

# Standard Bank Group

## Unaudited expanded notes to the annual financial statements

for the year ended  
31 December 2008

**Contents****Annual financial statements**

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	2008			2007		
	Banking activities Rm	Liberty Life Rm	Standard Bank Group Rm	Banking activities Rm	Liberty Life Rm	Standard Bank Group Rm
<b>3 Cash and balances with central banks</b>						
Coins and bank notes	6 885		6 885	5 819		5 819
Balances with central banks	18 812		18 812	14 799		14 799
	<b>25 697</b>		<b>25 697</b>	20 618		20 618
<b>6 Pledged assets</b>						
<b>Financial assets that may be repledged or resold by counterparties</b>						
Government, municipality and utility bonds	4 215		4 215	1 875		1 875
Corporate bonds	1 896		1 896	136		136
Listed equities <sup>1</sup>		1 621	1 621		5 209	5 209
Loans and advances to banks	89		89			
Loans and advances to customers	155		155			
Other instruments	397		397	369		369
	<b>6 752</b>	<b>1 621</b>	<b>8 373</b>	2 380	5 209	7 589
<sup>1</sup> The listed equities are held for scrip lending. Scrip lending is the process of providing listed equity scrip holdings by the group to external parties on a lending agreement, for a negotiated fee, to be returned on a fixed date.						
<b>9 Current and deferred tax assets</b>						
Current tax assets	190		190	625		625
Deferred tax assets (note 19.1)	996	131	1 127	433	51	484
	<b>1 186</b>	<b>131</b>	<b>1 317</b>	1 058	51	1 109
<b>10 Other assets</b>						
Trading settlement assets	8 518		8 518	2 810		2 810
Items in the course of collection	1 403		1 403	1 534		1 534
Operating leases - accrued income		1 067	1 067		1 180	1 180
Insurance prepayments and reinsurance assets		4 189	4 189		3 561	3 561
Other debtors	12 211	3 010	15 221	8 327	1 274	9 601
	<b>22 132</b>	<b>8 266</b>	<b>30 398</b>	12 671	6 015	18 686
<b>11 Interest in associates and joint ventures</b>						
Associates and joint ventures accounted for under the equity method	1 947	317	2 264	1 660	336	1 996
Associates held at fair value		4 726	4 726		10 297	10 297
	<b>1 947</b>	<b>5 043</b>	<b>6 990</b>	1 660	10 633	12 293
<b>Comprising:</b>						
Cost of investments	1 532	68	1 600	1 440	80	1 520
Share of reserves	707	249	956	304	256	560
Goodwill impairment	( 292)		( 292)	( 84)		( 84)
	<b>1 947</b>	<b>317</b>	<b>2 264</b>	1 660	336	1 996
<b>Key financial information of associates held at fair value</b>						
Total investments		13 268	13 268		27 724	27 724
Current assets		434	434		1 576	1 576
Current liabilities		( 425)	( 425)		( 808)	( 808)
Total revenue		912	912		1 007	1 007



	2008			2007		
	Banking activities Rm	Liberty Life Rm	Standard Bank Group Rm	Banking activities Rm	Liberty Life Rm	Standard Bank Group Rm
<b>13 Goodwill and other intangible assets</b>						
Goodwill	5 023	114	5 137	3 500		3 500
Other intangible assets (note 13.2)	3 341	1 702	5 043	2 159	1 137	3 296
	<b>8 364</b>	<b>1 816</b>	<b>10 180</b>	<b>5 659</b>	<b>1 137</b>	<b>6 796</b>

	2008			2007		
	Cost Rm	Accumulated amortisation and impairment Rm	Net book value Rm	Cost Rm	Accumulated amortisation and impairment Rm	Net book value Rm
<b>13.2 Other intangible assets</b>						
<b>13.2.1 Summary</b>						
Computer software	3 963	960	3 003	2 045	574	1 471
<i>Banking activities</i>	3 506	742	2 764	1 809	365	1 444
<i>Liberty Life</i>	457	218	239	236	209	27
Other intangible assets	1 206	112	1 094	724	9	715
<i>Banking activities</i>	688	111	577	724	9	715
<i>Liberty Life</i>	518	1	517			-
Present value of in-force life insurance	1 624	678	946	1 624	514	1 110
<i>Banking activities</i>			-			-
<i>Liberty Life</i>	1 624	678	946	1 624	514	1 110
	<b>6 793</b>	<b>1 750</b>	<b>5 043</b>	<b>4 393</b>	<b>1 097</b>	<b>3 296</b>



	2008			2007		
	Cost Rm	Accumulated depreciation and impairment Rm	Net book value Rm	Cost Rm	Accumulated depreciation and impairment Rm	Net book value Rm
<b>14 Property and equipment</b>						
<b>14.1 Summary</b>						
<b>Property</b>						
Freehold	4 029	439	3 590	3 092	361	2 731
<i>Banking activities</i>	2 747	439	2 308	1 816	361	1 455
<i>Liberty Life</i>	1 282		1 282	1 276		1 276
Leasehold	987	277	710	312	132	180
<i>Banking activities</i>	772	277	495	312	132	180
<i>Liberty Life</i>	215		215			
	5 016	716	4 300	3 404	493	2 911
<b>Equipment</b>						
Computer equipment	7 220	4 888	2 332	6 420	4 243	2 177
<i>Banking activities</i>	6 178	4 159	2 019	5 599	3 594	2 005
<i>Liberty Life</i>	1 042	729	313	821	649	172
Motor vehicles	844	407	437	707	341	366
<i>Banking activities</i>	776	375	401	645	312	333
<i>Liberty Life</i>	68	32	36	62	29	33
Office equipment	897	376	521	608	279	329
<i>Banking activities</i>	774	317	457	511	227	284
<i>Liberty Life</i>	123	59	64	97	52	45
Furniture and fittings	3 690	1 534	2 156	2 685	1 252	1 433
<i>Banking activities</i>	3 017	1 179	1 838	2 119	955	1 164
<i>Liberty Life</i>	673	355	318	566	297	269
	12 651	7 205	5 446	10 420	6 115	4 305
<b>Total</b>	17 667	7 921	9 746	13 824	6 608	7 216



	2008			2007		
	Banking activities Rm	Liberty Life Rm	Standard Bank Group Rm	Banking activities Rm	Liberty Life Rm	Standard Bank Group Rm
<b>19 Current and deferred tax liabilities</b>						
Current tax liabilities	1 925	748	2 673	1 967	1 101	3 068
Deferred tax liabilities	3 288	2 897	6 185	3 194	3 447	6 641
	<b>5 213</b>	<b>3 645</b>	<b>8 858</b>	<b>5 161</b>	<b>4 548</b>	<b>9 709</b>
<b>19.1 Deferred tax analysis</b>	<b>2 292</b>	<b>2 766</b>	<b>5 058</b>	<b>2 761</b>	<b>3 396</b>	<b>6 157</b>
Deferred tax liabilities	3 288	2 897	6 185	3 194	3 447	6 641
Deferred tax assets (note 9)	( 996)	( 131)	( 1 127)	( 433)	( 51)	( 484)
<b>19.2 Deferred tax reconciliation</b>						
<b>Deferred tax at beginning of the year</b>	<b>2 761</b>	<b>3 396</b>	<b>6 157</b>	<b>2 551</b>	<b>3 222</b>	<b>5 773</b>
Change in company tax rate	( 103)	( 44)	( 147)			
<b>Various categories of (reversing)/originating temporary differences for the year</b>	<b>( 366)</b>	<b>( 586)</b>	<b>( 952)</b>	<b>210</b>	<b>174</b>	<b>384</b>
<b>Deferred tax at end of the year</b>	<b>2 292</b>	<b>2 766</b>	<b>5 058</b>	<b>2 761</b>	<b>3 396</b>	<b>6 157</b>
<b>Temporary differences for the year comprise:</b>						
Recognised directly in equity	( 201)		( 201)	( 5)		( 5)
Recognised in the income statement	( 272)	( 671)	( 943)	102	208	310
Acquisitions	74	41	115	105	( 34)	71
Translation movements	( 70)		( 70)	8		8
	<b>( 469)</b>	<b>( 630)</b>	<b>( 1 099)</b>	<b>210</b>	<b>174</b>	<b>384</b>
<b>20 Other liabilities</b>						
<b>20.1 Summary</b>						
Trading settlement liabilities	3 577		3 577	4 069		4 069
Items in the course of transmission	465		465	2 100		2 100
Provision for post-employment benefits	1 187	344	1 531	1 239	293	1 532
Third party liabilities arising on consolidation of mutual funds		10 481	10 481		8 040	8 040
Operating lease - accrued expense		215	215		238	238
Cash-settled share-based payment liability	370		370	303		303
Insurance payables		5 255	5 255		3 994	3 994
Staff-related accruals	3 283		3 283	3 394		3 394
Other liabilities	18 819	3 582	22 401	10 063	2 385	12 448
	<b>27 701</b>	<b>19 877</b>	<b>47 578</b>	<b>21 168</b>	<b>14 950</b>	<b>36 118</b>



	2008			2007		
	Banking activities Rm	Liberty Life Rm	Standard Bank Group Rm	Banking activities Rm	Liberty Life Rm	Standard Bank Group Rm
<b>26.13 Other operating expenses</b>						
The following disclosable items are included in other operating expenses:						
<b>Amortisation - intangible assets (note 13.2)</b>	<b>329</b>	<b>181</b>	<b>510</b>	94	195	289
<b>Auditors' remuneration</b>	<b>145</b>	<b>40</b>	<b>185</b>	98	34	132
Audit fees						
- Current year	113	36	149	80	30	110
- Prior year	2	1	3			-
Fees for other services	30	3	33	18	4	22
<b>Depreciation</b>	<b>1 397</b>	<b>167</b>	<b>1 564</b>	999	127	1 126
Property						
- Freehold	46		46	30		30
- Leasehold	74		74	28		28
Equipment						
- Computer equipment	821	87	908	629	66	695
- Motor vehicles	130	12	142	100	11	111
- Office equipment	80	8	88	42	7	49
- Furniture and fittings	246	60	306	170	43	213
<b>Impairments</b>	<b>216</b>	<b>-</b>	<b>216</b>	36	-	36
Property and equipment	84		84	10		10
Intangible assets (note 13.2)	132		132	26		26
<b>Profit on sale of businesses and divisions</b>	<b>( 24)</b>		<b>( 24)</b>		( 6)	( 6)
<b>Operating lease charges</b>	<b>1 278</b>	<b>117</b>	<b>1 395</b>	1 019	119	1 138
Properties	1 263	98	1 361	1 011	99	1 110
Equipment	15	19	34	8	20	28
<b>Professional fees</b>	<b>1 176</b>	<b>404</b>	<b>1 580</b>	912	481	1 393
Managerial	113	114	227	101	239	340
Technical and other	1 063	290	1 353	811	242	1 053
<b>Profit on sale of property and equipment</b>	<b>( 16)</b>		<b>( 16)</b>	( 60)	( 1)	( 61)
<b>Recoveries on motor vehicle disposals</b>	<b>( 29)</b>		<b>( 29)</b>	( 24)		( 24)
<b>Restructuring costs</b>		<b>175</b>	<b>175</b>		179	179
<b>26.14 Goodwill impairment/(gain)</b>						
Goodwill impairment charge on subsidiaries and negative goodwill recognised on acquisition	5		5	( 376)		( 376)



	2008			2007		
	Banking activities Rm	Liberty Life Rm	Standard Bank Group Rm	Banking activities Rm	Liberty Life Rm	Standard Bank Group Rm
<b>28 Taxation</b>						
Indirect taxation (note 28.1)	1 136	246	1 382	917	268	1 185
Direct taxation (note 28.2)	4 056	649	4 705	4 164	2 068	6 232
	<b>5 192</b>	<b>895</b>	<b>6 087</b>	<b>5 081</b>	<b>2 336</b>	<b>7 417</b>
<b>28.1 Indirect taxation</b>						
Value added tax	784	233	1 017	707	258	965
Duties	21		21	38		38
Financial services levy		13	13		10	10
Skills development levy	241		241	70		70
Other indirect taxes	90		90	102		102
	<b>1 136</b>	<b>246</b>	<b>1 382</b>	<b>917</b>	<b>268</b>	<b>1 185</b>
<b>28.2 Direct taxation</b>						
<b>Current year</b>	<b>3 851</b>	<b>858</b>	<b>4 709</b>	<b>4 242</b>	<b>2 231</b>	<b>6 473</b>
South African normal tax	2 427	1 128	3 555	2 672	1 293	3 965
South African deferred tax	203	118	321	215	301	516
Secondary tax on companies	249	67	316	352	113	465
Secondary tax on companies - deferred tax	( 104)		( 104)	( 27)		( 27)
Foreign normal and withholding tax	1 639		1 639	1 029		1 029
Foreign deferred tax	( 443)		( 443)	( 22)		( 22)
Retirement fund tax		( 14)	( 14)		( 1)	( 1)
Capital gains tax current	20	348	368	15	586	601
Capital gains tax deferred	( 37)	( 745)	( 782)	8	( 61)	( 53)
Deferred tax adjustment attributable to decrease in tax rate	( 103)	( 44)	( 147)			
<b>Prior years</b>	<b>4</b>	<b>( 203)</b>	<b>( 199)</b>	<b>( 83)</b>	<b>( 122)</b>	<b>( 205)</b>
South African normal tax	( 25)	( 165)	( 190)	3	( 90)	( 87)
South African deferred tax	17		17	( 19)		( 19)
Capital gains tax		( 38)	( 38)			
Capital gains tax deferred					( 32)	( 32)
Foreign normal and withholding tax	18		18	( 9)		( 9)
Foreign deferred tax	( 6)		( 6)	( 58)		( 58)
	<b>3 855</b>	<b>655</b>	<b>4 510</b>	<b>4 159</b>	<b>2 109</b>	<b>6 268</b>
Released/(charged) directly to equity	201	( 6)	195	5	( 41)	( 36)
Deferred tax	201		201	5		5
Current tax		( 6)	( 6)		( 41)	( 41)
<b>Direct taxation per the income statement</b>	<b>4 056</b>	<b>649</b>	<b>4 705</b>	<b>4 164</b>	<b>2 068</b>	<b>6 232</b>