
Income from associates	96		49
Goodwill amortisation	(151)		(65)
Income before taxation	7 371	28	5 753
Taxation	2 435	39	1 756
Income after taxation	4 936	23	3 997
Attributable to outside and preference shareholders	122	58	77
Standard Bank income attributable to ordinary shareholders	4 814	23	3 920
Liberty Group operations			
Operating profit	1 369	(44)	2 438
Exceptional items	(14)		(324)
Income before taxation	1 355	(36)	2 114
Taxation	359	(63)	980
Income after taxation	996	(12)	1 134
Attributable to outside and preference shareholders	702	(14)	816
Net income before investment (deficit)/surplus	294	(8)	318
Net income from continuing operations	298	(29)	420
Net income from unbundled operations	–		14
Exceptional items	(4)		(116)
Investment (deficit)/surplus	(111)		287
Liberty Group income attributable to ordinary shareholders	183	(70)	605
Group income attributable to ordinary shareholders	4 997	10	4 525
Headline earnings (refer page 10)	5 263	19	4 419

Balance sheet

	Dec '02 Rm	% change	Dec '01 Rm
Assets			
Standard Bank operations			
Cash and short-term funds	45 356	8	42 186
Investment and trading securities	43 580	(5)	45 722
Loans and advances	170 377	5	162 002
Other assets	40 766	(23)	52 647
Interest in associates	276	48	187
Goodwill	381	(5)	403
Intangible assets	290	(7)	311
Property and equipment	2 911	6	2 738
	303 937	(1)	306 196
Liberty Group operations			
Current assets	3 754	26	2 979
Investments	81 491	(5)	85 531
Goodwill	158	40	113
Intangible assets	36	(42)	62
Equipment and furniture	322	(9)	353
	85 761	(4)	89 038
Total assets	389 698	(1)	395 234
Equity and liabilities			
Capital and reserves			
Share capital	141	1	140
Share premium	2 141	5	2 047
Reserves	23 780	1	23 506
Minority interest	5 998	-	5 973
Liabilities	357 638	(2)	363 568
Standard Bank operations			
Deposit and current accounts	239 715	1	237 006
Other liabilities and provisions	33 490	(16)	39 789
Bonds	6 754	14	5 899
Liberty Group operations	77 679	(4)	80 874
Life funds	73 700	(3)	75 918
Long-term liabilities	1 947	(32)	2 874
Other liabilities	2 032	(2)	2 082
Total equity and liabilities	389 698	(1)	395 234

Statement of changes in shareholders' funds

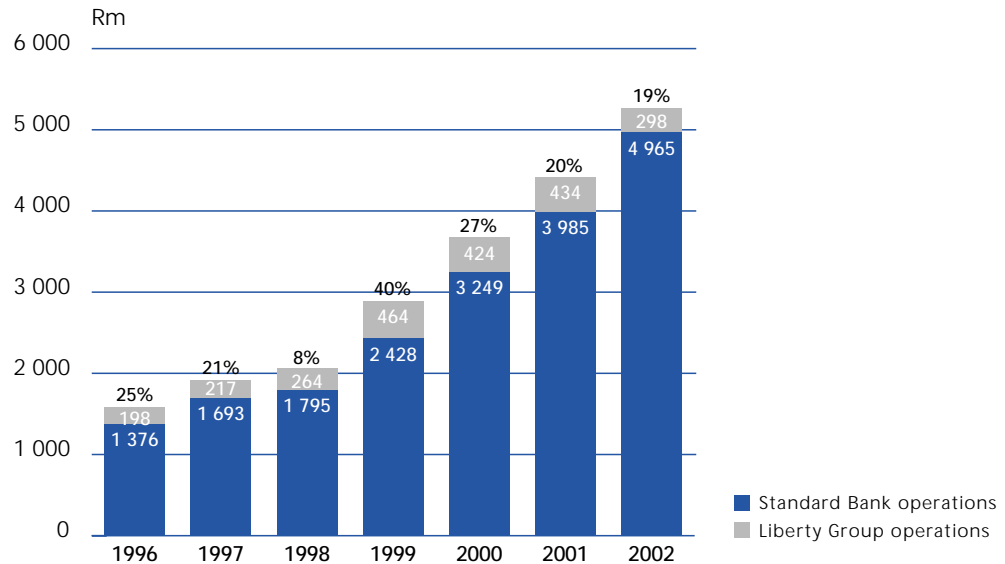
	Share capital and premium Rm	Translation reserve Rm	Revaluation reserve Rm	Retained earnings Rm	Total Rm
Balance at 1 January 2001 as previously reported	1 787	1 581	2 020	12 912	18 300
Change in accounting policy				(334)	(334)
Restated balance at 1 January 2001	1 787	1 581	2 020	12 578	17 966
Group income				4 525	4 525
Dividends paid				(1 196)	(1 196)
Currency translation gain		4 037			4 037
Issue of share capital and share premium	462				462
Elimination of treasury shares	(62)				(62)
Investment surplus transferred to revaluation reserve			330	(330)	-
Capital deficit			(39)		(39)
Transfer of revaluation and other reserves			(2)	2	-
Liberty Group capital reduction			(975)	975	-
Balance at 31 December 2001	2 187	5 618	1 334	16 554	25 693
Balance at 1 January 2002	2 187	5 618	1 334	16 554	25 693
Group income				4 997	4 997
Dividends paid				(1 433)	(1 433)
Currency translation reversal		(3 271)			(3 271)
Issue of share capital and share premium	95				95
Investment deficit transferred to revaluation reserve			(111)	111	-
Capital deficit			(19)		(19)
Transfer of revaluation and other reserves			(4)	4	-
Balance at 31 December 2002	2 282	2 347	1 200	20 233	26 062

Analysis of group results



Headline earnings

CAGR (1996 – 2002): Standard Bank Group = 22%
Standard Bank operations = 24%

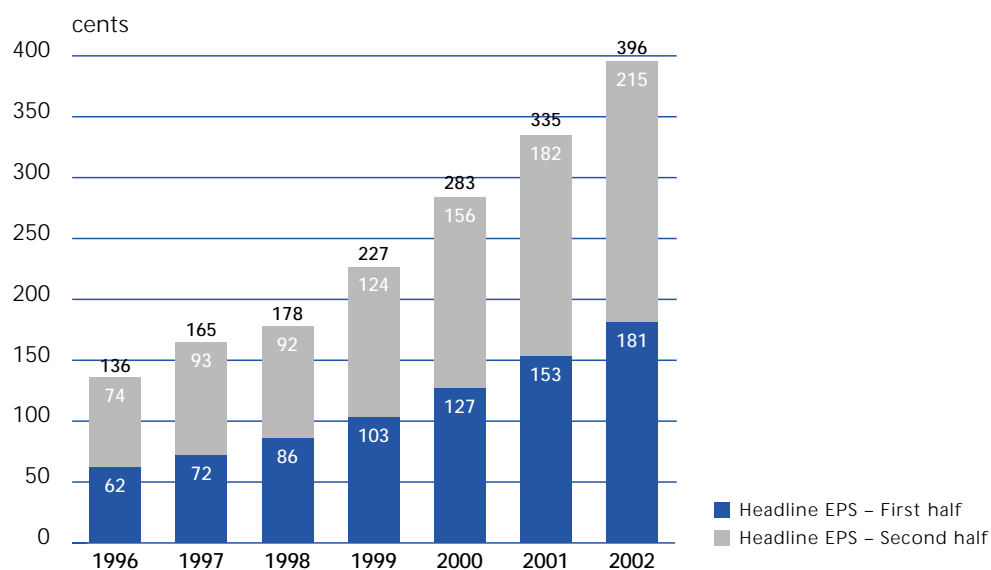


Reconciliation of headline earnings

	Dec '02 Rm	% change	Dec '01 Rm
Group income attributable to ordinary shareholders	4 997	10	4 525
Standard Bank income adjusted for:	151		65
– goodwill amortised on subsidiaries acquired	105		51
– goodwill amortised on associates acquired	46		14
Liberty Group income adjusted for:	115		(171)
– secondary tax on companies relating to capital reduction	–		111
– goodwill amortised on subsidiaries acquired	4		5
– investment deficit/(surplus)	111		(287)
Headline earnings	5 263	19	4 419

Headline earnings per share

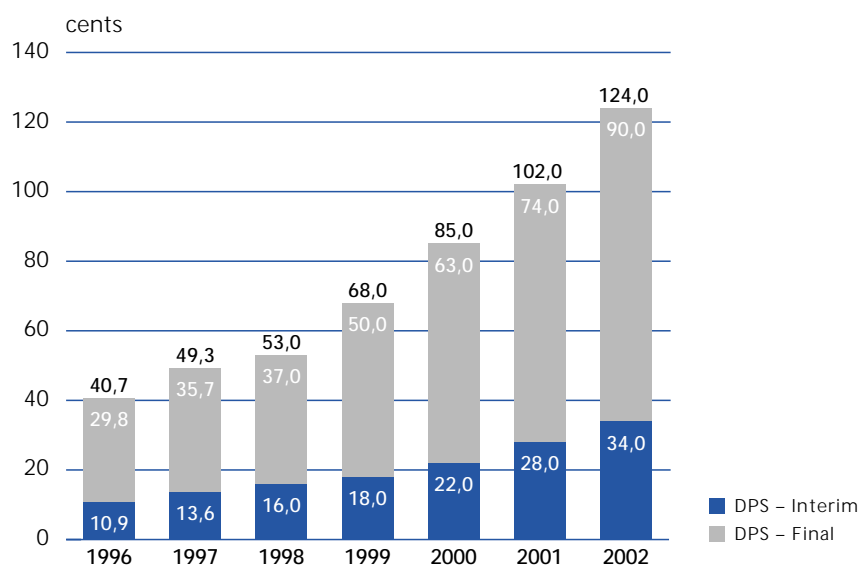
CAGR (1996 – 2002) = 20%



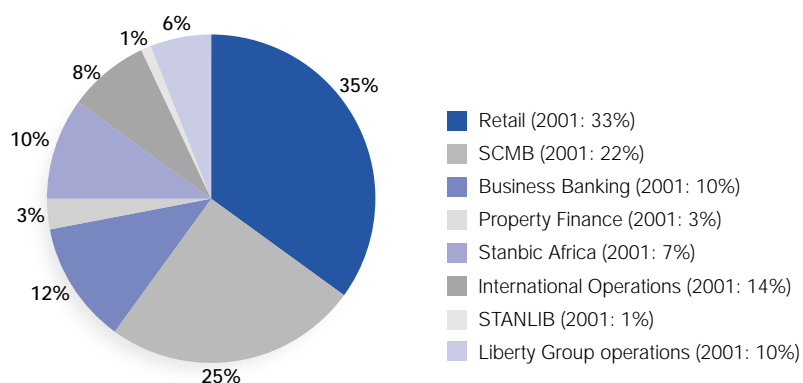
	Dec '02	% change	Dec '01
Headline earnings (Rm)	5 263	19	4 419
Headline earnings per share (cents)	396	18	335
Dividends declared per share (cents)	124	22	102
Dividend cover (times)	3,2		3,3

Dividends per share

CAGR (1996 – 2002) = 20%



Profit contribution by business unit



	Dec '02 Rm	% change	Dec '01 Rm
Domestic Banking	3 960	33	2 971
Retail	1 796	25	1 441
Wholesale	2 102	36	1 542
SCMB	1 301	36	955
Business Banking	635	38	461
Property Finance	166	32	126
Central services	62		(12)
Stanbic Africa	482	48	325
International Operations	429	(34)	648
STANLIB	62	(24)	82
Central funding	32		(41)
Standard Bank operations	4 965	25	3 985
Liberty Group operations	298	(31)	434
Standard Bank Group	5 263	19	4 419

Retail

- Improvement in margin income
- Good growth in home loans and instalment finance
- Retail branch deposits up 35%
- Higher credit provisions
- Cost-to-income improvement
- Bancassurance income up 35% to R350m (pre-tax)

SCMB

- Strong trading income performance
- High level of lower risk/margin assets
- Interest rate mismatch activities performing well
- Cost-to-income improvement

Business Banking

- Improvement in margin income
- Good performance by Stannic
- Good branch deposit growth
- Higher credit provisions
- Cost-to-income improvement

Property Finance

- Good growth in property lending activities
- Improved quality of property portfolio
- Sale of certain property investments

Stanbic Africa

- Favourable impact of acquisitions
- Increased focus on treasury functions in countries
- Lower bad debts

International Operations

- Weak trading environment
- Higher credit provisions
- Weaker average rand (income statement)

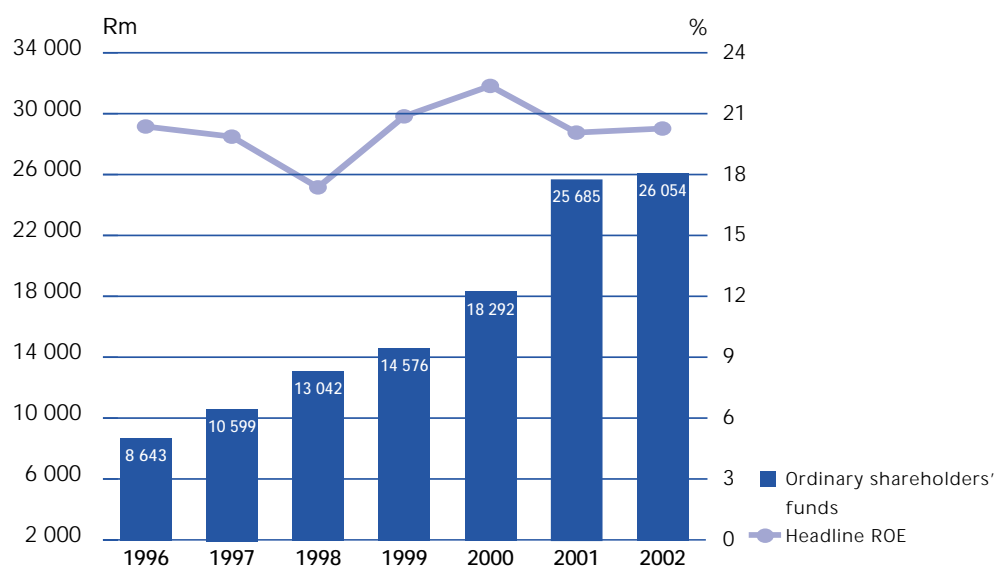
Liberty Group operations

- Indexed new business premiums up 24%
- Direct cost increase contained to 7%
- Effects of weak equity markets

STANLIB

- Merger costs
- Weak markets
- Net inflow of funds

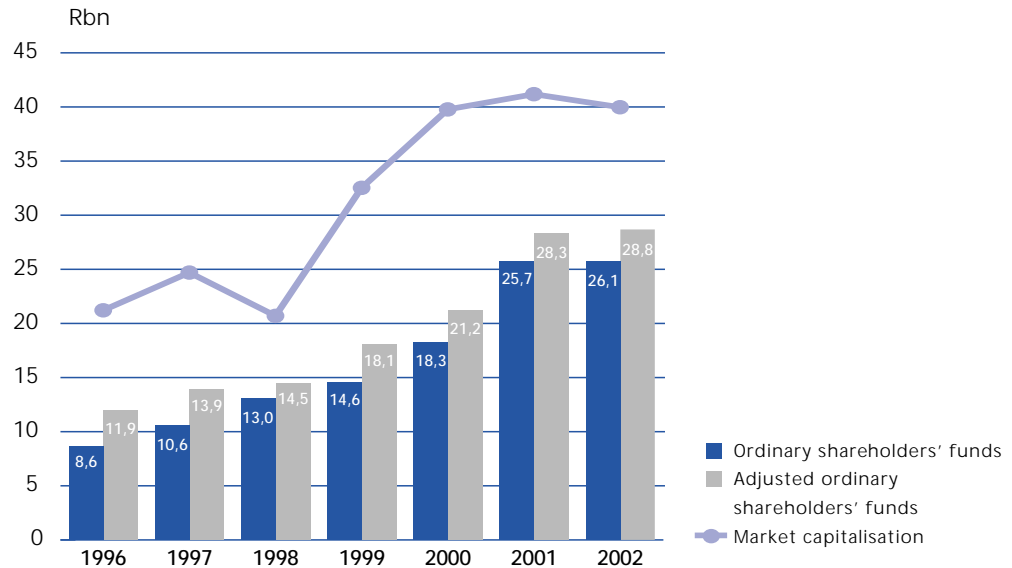
Return on average equity



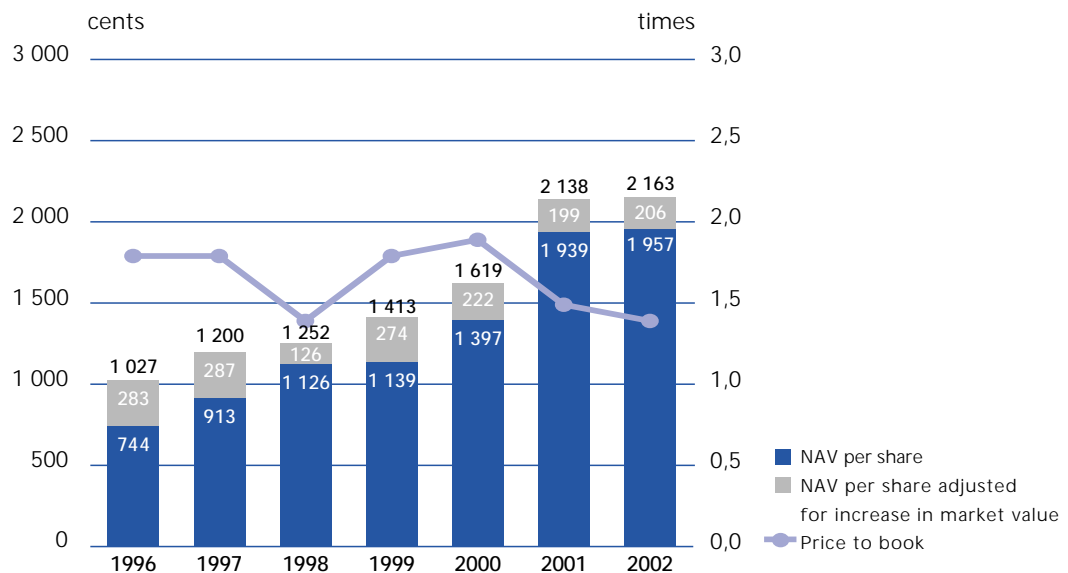
	December '02			December '01		
	Average equity Rm	Headline earnings Rm	Headline ROE %	Average equity Rm	Headline earnings Rm	Headline ROE %
Domestic Banking	12 680	3 960	31,2	10 988	2 971	27,0
Retail	5 657	1 796	31,7	5 348	1 441	26,9
Wholesale	7 023	2 102	29,9	5 640	1 542	27,3
SCMB	4 639	1 301	28,0	3 558	955	26,8
Business Banking	1 802	635	35,2	1 516	461	30,4
Property Finance	582	166	28,5	566	126	22,3
Central services		62			(12)	
Stanbic Africa	1 760	482	27,4	1 517	325	21,4
International Operations	6 810	429	6,3	5 938	648	10,9
STANLIB	259	62	23,9	150	82	54,7
Central funding and Liberty Group	4 361	330	7,6	3 396	393	11,6
Standard Bank Group	25 870	5 263	20,3	21 989	4 419	20,1

Value of shareholders' funds

Market capitalisation



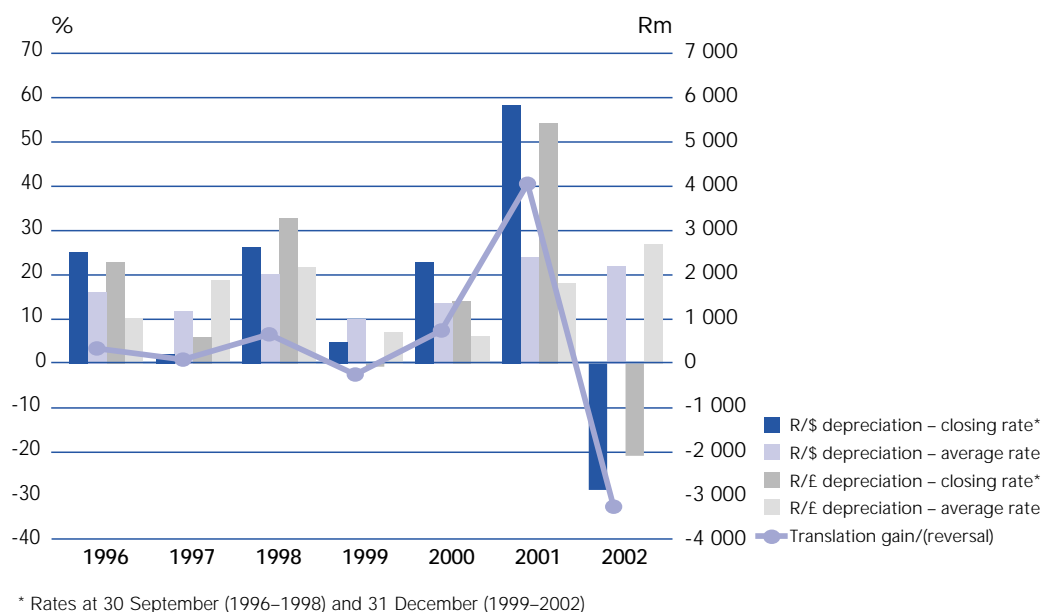
Price-to-book



	Dec '02	% change	Dec '01
Ordinary shareholders' funds (Rm)	26 054	1	25 685
Adjusted ordinary shareholders' funds ⁽¹⁾ (Rm)	28 795	2	28 330
Market capitalisation (Rm)	40 132	(3)	41 338
Price-to-book (times)	1,4		1,5

⁽¹⁾ Ordinary shareholders' funds adjusted for the increase in market value over the carrying value of Liberty Group, investments and property

Translation effects

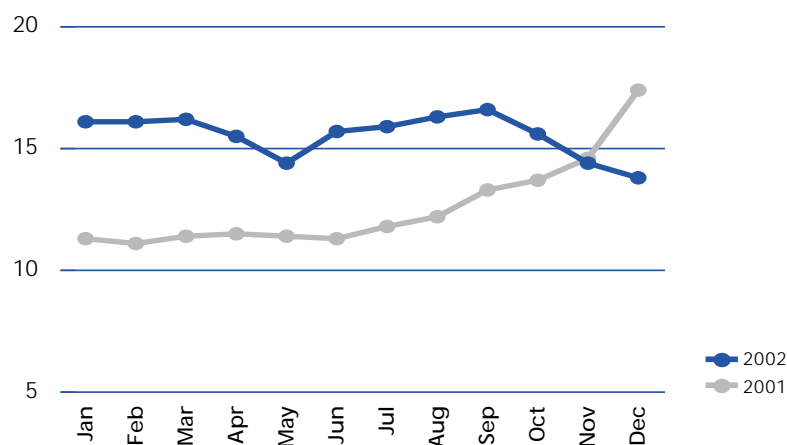


Movement in translation reserve

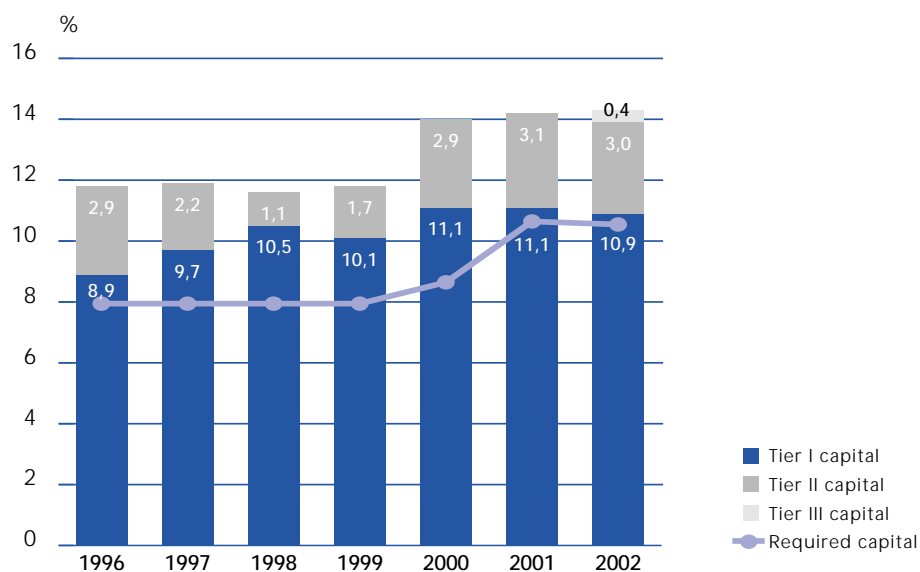
	2002 Rm	2001 Rm
Domestic Banking	(183)	199
Stanbic Africa	(572)	182
International Operations	(1 286)	2 339
Central funding	(1 215)	1 301
Liberty Group operations	(15)	16
Standard Bank Group	(3 271)	4 037

- Impact of translation movements taken directly to reserves
- R4 billion translation gain in 2001 substantially reversed
- Average rand/pound exchange rate 27% weaker than 2001 – increasing translated income
- Closing rand/pound exchange rate 21% stronger than 2001 – reducing translated balance sheet items

Rand/pound closing exchange rate



Capital adequacy



Regulatory capital and risk-weighted assets

	Dec '02 Rm	% change	Dec '01 Rm
Qualifying capital			
Tier I capital	25 669	2	25 182
Tier II capital	7 033	(1)	7 129
Tier III capital	1 000		–
Total capital	33 702	4	32 311
Risk-weighted assets			
Banking book			
On-balance sheet	169 501	–	168 868
Off-balance sheet	14 491	5	13 742
Total banking book	183 992	1	182 610
Trading activity notional assets	51 055	14	44 880
Total risk-weighted assets	235 047	3	227 490
Group primary capital to risk-weighted assets (%)	10,9		11,1
Group total capital to risk-weighted assets (%)	14,3		14,2
Banking capital to risk weighted assets (%) (excluding Liberty)	13,8		13,5
Aggregate regulatory capital requirement (%)	10,6		10,7
Primary subsidiaries			
	Dec '02		Dec '01
Standard Bank of South Africa (%)	11,3		10,7
Standard International Holdings (%)	16,7		16,4
Liberty Group (calculated in terms of the Long-term Insurance Act) (CAR times covered)	3,0		3,5

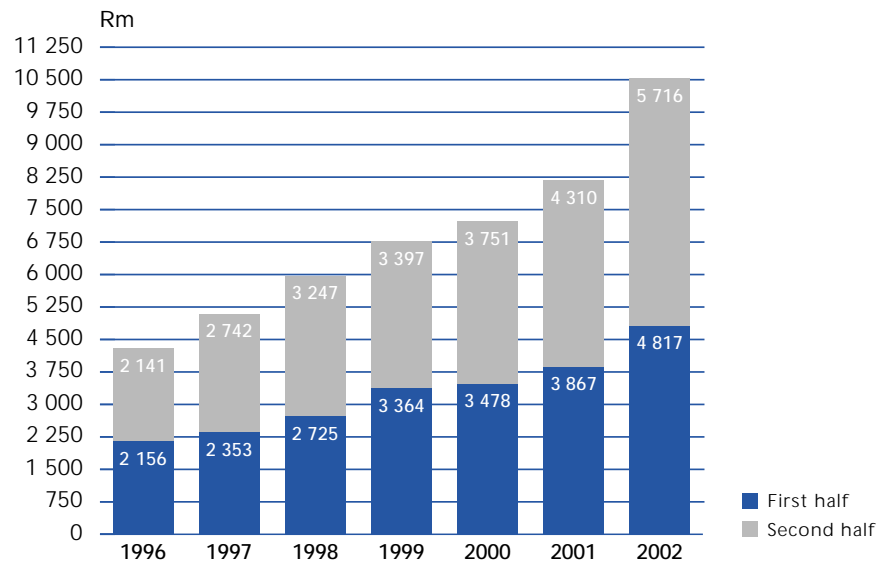
Required capital

- Higher requirements in banks in other jurisdictions compared to a South African requirement of 10% resulted in a 10,6% effective requirement for the group
- Tertiary capital of R1 billion raised during the year

Standard Bank operations

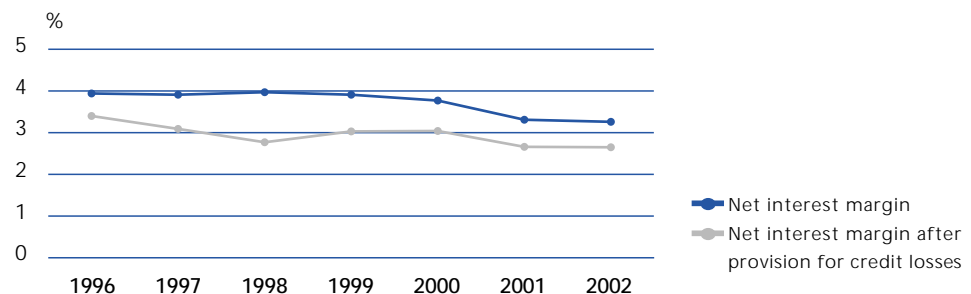


Net interest income



	Dec '02		Dec '01	
	Net interest income Rm	Net interest margin %	Net interest income Rm	Net interest margin %
Domestic Banking	7 946	3,9	6 382	3,8
Retail	5 187	7,5	4 345	7,1
Wholesale	2 699	-	2 219	-
SCMB	1 148	1,1	975	1,2
Business Banking	1 356	7,6	1 082	6,7
Property Finance	195	2,4	162	2,5
Central services	60		(182)	
Stanbic Africa	1 321	6,2	887	5,9
International Operations	1 244	1,2	862	1,3
STANLIB	53	4,5	36	4,4
Central funding and eliminations	(31)	-	10	-
Total net interest income	10 533	3,3	8 177	3,3

Net interest margin



Favourable

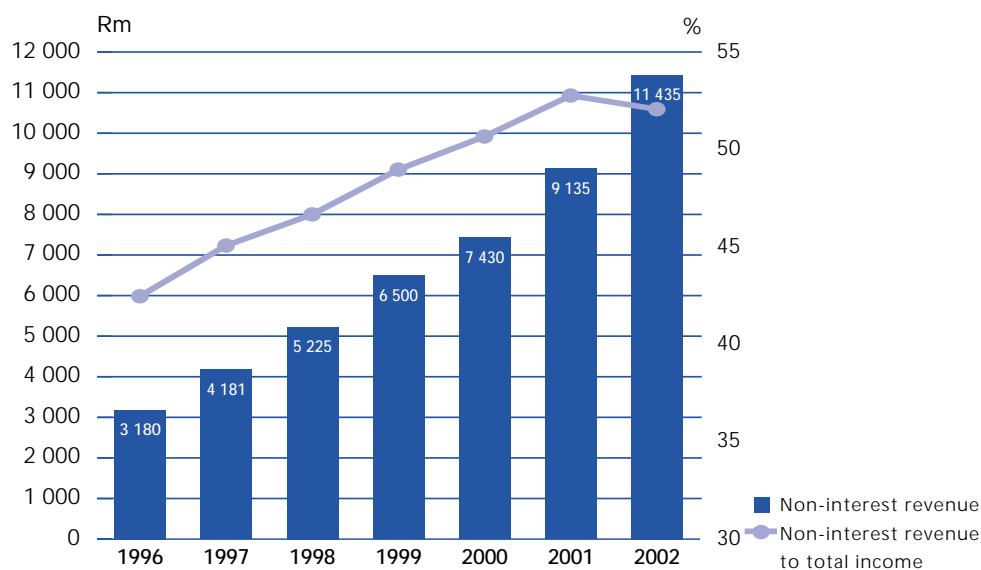
- Margins assisted by endowment effect
- Good growth in quality retail lending
- Branch deposits in Domestic increased
- Improved retail/wholesale funding mix
- Acquisitions in Uganda and Malawi

Unfavourable

- International business volumes low due to uncertain markets
- Corporates repaying debt due to high interest rates
- Competitive pressures
- Usury Act constraints

Non-interest revenue

Non-interest revenue: CAGR (1996 – 2002) = 24%



	Dec '02 Rm	% change	Dec '01 Rm
Fees and commission	7 094	24	5 740
Trading income	3 244	42	2 279
Other income	1 097	(2)	1 116
– Banking	613	(2)	623
– Insurance	484	(2)	493
Total non-interest revenue	11 435	25	9 135

Fees and commission

- Increases in Domestic, 18%, Africa, 77% and International, 38%
- Increased transaction volumes leading to increased fees across all categories
- Growth in point of representation fees
- Card volumes up
- Acquisitions in Africa
- Repricing and new products
- Weak average rand/pound rate

Trading income

- Good growth in all business units
- Forex and bond trading performed well in volatile markets
- Precious metals commodities trading performed well
- Exchange rate benefit
- Capitalised on opportunities in international debt and capital markets

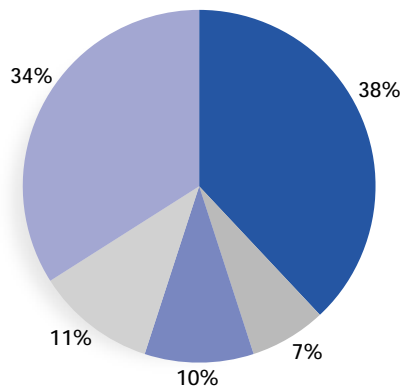
Other income

- Domestic up 22%
- Increased insurance brokerage commission
- Sale of property investments

Composition of non-interest revenue

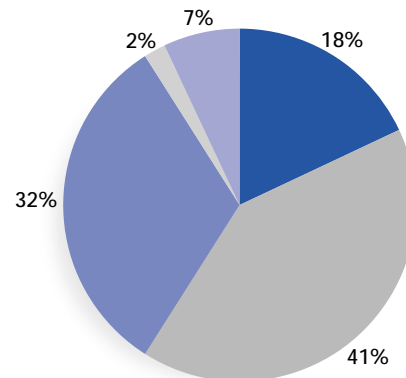
	Dec '02 Rm	% change	Dec '01 Rm
Non-interest revenue			
Fees and commission	7 094	24	5 724
– Point of representation	2 662	13	2 360
– Electronic banking	524	38	381
– Knowledge based fees and commission	737	64	450
– Card based commission	765	20	638
– Other	2 406	27	1 895
Trading revenue	3 244	42	2 279
– Commodities	591	12	528
– Forex	1 337	39	963
– Debt securities	1 033	67	620
– Equities	56	(2)	57
– Other	227	>100	111
Other revenue	1 097	(3)	1 132
– Banking and other	613	(4)	639
– Insurance	484	(2)	493
Total non-interest revenue	11 435	25	9 135

Fees and commission



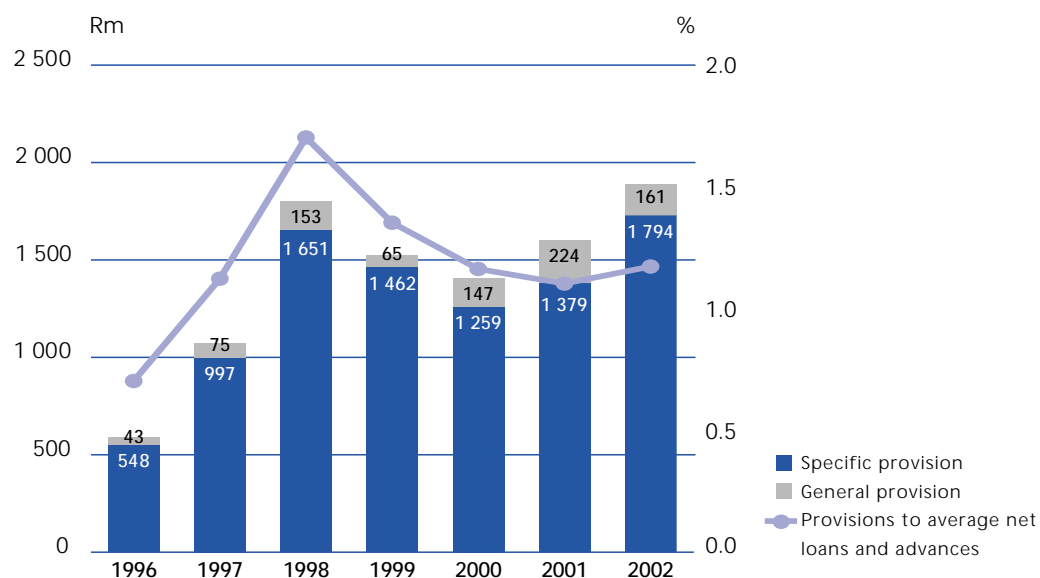
- Point of representation (2001: 41%)
- Electronic banking (2001: 7%)
- Knowledge based fees and commission (2001: 8%)
- Card based commission (2001: 11%)
- Other (2001: 33%)

Trading revenue



- Commodities (2001: 23%)
- Forex (2001: 42%)
- Debt securities (2001: 27%)
- Equities (2001: 3%)
- Other (2001: 5%)

Provision for credit losses



Income statement charge

	Dec '02 Rm	% change	Dec '01 Rm
Loans, overdrafts and other corporate exposures	1 261	47	856
Card debtors	120	36	88
Mortgage advances	291	4	280
Instalment finance	122	(21)	155
Specific provisions	1 794	30	1 379
General provisions	161	(28)	224
Total income statement charge	1 955	22	1 603

Provision for credit losses to average advances

Domestic Banking	1,06	1,12
Retail	1,24	1,27
Wholesale	0,85	0,85
SCMB	0,56	0,55
Business Banking	1,51	1,53
Property Finance	0,76	0,61
Stanbic Africa	0,68	1,22
International Operations	1,60	0,81
Standard Bank operations	1,18	1,11

Domestic Banking

- Improved quality of book
- Higher general provisions as a result of increased loan book

Stanbic Africa

- Improved collection processes

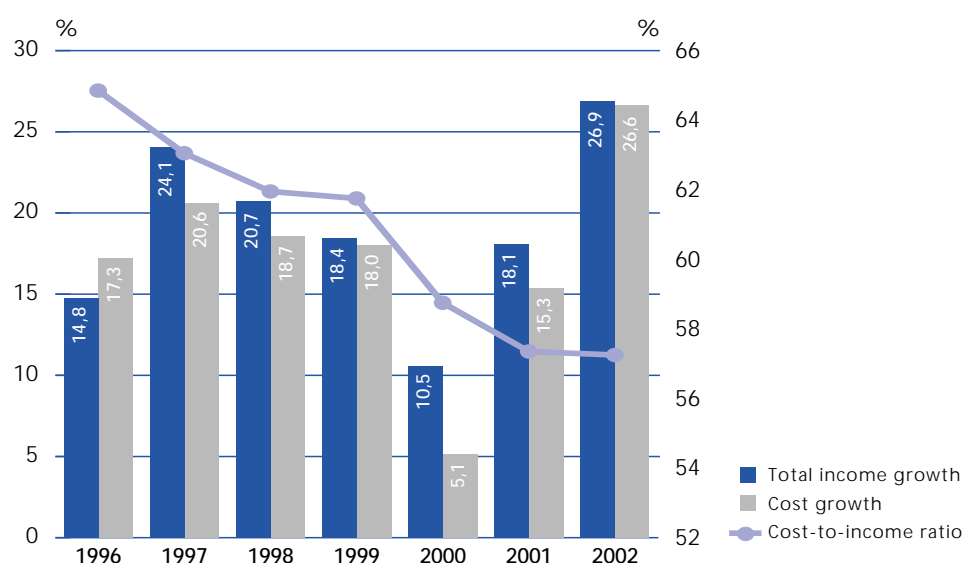
International Operations

- Increased provisions for credit risk inherent in dated securities

Regulatory requirement

- Provisions in excess of SARB requirements

Operating expenses



Operating expenses

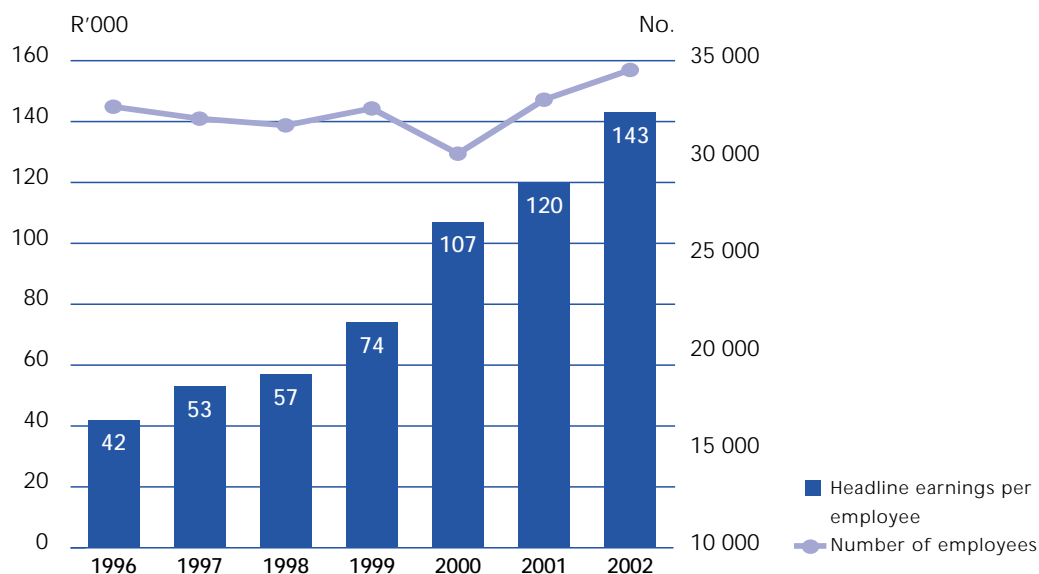
	Dec '02 Rm	% change	Dec '01 Rm
Domestic Banking	8 391	18	7 098
Retail	6 062	14	5 302
Wholesale	2 586	21	2 139
SCMB	1 770	21	1 459
Business Banking	691	15	599
Property Finance	125	54	81
Central services	(257)		(343)
Stanbic Africa	1 364	61	847
International Operations	2 506	46	1 714
STANLIB	444	35	329
Central funding	(118)		(48)
Standard Bank operations	12 587	27	9 940

Cost-to-income ratio by business unit

	Dec '02 %	Dec '01 %
Domestic Banking	53,4	55,9
Retail	62,2	64,5
Wholesale	43,7	46,5
SCMB	49,6	52,8
Business Banking	36,2	39,0
Property Finance	28,9	26,8
Stanbic Africa	60,8	58,3
International Operations	71,4	63,8
Standard Bank operations	57,3	57,4

- Resumption of provision for retirement funding
- Increased headcount
- New acquisitions and continued integration in Africa
- Continued upgrading of IT infrastructure
- Currency impact on costs as international capabilities expanded

Headcount analysis



Staff complement

	Dec '02	% change	Dec '01
Domestic Banking	27 161	2	26 657
Retail	16 104	3	15 628
Wholesale	4 419	-	4 421
SCMB	2 414	(3)	2 477
Business Banking	1 749	3	1 695
Property Finance	256	3	249
Operations Utility	3 190	6	3 395
Group Technology and e-commerce	1 277	11	1 153
Private Banking	117		41
Central services	2 054	2	2 019
Stanbic Africa	5 470	20	4 547
International Operations	1 267	9	1 159
STANLIB	715	(1)	723
Total staff complement	34 613	5	33 086

Domestic Banking

- Operations Utility – lower complement due to branch processing efficiencies
- Card operations previously outsourced to EDS now included in Retail and Group Technology
- Melville Douglas acquisition

Stanbic Africa

- Acquisition in Uganda - 981 staff
- Business growth

International Operations

- Business growth
- Preparation for banking licences in Russia and Brazil



Analysis of loans and advances

	Dec '02 Rm	% change	Dec '01 Rm
Gross loans and advances	173 764	5	165 323
Loans and advances to banks	7 330	28	5 749
– Loans and overdrafts	5 695	74	3 274
– Loans granted under resale agreements	1 635	(34)	2 475
Loans and advances to customers	166 434	4	159 574
– Loans and overdrafts	74 729	(7)	80 708
– Card debtors	4 392	17	3 743
– Mortgage advances	58 714	20	48 802
– Instalment sale and finance leases	24 904	17	21 365
– Preference shares and debentures	592	(52)	1 235
– Trade, other bills and bankers' acceptances	3 103	(17)	3 721
Provision for credit losses	3 387	2	3 321
– Specific	1 834	–	1 830
– General	1 553	4	1 491
Net loans and advances	170 377	5	162 002

Loans and advances by business unit

	Dec '02 Rm	% change	Dec '01 Rm
Domestic Banking	142 047	13	125 355
Retail	74 190	18	62 760
Wholesale	66 853	9	61 162
SCMB	39 651	9	36 392
Business Banking	18 530	2	18 165
Property Finance	8 672	31	6 605
Central services	1 004	(30)	1 433
Stanbic Africa	8 886	7	8 291
International Operations	27 945	(15)	32 947
STANLIB	172		22
Central funding and eliminations	(8 673)		(4 613)
Standard Bank operations	170 377	5	162 002

Non-performing loans

	Gross non-performing loans			Security, guarantees and collateral held			Specific balance sheet provisions			Net non-performing loans		
	Dec '02	Dec '01	% change	Dec '02	Dec '01	% change	Dec '02	Dec '01	% change	Dec '02	Dec '01	% change
	Rm	Rm		Rm	Rm		Rm	Rm		Rm	Rm	
Loans, overdrafts and advances	3 670	3 907	(6)	1 477	1 843	(20)	1 510	1 441	5	683	623	10
Card debtors	32	43	(26)	-	-	-	28	28	-	4	15	(73)
Home loans	1 635	1 652	(1)	1 433	1 218	18	202	264	(23)	-	170	(100)
Instalment finance	154	226	(32)	60	116	(48)	94	97	(3)	-	13	(100)
Interest suspended	(683)	(743)	(8)	-	-	-	-	-	-	(683)	(743)	(8)
Total	4 808	5 085	(5)	2 970	3 177	(7)	1 834	1 830	-	4	78	(95)

% to average advances

	Dec '02	Dec '01
Gross NPLs	3,3	4,0
Interest suspended	(0,4)	(0,5)
Gross	2,9	3,5
Less: Specific provisions	(1,1)	(1,3)
Less: Securities and collateral	(1,8)	(2,2)
Net NPLs	0,0	0,0
Less: General debt provision	(0,9)	(1,0)
Net	(0,9)	(1,0)
Coverage: Gross*	70%	65%
: Net**	184%	174%
Average advances	166 190	144 530

* Gross coverage = (SDP+GDP)/Gross NPL

** Net coverage = (SDP+GDP)/(Gross NPL - Security)

Loans and advances are considered non-performing based on the following criteria:†

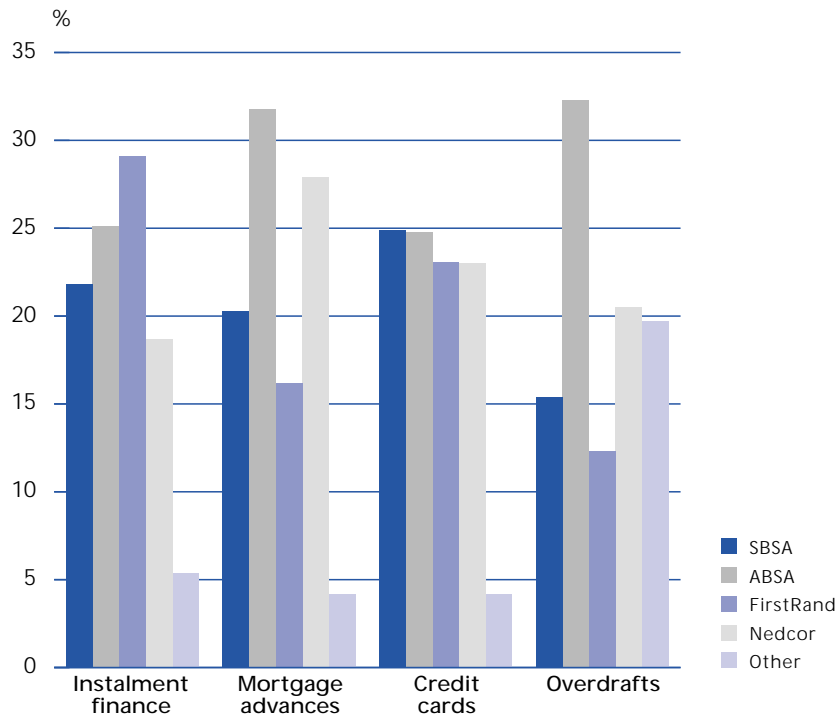
	Retail	Corporate and Business Banking
Sub-standard	90-180 days overdue	Case-by-case analysis based on breaches of key loan conditions
Doubtful	180-365 days overdue	
Loss	365 days or more overdue	

† The definition of NPLs has been changed and is now in line with the required regulatory reporting rules. This accelerates the recognition of non-performing loans. Prior year numbers have been restated.

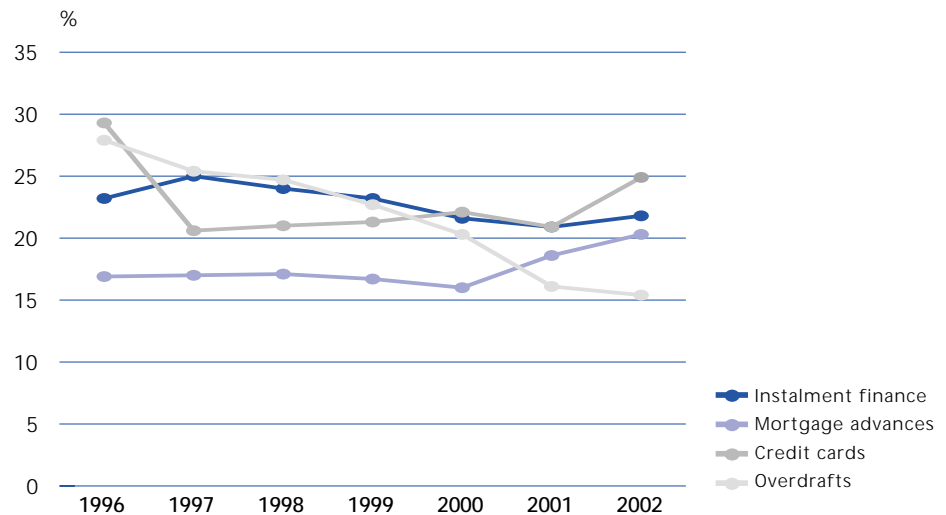
Significant factors

- Continued downward trend in NPLs
- Improved collection management across the group
- Properties in possession effectively managed
- Decreased exposures in African banks due to focused lending and better collections
- Improved coverage ratios

Market share analysis



Standard Bank market share



Instalment finance

- Increased focus on motor vehicle dealerships

Mortgages

- SBSA above industry growth
- Improved application process and scoring systems

Card debtors

- Increased number of accounts
- Higher ticket values

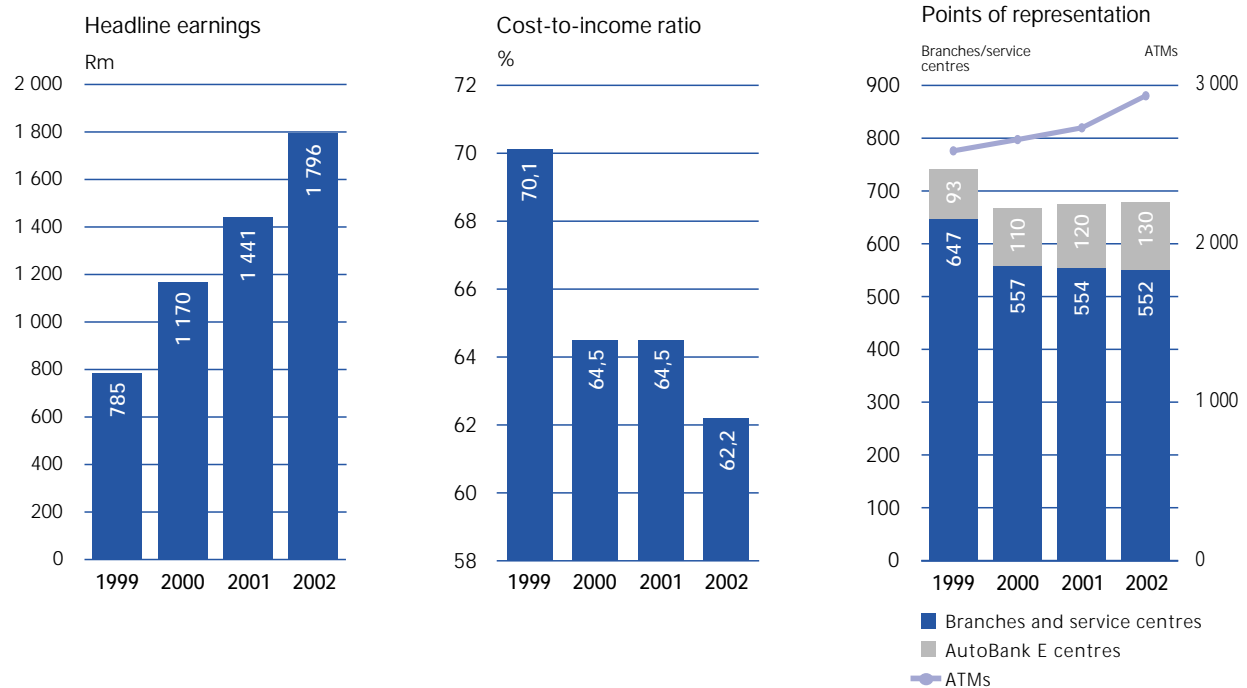
Overdrafts

- SBSA share decreased
- Stricter criteria for accepting new corporate business
- Switch by corporates to alternative products

Business unit review



Retail



Income statement

	Dec '02 Rm	% change	Dec '01 Rm
Net interest income before provision for credit losses	5 187	19	4 345
Provision for credit losses	847	15	736
Net interest income	4 340	20	3 609
Non-interest revenue	4 563	18	3 871
Operating expenses	6 062	14	5 302
Operating profit	2 841	30	2 178
Income from associates	24		8
Taxation	1 069	43	745
Headline earnings	1 796	25	1 441
Total assets	76 612	18	64 871
Cost-to-income ratio	62,2%		64,5%
Headline ROE	31,7%		26,9%

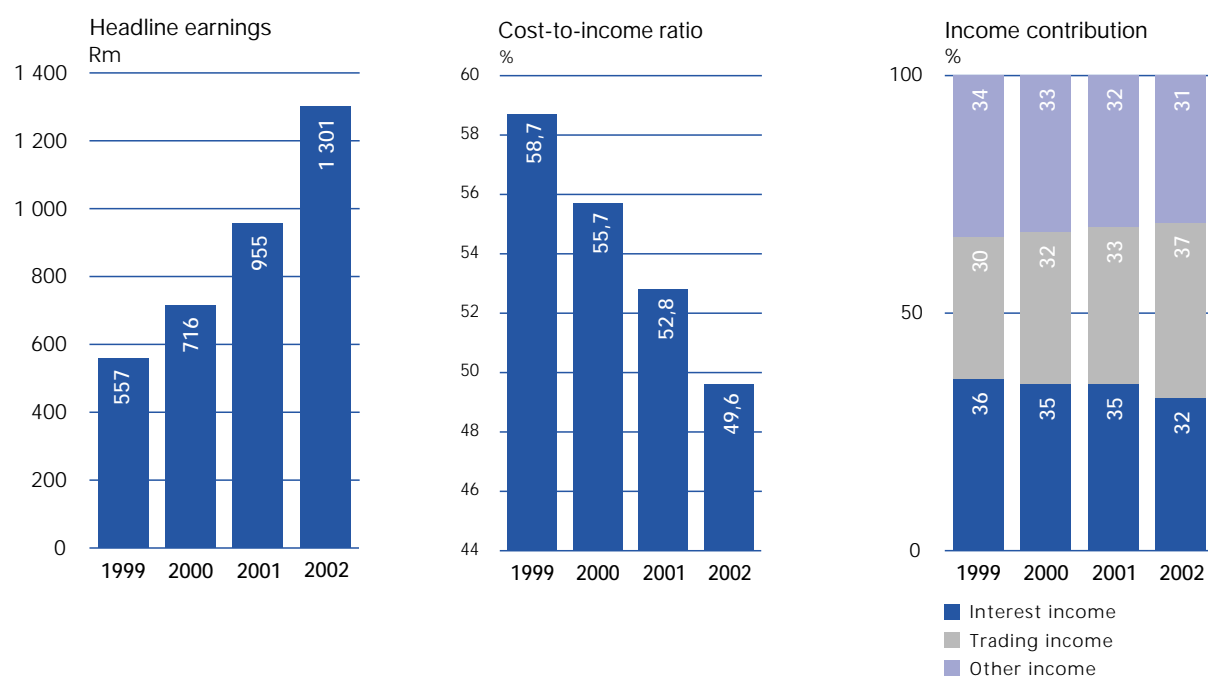
Favourable

- Margins assisted by endowment effect
- Strong growth in home loans and instalment finance
- Higher fees
- Strong fee growth in Card Division
- Transaction volumes up due to increase in both customers and usage
- Improved market share in key areas
- NPLs down
- Retail branch deposits up 35%
- Bancassurance income up 35% to R350m (pre-tax)

Adverse

- Increased staff costs due to resumption of provision for retirement funding
- IT spend
- Increase in headcount due to take on of previously outsourced card operations from EDS

SCMB



Income statement

	Dec '02 Rm	% change	Dec '01 Rm
Net interest income before provision for credit losses	1 148	18	975
Provision for credit losses	212	9	195
Net interest income	936	20	780
Non-interest revenue	2 420	35	1 788
Operating expenses	1 770	21	1 459
Operating profit	1 586	43	1 109
Income from associates	36		-
Taxation	305		151
Income after tax	1 317	37	958
Attributable to outside and preference shareholders	16		3
Headline earnings	1 301	36	955
Total assets	101 731	4	97 861
Cost-to-income ratio	49,6%		52,8%
Headline ROE	28,0%		26,8%

Favourable

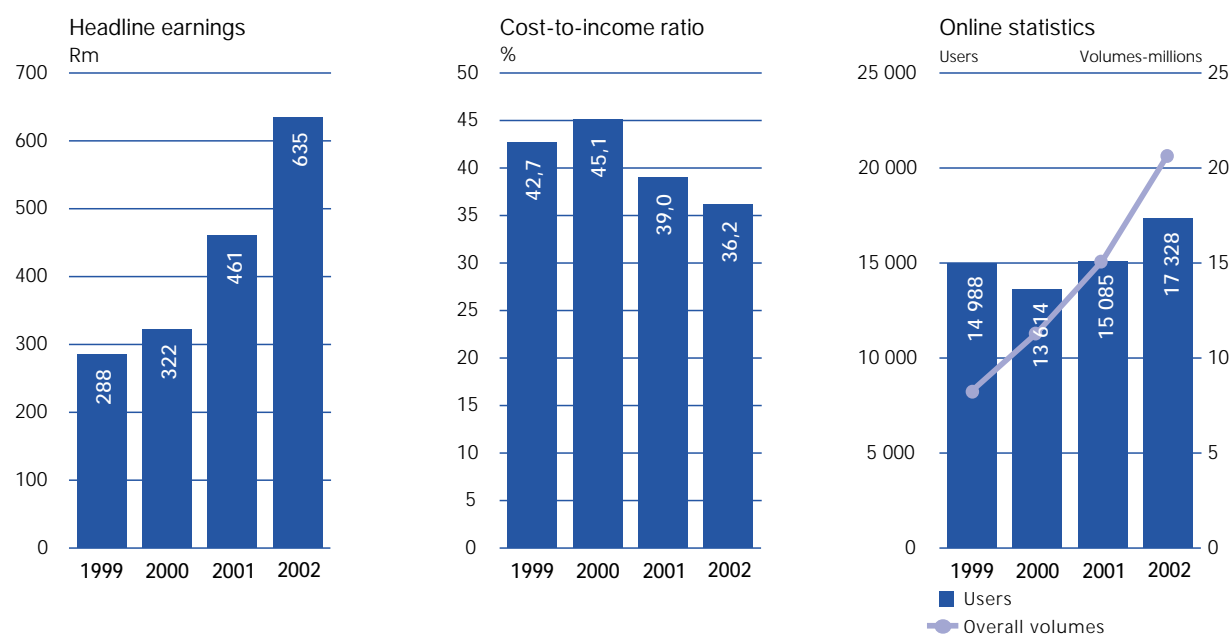
- Strong performance from all core businesses
- Growth in client related trading volumes
- Interest rate mismatch activities performing well
- Higher banking transaction volumes
- NPLs down

Adverse

- IT spend on new trading systems
- Higher communication costs – SWIFT



Business Banking



Income statement

	Dec '02 Rm	% change	Dec '01 Rm
Net interest income before provision for credit losses	1 356	25	1 082
Provision for credit losses	277	3	270
Net interest income	1 079	33	812
Non-interest revenue	554	22	454
Operating expenses	691	15	599
Operating profit	942	41	667
Taxation	307	49	206
Headline earnings	635	38	461
Total assets	19 175	5	18 265
Cost-to-income ratio	36,2%		39,0%
Headline ROE	35,2%		30,4%

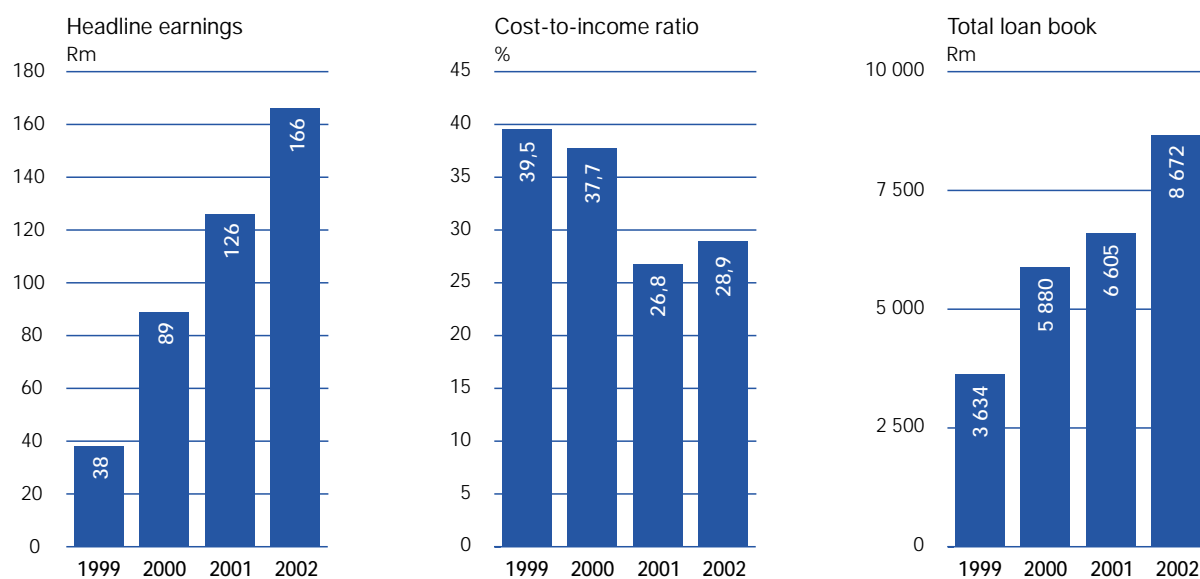
Favourable

- Margins assisted by endowment effect
- Electronic banking volumes increased
- Decrease in NPLs
- Strong branch deposit growth
- Good performance from instalment finance (Stannic)
- Fee income growth across the board

Adverse

- Increased headcount to drive sales and service initiatives

Property Finance



Income statement

	Dec '02 Rm	% change	Dec '01 Rm
Net interest income before provision for credit losses	195	20	162
Provision for credit losses	58	53	38
Net interest income	137	10	124
Non-interest revenue	238	70	140
Operating expenses	125	54	81
Operating profit	250	37	183
Taxation	84	47	57
Headline earnings	166	32	126
Total assets	9 871	21	8 190
Cost-to-income ratio	28,9%		26,8%
Headline ROE	28,5%		22,3%

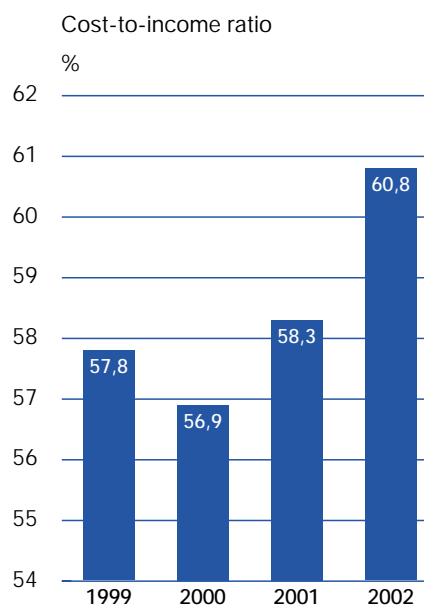
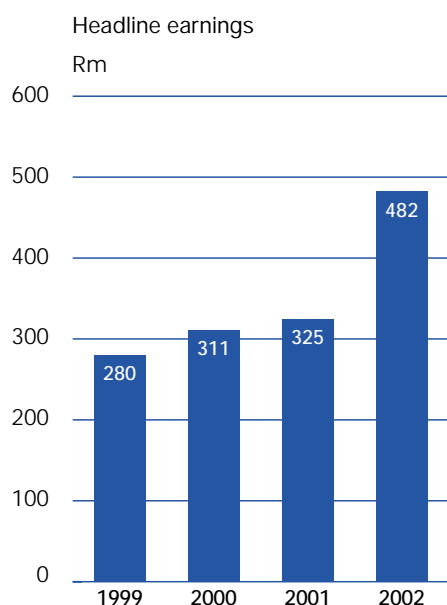
Favourable

- Growth in property lending activities
- Realisation of non-strategic property investments
- Improved quality of property portfolio

Adverse

- IT spend on finance and property administration systems

Stanbic Africa



Income statement

	Dec '02 Rm	% change	Dec '01 Rm
Net interest income before provision for credit losses	1 321	49	887
Provision for credit losses	58	(33)	87
Net interest income	1 263	58	800
Non-interest revenue	923	63	565
Operating expenses	1 364	61	847
Operating profit	822	59	518
Income from associates	38	(7)	41
Net income before taxation	860	54	559
Taxation	305	41	217
Income after taxation	555	62	342
Attributable to outside shareholders	73		17
Headline earnings	482	48	325
Total assets	20 693	6	19 519
Cost-to-income ratio	60,8%		58,3%
Headline ROE	27,4%		21,4%

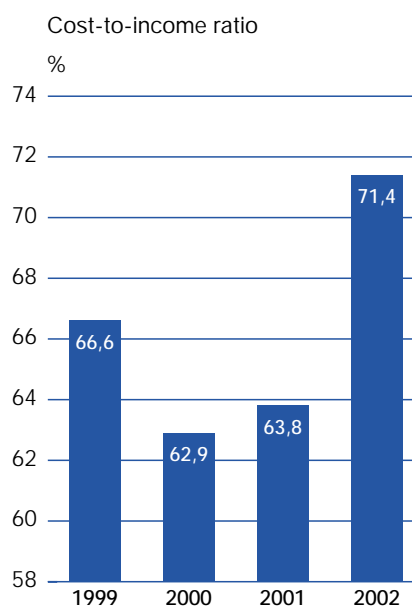
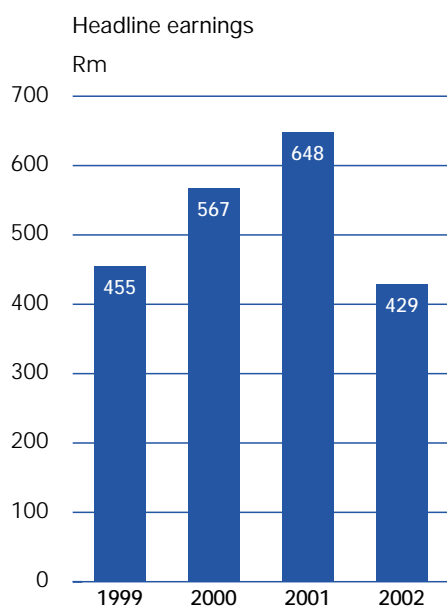
Favourable

- Inclusion of Uganda Commercial Bank and Malawi for a full year
- Lower credit losses due to improved recoveries
- Increased focus on treasury functions in countries
- Repricing and new products
- Improvement in margins
- Broader portfolio

Adverse

- Increased headcount
- Zimbabwe net asset value written down to zero
- Credit provisions in Tanzania
- Increased risk management and financial control capacity in Johannesburg

International Operations



Income statement

	Dec '02 Rm	% change	Dec '01 Rm
Net interest income before provision for credit losses	1 244	44	862
Provision for credit losses	487	163	185
Net interest income	757	12	677
Non-interest revenue	2 264	24	1 824
Operating expenses	2 506	46	1 714
Operating profit	515	(35)	787
Taxation	86	(38)	139
Headline earnings	429	(34)	648
Headline earnings (£)	27	(48)	52
Total assets	80 005	(20)	100 631
Cost-to-income ratio	71,4%		63,8%
Headline ROE	6,3%		10,9%

Favourable

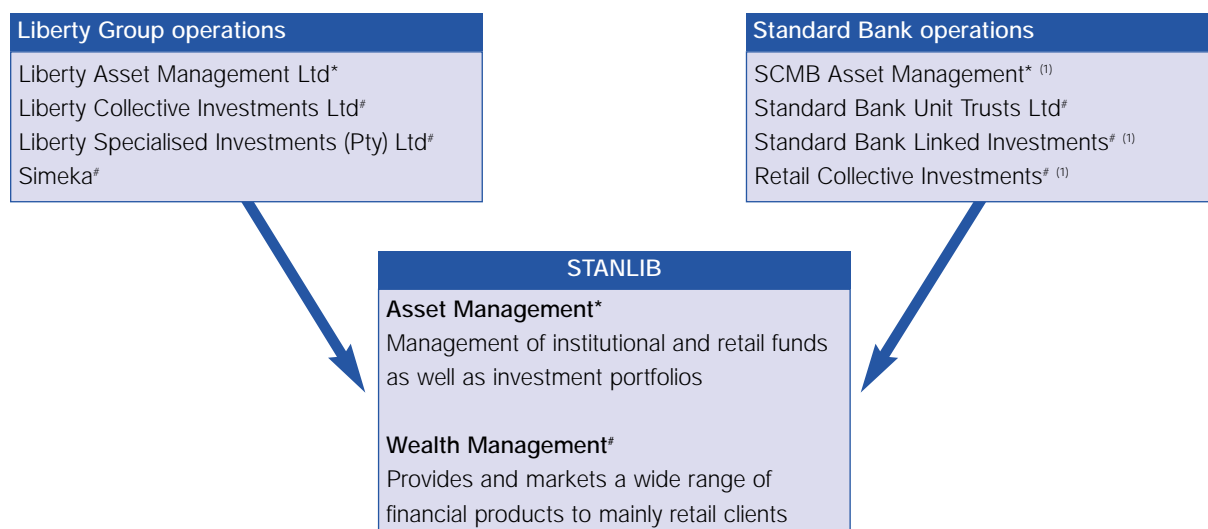
- Strong resource banking performance
- Trading opportunities in capital markets
- Average rand exchange rate (income statement)

Adverse

- Global economic slowdown
- Impact of international credit markets on provisioning
- Investment in geographic expansion



STANLIB



* Asset management

Wealth management

⁽¹⁾ Previously divisions of Standard Bank operations

Income statement

	Dec '02 Rm	% change	Dec '01 Rm
Net interest income	53	47	36
Non-interest revenue	509	2	498
Operating expenses	444	35	329
Operating profit	118	(42)	205
Taxation	23	(66)	67
Income after tax	95	(31)	138
Attributable to outside and preference shareholders	33	(41)	56
Headline earnings	62	(24)	82
Total assets	1 573	96	804
Headline ROE	23,9%		54,7%

Favourable

- Increased unit trust business
- Merger proceeding to plan
- Benefit of rationalisation to come through from 2004

Adverse

- Merger costs
- Unfavourable market conditions

Liberty Group

Summarised income statement

	Dec '02 Rm	% change	Dec '01 Rm
Life fund operating surplus	889	(33)	1 320
Revenue earnings from continuing shareholders' operations	262	18	222
Revenue earnings attributable to shareholders' funds	262	(3)	269
Less: revenue earnings on unbundled investments	-		(47)
Preference dividend in subsidiary company	(82)	(91)	(43)
Headline earnings from continuing operations	1 069	(29)	1 499
Headline earnings from unbundled operations	-		47
Investment surplus	52		1 102
Capital gains tax on shareholders' investments	(9)		(143)
STC on capital reduction	-		(233)
Goodwill amortisation	(13)		(16)
Total earnings	1 099	(51)	2 256

Highlights

		Dec '02	% change	Dec '01
Number of ordinary shares in issue	million	273,6		272,4
Weighted average number of ordinary shares in issue	million	273,0		272,0
Headline EPS (continuing operations)	cents	392	(29)	551
Total assets	Rm	86 260	(4)	89 401
Ordinary shareholders' funds	Rm	8 588	3	8 346
Life funds	Rm	73 700	(3)	75 918
Total embedded value	Rm	15 127	2	14 768
Dividend per share declared for the year	cents	278	0	278

Favourable

- Indexed new business premiums up 24%
- Direct cost increase contained to 7%
- Net insurance cash flows of R4,5 billion up 54%
- Value of new business up 33%
- New business margin up 20%
- Capital position remains strong

Adverse

- Weak equity markets
- Increased STC charges

Liberty Group continued

Reconciliation of Liberty Group earnings

	Dec '02 Rm	% change	Dec '01 Rm
Liberty Group			
Headline earnings	1 069	(31)	1 546
Investment surplus	52		1 102
Exceptional items	(13)		(249)
Capital gains tax on shareholders' investments	(9)		(143)
Total earnings	1 099	(51)	2 256
Libhold 54,4% (2001: 54,7%)			
Headline earnings	546	(31)	793
Earnings from Liberty Group	582		845
Less: STANLIB income reflected in Standard Bank operations	(30)		(43)
Libhold expenses	(4)		(7)
Preference dividends	(2)		(2)
Net investment (deficit)/surplus	(198)		603
Investment surplus	28		603
Less: Elimination of STANLIB profits	(226)		-
Exceptional items	(7)		(211)
Capital gains tax on shareholders' investments	(5)		(78)
Retained profit	336	(70)	1 107
Standard Bank Group 54,7% (2001: 54,7%)			
Headline earnings	298	(31)	434
Earnings from continuing operations	298	(29)	420
Earnings from unbundled operations	-		14
Net investment (deficit)/surplus	(111)		287
Investment (deficit)/surplus	(108)		330
Capital gains tax on shareholders' investments	(3)		(43)
Exceptional items	(4)		(116)
Liberty Group income attributable to Standard Bank Group	183		605

Other information



Shareholder information

	% of shares
Ten largest shareholders	Beneficial holding
Old Mutual Group	20,19
Public Investment Commissioner	12,32
Sanlam Group	5,45
Liberty Group (Policyholder funds)	4,87
Transnet Pension Fund	3,36
Investment Solutions	2,39
Standard Bank Group Retirement Fund	1,59
Metlife	1,38
Momentum Life Assurance (SA)	1,02
Engineering Industries Pension Fund	1,00
	53,57

Instrument codes

JSE Securities Exchange

Ordinary shares

Share code: SBK

ISIN code: ZAE000038873

6,5% cumulative preference shares

Share code: SBKP

ISIN code: ZAE000038881

Bond Exchange of South Africa

Subordinated debt

ISIN codes: SBK1: ZAG000016569

SBK2: ZAG000017955

SBK3: ZAG000018086

SBK4: ZAG000019597

JSE Securities Exchange statistics

	Dec '02	Dec '01
Share prices (cents)		
– High	3 810	3 605
– Low	2 595	2 600
– Closing	3 015	3 120
Shares traded		
– Number of shares ('000)	677 064	511 549
– Value of shares (Rm)	20 991	16 038
– Turnover in shares traded (%)	50,9	38,6
Number of shares in issue (million)		
– End of period	1 331	1 325
– Weighted average	1 328	1 319

Fitch Ratings (August 2002)

Standard Bank Group Limited

Individual B/C

Support 5

National

Short-term senior F1+ (zaf)

The Standard Bank of South Africa Limited

Individual B/C

Support 2

Foreign currency

Short-term senior F3

Long-term senior BBB-*

Outlook Positive

Local currency

Long-term senior BBB+

National

Short-term senior F1+ (zaf)

Long-term senior AA (zaf)

Moody's Investors Services (July 2002, public information)

The Standard Bank of South Africa Limited

Bank financial strength rating C+

Long-term bank deposit rating Baa2*

Short-term bank deposit rating Prime-2*

Outlook Stable

Standard & Poor's (January 2003, public information)

The Standard Bank of South Africa Limited

Local currency BBBpi

Counterparty credit – local currency BBBpi

RSA Sovereign ratings

	Foreign currency	Local currency
Fitch Ratings	BBB–	BBB+
Moody's Investors Services	Baa2	A2
Standard & Poor's	BBB–	A–

* capped by RSA Sovereign rating

Financial definitions

Standard Bank Group

CAGR

Compound annual growth rate.

Dividend cover (times)

Headline earnings per share divided by ordinary dividends per share.

Earnings per share (cents)

Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

Headline earnings

Earnings attributable to ordinary shareholders excluding goodwill amortisation, capital profits and losses and investment revaluation surpluses.

Headline earnings per share (cents)

Headline earnings divided by the weighted average number of ordinary shares in issue.

Headline ROA (%)

Headline earnings as a percentage of average total assets.

Headline ROE (%)

Headline earnings as a percentage of average ordinary shareholders' funds.

Net asset value per share (cents)

Ordinary shareholders' funds divided by the number of ordinary shares in issue at year-end.

Price-to-book (times)

Market capitalisation divided by adjusted shareholders' funds.

Shares issued

The actual number of shares in issue at year-end.

Standard Bank operations

Assets

Assets relating to Standard Bank operations excluding assets of Liberty Group.

Cost-to-income ratio (%)

Operating expenses as a percentage of total income, before deducting the provision for credit losses.

Domestic activities

Activities managed in South Africa excluding centralised funding activities.

Effective tax rate (%)

The income statement tax charge as a percentage of income before tax, excluding income from associated undertakings.

Headline earnings

Earnings attributable to ordinary shareholders excluding goodwill amortisation and capital profits and losses, as well as earnings and investment revaluation surpluses from Liberty Group.

Headline ROA (%)

Headline earnings as a percentage of average total assets.

Headline ROE (%)

Headline earnings as a percentage of average ordinary shareholders' funds, after deducting capital relating to Liberty Group.

International Operations

Operations in Europe (including the United Kingdom), Asia and the Americas.

Net interest margin (%)

Net interest income as a percentage of monthly average total assets.

Non-interest revenue to total income (%)

Non-interest revenue as a percentage of total income before provision for credit losses.

Provision for credit losses (I/S) to average loans and advances (%)

Provision for credit losses per the income statement divided by net average loans and advances.

Stanbic Africa

Operations in Africa other than South Africa.

Segment report 2002

	Domestic Banking					
	Retail	Wholesale Banking			Central services	Total
	Rm	SCMB Rm	Business Banking Rm	Property Finance Rm	Rm	Rm
Net interest income before provision for credit losses	5 187	1 148	1 356	195	60	7 946
Provision for credit losses	847	212	277	58	22	1 416
Net interest income	4 340	936	1 079	137	38	6 530
Non-interest revenue	4 563	2 420	554	238	(5)	7 770
Operating expenses	6 062	1 770	691	125	(257)	8 391
Operating profit	2 841	1 586	942	250	290	5 909
Income from associates	24	36	-	-	-	60
Exceptional items	-	-	-	-	(26)	(26)
Income before taxation	2 865	1 622	942	250	264	5 943
- Standard Bank operations	2 865	1 622	942	250	264	5 943
- Liberty Group	-	-	-	-	-	-
Taxation	1 069	305	307	84	228	1 993
Income after taxation	1 796	1 317	635	166	36	3 950
Attributable to outside and preference shareholders	-	16	-	-	-	16
Investment deficit	-	-	-	-	-	-
Income attributable to ordinary shareholders	1 796	1 301	635	166	36	3 934
Headline earnings	1 796	1 301	635	166	62	3 960
Headline return on equity (%)	31,7	28,0	35,2	28,5		31,2
Cost-to-income ratio (%)	62,2	49,6	36,2	28,9		53,4
Total assets	76 612	101 731	19 175	9 871	4 528	211 917
Average equity	5 657	4 639	1 802	582	-	12 680
Number of employees	16 104	2 414	1 749	256	6 638	27 161

International Operations	Stanbic Africa	STANLIB	Centralised funding	Standard Bank operations	Liberty Group operations	Standard Bank Group
Rm	Rm	Rm	Rm	Rm	Rm	Rm
1 244	1 321	53	(31)	10 533		10 533
487	58	–	(6)	1 955		1 955
757	1 263	53	(25)	8 578		8 578
2 264	923	509	(31)	11 435		11 435
2 506	1 364	444	(118)	12 587		12 587
515	822	118	62	7 426		7 426
–	38	–	(2)	96		96
(35)	(26)	–	(64)	(151)		(151)
480	834	118	(4)	7 371		7 371
86	305	23	28	2 435	1 355	1 355
					359	2 794
394	529	95	(32)	4 936	996	5 932
–	73	33	–	122	702	824
–	–	–	–	–	(111)	(111)
394	456	62	(32)	4 814	183	4 997
429	482	62	32	4 965	298	5 263
6,3	27,4	23,9	1,6	21,2		20,3
71,4	60,8	79,0		57,3		57,3
80 005	20 693	1 573	(10 251)	303 937	85 761	389 698
6 810	1 760	259	1 944	23 453	2 417	25 870
1 267	5 470	715	–	34 613	3 282	37 895

Segment report 2001

	Domestic Banking					
	Retail	Wholesale Banking			Central services	Total
	Rm	SCMB Rm	Business Banking Rm	Property Finance Rm	Rm	Rm
Net interest income before provision for credit losses	4 345	975	1 082	162	(182)	6 382
Provision for credit losses	736	195	270	38	93	1 332
Net interest income	3 609	780	812	124	(275)	5 050
Non-interest revenue	3 871	1 788	454	140	62	6 315
Operating expenses	5 302	1 459	599	81	(343)	7 098
Operating profit	2 178	1 109	667	183	130	4 267
Income from associates	8	–	–	–	–	8
Exceptional items	–	–	–	–	(23)	(23)
Income before taxation	2 186	1 109	667	183	107	4 252
– Standard Bank operations	2 186	1 109	667	183	107	4 252
– Liberty Group	–	–	–	–	–	–
Taxation	745	151	206	57	142	1 301
Income after taxation	1 441	958	461	126	(35)	2 951
Attributable to outside and preference shareholders	–	3	–	–	–	3
Investment surplus	–	–	–	–	–	–
Income attributable to ordinary shareholders	1 441	955	461	126	(35)	2 948
Headline earnings	1 441	955	461	126	(12)	2 971
Headline return on equity (%)	26,9	26,8	30,4	22,3		27,0
Cost-to-income ratio (%)	64,5	52,8	39,0	26,8		55,9
Total assets	64 871	97 861	18 265	8 190	2 689	191 876
Average equity	5 348	3 558	1 516	566	–	10 988
Number of employees	15 628	2 477	1 695	249	6 608	26 657

International Operations	Stanbic Africa	STANLIB	Centralised funding	Standard Bank operations	Liberty Group operations	Standard Bank Group
Rm	Rm	Rm	Rm	Rm	Rm	Rm
862	887	36	10	8 177		8 177
185	87	–	(1)	1 603		1 603
677	800	36	11	6 574		6 574
1 824	565	498	(67)	9 135		9 135
1 714	847	329	(48)	9 940		9 940
787	518	205	(8)	5 769		5 769
–	41	–	–	49		49
(22)	(6)	–	(14)	(65)		(65)
765	553	205	(22)	5 753		5 753
139	217	67	32	1 756	2 114	2 114
					980	2 736
626	336	138	(54)	3 997	1 134	5 131
–	17	56	1	77	816	893
–	–	–	–	–	287	287
626	319	82	(55)	3 920	605	4 525
648	325	82	(41)	3 985	434	4 419
10,9	21,4	54,7	(2,9)	19,9		20,1
63,8	58,3	61,6		57,4		57,4
100 631	19 519	804	(6 634)	306 196	89 038	395 234
5 938	1 517	150	1 430	20 023	1 966	21 989
1 159	4 547	723	–	33 086	3 364	36 450



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Share code

Share code: SBK
ISIN code: ZAE000038873



**Standard Bank
Group**