



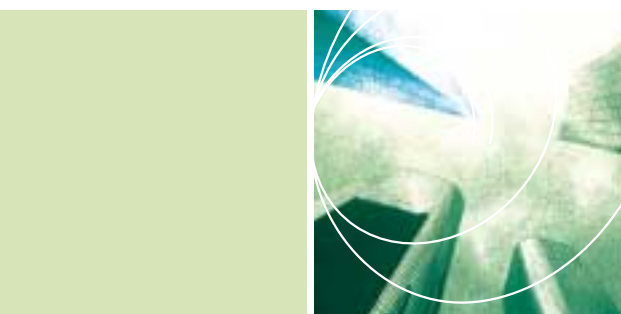
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Mission Statement

'We aspire to be one of the world's great specialist banking groups, driven by our commitment to our core philosophies and values.'



Mission Statement, Philosophies and Values

Philosophies

- Single organisation
- Meritocracy
- Focused businesses
- Differentiated, yet integrated
- Material employee ownership
- Creating an environment that stimulates extraordinary performance

Values

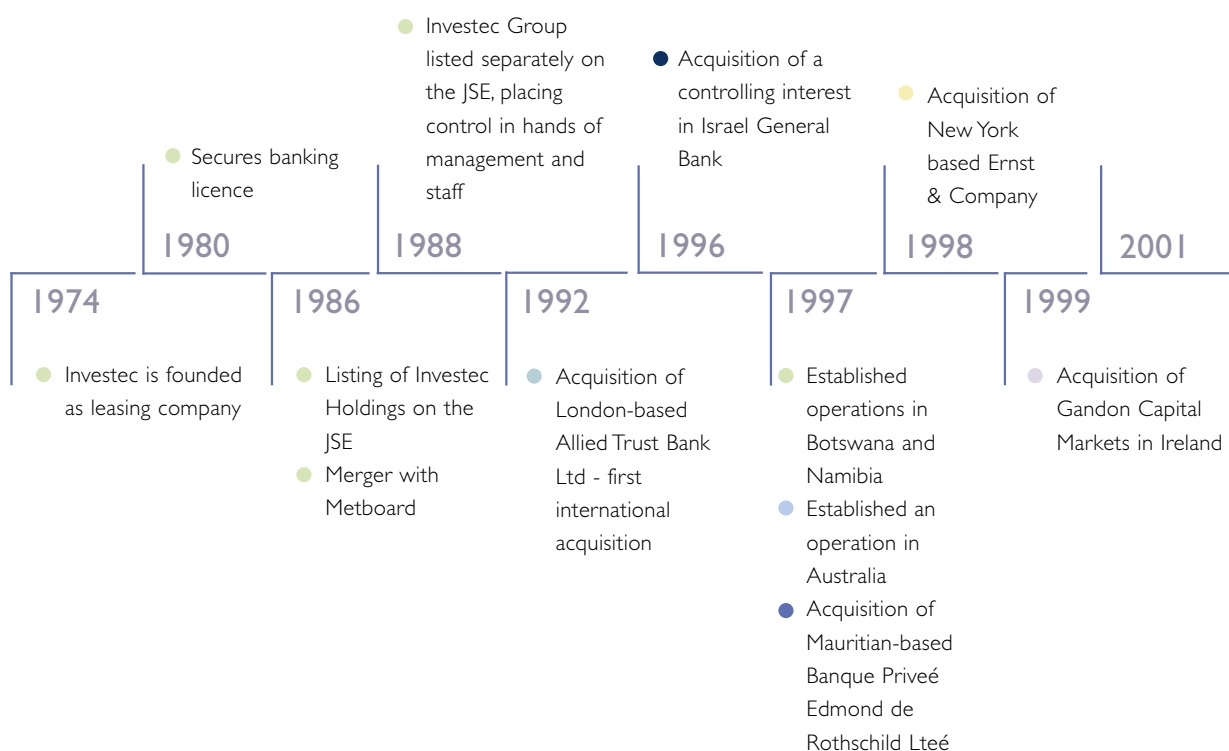
- We demand cast-iron integrity in all internal and external dealings, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust.
- We will break china for the client, having the tenacity and confidence to challenge convention.
- We show concern for people, support our colleagues and encourage growth and development.
- We thrive on change, continually challenging the status quo and recognising that success depends on flexibility, innovation and enthusiasm in meeting the needs of our changing environment.
- We believe that open and honest debate is the appropriate process to test decisions, seek consensus and accept responsibility.
- We are creative individuals who cooperate and collaborate unselfishly in pursuit of Group performance.
- We respect the dignity and worth of the individual through openness and tolerance of difference and by the sincere, consistent and considerate manner in which we interact.
- We require talented people with passion, energy and stamina, who exercise common sense in achieving effective performance in a high pressure, multi-task environment.
- We promote entrepreneurial flair and the freedom to operate within the context of risk consciousness, sound judgement and the obligation to do things properly.

History of Significant Events

Since its inception as a leasing company in South Africa in 1974, Investec has expanded rapidly through a combination of organic growth, acquisitions and strategic ventures. Investec's strategic goals and objectives are motivated by the desire to develop an efficient and integrated business on an international scale through the active pursuit of clearly established core competencies in the Group's four principal business areas namely, Investment Banking, Treasury and Finance, Private Client Activities and Asset Management.



Investec Group: summary of key inroads into international markets



1980's - 1990's

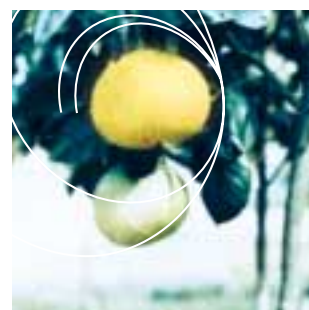
- Develop business in South Africa
- Growth driven organically and through acquisitions
- Focus on building a strong base from which to internationalise

1992

- Embark on internationalisation strategy
- Aggressive international drive to boost capability and enhance critical mass in chosen markets

Historically the Group has made two types of acquisitions:

- Critical mass enhancing - in existing areas of operation
- Platform - entry into new markets considered to be of strategic value



Investec acquires a banking licence. This enables it to expand its activities beyond leasing and instalment finance into such areas as corporate and professional banking, treasury, corporate finance and project finance. Regional offices are opened in Durban and Cape Town and a network of international contacts is established.

In a major restructure, Investec Bank Limited (now Investec Group Limited) is listed separately. An important consequence of this listing is to place control in the hands of Investec management and staff.

Investec acquires London-based Allied Trust Bank Limited (ATB) in 1992 – the first international acquisition by the Group.

Investec acquires South Africa's oldest confirming house, Gerber Goldschmidt Finance (Pty) Limited.

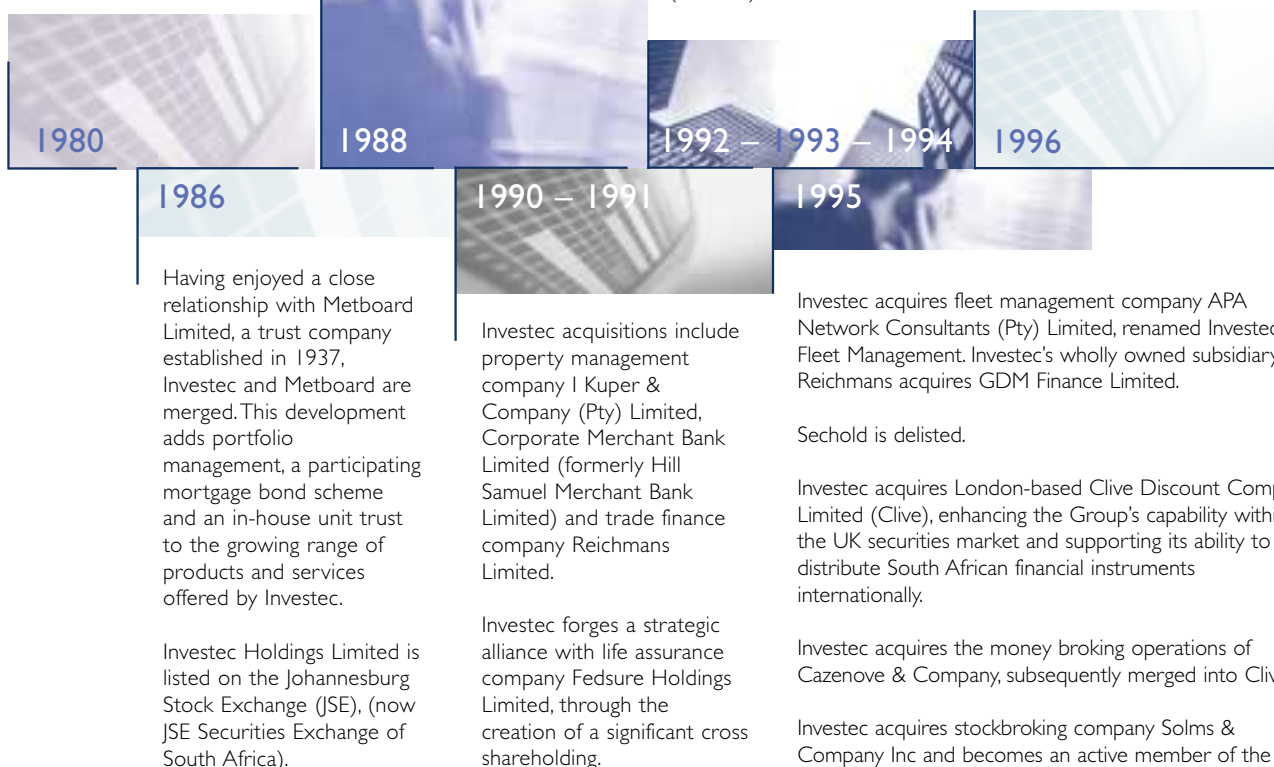
Investec acquires control of the listed securities trading group, Sechold Limited (Sechold).

Investec acquires South African stockbroker, Fergusson Bros. Limited. This is then integrated with other trading activities to form Investec Securities Limited.

Investec Bank (Jersey) Limited, a private bank based in Jersey, is established, a development motivated by the need to provide clients additional offshore services.

Investec acquires a controlling interest in Israel General Bank Limited, the eighth largest bank in Israel. The acquisition is motivated by a desire to cement the already strong relationship and to develop some of the obvious synergies between South Africa and Israel.

Investec acquires London-based stockbroker and private client portfolio management company, Carr Sheppards Limited.



Refer to pages 70, 77, 84, 85 and 94 for a timeline summary of the history of significant events and developments which have led to the establishment of capabilities in the Group's four principal businesses.

Investec Bank (UK) Limited and the banking business of Guinness Mahon merge. Investec Bank (UK) Limited now also incorporates Investec Henderson Crosthwaite, Investec Private Equity and Investec Insurance.

ATB is renamed Investec Bank (UK) Limited.

The Group restructures, with all banking operations falling under Investec Merchant Bank Limited, which is renamed Investec Bank Limited, while the existing Investec Bank Limited is renamed Investec Group Limited.

Investec establishes an operation in Australia.

Investec acquires the Mauritian-based bank, Banque Privée Edmond de Rothschild (Ocean Indien) Ltée.

Investec opens representative offices in Hong Kong thereby securing an effective gateway into South East Asia.

The Group establishes asset management operations in Botswana and Namibia. Listings on the Namibian and Botswana Stock Exchanges follow. Investec Securities (Botswana) (Pty) Limited is registered and a licence to trade is approved.

NDH Bank Limited, one of the Sechold banks, is sold to Capital Alliance Group.

The private client portfolio management and stockbroking activities of Henderson Crosthwaite merge with Carr Sheppards and the company is renamed Carr Sheppards Crosthwaite Limited.

Israel General Bank is rebranded Investec Clali Bank Limited.

Investec sells Securities Investment Bank Limited to Saflife Limited (subsequently renamed SIB Holdings Limited).

Investec acquires the Johannesburg Retail Stockbroking division of HSBC Simpson McKie (Pty) Limited.

Ernst & Company is rebranded Investec Ernst & Company.

Investec purchases Gandon Capital Markets, based in Dublin, Ireland, from GE Capital. The acquisition is an important link to the Irish corporate and institutional market and further enhances Investec's international structured finance and treasury capabilities.

Investec Bank (UK) Limited expands its private banking services with the acquisition of part of the banking business of Kleinwort Benson Private Bank.

Investec Ernst & Company acquires the retail broking firm of the Royce Investment Group on Long Island, USA.

Investec Clali Bank Ltd is rebranded Investec Bank (Israel) Limited.

Investec Bank (UK) Limited acquires Radcliffes Trustee Company S.A. based in Geneva and Theodores Trust and Law Group based in Jersey. This augments Investec's trust and fiduciary capacity as well as its international private client structuring capabilities.

Investec Bank (UK) Limited acquires a 35% stake in Hargreave Hale, a private client stockbroker.

Investec Ernst & Company acquires the private client and clearing arm of Herzog Heine Geduld Inc in the USA.

Investec Australia Limited acquires Wentworth Associates Pty Limited, an investment banking boutique, thereby providing a strong platform for the development of Investec's specialised investment banking activities in Australia.

Investec expands its investment banking capabilities in the USA through the acquisition of PMG Group Inc. (regulatory approval received subsequent to the year end).

Investec acquires the insurance and financial services businesses from Fedsure Holdings Limited (regulatory and shareholder approval granted subsequent to the financial year end).



1997



1999

2001

1998

Investec acquires New York-based registered broker-dealer Ernst & Company - the Group's first acquisition in the USA.

All Clive trading operations are merged into Investec Bank (UK) Limited.

Investec acquires, from the Bank of Yokohama, Guinness Mahon Holdings PLC (Guinness Mahon). The purchase includes 44% of Guinness Flight Hambro Asset Management Limited (GFH). Investec acquires Hambros PLC which includes a further 44% of GFH.

Investec sells Investec Fleet Management to ABN Amro Lease Holding N.V.

Investec acquires management's stake in GFH, securing 100% control over the company.

Investec sells District Securities Bank Limited, one of the trading banks acquired under Sechold, to R Cadiz & Company.

Investec Australia acquires local fund managers, the ACSIS Group of Companies.

GFH merges with Investec Asset Management and is renamed Investec Guinness Flight Limited.

Ernst & Company acquires New York retail broker Stuart Coleman & Company. The original engine of clearing and execution provided a solid foundation for the development of the Group's private client activities in the US.



2000

Investec buys the professional banking book of Mercantile Bank Limited in South Africa.

The private and corporate stockbroking businesses of Investec Securities and Investec Integrated Investments (formerly HSBC Simpson McKie Johannesburg Retail) merge, creating one of South Africa's largest private and corporate client stockbroking and investment management businesses. The combined entity operates under the "Investec Securities" brand.

Investec Guinness Flight is rebranded Investec Asset Management.

Investec acquires certain of the assets of Global Capital Limited (including a controlling stake in SIB Holdings Limited).

Investec makes an offer to acquire 100% of SIB Holdings Limited.

Investec purchases the private client asset management business of Quyn Martin Asset Management in South Africa.

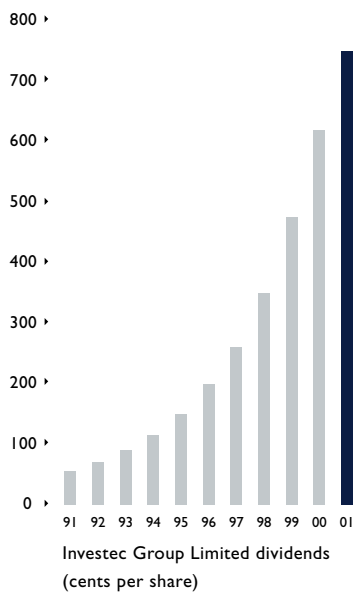
Investec acquires the private client loan portfolio of McCarthy Bank in South Africa.

Financial Highlights

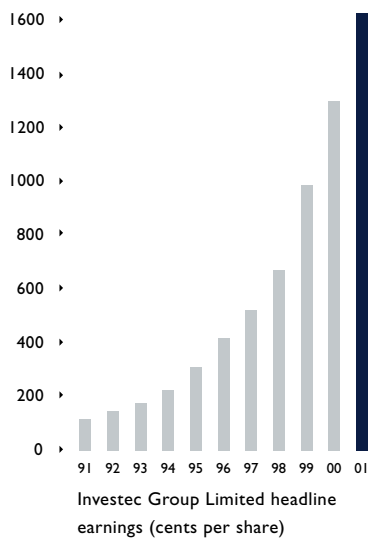
Investec Group Limited	31 March 2001	31 March* 2000	% increase
Headline earnings attributable to ordinary shareholders (R'million)	1 314	1 047	25,5
Headline earnings per share (cents)	1 628,2	1 300,9	25,2
Dividends per share (cents)	750	620	21,0
Net tangible asset value per share (Rands)	60,7	55,7	8,9
Total assets (R'billion)	194,5	174,2	11,7
Total shareholders' funds (R'million)	8 939	7 895	13,2
Total capital resources (R'million)	10 884	7 895	37,9
Assets under administration (R'billion)	514,4	485,9	5,9
Capital adequacy ratio (%)	14,6	11,9	22,7
Return on average shareholders' funds (%)	28,6	24,3	17,7
Operating expenses to total income (%)	63,2	61,9	2,1

Investec Holdings Limited	31 March 2001	31 March* 2000	% increase
Headline earnings attributable to ordinary shareholders (R'million)	558	466	19,7
Headline earnings per share (cents)	1 368,7	1 143,0	19,7
Dividends per share (cents)	680	560	21,4
Total assets (R'billion)	194,5	174,2	11,7
Assets under administration (R'billion)	514,4	485,9	5,9

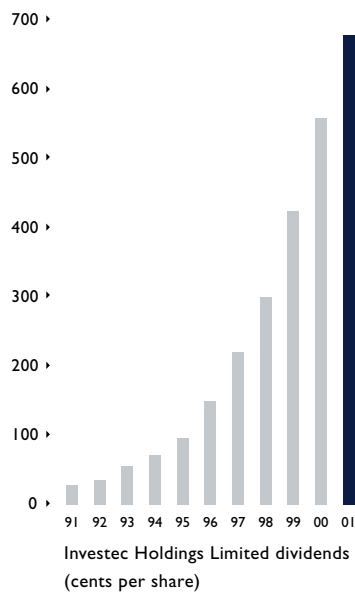
* Restated for changes to accounting policies and disclosures



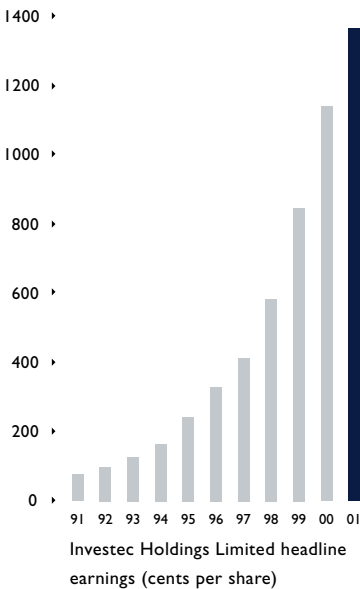
10 year compound annual growth rate: 29,6%



10 year compound annual growth rate: 30,1%



10 year compound annual growth rate: 37,6%



10 year compound annual growth rate: 33,2%



Snapshot of the Year

Acquisition of the insurance and financial services businesses of **Fedsure Holdings Limited** in South Africa.

Investec continues to enhance and expand its capabilities within its four principle businesses, both organically and through select acquisitions in the geographies in which it operates.

Acquisition of the PMG Group, in the USA, extending the Group's global investment banking capabilities into North America.

Acquisition of Theodores Trust & Law Group in Jersey and Radcliffes Trustee Company in Geneva, enhancing the Group's trust and fiduciary capacity.



we earn them

Acquisition of Wentworth Associates, one of Australia's leading independent corporate advisory firms, providing a strong platform for the establishment of Investec's specialised investment banking activities.

Investec Gandon focuses on building a fully fledged operation, expanding activities beyond treasury and finance to include private banking, investment banking and asset management.

Investec launches an international communication and brand positioning campaign, based on the concept "out of the ordinary" and a brand essence of creativity, performance, passion and focus.

Investec is ranked as the fourth most global bank by *The Banker*, a UK-based magazine, in February 2001.

Investec introduces a global integrated management structure to enable the Group to respond to global and local challenges, while leveraging Group resources and core competencies.

Investec compounds its efforts to build education in South Africa through a partnership with **CIDA City Campus**, a tertiary educational institution that offers a low-cost Bachelor of Business Administration Degree.

A number of Investec's businesses achieve **top rankings in various surveys**. These include Investec Corporate Finance, Investec Henderson Crosthwaite, Investec Asset Management and Investec Private Bank.



25,2% ↑
Headline EPS

Investec launches The Business Place in Johannesburg, a corporate social investment project providing services to emerging micro-entrepreneurs.

Investec formalises an internal Organisation Development capability as part of a broader Group initiative to meet the challenges of change, growth, increasing complexity and internationalisation. This development is based on the Group's belief that its people and the perpetuation of its culture and value system are key to future success.

Investec launches Investec Dividends, an exclusive rewards programme for Investec Private Bank Account holders in South Africa and introduces free online banking, making Investec the first and only bank in South Africa to offer this service without charge.

The Group enjoys 22nd year of **uninterrupted growth**, with headline earnings up 25,5% and a 10 year CAGR in headline EPS of 30,1%.

FXIDEAL

Investec launches FX I-Deal, a real-time foreign exchange trading product for individuals - first of its kind in South Africa and has received regulatory approval.








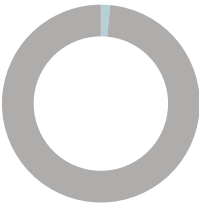

By Business

Business	Scope of Activity*	Geographic Representation	Core Client Base
Investment Banking	Corporate finance, private equity, direct investments, institutional broking and research	Australia, Botswana, Ireland, Israel, South Africa, UK, US	Mid to large capitalisation companies, unlisted corporations, economic empowerment companies, fund managers, government and parastatals
Treasury and Finance Group	Majority of the Group's financial market, deposit-taking, corporate lending and structuring activities. Eight product areas: interest rates, foreign exchange, equities derivatives, commodities, treasury, financial products, structured finance, project finance	Australia, Ireland, Israel, Mauritius, South Africa, UK, US	Select corporate clients, public sector bodies, financial institutions, banks, financial brokers
Private Client Activities	Private banking	Australia, Botswana, Channel Islands, Ireland, Israel, Mauritius, South Africa, Switzerland, UK	High net worth individuals
	Private client stockbroking & portfolio management	Australia, Israel, South Africa, UK, US	Mainly high net worth individuals - includes charities and small pension funds in the UK, and registered representatives in the US
Asset Management	Institutional, retail and investment trust asset management, and linked product provider business	Botswana, Channel Islands, Hong Kong, Ireland, Israel, Namibia, South Africa, UK, US	Retirement savers via pension fund consultants (institutional) and IFAs (retail)
Group Services and Other Activities	Property group, clearing and execution business in the US, Reichmans international trade finance, share capital and centralised funding, central services	Australia, Israel, South Africa, UK & Europe, US	



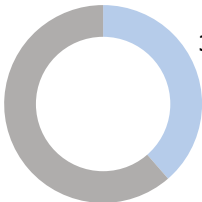
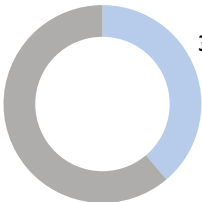
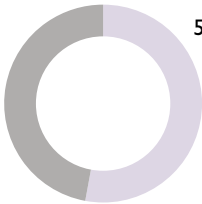
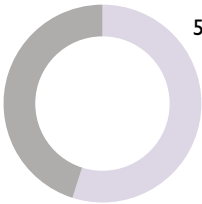
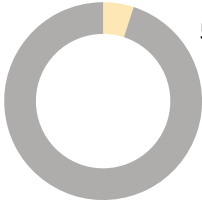
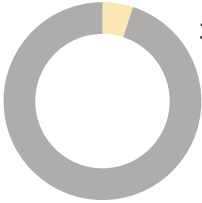
* The stage of development of these activities varies between each geographic region. Refer to pages 69 to 108 for a detailed description and operating review of the Group's activities.

** Where headline NIBT represents net income before tax and exceptional items. Refer to pages 145 to 149 for detailed segmental information, including comparative figures for the year ended 31 March 2000.

Investec in Perspective

% of Headline NIBT**	Number of Employees	Global Management Structure
 <p>34,7%</p> <p>Headline NIBT: R633m</p>	 <p>7,1%</p> <p>Employees: 344</p>	Andy Leith & Bradley Fried
 <p>32,4%</p> <p>Headline NIBT: R591m</p>	 <p>9,1%</p> <p>Employees: 441</p>	Richard Forlee
 <p>21,9%</p> <p>Headline NIBT: R400m</p>	 <p>41,9%</p> <p>Employees: 2 028</p>	Sam Hackner <hr/> Still geographic
 <p>12,5%</p> <p>Headline NIBT: R228m</p>	 <p>13,9%</p> <p>Employees: 670</p>	Hendrik du Toit
 <p>-1,5%</p> <p>Headline NIBT: (R27m)</p>	 <p>28,0%</p> <p>Employees: 1 353</p>	Still geographic

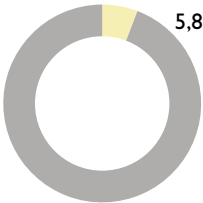
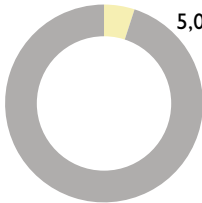
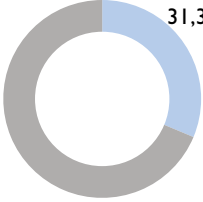
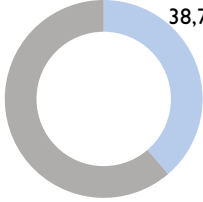
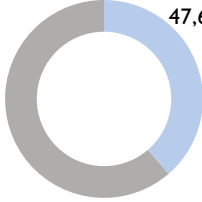
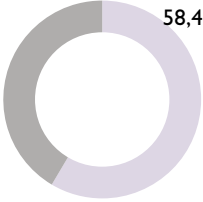
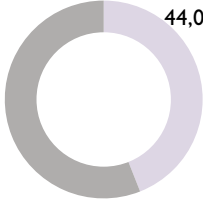
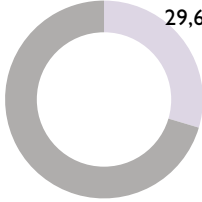
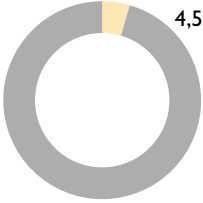
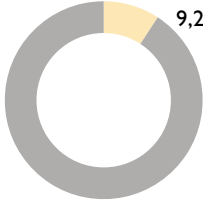
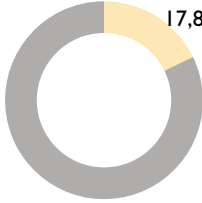
By Geography

Geography	Scope of Activity*	% of Headline NIBT**	% of Headline NIAT**
Israel	Asset Management, Investment Banking, Private Client Activities, Treasury and Finance	 3,5%	 2,7%
		Headline NIBT: R65m	Headline NIAT: R40m
Southern Africa & Other (including Australia, Botswana, Hong Kong, Mauritius, Namibia)	Asset Management, Investment Banking, Private Client Activities, Property Activities, Reichmans International Trade Finance, Treasury and Finance	 38,6%	 38,8%
		Headline NIBT: R704m	Headline NIAT: R583m
United Kingdom & Europe (including Guernsey, Ireland, Jersey, Switzerland)	Asset Management, Investment Banking, Private Client Activities, Property Activities, Reichmans International Trade Finance, Treasury and Finance	 52,9%	 54,9%
		Headline NIBT: R965m	Headline NIAT: R825m
United States	Clearing and Execution Activities, Investment Banking, Private Client Stockbroking Activities	 5,0%	 3,6%
		Headline NIBT: R91m	Headline NIAT: R56m

* The stage of development of these activities varies between each geographic region. Refer to pages 69 to 108 for a detailed description and operating review of the Group's activities.

** Where headline NIBT and headline NIAT represent net income before tax and exceptional items, and net income after tax and before exceptional items respectively. NAV is net tangible asset value. Refer to pages 145 to 149 for detailed segmental information, including comparative figures for the year ended 31 March 2000.

Investec in Perspective

% Assets**	% of NAV**	Number of Employees	Global Management Structure
 <p>5,8%</p> <p>Assets: R11 262m</p>	 <p>8,1%</p> <p>NAV: R474m</p>	 <p>5,0%</p> <p>Employees: 242</p>	Alan Tapnack
 <p>31,3%</p> <p>Assets: R60 850m</p>	 <p>38,7%</p> <p>NAV: R2 255m</p>	 <p>47,6%</p> <p>Employees: 2 303</p>	SA Joint MD's: Andy Leith & Glynn Burger SA Deputy Chairman: David Lawrence Australia: David Lawrence SE Asia: Richard Forlee
 <p>58,4%</p> <p>Assets: R113 597m</p>	 <p>44,0%</p> <p>NAV: R2 561m</p>	 <p>29,6%</p> <p>Employees: 1 432</p>	Alan Tapnack & Bradley Fried
 <p>4,5%</p> <p>Assets: R8 823m</p>	 <p>9,2%</p> <p>NAV: R533m</p>	 <p>17,8%</p> <p>Employees: 859</p>	Derek Solomon

Ten - Year Review^a

Refer to definitions on page 17

For the year ended 31 March	10 year Rand Compound Growth	2001 US\$ ^b	2001 Rand	2000 Rand	1999 Rand
Investec Group Limited					
Income Statement & Selected Returns					
Headline earnings attributable to ordinary shareholders (million)	49,2%	177	1 314	1 047	787
Headline net income before tax (NIBT) (million)	48,9%	246	1 825	1 553	1 016
Headline NIBT: Southern Africa & other (% of earnings)		39	39	30	33
Headline NIBT: Non-Southern Africa & other (% of earnings)		61	61	70	67
Return on average shareholders' funds (%)		28,6	28,6	24,3	19,0
Return on average risk-weighted assets (%)		3,0	3,0	2,8	2,5
Balance Sheet					
Total assets (billion)	51,8%	24,3	195	174	118
Total capital resources (million)	52,3%	1 359,8	10 884	7 895	7 667
Cash and short-term funds as a percentage of total assets (%)		63,3	63,3	64,4	62,2
Assets under administration (billion)	53,7%	64,2	514	486	344
Salient Financial Features & Key Statistics					
Headline earnings per share (cents)	30,1%	220,5	1 628,2	1 300,9	989,6
Dividends per share (cents)	29,6%	101,6	750	620	475
Dividend cover (times)		2,2	2,2	2,1	2,1
Tangible net asset value per share (Rands)	24,1%	7,6	60,7	55,7	53,6
Share price (cents)	30,3%	2 461	19 700	26 020	22 900
Number of shares in issue on a fully converted basis (million)		95,9	95,9	92,6	92,5
Weighted number of ordinary shares in issue (million)		80,7	80,7	80,5	79,5
Market capitalisation on a fully converted basis (million)	50,3%	2 360,3	18 892	24 095	21 178
Year end \$/ZAR exchange rate			8,0039	6,5570	6,1925
Year end £/ZAR exchange rate			11,3956	10,4617	9,9935
Personnel					
Number of employees in the Group			4 836	4 441	3 721
Net contribution per employee ('000)	24,5%	42,4	339	320	307
Investec Holdings Limited					
Income Statement					
Headline earnings attributable to ordinary shareholders (million)	42,6%	76	558	466	345
Salient Financial Features & Key Statistics					
Headline earnings per share (cents)	33,2%	185,3	1 368,7	1 143,0	848,9
Dividends per share (cents)	37,6%	92,1	680	560	425
Dividend cover (times)		2,0	2,0	2,0	2,0
Share price (cents)	37,5%	2 136	17 100	22 500	21 200
Number of shares in issue on a fully converted basis		52,3	52,3	52,3	46,3
Weighted number of ordinary shares in issue (million)		40,8	40,8	40,8	40,7
Market capitalisation on a fully converted basis (million)	51,3%	1 117,3	8 943	11 763	9 816

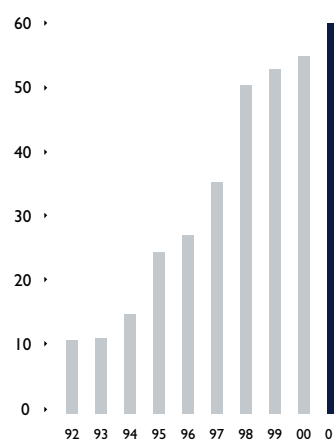
^a Restated for changes to accounting policies and disclosures, unless otherwise indicated by *

^b US Dollar information converted at a closing rate of R8,0039 to one US Dollar for the balance sheet items and an average rate of R7,3851 to one US Dollar for income statement items.

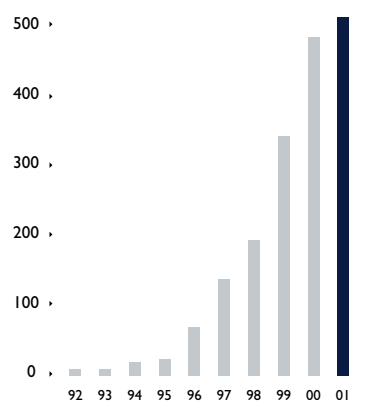
^c The Group's net income before tax was predominantly earned in Southern Africa, the Group made its first international acquisition in 1992.

^d Calculation based on average total assets

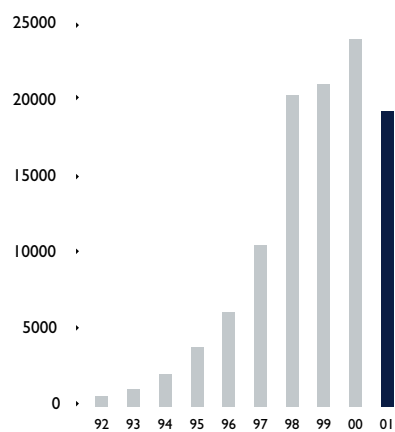
1998 Rand	1997 Rand	1996 Rand	1995 Rand	1994 Rand	1993 Rand	1992 Rand
487	341	235	148	80	54	33
562	419	265	181	88	57	52*
63	67	71	74	— ^c	— ^c	— ^c
37	33	29	26	— ^c	— ^c	— ^c
15,2	16,0	15,5	15,0	17,2	17,9	17,8
2,5	2,5	2,5	2,3	2,0	1,8	1,4 ^d
86	62	47	15	11	6	4
5 219	3 500	2 289	1 829	909	492	378
62,5	69,5	74,6	44,8	47,6	31,3	23,5
195	138	69	24	19	10	9
672,9	523,8	419,8	310,7	224,2	176,8	145,4
350	260	200	150	115	90	70
1,9	2,0	2,1	2,1	1,9	2,0	2,1
51,2	36,0	27,8	25,1	15,5	11,8	11,5
25 600	13 800	9 000	6 500	4 500	2 800	2 050
79,9	77,0	68,9	60,0	47,4	40,0	32,9
77,7	72,4	63,4	53,3	41,7	35,6	25,8
20 451	10 619	6 205	3 900	2 132	1 120	674
5,0340	4,4225	3,9918	3,5930	3,4785	3,1755	2,8780
8,4707	7,2020	6,0882	5,8027	5,1621	4,7750	4,9994
2 706	2 238	1 659	1 345	1 067	826	806
270	240	178	139	108	78	47
228	160	107	65	34	24	20
586,0	415,8	332,0	244,6	166,3	128,1	99,4
300	220	150	96	72	56	36
2,0	1,9	2,2	2,6	2,3	2,3	2,8
24 540	13 500	7 500	5 500	3 800	2 000	1 525
44,6	40,6	36,5	33,0	26,0	23,1	20,0
38,0	31,5	29,8	25,3	20,3	20,0	20,0
10 933	5 477	2 740	1 815	988	462	305



Tangible net asset value per share (Rand)



Assets under administration (R' billion)



Market capitalisation (R'million)

Financial Definitions

Assets under administration	Includes third party assets under administration and on-balance sheet assets.
Cash and short-term funds as a percentage of total assets	Cash and short-term funds, including short-term negotiable securities, expressed as a percentage of total assets.
Dividend cover	Headline earnings per ordinary share divided by dividends per ordinary share.
Dividend yield (%)	Dividends per ordinary share divided by the closing share price on the JSE Securities Exchange of South Africa.
Earnings yield (%)	Headline earnings per ordinary share divided by the closing share price on the JSE Securities Exchange of South Africa.
Headline net income before tax	Income before taxation, prior to headline adjustments e.g. goodwill amortisation.
Headline net income before tax: Southern Africa & other	Headline net income before tax earned in Southern Africa, Mauritius, Hong Kong and Australia.
Headline net income before tax: Non-Southern Africa & other	Headline net income before tax earned in UK and Europe, USA and Israel.
Market capitalisation on a fully converted basis	Number of shares in issue on a fully converted basis, multiplied by the closing share price on the JSE Securities Exchange of South Africa.
Net contribution per employee	Headline earnings before debenture interest and earnings attributable to minority shareholders, divided by the average number of employees.

Number of shares in issue on a fully converted basis	Based on the number of shares in issue assuming conversion of all debentures and convertible preference shares.
Price earnings ratio	The closing share price on the JSE Securities Exchange of South Africa divided by the headline earnings per share.
Return on average risk weighted assets	Headline earnings expressed as a percentage of average risk weighted assets, as defined in the Banks Act.
Return on average shareholders' funds	Headline earnings before deducting the after-tax cost of the debenture interest, expressed as a percentage of the average tangible net asset value of Investec Group.
Tangible net asset value	Shareholders' funds including all convertible instruments, excluding subordinated debt, minority shareholders' interest in subsidiaries and goodwill.
Tangible net asset value (NAV) per share	Tangible NAV divided by the total number of shares in issue on a fully converted basis.
Total capital resources	Includes total shareholders' funds and subordinated debt.
Weighted number of ordinary shares in issue	The number of ordinary shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the Group.

Financial Review - US Dollar

Balance sheets at 31 March

(US\$ millions)	2001	Investec Group		
		2000*	1999*	1998*
Assets				
Cash and short-term funds	8 644	11 151	5 927	7 227
Short-term negotiable securities	6 731	5 954	5 977	3 637
Investment and trading securities	2 767	2 709	2 317	1 975
Other assets	819	1 133	810	635
Advances	4 755	5 038	3 504	3 306
Associated companies	68	53	99	50
Fixed assets	165	163	149	138
Goodwill	356	373	347	32
	24 305	26 574	19 130	17 000
Equity and liabilities				
Capital and reserves				
Ordinary share capital	6	7	8	9
Compulsorily convertible debentures	290	261	277	57
Convertible preference shares	48	—	—	—
Reserves	739	892	863	779
	1 083	1 160	1 148	845
Interest of minority shareholders in subsidiaries	33	44	90	192
Total shareholders' funds	1 116	1 204	1 238	1 037
Subordinated debt	243	—	—	—
	1 359	1 204	1 238	1 037
Liabilities				
Deposits and other accounts	22 864	25 268	17 816	15 895
Taxation	37	55	37	33
Shareholders for ordinary dividend	45	47	39	35
	24 305	26 574	19 130	17 000

Income statements for the year ended 31 March

(US\$ millions)	2001	Investec Group		
		2000*	1999*	1998*
Interest received	1 640	1 422	1 617	1 271
Interest paid	1 386	1 201	1 416	1 120
Net interest income	254	221	201	151
Provision for bad and doubtful debts	27	33	38	22
	227	188	163	129
Other income	490	510	378	204
Total income	717	698	541	333
Operating expenses	471	452	367	217
Income before exceptional items	246	246	174	116
Exceptional items	42	26	6	3
Income before taxation	204	220	168	113
Taxation	43	56	31	18
Income after taxation	161	164	137	95
Share of income (loss) of associated companies	(13)	7	13	16
Operating income	9	17	13	16
Exceptional items	(22)	(10)	—	—
Net income	148	171	150	111
Earnings attributable to minority shareholders	2	2	6	6
	146	169	144	105
Convertible debenture and convertible bond interest	33	39	16	10
Earnings attributable to ordinary shareholders	113	130	128	95
Earnings per share (cents)	142.0	160.5	162.4	135.4
Headline earnings per share (cents)	220.5	205.4	169.9	139.7
Dividends per share (cents)	101.6	97.9	81.5	72.7
R/\$1 conversion rate used:				
Average rate for income statement conversion	7,3851	6,3333	5,8253	4,8171
Closing rate for balance sheet conversion	8,0039	6,5570	6,1925	5,0340

*Restated for changes to accounting policies and disclosures

Financial Review - SA Rand

Balance sheets at 31 March

(R millions)	Investec Group			
	2001	2000*	1999*	1998*
Assets				
Cash and short-term funds	69 187	73 118	36 699	36 381
Short-term negotiable securities	53 874	39 043	37 014	18 310
Investment and trading securities	22 144	17 765	14 346	9 942
Other assets	6 552	7 426	5 017	3 196
Advances	38 062	33 034	21 700	16 641
Associated companies	544	349	618	250
Fixed assets	1 320	1 065	924	695
Goodwill	2 849	2 443	2 147	161
	194 532	174 243	118 465	85 576
Equity and liabilities				
Capital and reserves				
Ordinary share capital	49	48	48	46
Compulsorily convertible debentures	2 321	1 710	1 715	286
Convertible preference shares	385	—	—	—
Reserves	5 917	5 846	5 344	3 920
	8 672	7 604	7 107	4 252
Interest of minority shareholders in subsidiaries	267	291	560	967
Total shareholders' funds	8 939	7 895	7 667	5 219
Subordinated debt	1 945	—	—	—
	10 884	7 895	7 667	5 219
Liabilities				
Deposits and other accounts	182 994	165 679	110 328	80 013
Taxation	298	361	229	169
Shareholders for ordinary dividend	356	308	241	175
	194 532	174 243	118 465	85 576

Income statements for the year ended 31 March

(R millions)	Investec Group			
	2001	2000*	1999*	1998*
Interest received	12 114	9 006	9 417	6 121
Interest paid	10 236	7 608	8 246	5 396
Net interest income	1 878	1 398	1 171	725
Provision for bad and doubtful debts	198	211	223	104
	1 680	1 187	948	621
Other income	3 621	3 230	2 204	985
Total income	5 301	4 417	3 152	1 606
Operating expenses	3 476	2 864	2 136	1 044
Income before exceptional items	1 825	1 553	1 016	562
Exceptional items	312	165	35	15
Income before taxation	1 513	1 388	981	547
Taxation	321	352	178	83
Income after taxation	1 192	1 036	803	464
Share of income (loss) of associated companies	(86)	42	78	81
Operating income	70	106	78	81
Exceptional items	(156)	(64)	—	—
Net income	1 106	1 078	881	545
Earnings attributable to minority shareholders	13	15	37	27
	1 093	1 063	844	518
Convertible debenture and convertible bond interest	247	245	92	46
Earnings attributable to ordinary shareholders	846	818	752	472
Earnings per share (cents)	1 048,4	1 016,4	945,8	652,4
Headline earnings per share (cents)	1 628,2	1 300,9	989,6	672,9
Dividends per share (cents)	750	620	475	350

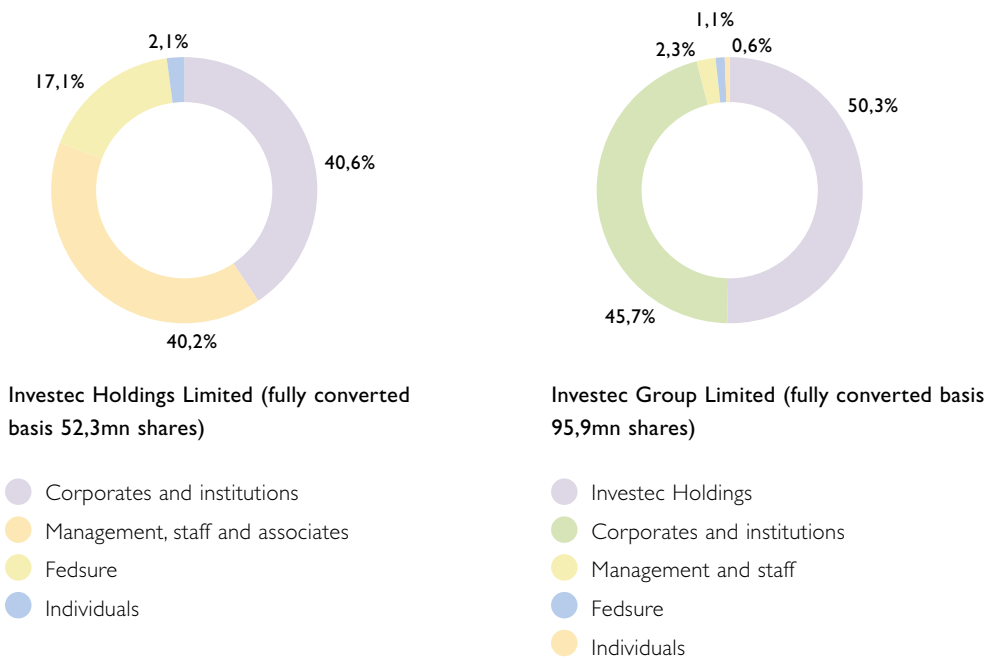
*Restated for changes to accounting policies and disclosures

Shareholder Analysis

The shares of Investec Group Limited, and its holding company, Investec Holdings Limited, are listed on the JSE Securities Exchange of South Africa and trade under the ticker symbols INT and INH respectively.

Management and staff own a significant stake in both Investec Group Limited and Investec Holdings Limited. The direct interest of management and staff in the wealth of the Group has been a cornerstone of the Group's culture and strategy since the Group's listing in 1988, and continues to play an important role in its performance.

Percentage shareholding on a fully converted basis at 31 March 2001



Investec Group ordinary shares in issue – 31 March 2001

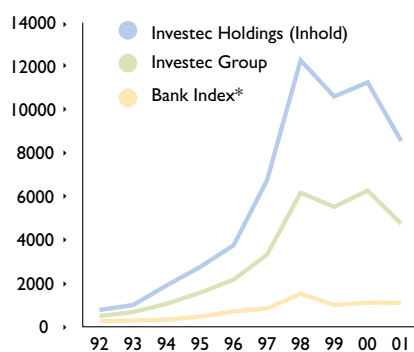
Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
2 985	1 - 500	86,5	290 686	0,4
191	501 - 1 000	5,5	147 179	0,2
183	1 001 - 5 000	5,3	426 680	0,5
27	5001 - 10 000	0,8	195 028	0,2
35	10 001 - 50 000	1,0	727 423	0,9
11	50 001 - 100 000	0,3	700 581	0,9
22	100 001 and over	0,6	78 522 443	96,9
3 454		100	81 010 020	100

Investec Holdings ordinary shares in issue – 31 March 2001

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
1 255	1 - 500	72,6	158 009	0,4
155	501 - 1 000	9,0	117 258	0,3
205	1 001 - 5 000	11,9	463 816	1,1
39	5001 - 10 000	2,2	270 272	0,7
41	10 001 - 50 000	2,4	831 563	2,0
9	50 001 - 100 000	0,5	656 031	1,6
25	100 001 and over	1,4	38 272 846	93,9
1 729		100	40 769 795	100

Share performance

Investec Group's share price has increased from 375 cents on 1 April 1988 to R197 on 31 March 2001. This steady growth in the share price has resulted in a 10-year compound growth rate of 30,3%. As a result of the rating of its underlying investment, Inhold's share price has increased from 375 cents on 1 April 1988 to R171 on 31 March 2001, a 10-year compound growth rate of 37,5%.



Relative Share Price Index 1990 = 100

* Prior to 1998 the graph shows the Bank and Financial Services Index. In March 1999 the index was split and the figures from 1999 show the Banks Index only.

Share Statistics

Refer to definitions on page 17

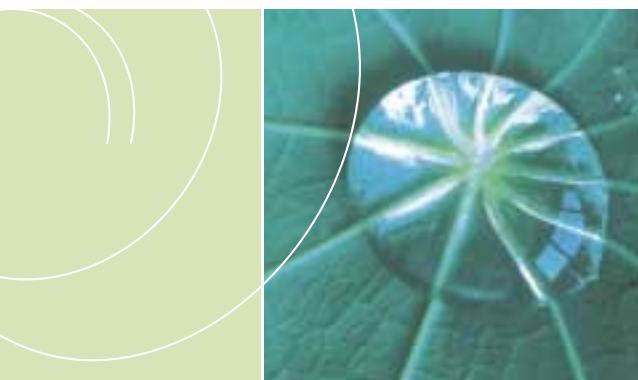
Investec Group Limited ordinary shares

For the year ended 31 March	2001	2000	1999	1998	1997
Closing market price per share (cents)					
– year end	19 700	26 020	22 900	25 600	13 800
– highest	27 800	30 000	27 100	26 000	14 100
– lowest	19 200	18 440	12 500	13 250	8 700
Tangible net asset value per share (Rand)	60,7	55,7	53,6	51,2	36,0
Number of shares in issue on a fully converted basis (million)	95,9	92,6	92,5	79,9	77,0
Number of ordinary shares in issue (million)	81,0	80,6	80,4	76,1	70,4
Market capitalisation on a fully converted basis (R'mn)	18 892	24 095	21 178	20 451	10 619
Monthly average volume of shares traded ('000)	2 812	1 717	2 046	1 164	784
Monthly average value of shares traded (R'mn)	663	408	442	218	85
Year end market price/tangible net asset value per share	3,2	4,7	4,3	5,0	3,8
Price earnings ratio	12,1	20,0	23,1	38,0	26,3
Dividend cover (times)	2,2	2,1	2,1	1,9	2,0
Dividend yield (%)	3,8%	2,4%	2,1%	1,4%	1,9%
Earnings yield (%)	8,3%	5,0%	4,3%	2,6%	3,8%
Number of shareholders	3 454	3 070	3 788	4 162	4 057

Investec Holdings Limited ordinary shares

For the year ended 31 March	2001	2000	1999	1998	1997
Closing market price per share (cents)					
– year end	17 100	22 500	21 200	24 540	13 500
– highest	24 000	26 000	27 000	24 740	13 825
– lowest	17 100	16 320	12 200	13 000	7 000
Number of shares in issue on a fully converted basis (million)	52,3	52,3	46,3	44,6	40,6
Number of ordinary shares in issue (million)	40,8	40,8	40,8	40,5	31,5
Market capitalisation on a fully converted basis (R'mn)	8 943	11 763	9 816	10 933	5 477
Monthly average volume of shares traded ('000)	742	444	499	313	126
Monthly average value of shares traded (R'mn)	151	95	100	57	11
Dividend cover (times)	2,0	2,0	2,0	2,0	1,9
Dividend yield (%)	4,0%	2,5%	2,0%	1,2%	1,6%
Number of shareholders	1 729	2 010	2 394	2 656	2 813
Percentage shareholding in Investec Group Limited (on a fully converted basis)	50,3%	50,0%	50,1%	50,0%	50,0%

Directorate Investec Group Limited



Reg. No. 1925/002833/06

Executive Directors

Stephen Koseff (49)

BCom CA(SA) H Dip BDP MBA
Chief Executive Officer
Director of Fedsure Holdings Limited, The Bidvest Group Limited and Investec Holdings Limited.

Bernard Kantor (51)

Managing Director
Director of Investec Holdings Limited.

David M Lawrence (50)

BA(Econ) (Hons) MCom
Deputy Chairman of Investec Bank Limited.

Bradley Tapnack (54)

BCom CA(SA)
Chief Financial Officer.

Non-Executive Directors

Hugh S Herman (60)

BA LLB
Non-Executive Chairman
Director of Investec Holdings Limited, Fedsure Holdings Limited, Pick 'n Pay Holdings Limited and Pick 'n Pay Stores Limited.

Sam E Abrahams (62)

FCA CA(SA)
Director of Super Group Limited, Foschini Limited and Relyant Retail Limited.

Arnold I Basserabie (56)

(Resigned 12 June 2001)
BSc FIA ASA FILPA
Group Chief Executive of Fedsure Holdings Limited.
Director of Investec Holdings Limited. Chairman of Saambou Holdings Limited.

Dr Hilton K Davies (68)

BCom D Econ (Sc)
Director of Boart Longyear Limited, LTA Limited, Waco International Limited and Autopage Holdings Limited. Chairman of Allied Technologies and BGW Growth Consultants (Pty) Ltd.

Graham H Davin (45)

BCom BAcc CA(SA) MBA
Director of Investec Holdings Limited. Executive Director of Insinger de Beaufort Holdings SA.
Director of Bank Insinger de Beaufort NV.

Donn E Jowell (59)

BCom LLB
Consultant to Jowell, Glyn & Marais Inc. Director of Anglovaal Mining Limited.

Ian R Kantor (54)

BSc(Eng) MBA
Chairman of Investec Holdings Limited. Chief Executive Officer of Insinger de Beaufort Holdings SA and Bank Insinger de Beaufort NV.

David H Mitchell (67)

(Resigned 16 May 2001)
Deputy Chairman of Fedsure Holdings Limited.
Director of DF Corlett Construction Group and Investec Holdings Limited.

Daphne R Motsepe (44)

BR B Compt MBA
Director of Highveld Steel and Vanadium Corporation Limited.

Dr Morley Z Nkosi (66)

BSc MBA PhD
Director of Anglovaal Mining Limited.

Peter R S Thomas (56)

CA(SA)
Director of Investec Holdings Limited.

Note: Disclosure of nationalities of directors is limited to South African incorporated companies.

Group Audit Committee

Sam E Abrahams (62)

FCA CA(SA)

Non-Executive Director of Investec Group Limited.

Steve Binnie (33)*

BCom BAcc CA(SA) MBA

Group Accountant.

Glynn R Burger (44)

BAcc CA(SA) H Dip BDP MBL

Group Risk Manager of Investec Group Limited and
Director of Investec Holdings Limited.

Graham H Davin (45)

BCom BAcc CA(SA) MBA

Non-Executive Director of Investec Holdings Limited
and Investec Group Limited.

Colin Fiddes (41)*

BCom BAcc CA(SA)

Group Compliance Officer.

Donn E Jowell (59)

Chairman

BCom LLB

Consultant to Jowell, Glyn & Marais Inc.

Stephen Koseff (49)

BCom CA(SA) H Dip BDP MBA

Chief Executive Officer of Investec Group Limited
and Director of Investec Holdings Limited.

John Louw (48)*

BCom CA(SA)

Partner of KPMG Inc.

Bill McClure (58)*

CA(SA)

Partner of Ernst & Young.

Tracy Middlemiss (37)*

BCom BAcc CA(SA)

Partner of KPMG Inc.

Anneke Grobbelaar (32)*

CA(SA)

Manager at Ernst & Young.

Simon Shapiro (42)*

BCom (Hons) MBA

Chief Technology Officer.

Bradley Tapnack (54)

BCom CA(SA)

Chief Financial Officer of Investec Group Limited.

Peter R S Thomas (56)

CA(SA)

Non-Executive Director of Investec Holdings Limited
and Investec Group Limited.

* By invitation

Directorate Investec Holdings Limited

Reg. No. 1985/005574/06

Directors

Ian R Kantor (54)

BSc(Eng) MBA

Chairman

Director of Investec Group Limited. Chief Executive Officer of Insinger de Beaufort Holdings SA and Bank Insinger de Beaufort NV.

Bas Kardol (Dutch) (74)

Deputy Chairman.

Arnold I Basserabie (56)

(Resigned 12 June 2001)

BSc FIA ASA FILPA

Group Chief Executive of Fedsure Holdings Limited. Director of Investec Group Limited. Chairman of Saambou Holdings Limited.

Glynn R Burger (44)

BAcc CA(SA) H Dip BDP MBL

Director of Investec Bank Limited.

Graham H Davin (45)

BCom BAcc CA(SA) MBA

Director of Investec Group Limited. Executive Director and Chief Financial Officer of Insinger de Beaufort Holdings SA and Director of Bank Insinger de Beaufort NV.

Hugh S Herman (60)

BA LLB

Chairman of Investec Group Limited. Director of Fedsure Holdings Limited, Pick 'n Pay Holdings Limited and Pick 'n Pay Stores Limited.

Bernard Kantor (51)

Managing Director of Investec Group Limited.

Stephen Koseff (49)

BCom CA(SA) H Dip BDP MBA

Chief Executive Officer of Investec Group Limited.

Director of Fedsure Holdings Limited and The

Bidvest Group Limited.

David H Mitchell (67)

(Resigned 16 May 2001)

Deputy Chairman of Fedsure Holdings Limited.

Director of DF Corlett Construction Group and

Investec Group Limited.

Peter R S Thomas (56)

CA(SA)

Director of Investec Group Limited.

Directorate Investec Bank Limited

Reg. No. 1969/004763/06

Executive Directors

David M Lawrence (50)

Deputy Chairman
BA(Econ) (Hons) MCom

Stephen Koseff (49)

Chief Executive Officer
BCom CA(SA) H Dip BDP MBA

Bernard Kantor (51)

Managing Director

Reg S Berkowitz (64)

Natal Law Certificate

Glynn R Burger (44)

BAcc CA(SA) H Dip BDP MBL

Richard P M A Forlee (40)

BCom CA(SA) MBA

Sam Hackner (45)

BCom (Hons) CA(SA)

Andy W J Leith (41)

BCom CA(SA)

M Carole L Mason* (40)

BA (Econ) (Hons) MSc (Econ)

David M Nurek (51)

Dip Law Dip Company Law

Bradley Tapnack (54)

BCom CA(SA)

Non-Executive Directors

Hugh S Herman (60)

Non-Executive Chairman
BA LLB

Sam E Abrahams (62)

FCA CA(SA)

Arnold I Basserabie (56)

(Resigned 12 June 2001)
BSc FIA ASA FILPA

Graham H Davin (45)

BCom BAcc CA(SA) MBA

Donn E Jowell (59)

BCom LLB

Ian R Kantor (54)

BSc (Eng) MBA

David Kuper (66)

Renosi D Mokate (43)

BA MA PhD

Dr Morley Z Nkosi (66)

BSc MBA PhD

Peter R S Thomas (56)

CA(SA)

Russel A P Upton (66)

CA(SA)

* Irish

Directorate

Investec Bank (UK) Limited

Bas Kardol (74)

Chairman

Alan Tapnack (54)

Chief Executive Officer
BCom CA(SA)

Bradley Fried (35)

Chief Operating Officer
BCom CA(SA) MBA

John Abell (69)

MA (Hons)

George Alford (52)

FCIS FIPD MSI

Peregrine Crosthwaite (52)

MSI

Hugh S Herman (60)

BA LLB

Michael Jameson-Till (56)

Bernard Kantor (51)

Ian R Kantor (54)

BSc(Eng) MBA

Sir Chips Chippendale Keswick (61)

Stephen Koseff (49)

BCom CA(SA) H Dip BDP MBA

Ian Wohlman (46)

ACIB

Investec Bank (Israel) Limited

Hugh S Herman (60)

Chairman
BA LLB

Alan Tapnack (54)

Deputy Chairman
BCom CA (SA)

Johnathan Irroni (51)

Managing Director and
Chief Executive Officer
BA

Talya Aharoni (50)

MBA

Yoseff Ben-Shalom (45)

MBA

David Golan (60)

MBA

Michael Herzberg (63)

LLB

Bernard Kantor (51)

Stephen Koseff (49)

BCom CA(SA) H Dip BDP MBA

Mordechai Limon (77)

MBA

Zeev Rotem (45)

Ph.D

Daniel Rothschild (55)

MSA

Zvi Zur (78)

Directorate

Investec Ernst & Company

William Behrens (62)

Chairman
BA (Econ)

William Burdett (61)

BSc (Hons)

Daniel Cristofano (67)

BS Finance

Hugh S Herman (60)

BA LLB

Bernard Kantor (51)

Stephen Koseff (49)

BCom CA(SA) H Dip BDP MBA

Mark B Segall (38)

AB JD

Derek Solomon (50)

CA(SA)

Elsabé de Vries (38)

BAcc BCompt (Hons) CTA

Domenico Ferrini (32)

BCom

Jeremy B Gardiner (36)

BCom (Hons)

Hugh S Herman (60)

BA LLB

Roelof C Horne (37)

BCom (Hons) CA(SA)

Bernard Kantor (51)

Stephen Koseff (49)

BCom CA(SA) H Dip BDP MBA

David L Liddell (42)*

MA (Cambridge) ACA

Kim M McFarland (36)*

BAcc CA(SA) MBA

John T McNab (34)

BEng MEng CFA

Mark I Samuelson (36)

BCom

Johan H P van der Merwe (36)

BCom (Hons) CA(SA) M Phil

Piet G Viljoen (39)

BCom (Hons) CFA

Investec Asset Management (Pty) Limited

Reg No. 1984/011235/07

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Joint Chairman
MA MBA

Timothy W N Guinness (53)*

Joint Chairman
BA(Hons) MA MBA

Hendrik J du Toit (39)

Chief Executive Officer
BCom (Hons) MCom MPhil

Gail Boon (33)

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Investec Assurance Limited

Reg No. 1940/014478/06

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Investec Bank (Mauritius) Limited

Hugh S Herman (60)

Chairman
BA LLB

Sydney Bathfield (63)

FCA

Pierre de Chasteigner du Mée (47)

ACEA FBIM FMAAT

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Angelo Letimier (53)

Craig McKenzie (40)

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Chairman's Statement

– Hugh Herman



Results

Investec's performance is influenced by the trends prevalent within the countries in which it operates as well as the wider global economic and banking environment. The year under review was characterised by a slowdown in the US economy and extreme volatility and uncertainty in international financial markets. Furthermore, the global banking environment remained intensely competitive. Notwithstanding, Investec delivered strong results for the 22nd year running, building on its strategies of combining organic growth with opportunistic acquisitions, diversifying revenue streams, operating on a globally integrated basis and nurturing the entrepreneurial flair that drives Investec's people.

The Group continued to draw on its experiences and achievements to leverage growth from its consolidated and integrated investments. Developments over the year highlighted Investec's ability to replicate internationally its local niche market successes. This illustrates how South African best practice can compete effectively in the international arena, just as the broader South African economy seeks to compete vigorously on the world stage.

Headline earnings rose by 25,5% to R1 314m. An increase in headline earnings per share of 25,2% to 1 628,2c represents a 10-year compound growth of 30,1% per year. A final dividend of 440 cents was declared. The total distribution for the year was 750 cents a share, an increase of 21,0% on that for 2000.

A more detailed breakdown and analysis of the Group's results is contained in the review by the Chief Executive Officer and Managing Director later in this report.

Global operating environment¹

Global economic developments were dominated by the turnaround in the US economy. At the start of the period rapid growth continued in the US and the Federal Reserve was still increasing interest rates. Signs of declining activity subsequently emerged and by January the extent of the slowdown was such that rates were cut sharply to stave off a recession. By the end of March 2001, the Fed Funds target had been lowered to 5% with further easing taking place in the new financial year.

The Eurozone and Australian economies too began the year in a vibrant mood. In Europe, monetary policy was tightened in response to a combination of excessively buoyant growth, a falling Euro and higher oil prices. Indeed inflation climbed above the 2% target ceiling in June 2000. During the second half of the period, however, there was clearer evidence of a cooling in economic activity as the countries in the Euro area began to feel the effects of weaker conditions in the US.

The UK continued to benefit from a favourable mix of strong public finances, below target inflation and low unemployment. Following a period since February 2000 during which base rates had been stable at 6%, rates were reduced in February 2001 to 5,75%. This reflected fears that the slowdown in global activity would result in unwanted deflationary pressures in the domestic economy, prompting further base reductions.

In Australia the downturn in the US affected both the market and confidence generally. The downturn was not as sharp as in the US, however, as Australian markets were not overvalued to the same degree. During the year a sharp decline in the Australian Dollar relative to the US Dollar also introduced uncertainty, while creating opportunities for overseas investors.

In Israel, despite political uncertainty later in the financial year, the economy performed strongly. In 2000 growth increased to 5,9% and GDP rose by 3,4%. Inflation fell to 0% (well below the inflation target of 3% to 4%) and the Shekel strengthened significantly. Interest rates were reduced to 8,2% - the lowest in the decade.

These were challenging times for equity markets and March 2000 proved to be the peak in both the US S&P500 and the NASDAQ composite indices. US markets came under severe selling pressure, particularly TMT stocks, as first higher interest rates and then recession fears took their toll. Volatility was also felt worldwide, with many major markets struggling, though the NASDAQ was the most visible casualty, losing some 60% of its value over the period.

All these developments increased the risk averse mood which impacted negatively on investor sentiment towards emerging markets. The year was characterised in South Africa by sharply declining interest rates (as a result of rapidly falling inflation off a high base), a reversal of the trend prompted by the emerging markets crisis. Economic growth was modest, while events in neighbouring Zimbabwe took their toll on investor confidence. Despite these negative factors however, substantial market gains were recorded in South African equities. South Africa has, in fact, been one of the best performing stock markets globally in US dollar terms over a two-year period largely as a result of the bull run in resources.

¹ This depicted the situation at the time of writing

Highlights

Investec's desire to build an integrated international specialist banking group remains the fundamental strategic objective which drives its overall activities.

Two key features of the Group's domestic and international activities in the 2001 financial year deserve special attention. The first is the implementation of the Group's global management structure, as befits its increasingly international character and global focus. The management structure enables Investec to integrate operational units globally and to exploit synergies between units and across regions. It also allows the Group to meet the international aspirations of its clients worldwide, specifically through the provision of an integrated offering extending across countries.

The Group has also focused on building a common brand. The positioning of the brand based on Investec's *"out of the ordinary"* theme, which was reflected in the unusual Zebra campaign in the UK, has taken the Group along the path of building international brand recognition. *"Out of the ordinary"* also reaffirms a key element of Investec: an entrepreneurial, youthful, internationally competitive organisation with an African flavour and heritage. In this way the brand positioning helps to extend the Investec culture and values to all its acquisitions, which is key to the success of their integration.

Building and enhancing capabilities

During the year the Group continued to enhance and build its capabilities in its principal businesses, locally and internationally, through organic growth and carefully selected acquisitions. In particular, the Group took advantage of opportunities arising from the continued globalisation, rationalisation and consolidation within the financial services industry.

Internationally the Group expanded its trust activities through the acquisitions of Radcliffes Trustee Company S.A. and Theodores Trust & Law Group, based in Geneva and Jersey respectively. These businesses augment Investec Private Bank's trust and fiduciary capacity and international private client structuring capabilities.

The acquisition of Wentworth Associates, one of Australia's leading independent corporate advisory firms, serves as a platform for the development of the Group's investment banking activities as well as the strategic and tactical underpinnings for the broadening of Investec's chosen activities in Australia generally. Wentworth's specialises in mergers and acquisitions and the structuring of corporate transactions.

The Group acquired the private client and clearing arm of Herzog Heine Geduld, and the PMG Group in the USA. PMG (formerly Pennsylvania Merchant Group), is a registered broker/dealer that specialises in corporate finance, asset management, institutional research and sales. These acquisitions enhance the Group's capabilities in its investment banking and private client activities.

While the Group's focuses on internationalising its businesses, it remains firmly committed to South Africa. In fact, Investec seeks to actively expand its activities in South Africa wherever opportunities arise.

During the year under review this was illustrated by the acquisition of the private client loan portfolio of McCarthy Bank, the private client asset management business of Quyn Martin Asset Management and Fedsure's insurance and financial services businesses. While the latter transaction had not been approved by the end of the

financial year; all requisite approvals had been granted at the time of writing of this report and integration of the various businesses is well under way. In certain areas Investec has attracted adverse comment with respect to the acquisition of Fedsure, but the Group is of the opinion that it can extract value from the acquired businesses, and believes that the acquisition will prove to be worthwhile.

Notwithstanding the acquisitions made by the Group, the bulk of the Group's growth in net income was organic. The Group has made great strides in building well-defined, value-added businesses, focusing on its core areas of activity in all regions in which it operates. In Israel and Australia, Investec leveraged off Group resources, products and skills in an effort to build its capabilities in these regions. In its endeavours to build a fully fledged operation in Ireland, Investec expanded its activities beyond treasury and finance into private banking, investment banking and asset management. Investec continued to refine its product and service offering throughout the regions in which it operates launching a number of innovative initiatives during the year.

Investec as a corporate citizen

Investec's approach to corporate social investment is distinct and is based on identifying clear and creative ways of ensuring a lasting return for the recipients of each project. In South Africa, Investec continued, through various projects, to concentrate on promoting education and training and helping the poor. These projects concentrate on development over the long term, are entrepreneurial and sustainable, and empower people through educational and skills training.

As Investec believes that collaboration is important for the success of these projects, many involve working with the government, communities and civic organisations. Partnerships have been crucial to the success of many of the Group's projects in South Africa - The Business Place and CIDA City Campus in Johannesburg, the J L Zwane Centre for Training and Development in Guguletu, near Cape Town, and the Business Trust nationally. Investec staff frequently participate in a host of these projects.

Investec also undertakes corporate social investment activities in its other offices around the world. In the UK these activities include various charitable donations and sponsorships for organisations such as the Variety Club of Great Britain, a charity dedicated to child welfare. Investec also supported "Celebrate South Africa", a project run by the SA High Commission in London that aims to promote investor confidence and boost tourism in South Africa.

Corporate social investment at Investec is linked to a dedicated internal employment equity programme. Investec is committed to employment equity and continues to create an environment that fosters diversity in every level of the Group.

Corporate governance

Investec has long had an entrenched corporate culture which emphasises above all the need to conduct the affairs of the Group in accordance with the highest standards of corporate ethics. Investec, motivated by a desire to enhance shareholder value and the interests of all stakeholders, adheres to a high level of corporate governance compliance. Investec endorses and complies with the King Report recommendations and all equivalent codes in other jurisdictions in which the Group operates.

Prospects

South Africa lives in a difficult neighbourhood, as the negative impacts of developments in Zimbabwe in 2000 underscored. Nonetheless, South Africa weathered the storm, despite the collateral damage caused. Indeed, on the economic front the government's record is sound, with the Reserve Bank well on track to achieving its inflation target (3%-6% for 2002). CPIX inflation is on a downward trend to 5,4% in 2002. Interest rates are at their lowest levels for years and the possibility of a further interest rate cut exists if low inflationary pressures and relative rand strength are sustained. Prospects for a fall in world oil prices hold out some promise for South Africa's inflation rate prospects, as does the expected bias towards Rand strength against the US Dollar this year as a result of capital inflows from the De Beers deal and Telkom's IPO.

Similarly, Finance Minister Trevor Manuel's 2001-2002 budget won approval for its fiscal constraint. Attention is now on the impact of mildly stimulatory state expenditures and micro-economic reforms to boost growth. The anticipated outcome is modest economic growth of up to 3,0% - 3,5% in the year ahead, which seems sustainable in the medium term. The expected drivers for economic growth are government spending, a surge in domestic fixed investment and some growth in private consumption expenditure.

On a more general note, crime continues to erode confidence in South Africa. The lifting of the previous moratorium placed on the release of the crime statistics, however, is a step in the right direction. AIDS too remains a significant problem for sub-Saharan Africa, no less for South Africa. The appointment of an International AIDS Commission may go some way towards formulating a co-ordinated policy for dealing with this pandemic which, if left unchecked, may damage irremediably many of the region's economies.

The key to many of the challenges South Africa faces is partnerships between government, business and labour. Investor confidence is a crucial element for boosting foreign investment and economic growth in the country. Hopefully, government, business and labour will find a formula to create a favourable environment for investors. The Irish experience shows how public-private sector partnerships, along with organised labour, can work successfully to consolidate and deliver rapid economic growth.

Tribute

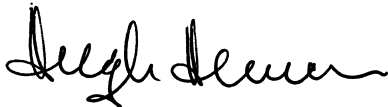
The success of Investec depends largely on the commitment and dedication of all our employees. Once again, employees have proved themselves through sound performance, creativity, focus and passion and I would like to thank them for their hard work, loyalty and support. The achievements of our employees have come together under the effective leadership and guidance of the Chief Executive and Managing Director, whose efforts I value and appreciate.

I also extend thanks to all directors for their loyalty and commitment to the Group's efforts, and our clients and shareholders for their valued support which is so important to Investec's continued success.

During the financial year, Fredrik van Zyl Slabbert, Arnold Bassarabie and David Mitchell resigned from our Board of Directors. I take this opportunity to thank them for their support and dedication over the years. We wish them well.

Future direction

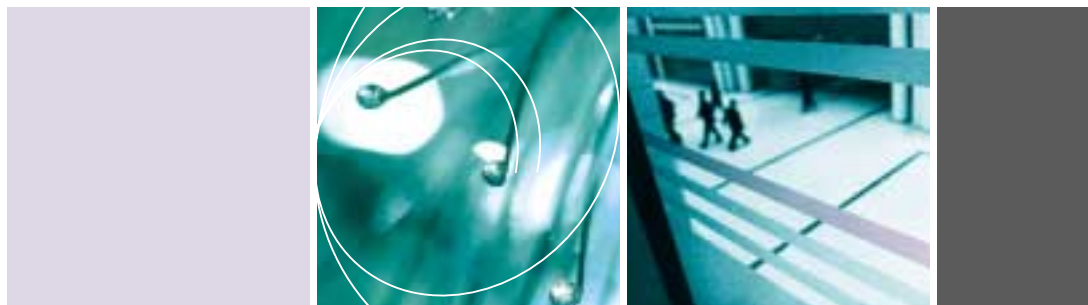
While markets remain volatile, the Group's positioning, assisted by the quality of its people and the strength of its values and culture, should help it to achieve a year of sound performance. In a world of unrelenting change where products and technology no longer confer a distinguishing competitive advantage, what will ultimately differentiate us is our culture, philosophies, beliefs and values and our ability to embody these within our brand. At Investec we aim to create an environment that stimulates extraordinary performance by encouraging and promoting open and honest debate, learning and entrepreneurial flair. It is the Group's strong sense of internal drive and commitment, unwavering morale and determination to secure an even firmer positioning in the regions in which it operates, that forms the basis for the optimism with which we view the future. As a Group, we look forward to the year ahead, to the challenges and opportunities that it will bring.

A handwritten signature in black ink, appearing to read 'Hugh Herman', with a stylized, cursive script.

Hugh Herman
Chairman

Review by the Chief Executive Officer and Managing Director

– Stephen Koseff and Bernard Kantor



Operating environment

The period under review will be remembered for the extraordinary volatility in global stock markets and the possible end to one of the longest equity bull markets in history. Although the year began favourably, on the back of continued buoyancy largely in the TMT sectors, this soon proved short-lived. The dramatic bursting of the tech bubble during the latter part of the year set the scene for considerable uncertainty. Negative market conditions were manifested in significantly poorer trading volumes and turnover, a decrease in portfolio values and declining primary and secondary market activity. The Group experienced a mixed operating environment overall and although economic fundamentals were still sound in most regions in which it operated, an economic slow down was experienced in the Eurozone countries, USA and Australia with generally improving conditions in South Africa. With interest rates declining throughout the world the operating conditions for the Group's banking and interest rate activities were favourable providing some balance for the unfavourable environment experienced in the Group's equity related activities.

Industry review

Over the past year the global banking environment witnessed a continuation of previous trends. A combination of technological pressures, increased competition, disintermediation, consolidation, globalisation and economic and regulatory impositions fuelled developments on all fronts.

The volatility in global equity markets provided a salutary reminder of the volatility inherent in investment banking. The period highlighted a growing desire by global investment banks to diversify their earnings base. An obvious consequence of this was the apparent determination by the world's investment banks to pursue the clearer advantages and higher quality earnings represented by the fragmented and growing industries of private banking and asset management. Despite these developments, many investment banks, including some of the larger ones, have recently experienced a decline in earnings.

Trends within the South African environment continue to echo those being experienced globally. Heightened competition, coupled with global equity market uncertainty, placed increasing pressure on a number of financial services companies, prompting a shake-out in the market, notably among the smaller players. Despite Investec's determination to expand its international presence, the Group was not blinded to the many active opportunities which presented themselves within the local market and accordingly participated in a number of transactions during the year. Of particular importance was the Group's acquisition of the insurance and financial services businesses of Fedsure Holdings Limited. Investec remains well placed in the local market because of its international earnings base, local knowledge, product innovation and integrated operating divisions.

The harsh realities within the global banking industry compel financial services groups everywhere to revise, rethink and, indeed, rework constantly the essential nature of their strategic endeavours. Many players have sought to reposition themselves, and Investec too has forged its way. Unlike some of the other banks, however, this has not prompted any change in direction. Investec remains committed to its objective of becoming one of the world's leading specialist banking group's by actively building and enhancing capabilities within its four principle businesses in all markets and regions in which it operates.

Year in review

Credible performance notwithstanding a difficult operating environment

The Group is pleased to report that headline earnings for the year ended 31 March 2001 increased by 25,5% to R1 314m, extending the company's 22 years of uninterrupted growth.

Investec continues to focus on its four principle business areas: Investment Banking, Treasury and Finance Group, Private Client Activities and Asset Management, providing a multi-country offering with specific local and global banking and asset management expertise.

Each business area achieved solid results in difficult global financial markets, as shown below:

% increase in headline income before tax

Investment Banking	9,7%
Treasury and Finance	26,8%
Private Client Activities	37,9%
Asset Management	27,4%

The performance underscores the value of the Group's diverse portfolio of integrated international businesses and profit streams. Investec remains confident about its strategic model, backed by the high level of margin and other annuity related income.

Integrated global management structure

In a move to ensure that the Group's operations are managed globally, focusing on the active pursuit of internationalising the Group's four principal business segments, the management of the Group was restructured during the year. The management structure enables the Group to meet the challenges of responding to local market conditions at the same time as facilitating global integration through effective product and geographic leadership.

The integrated global model enables the Group to maximise economies of scale, leverage resources and core competencies, and exploit synergies across all businesses and regions in which the Group operates. Greater cross-border emphasis between and across businesses is also facilitated. A common brand, culture and set of values ensures that co-operation and collaboration between the various businesses is maintained and encouraged. Meaningful progress was made in rolling-out this global management model within all of the Group's divisions.

Solid performance from the Group's UK operations

The Group's UK operations enjoyed a successful year with performance driven by strong organic growth, particularly from areas such as Investec Henderson Crosthwaite, the bank's investment banking division, and the Private Bank. The UK operation posted an increase in headline net income before tax of 26,3%.

The operation continued to enhance and expand its range of activities. Among others, the Group established a commodities team and the equity derivatives team relocated from Johannesburg to London, while Investec Henderson Crosthwaite launched its market making activities and is expanding its corporate advisory skill base, notably into mergers and acquisitions and debt finance advice.

The skills base of the Private Bank has been upgraded through the acquisitions of Jersey-based Theodores Trust & Law Group and Radcliffes Trustee Company of Geneva. These two businesses substantially enhance the Group's trust and private client advisory capacity and its international private client structuring capabilities.

The Group also continued to enhance its profile in the region through a significant awareness campaign.

First full year of integrated Investec Gandon in Ireland

During the year the Group enhanced its platform in Ireland, leveraging off its global product set and skills, with the clear objective of building a niched business in the area. The Group expanded its activities beyond treasury and finance to include private banking, investment banking and asset management.

Difficult year for US operations but select acquisitions limit impact of weak markets

The Group's US business is highly dependent on transactional volume, which in turn is driven by the activity of the financial markets. The year was characterised by declining equity prices which negatively affected a number of key business drivers, including trading volumes, commission revenues and net interest margins. Headline net income before tax declined by 62,6%, although operationally the Group posted positive growth of 24,7% if one takes into account investment income gains made in the previous year which were not repeated in the year under review.

The impact of the weak equity markets on Investec Ernst & Company's performance was mitigated somewhat as a result of the first full year of integration of the Royce Investment Group, which was acquired in November 1999. Furthermore, the acquisition of the retail division of Herzog Heine Geduld in February 2001 assisted in bolstering activities, adding 32 registered representatives, bringing the total number to 338.

Towards the end of the year Investec acquired PMG Group (regulatory approval received subsequent to the year end) thereby enhancing its investment banking capabilities in the US as part of the Group's strategy of building well-defined, value-added businesses within the Group's core areas of activity.

Development of capabilities continues in Israel

Throughout the year Investec continued to build an integrated banking operation in Israel. The bank was rebranded Investec Bank (Israel) Limited. Notwithstanding the political environment the Israeli operation performed well in the first three quarters of the year. Investec Bank (Israel), however, posted a decrease in headline net income before tax of 25,3% largely as a result of an unfortunate counterparty loss of NIS15m (pre-tax). Nevertheless, Investec's status as a truly international bank in Israel holds it in good stead and it is well placed to provide its select clients with an integrated, international product offering. Investec Bank (Israel)'s Private E-bank internet banking initiative continues to be a competitive advantage and it is actively seeking opportunities to expand its capabilities.

Continued progress in Australia

In Australia, the Group opened an office in Melbourne, strengthened its infrastructure and processes, and recruited specialists in structured finance and specialised property finance. Furthermore the Group acquired Wentworth Associates, one of Australia's leading independent boutique advisory firms, specialising in M&As and the structuring of corporate transactions. This acquisition, together with the strategic enhancements referred to above, give Investec a strong platform from which to build a credible specialist banking boutique.

Successful year for the Group's Southern African operations

The Southern African operations enjoyed a successful year, posting an increase in headline net income before tax of 53,4%. Growth was almost entirely organic with noteworthy performances from Treasury and Finance, the Private Bank and the Property division.

The Group continued to launch innovative products

In February 2001 the Private Bank in South Africa launched Investec Dividends, an exclusive rewards programme that provides value-added benefits to its Private Bank Account holders. The division also introduced free online banking, making Investec the first and only bank in South Africa to offer this service without charge.

Furthermore, the Group launched FX I-DEAL in South Africa, an internet-based product for individuals wishing to execute live trades electronically in the foreign exchange market. This product has received regulatory approval and is the first of its kind in the market.

Product innovation and differentiation remain a core focus and the Group is working aggressively towards providing additional value-added products and services to its select client base.

Acquisition of the insurance and financial services businesses of Fedsure Holdings Limited

Developments in the South African operation were to a large extent dominated by the acquisition of the insurance and financial services businesses of Fedsure Holdings Limited announced on 22 November 2000.

Since 1991, Investec has held a strategic investment in Fedsure, which at the year end was 19%. In turn, at 31 March 2001 Fedsure Life Assurance Limited ("Fedlife") policyholders' funds held 17,1% in Investec Holdings Limited. The ongoing consolidation and rationalisation of the financial services industry created the opportunity for Investec to acquire the insurance and financial services businesses of Fedsure and eliminate these cross holdings.

The integration of the financial services areas, specifically asset and unit trust management, property asset management, and linked product management into the equivalent Investec businesses, should deliver the benefits of critical mass in an increasingly competitive environment. The combination of these units will enhance the Group's annuity income stream and should increase its market penetration, both locally and internationally.

Following the transaction third party institutional, private and retail funds under management will exceed R350bn world-wide, making the combined group the second largest fund manager in South Africa.

Prevailing trends within the insurance industry are shifting from traditional to more dynamic and transparent investment products. Fedsure's traditional individual life business was closed to new business and is in the process of being sold to Capital Alliance. Investec will retain management of the life company and focus on marketing transparent investment products. Complemented by Investec's existing suite of products, the new product ranges will be tailored to appeal to the group's target market, and will be distributed through the private banking and linked product distribution channels. In addition, Fedsure's employee benefits business provides Investec with an entrée into this market, which should develop closer ties with its asset management division over time, as is the trend internationally.

Subsequent to the year end the Group received all necessary approvals for the transaction. Since Investec did not yet have control over Fedsure's financial and operating divisions at the year end, however, it continued to account for all of Fedsure's operations as an associate. The acquisition shares were effectively issued on 1 June 2001 and the vendors are entitled to a dividend equivalent to Investec's final dividend.

The Group has expended significant effort in preparing for the integration and implementation of the strategies outlined in the announcement dated 16 March 2001. The management of Investec is confident that the problems experienced by Fedsure have been addressed and expect the transaction to be earnings enhancing.

Salient features of the Group's performance and operational analysis

Steady growth in income

The income statement reveals total income of R5 301m, 20% higher than the previous financial year. Of this, 19,2% is organic while the balance is attributable to the inclusion of acquisitions.

Net interest income increased by 34,3% driven by healthy growth in advances of 15,2%. The Group earned an annualised net interest margin of 2,6%, after excluding the effects of centralised funding and the reduced returns on the short dated wholesale banking business in the UK.

Other income rose 12,1% to R3 621m. Although solid growth in commission and fees was achieved, principal transactions and trading income dropped, largely due to unfavourable market conditions and the absence of the significant realised gains earned in the previous year. This, together with strong growth in net

margin accounts for a decline in other income expressed as a percentage of total income from 69,8% to 65,8%.

Recurring or annuity income as a percentage of earnings remains high, increasing from 70,7% last year to 76,1% this year, and improving the stability of the earnings base.

Cost control measures in place

Compliance with the new South African standard relating to the disclosure of taxation (AC 102) resulted in the reclassification of certain tax related charges as expenses, which did not effect after-tax income. Operating expenses increased by 21,4%, to R3 476m. The overall ratio of operating expenses to total income increased from 61,9% to 63,2%. This mainly reflects investments made in marketing and equipment. Specifically, a brand-building campaign was launched in the UK and Israel (contributing to an increase in marketing expenditure of 43,3%) while operational capacity was enhanced with systems expenditure by Treasury and Finance Group, Asset Management and Investec Ernst & Company in the US. This contributed towards an increase in equipment expenses of 44,6%.

With regard to this, an overall increase of 16,9% in business, premises and personnel expenses demonstrates that cost measures are still in place but that business development and profile enhancement takes priority at this stage.

While Investec's efficiency level is generally favourable, the Group remains committed to containing key cost ratios and it should witness a decline in this ratio over time as it continues to leverage resources and operating platforms.

Lower rate of effective taxation

The effective tax rate for the Group declined from 26,9% to 20,3%. This is due to increased deferred tax assets raised in the UK, coupled with lower taxable earnings in the US and Israel, (which have higher corporate tax rates than South Africa) partially offset by higher tax charges in South Africa.

Quality of assets continues to improve

During the year the Group continued to improve the overall quality of its loan portfolio, which, together with an ongoing commitment to balanced risk management, resulted in a lower charge to the income statement for the provision for bad and doubtful debts. The percentage of non-performing loans to advances also declined from 2,1% to 1,65%.

Provision levels exceed the Registrar of Bank's requirements, with the adequacy of provisions supported by an increase in total provision of gross non-performing loans from 117,3% to 134,0%, while the ratio of total provisions to gross advances maintained a healthy level of 2,2%.

Total assets and assets under administration

Total assets increased by 11,6% to R195bn. Assets and liabilities of the assurance businesses which were previously treated as off balance sheet items are reflected on balance sheet. This has resulted in an increase in total assets in the prior year of R7 865m, with no income statement effect. Total assets under administration, increased to R514bn, up 5,8%, of which 11,6% represented balance sheet growth and 2,6% growth in third party assets under administration, the latter being negatively affected by the overall decline in equity markets in the period under review. Risk-weighted assets grew by 18,2%, underlying strong growth in the banking business.

Capital resources

Total capital resources increased by R2 989m to R10 884m at 31 March 2001. This was due mainly to the issue of compulsorily convertible debentures, to the value of R611m, and an issue of R1 945m unsecured subordinated bonds. As a consequence, the Group's net qualifying capital for banking activities increased by 45,4%. Against a slower growth in risk weighted assets over the period, the Group increased its capital adequacy ratio significantly from 11,9% to 14,6% which marginally exceeds the ratio as calculated in terms of the new regulations to the Banks Act governing consolidated capital adequacy.

The Group's increased attention to capital management saw the introduction of a capital committee to prepare for the new Basle Capital Accord in 2005. Other areas of focus include the refinement of the Group's capital allocation model with a view to measuring the return by product and business segment, after allocation of indirect costs, and the realignment of the Group's incentivisation basis in accordance with the new allocation model.

Return on average tangible net asset value increased to 28,6% (2000 - 24,3%), largely as a result of increased headline earnings generated off a relatively stable equity base, equity raising initiatives being balanced by depressed revaluation reserves.

Continued improvement in risk management processes

Risk management remains of critical importance to Investec and the Group continues to entrench a culture of risk awareness, control and compliance in its core activities. Investec has sought to comply to the fullest possible extent with international best practice in risk management. During the period under review, the Group initiated the adoption of the "Turnbull Guidance", containing principles for consideration by directors on the implementation of the Accountability and Audit Principles of the United Kingdom "Combined Code".

The Group Risk Management division strives to meet the global needs of the Investec Group. It is imperative that risk remains locally responsive, yet globally aware, to ensure that all initiatives are in line with Group objectives. The Group will continue to standardise its risk management practices and integrate its risk management operations in the different regions in which it is active. The effective implementation of the Group's global integrated management structure is key to Investec's strategy of ensuring that growth in all areas of the business is undertaken in a controlled manner.

Social impact initiatives and employment equity

The Group's social impact initiatives reflect Investec's ongoing commitment to project-driven, entrepreneurial-orientated investments. Two key initiatives launched during the year were The Business Place and the CIDA City Campus. The former is a cluster of micro and small businesses providing advice and services to small, medium and micro enterprises. CIDA City Campus is an innovative tertiary educational institution offering a four year fully accredited, Bachelor of Business Administration, degree to talented, underprivileged students.

Investec is committed to the implementation of a comprehensive employment equity programme and significant progress is being made towards achieving an equitable work environment, both qualitatively and quantitatively. During the year under review the Group undertook various initiatives as part of the implementation process. Further details in this regard can be found on pages 109 - 117.

Brand awareness grows across jurisdictions

During the year Investec launched various initiatives to enhance brand awareness in its jurisdictions. The positioning of Investec as "*Out of the Ordinary*" is based on a brand essence of creativity, performance,

passion and focus. The Group achieved high levels of brand awareness in South Africa through sport sponsorship, advertising and publicity. In the UK, in turn, a print and outdoor advertising campaign used a zebra icon to create a distinctive brand presence. Furthermore, Investec invested in raising its profile in Ireland, Israel, Australia, Hong Kong and the US.

Strategy and future direction

Investec's desire to transform itself into a leading international specialist banking group remains the fundamental strategic objective which driving its overall activities. To achieve this goal the Group intends to employ the following strategies:

Specialised and focused approach

An essential pillar of Investec's operating philosophy is that it does not seek to be all things to all people. The Group's core philosophy has been to build well-defined, value-added businesses focused on serving the needs of select market niches where the Group can compete effectively. Investec will continue to concentrate on building business depth as opposed to breadth, enhancing and expanding its position in its four principle businesses in each region in which it operates.

Internationalisation

The Group's intention to follow a value creation rather than a value appropriation strategy has meant that its goals and objectives have been underpinned by an aggressive internationalisation strategy. This has resulted in the development of operations in 14 countries around the world, employing in excess of 4 800 people. Furthermore, international operations accounted for 61% of the Group's headline net income before tax and 69% of its assets.

As a result of these developments Investec is one of the most internationally diversified banking groups in South Africa and was voted the fourth most global company by 'The Banker' in February this year. Investec was the only emerging market bank to be ranked in this Survey.

The Group's internationalisation strategy has assisted in maintaining its competitiveness in its domestic markets, as the Group is well placed to meet the increasing global aspirations of its select client base.

Internationally, the Group has adopted a strategy to service the areas which fall beyond the scope of the bulge-bracket players which dominate the industry. The benefit of this approach is further highlighted within the context of the changing environment where global banks are purchasing middle ranking firms which previously serviced this market. This is presenting numerous opportunities for the Group.

While Investec is still comparatively small in global terms, its niched and specialised strategy has assisted it in making progress in its chosen markets. A number of the Group's businesses have received recognition over the past year and its status as an international player is growing and has attracted attention.

Strong organic growth with select acquisitions

It is the Group's intention to continue to enhance and expand its capabilities, both organically and through the strategic acquisition of complementary businesses. Acquisitions will continue to be made on the basis that they bolster the Group's critical mass within existing areas of operation or allow the Group to enter new markets considered to be of strategic value. Any potential acquisition, however, must generate the required return on

investment over the medium to long term. Achieving the correct balance between growth and returns remains a fundamental strategic objective for the Group. The Group will endeavour to remain sufficiently flexible and of adequate size to take advantage of opportunities that may arise within the South African and international markets.

Integrated, international business, leveraging Group skills and resources

The Group intends to continue to encourage and exploit synergies across markets and business areas in order to develop a comprehensive and efficient cross-border capability. A standard, globally integrated operating platform is also key to the Group's strategy of simultaneous growth in different markets. Investec intends to continue to roll out core competencies, to businesses which it acquires and to existing operations. The successful implementation of the Group's global integrated management structure is key to it achieving its stated objectives.

Maintain a diversified portfolio of profit streams

The extreme volatility experienced in international markets highlights the importance of the Group's diverse portfolio of integrated businesses and profit streams. The Group aims to increase its focus on its annuity income base, which currently is in excess of 76% of total income, thereby improving the Group's ability to perform in volatile financial markets. The recent acquisition of the insurance and financial services businesses of Fedsure Holdings Limited and the trust and fiduciary businesses in Geneva and Jersey should assist the Group in achieving this goal.

Maintain a balance between growth and returns: effective use of the Group's capital base

The Group aims to continue its focus on increasing return on equity, as opposed to nominal capital, through the efficient deployment of its capital base. Investec intends to continue, however, to maintain sufficient levels of capital to satisfy international regulatory requirements, as well as to take advantage of acquisition opportunities that may arise in the financial services industry. Furthermore, the Group intends to use a greater mix of non-equity capital to support its growth, as opposed to equity-related primary and secondary capital. A significant amount of new equity was issued in June 2001 to acquire the insurance and financial services business of Fedsure which may initially impact negatively on the Group's return on equity. The Group will however be able to leverage off this additional capital base which provides a sound platform for the continued growth and development of the Group.

Perpetuation of Investec's culture and value system

Investec has reached a stage in its growth where meeting the imperative of preserving the Investec culture and values is as critical as meeting the demands imposed by regulators, shareholders and rating agencies. The Group applies equal rigour obligation and discipline to cultural risk management as it does to financial risk management. During the year the Group enhanced its team of Organisational Development specialists to assist management around the world in perpetuating Investec's culture, values and philosophies. The Group's mission statement shows its clear acceptance of its commitment to succeed in a competitive international arena by focusing on purpose, process and people. Winning the war for talent remains an important challenge for the Group. The type of people the organisation attracts and the perpetuation of its culture and value system remain crucial elements in determining the future success and long-term survival of Investec.

Banking has always been a competitive industry and today it is an increasingly global one, where all products and services ultimately become commoditised. Investec remains convinced that its culture, philosophies and values, which it never takes for granted and nurtures continuously, provides the Group with its greatest sense of competitive advantage. In this context, the Group continues to devote considerable effort and resources to ensuring that the organisation is equipped to deal with the challenges of growth, increasing complexity and internationalisation.

Prospects

Although the health of the global equity markets remains uncertain, the Group is confident that the platforms and processes are in place to maintain and enhance its positioning within the geographies in which it operates. The successful roll-out of the Group's integrated management structure is considered to be a key driver of growth as it builds critical mass and maximises the use of key divisional and Group resources, creating focus in strategically valuable market segments. Investec's ability to adapt to new forms of competition, take advantage of opportunities that come with change and operate seamlessly across borders and geographies will continue to hold the Group in good stead.

Acknowledgments

That the Group managed to attain fine results, in a generally difficult operating environment, is a tribute to its focus and the tireless efforts by its employees who ensure the Group continues to grow and be recognised as a quality specialist banking group, while at the same time maintaining a high level of financial performance. We would like to express our thanks to each employee for his or her unique contribution to recent Group performance.

We would also like to extend our appreciation to the Chairman and the members of the Board for their continued loyalty and support.

While we enter next year fully aware of the potential uncertainty in the global financial markets, we anticipate a time of great challenges coupled with major opportunities.



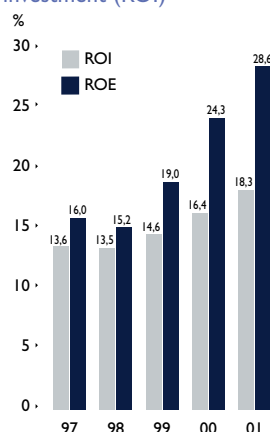
Stephen Koseff
Chief Executive Officer



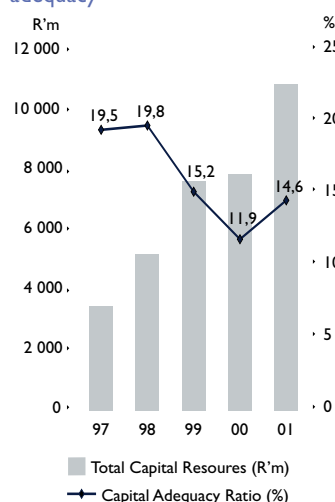
Bernard Kantor
Managing Director

Performance and Objectives

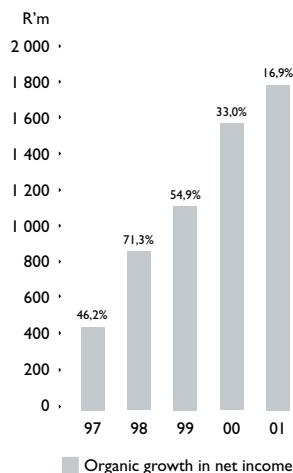
Return on equity (ROE) and return on investment (ROI)



Total capital resources and capital adequacy



Organic growth



Investec Objective

Investec's objective is to continue to focus on increasing the return on tangible net asset value (ROE), as opposed to nominal capital, through the efficient deployment of its capital base. The Group intends to generate ROE in excess of its cost of capital. The Group generated a ROE of 28,6% for the year ended 31 March 2001, while the Group's weighted average cost of equity capital over the period was 12,5%.

Investec has set itself the following targets over the medium to long term:

Group ROE: 25% - 30%
South African ROE: 30% - 35%
International ROE: 15%-20%
Group ROI: 20% - 25%

Investec Performance

The ROE and the ROI increased to 28,6% and 18,3% respectively, largely as a result of increased headline earnings generated off a relatively stable equity base, equity raising initiatives being balanced by depressed revaluation reserves.

Investec Objective

Investec intends to maintain a sufficient level of capital to satisfy regulatory requirements, as well as take advantage of opportunities that may arise in the financial services industry focusing on increasing the group's return on equity in the medium to long term.

The Group would like to maintain a capital adequacy ratio of between 13% and 15%.

Investec Performance

Total capital resources increased by R2 989m to R10 884m at 31 March 2001. This was due mainly to the issue of compulsorily convertible debentures, to the value of R611m, and an issue of R1 945m unsecured subordinated bonds. As a consequence, the Group's net qualifying capital for banking activities increased by 45,4%. Against a slower growth in risk weighted assets of 18,2% over the period, the Group increased its capital adequacy ratio significantly from 11,9% to 14,6%.

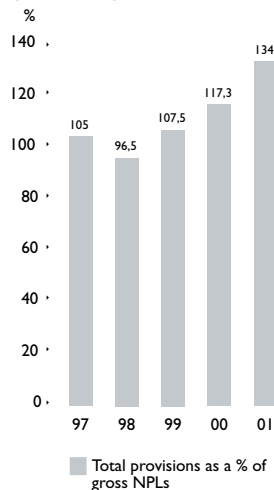
Investec Objective

The Group intends to continue to enhance and expand its capabilities in its principal businesses, both organically and through the strategic acquisition of complementary businesses.

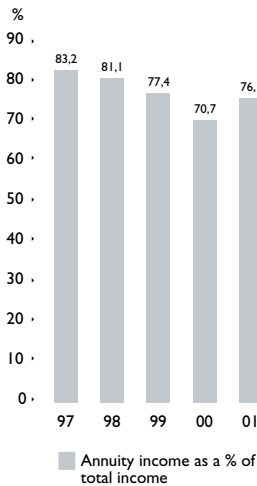
Investec Performance

During the year under review net income grew by 17,5% to R1 825m, of which 97% was organic and the balance was attributable to the inclusion of acquisitions.

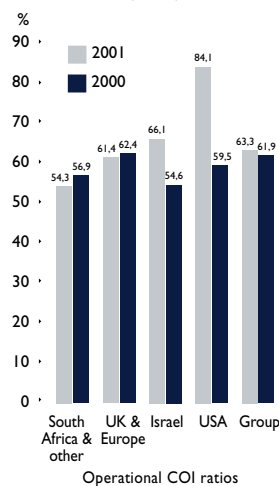
Total provisions and non-performing loans



Annuity income



Operating expenses and operational cost to income (COI) ratios



Investec Objective

Setting a target in this area is susceptible to economic and market conditions. the Group however, strives to achieve a minimum coverage of 100% of gross non-performing loans.

Investec Performance

Provision levels exceed the Registrar of Bank's requirements, with the adequacy of provisions supported by an increase in total provisions to non-performing loans from 117,3% to 134,0% while the ratio of total provisions to gross advances maintained a healthy level of 2,2%.

Investec Objective

The extreme volatility experienced in international markets highlights the importance of the Group's diverse portfolio of integrated businesses and profit streams. The Group aims to increase its focus on its annuity income base thereby improving its ability to perform in volatile financial markets.

Investec has set itself the following target over the medium to long term: 75% - 80% annuity/recurring income as a percentage of earnings.

Investec Performance

Recurring or annuity income as a percentage of earnings remains high, increasing from 70,7% last financial year to 76,1% this financial year. The recent acquisitions of the insurance and financial services businesses of Fedsure Holdings Limited and the trust and fiduciary businesses in Geneva and Jersey should assist the Group in achieving its targets over the medium to long term.

Investec Objective

Recognising that Investec has adopted a value creation as opposed to a value appropriation strategy, emphasis has been placed on increasing income growth while at the same time ensuring effective constraint of costs. To the extent that Investec increases its focus on private client activities and asset management, and enhances the overall profile of the Group as part of its international drive, a significant reduction in costs will prove to be a challenging exercise.

Investec has set itself the following targets over the medium to long term:
South African operational COI ratio: 45% - 50%
International operational COI ratio: 60% - 65%

Investec Performance

Operating expenses increased by 21,4%, from last year to R3 476m. The overall ratio of operating expenses to total income increased from 61,9% to 63,3%. This mainly reflects the investments made in marketing and equipment.

Risk Management

Global management structure

Global Head of Risk
Glynn Burger

Australia
Anthony Rubin

Israel
Johnathan Irroni

Mauritius
Craig McKenzie

Southern Africa
Robin Jacobson

United Kingdom & Europe
Ian Wohlman

United States
Steve Paraggio



Introduction

Risk management is of critical importance to Investec as it understands that in most transactions risk is unavoidable. Over the years, the Group has sought to ingrain a comprehensive and independent risk management process to consistently identify, understand and properly manage risks at all times. This ensures that the Group assumes a tolerable risk profile in its pursuit of growth in all areas of business in which it operates. Furthermore, the Group continues to entrench a culture of risk awareness, control and compliance in its core activities.

Investec has sought to comply with international best practice in risk management. While each business unit is primarily responsible for managing risk associated with its business, an independent centralised division manages the Group's risk.

The Group's risk philosophy is based on the principle that it will not trade in new products or enter into new markets until it has identified and assessed associated risks and management and the Board of Directors has approved the nature and extent of such risks and the balance between risk and reward.

This well-defined risk management philosophy is embedded within the Group's Risk Management division. Group Risk Management has been mandated by the board of Investec to ensure that Investec's risk management philosophy is consistently implemented across all the Group's operations.

The primary objectives of Group Risk Management are:

- To be the custodian of Investec's risk management culture.
- To set risk standards across the Group and to ensure that these standards are consistently implemented.
- To aggregate Group exposures across all classes of risk.
- To co-ordinate risk management activities across the organisation.
- To facilitate various risk committees as mandated by the board of Investec.

The Group Risk Management division has grown, into a function that aims to meet the global needs of the Investec Group. Group Risk Management operates within a matrix structure in line with the Group philosophy to ensure that risks across the Group are dealt with using the appropriate processes. It is imperative that risk remains locally responsive, yet globally aware, to ensure that initiatives are in line with Group risk objectives.

The Group has established a number of committees dedicated to risk management:

Board Risk Sub-Committee

Reviews and approves policies pertaining to any risk to which the Group may be exposed, defines the Group's appetite for identifiable risks and approves trading limits.

Board Audit Committee

The duties and responsibilities of the Audit Committee are set out in a written Charter approved by the Board of Directors and (in brief summary) include:

- Review and reconciliation of accounting policies and changes in accounting policies.
- Review of the adequacy and effectiveness of internal controls and management information.
- Review of suggested improvements to disclosure.
- Review of annual and interim financial reports and accounts.
- Review and consideration of areas of judgement, external audit adjustments, the going concern statement and compliance with national and international accounting standards.
- Review of the internal Audit Charter and plans, review of the performance of the internal audit function and the interaction of that function with the external auditors.
- Review the processes intended to secure statutory and regulatory compliance and compliance with internal codes of ethics and conduct.
- Review of the external auditors' audit plan, discussion with them of the scope and cost of the annual audit, discussion of problems if encountered and of management letters and statutory reports.

Group Credit Committee

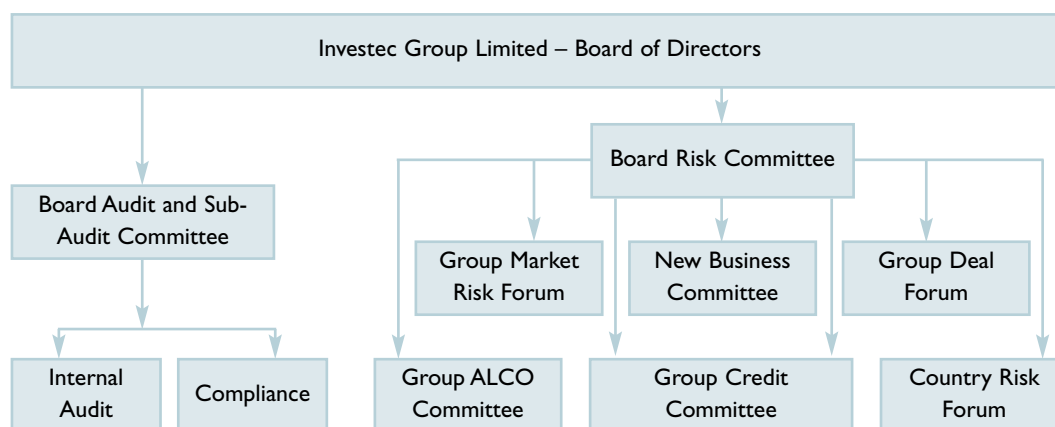
Considers and approves the granting of credit to counterparties in excess of the mandates granted to divisional and other credit forums.

Group Asset and Liability Committee

Sets and reviews the Group's funding and liquidity framework and policies and ensures compliance with these. It also mandates the regional ALCO committees to manage liquidity risk in line with the Group's parameters.

Group New Business Committee

Considers and approves the risk issues inherent in all new businesses that the Group is considering entering. A new business is one that either exposes the Group to a new market that it has not traded in previously or a new geographic location within which the Group has not operated. This committee was formed subsequent to the year end.



Assessment of risks, policies and procedures

In the ordinary course of business operations, the Group is exposed to a number of risks. The most significant are credit, market, liquidity, interest rate, operational and control, legal and compliance risk. The process set up to deal with these risks is described below.

Credit Risk

Credit risk represents the risk of financial loss to the Group as a result of default by a counterparty, that is, the failure of a counterparty to comply with its obligation to service outstanding debt. Credit risk arises from both lending transactions such as loans and advances, and trading activities, where the potential credit loss depends on both the market value of the instruments and their liquidity. Credit risk includes loan loss risk, settlement risk, replacement risk and issuer risk.

The Group's credit risk division made further progress in enhancing its approach to the measurement and management of credit during the year. A number of developments and initiatives played a role in this regard, including:

- **Technology enhancements**

After a successful roll out of the credit monitoring system, Ricos, in the UK in the previous year, the Group implemented the system in South Africa. The system allows for detailed limit and exposure monitoring and will be used to consolidate Group credit information globally. The division also commenced the development of an updated credit administration system, which allows for more effective monitoring of credit proposals including adherence to, and management of, all prerequisite conditions. Furthermore, a probability of default model was incorporated into the credit process, which will highlight the risk that a given counterparty will default within a given time horizon.

- **Regulatory developments**

The division continued to assess and refine its processes, taking into consideration the implications of changes in various regulations, including new South African Reserve Bank legislation and the revised Bank for International Settlements Accord.

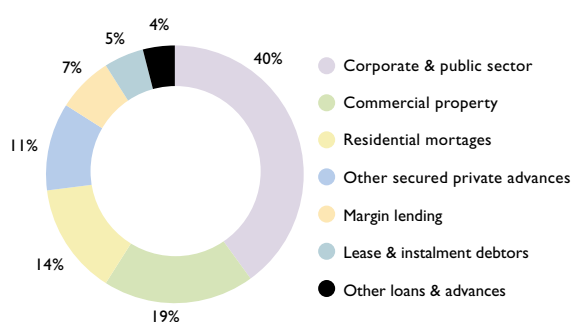
- **International credit monitoring standards and the standardisation of credit methodologies across all the Group's operations.**

Management of credit risk and the credit process

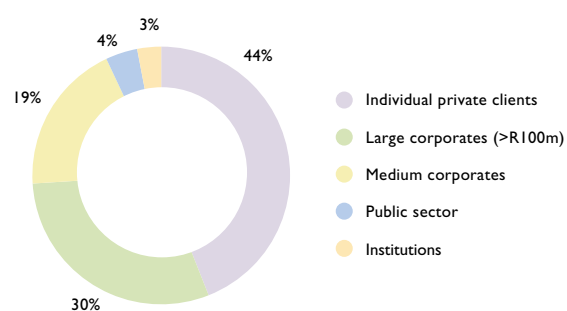
Credit and counterparty risk is incurred both in the traditional areas of banking and by virtue of the Group's trading activities.

Credit philosophy and policies are developed and guided centrally by Group Risk Management, in co-operation with the Group executive directors and operational management. The credit process is, within prescribed limits, decentralised throughout the regions in which the Group operates. Central and regional credit forums have been established with predetermined authority levels and quorums for conducting business. The Group Risk Credit Committee approves transactions above the regional thresholds. The members of the credit forums are nominated credit officers, drawn from senior management, executive and non-executive directors. Sector and industry specialists are included where appropriate. Credit facilities, irrespective of size, are always extended on the basis of consensus. No facilities may be established on the judgement of only one credit officer.

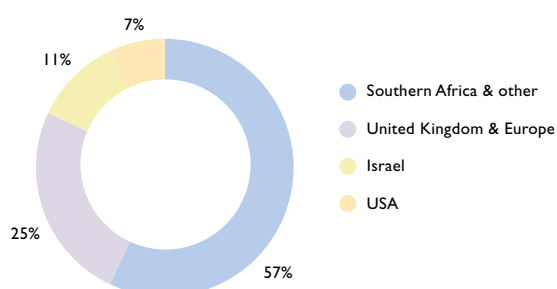
Group loan portfolio by asset: 2001



Group loan portfolio by client: 2001



Group loan portfolio by geography: 2001



Investec's fundamental principles to manage credit risk include:

- Adherence to the Group's lending philosophy.
- A clear definition of the Group's target market.
- A qualitative and quantitative assessment of the creditworthiness of the Group's counterparties.
- Appropriate credit granting criteria.
- An analysis of related risks, including those associated with concentration.
- Prudential limits.
- Proactive and regular monitoring of existing and potential exposures once facilities have been approved.
- A high level of executive and non-executive involvement in decision making and review.

Measurement of credit exposures

The Group uses the key principles of equivalent lending risk (ELR) to monitor and measure credit exposures. ELR is a term specifically used by Investec and is defined in-house as:

“an attempt to translate the credit risk on treasury products into banking product equivalent terms i.e. what size/value loan has the same credit risk as the treasury product being evaluated”.

Essentially, ELR is a measure used to more accurately reflect the true credit risk for internal credit risk monitoring and risk management purposes.

For banking products (such as loans) the calculation of credit exposure is fairly simple. The amount that the organisation can potentially lose is the amount of money that has been lent to the counterparty plus any accrued interest. For treasury products this calculation is more difficult as the Group has to consider both what it stands to lose should the counterparty default at inception of the trade, plus any changes in this amount as it moves through time towards the ultimate maturity of the deal or financial instrument.

There are two components to the calculation of ELR, namely, current cumulative mark to market and potential future credit exposure (PFE). The Group incorporates a measure of PFE because the credit exposure of treasury products is highly correlated to the volatility of the relevant market factors. Since it is difficult in many instances to reduce credit exposure once it has been incurred, it is necessary to adjust the exposure at inception of the deal to take into account potential future movements in amounts owed by counterparties as a result of market movements.

PFE measurement techniques use simulations in Riskwatch, a comprehensive software application, to incorporate volatility of the underlying instrument, time to maturity, netting effects etc. into Investec's measurement techniques. The philosophy behind ELR is that the Group will use historical data to determine what the expected ruling market price will be for the product under review, both at maturity and over the life of the product.

Non-performing loans

The Group's policy on non-performing loans incorporates the following:

- An exposure is classified as non-performing when there is a prospect of non-recovery of interest or it is deemed imprudent to bring interest to account. There is no formula driven approach or policy for non-performing loans.
- Exposures in arrears, are continually scrutinised. Based on this scrutiny, if it becomes evident that the account requires additional supervision and attention it will be included in the managed book. Unless there are reasonable prospects of recovering interest and capital in full, the accounts are classified as non-performing. Each individual exposure that is in arrears is assessed on its merits and classified accordingly.

- A "Watchlist Committee", comprising members of the Group Credit Committee, assesses perceived and/or actual deterioration in a counterparty's credit risk profile. The "watchlist" is managed and monitored on an ongoing basis, with weekly review by the Credit Committee.
- Interest is charged on non-performing accounts. The corresponding amount is not brought to income but credited to a suspended interest provision.
- A specific bad debt provision is made when there is a probability that the Group will not be able to collect the full amount due.
- The amount of the provision is determined after taking into account:
 - The value of the asset securing the debt.
 - The value of other assets owned by the debtor after giving consideration to secured and unsecured liabilities.
 - The value of any sureties or guarantees given in respect of the debt.
 - The amount, if any, already raised as a provision for suspended interest.
- A general provision is made in respect of all debtors other than those where a specific provision has been made.

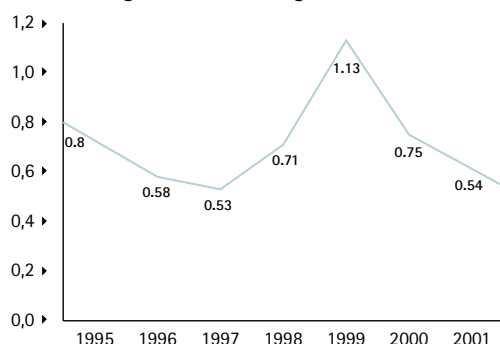
Quality of the Group's loan portfolio and provision levels

During the year the Group continued to improve the overall quality of its loan portfolio, which, together with an ongoing commitment to balanced risk management, resulted in a lower charge to the income statement in respect of the provision for bad and doubtful debts. The percentage of non-performing loans to advances also declined from 2,1% to 1,65%.

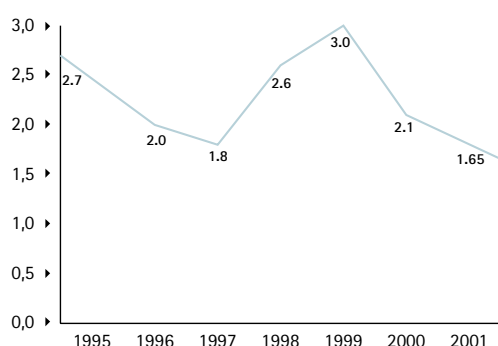
Provision levels exceed the Registrar of Bank's requirements, with the adequacy of provisions supported by an increase in total provision coverage of gross non-performing loans from 117,3% to 134,0%, while the ratio of total provisions to gross advances maintained a healthy level of 2,2%.

Some of the more pertinent details regarding the quality of the Group's loan book are shown below.

Bad debt charge as a % of average advances



Gross non-performing loans as a % of total loans and advances



Investec Group Limited: asset quality, specific and general provisions

(R millions)	31 March 2001	31 March 2000
Total loans and advances (pre provisions)	38 925	33 854
Managed book*	1 171	896
Net loans and advances	37 754	32 958
Average total loans and advances	36 390	28 142
Income statement provision charge	198	211
Specific provisions	507	523
General provisions	356	297
Total provisions	863	820
Gross non-performing loans*	644	699
Security	309	324
Net non-performing loans	335	375

* Refer to definitions on page 53, under the heading non-performing loans.

Investec Group Limited: adequacy of provisions

%	31 March 2001	31 March 2000
Income statement provision as a % of average advances	0,54	0,75
Specific provisions as a % of total loans and advances	1,30	1,54
General provisions as a % of net loans and advances	0,94	0,90
Total provisions as a % of total loans and advances	2,22	2,42
Total provisions as a % of gross non-performing loans	134,01	117,31
Total provisions as a % of net non-performing loans	257,61	218,67

Market Risk

Market risk refers to the potential for change in the market value of a portfolio of financial instruments (including derivatives) caused by adverse movements in market factors such as interest and foreign exchange rates; equity, bond and commodity prices; volatility and credit spreads.

Market risk exists where the Group has taken on principal trading positions. These positions result from proprietary trading, market making, arbitrage, underwriting and investments in the commodity, foreign exchange, equity, capital and money markets. The market risk team manages market risk by identifying and quantifying risks, on the basis of current and future expectations and ensuring that trading occurs within defined parameters.

Management of market risk

An independent, centralised market risk function manages and reviews the Group's market risk across all geographic locations on a day-to-day basis. Its trading positions are marked-to-market daily by pricing models that apply mid-market valuations. All appropriate risk measurement indicators and figures are calculated using automated processes. The associated model risk, that is, the risk of Investec's models not providing accurate

valuations and risk measures, is mitigated through the use of world-class software (RiskWatch) and regular verification and review by the Group's external auditors and international experts.

The Group also monitors trading activities through the establishment of appropriate limits. These are determined by the Group's risk appetite both for the markets and/or products traded, the liquidity and maturity of the market and the Group's desired risk/return profile. The Group Risk Forum and the Board of Directors approve trading limits.

The Group Market Risk Forum is chaired by the Group Risk Manager and is attended by the market risk managers and representatives of the various dealing teams globally. This forum meets weekly to approve new trading products and limits. New products and limits will only be referred to the forum once they have been discussed and approved within the business unit.

Measurement of market risk

Investec measures market risk using a combination of historically simulated Value at Risk (V@R) and stress testing. V@R is a summary measure of potential losses over a given time horizon with a specified confidence level. A series of stress tests are applied to determine the market risk for parallel shifts and twists in the underlying yield curves, for basis risk between yield curves, and for extreme market conditions. Daily reports are produced containing this V@R and stress test information. Daily profitability is also analysed to ensure that sources of revenue are understood.

The table below represents the Group's V@R at the end of the financial year, for a 95% confidence interval and a one-day holding period. This means that there is a one in 20 chance that daily losses will be at least as large as the reported V@R amount. V@R, however, does not indicate how much the Group can expect to lose in these cases. Expected Tail Loss (ETL) quantifies the amount the Group can expect to lose when the V@R threshold is exceeded.

The consolidated V@R presented below is significantly lower than the aggregated V@R due to offsets taking place when the correlation between the various asset classes is taken into consideration. The consolidated V@R, calculated using exponentially weighted historical simulations at a 95% confidence level for a one-day holding period, is:

V@R 95% (one day)

(R'000)	Consolidated SA	Consolidated UK	Consolidated SA & UK	USA	Israel	Group aggregate
Interest rates	1 249	1 603	2 214	483	332	3 029
Equity	3 169	515	3 481	402	–	3 883
Foreign exchange	2 408	204	2 352	–	870	3 222
Commodities	–	554	554	–	–	554
Consolidated	4 396	1 753	4 540	885	1 202	6 627

ETL 95% (one day)

(R'000)	Consolidated SA	Consolidated UK	Consolidated SA & UK	USA	Israel	Group aggregate
Interest rates	1 892	2 344	3 575	625	561	4 761
Equity	4 531	1 160	4 815	513	–	5 328
Foreign exchange	3 731	298	3 680	–	1 345	5 025
Commodities	–	723	723	–	–	898
Consolidated	5 758	2 867	6 011	1 198	1 654	8 863

The portfolio stress tested under extreme market conditions will result in a maximum loss of R34m based on a one-day holding period.

R'000	
Interest rates	16 607
Equity	26 108
Foreign exchange	17 638
Commodities	4 152
Consolidated	34 082

Market risk - derivatives

The risks associated with the use of swaps, futures, forwards, options and other 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 possible correlations into account.

The table below shows the Group's derivative trading portfolio at the end of the financial year on the basis of the notional principal and the fair value of all derivatives.

The notional principal indicates Investec's activity in the derivatives market and represents the aggregate size of total outstanding contracts at year end. The fair value of a derivative financial instrument represents the present value of the positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the Group in an orderly market transaction at year end. Both these amounts reflect only derivatives exposure and exclude the value of the physical financial instruments used to hedge these positions.

Notional principal	(Rm)	Fair value	Positive (Rm)	Negative (Rm)
Foreign exchange derivatives	187 696	Foreign exchange derivatives	4 820	5 180
Interest rate contracts	374 741	Interest rate contracts	2 994	2 985
Equity and stock derivatives	37 773	Equity and stock derivatives	532	688
Commodity derivatives	11 178	Commodity derivatives	230	231
		Effect of netting	(7 612)	(7 612)
		Net fair values	964	1 472

Asset and Liability Management

Regional Asset and Liability Committees (ALCO) are mandated by their respective boards and Group ALCO to manage their liquidity risk on a basis consistent with the Group's ALCO principles and policy, and the regional regulatory requirements.

Each region has established a written policy on overall liquidity management. The Group does not rely on support across regions for liquidity management. This policy covers domestic and foreign currency funds and sets out sources and amounts of funds necessary to ensure the continuation of the bank's operations without undue interruption, while complying with the regulatory requirements of the jurisdiction.

The Group philosophy dictates maintaining a diversified high quality surplus liquidity position in the short term, placing liquidity as a priority over a short-term profit and further excludes taking material interest and currency mismatch.

The role of ALCO is to manage the risk/reward relationship between liquidity and interest rate risk that arises from the term, structure and concentration of the assets and liabilities on the bank's balance sheet, dynamically adjusting to changing economic conditions.

The range of techniques employed combine the use of traditional gap analysis and dynamic modelling techniques. These techniques include quantitative models and stress tests designed to measure the possible future states of liquidity needs and potential distribution of net interest income over a range of scenarios. The dynamic modelling process is supported by an ongoing technical analysis of economic and banking trends. The objective is to identify and quantify undesirable risks which are mitigated through the implementation of appropriate on and off balance sheet strategies.

Liquidity Risk

Liquidity risk is the risk that the bank does not have sufficient cash to meet its financial obligations, especially in the short term.

Liquidity risk is defined by the contractual maturity cash flow mismatch between assets and liabilities. Sources of liquidity risk include unforeseen withdrawal of demand deposits, restricted access to new funding with appropriate maturity and interest rate characteristics, inability to liquidate a marketable asset timeously with minimal risk of capital loss, unpredicted non-payment of a loan obligation and a sudden increased demand for loans. The cumulative liquidity gap at year end represents the cash flow required to meet scheduled commitments as and when due. The year-end figures depicted assume normal market conditions and Investec's ability to realise its equity and tradable instruments within the specified time frames. Refer to the graph on page 59 and the table on page 62.

Interest Rate Risk

Interest rate risk is the risk that interest rates paid to depositors and yields earned from loans change at different speeds through time, with varying degrees of certainty.

Interest rate risk is defined as the impact on the net interest earnings, as a result of increases or decreases in the absolute levels of interest rates and/or changes in the shape of the term structure of interest rates, when applied to the bank's balance sheet.

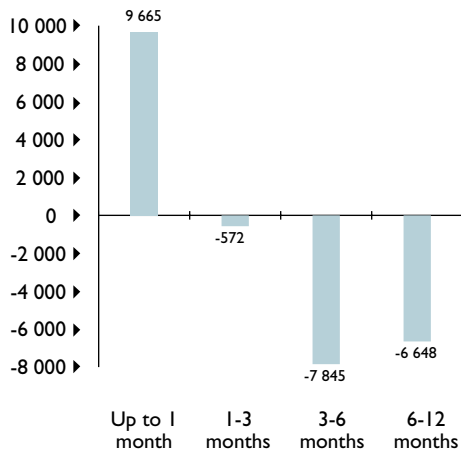
The cumulative repricing gap represents the contractual repricing characteristics of assets and liabilities within given intervals. Refer to the graph on page 59 and table on page 61. The repricing gap analysis includes trading assets and liabilities. Interest rate risk relating to these trading assets and liabilities is measured in further detail in the V@R and ETL analyses as presented on page 56.

Operational Risk

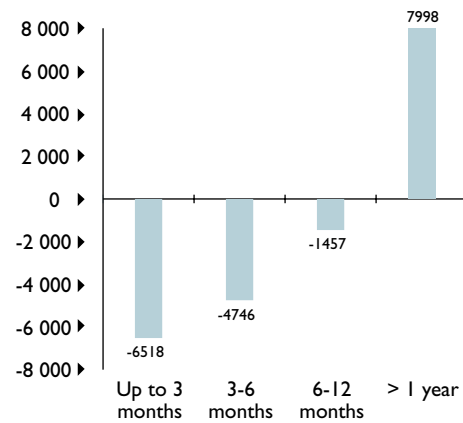
Operational risk is the risk of direct or indirect losses arising from inadequate or failed internal processes, people and technology, and from external events.

International and regulatory focus on operational risk is increasing, as evident in the Basle Capital Accord which is planned to come into effect in 2005. This calls for control environment assessments and measures capital requirements against operational risk.

Group cumulative liquidity gap (R millions)



Group cumulative repricing gap (R millions)



One of the core objectives of the Group is to establish and instill a culture of control, compliance and risk consciousness appropriate to its various businesses.

Primary responsibility for operational risk lies with business unit management. The business unit leaders of the Group's principal businesses report to the Board of Directors on key business objectives, and the significant internal risks and external environment factors that could affect their respective businesses.

The Group completed a formal risk assessment against the key business objectives and control mechanisms which are in place in the Group during the year. Furthermore, the operational risk team focused its attention on governance requirements in line with the Turnbull guidelines to the London "Combined Code" on Corporate Governance, information security, business continuity risk, and key business process documentation and assessment.

The Group initiated a global process to achieve compliance with the Turnbull Guidance, which contains principles for consideration by directors on the implementation of the Accountability and Audit Principles of the London "Combined Code" on good governance and best practice. Through a facilitated workshop process, business units identified significant risks which could prevent them from achieving their objectives. An ongoing process is being implemented to embed a culture of risk awareness and provide assurance that relevant risks are being identified and managed. This process will be reviewed regularly by the audit sub-committees in the Group's principal subsidiaries and business units, and the Group Audit Committee.

External insurance cover is in place to cover catastrophic and significant material losses.

Compliance

Group Compliance assists management in developing and maintaining an operating environment that complies with statutory regulations and market practices.

The Group's compliance officers collaborate globally to identify best practice while focusing on local regulatory requirements.

During the year the Group Compliance function was enhanced to reflect the growth of the business and changing regulatory requirements in certain jurisdictions, particularly in South Africa as required by amendments to the Banks Act, which became effective in January 2001.

Group Compliance operates independently from executive management, with unrestricted access to the Chairman of the Group Audit Committee.

At Group level no significant regulatory breakdowns were identified during the period.

Internal Audit

Internal Audit provides assurance to management and the Board that risks are being managed and that the control environment within the Group is appropriate for the nature and complexity of the various operations of the Group.

The Group's Internal Audit functions collaborate globally and carry out regular risk-focused reviews of the systems of internal control, to assess effectiveness and appropriateness.

Internal Audit operates independently from executive management, with unrestricted access to the Chairman of the Group Audit Committee. An Internal Audit Charter, reviewed and approved by the Group Audit Committee, governs internal audit activity within the Group.

Control failures are reported in terms of an escalation protocol to the appropriate level of the Risk and Audit Committee, where rectification procedures and progress are monitored. Planned corrective actions are independently monitored for timely completion by Internal Audit and the operational Audit Sub-Committee and, as appropriate, by the Group Audit Committee and Board of Directors.

At Group level no material failures of internal control occurred during the period.

Legal Risk

The legal risk team evaluates the vulnerability and business implications of legal issues. In particular, it reviews areas in which sophisticated legal documentation is required for more complex and structured transactions such as in the specialised finance, treasury and trading divisions.

Future direction

Against the background of the ever changing nature, structure and dynamics of the international markets in which the Group operates, enormous importance will continue to be placed by the Group on the need for effective internal controls and risk management methodologies. The Group will continue to standardise its risk management practices and integrate its risk management operations in the different regions in which it operates. The effective implementation of the Group's global integrated matrix management structure is key to Investec's strategy of ensuring that growth in all areas of the business is undertaken in a controlled manner.

Credit Ratings

In general, the Investec Group has been assigned high ratings for credit quality, capacity for timely repayment and financial strength. These ratings as at the 31 March 2001 are all South African currency ratings unless otherwise stated.

Capital Intelligence Ratings

Foreign currency - long-term rating	BBB-*
Foreign currency - short-term rating	A3*
Domestic strength ratings	A-

Global Ratings (formerly Duff and Phelps)

Short-term rating	A-1+
Long-term rating	AA-

CA Ratings

Short-term local currency debt rating	A-1+
Long-term local currency debt rating	A+

FITCH - rating for Investec Group Limited

Individual rating	B4
International short term	F3*
International long term	BBB-*
Domestic short term	A1
Domestic long term	A+

FITCH - rating for Investec Bank (UK) Limited

Individual rating	B/C5
Short-term rating	F2
Long-term rating	A-

Moody's

Bank financial strength	C-
Long-term bank deposit	Ba1
Short-term bank deposit	NP

* constrained by the sovereign rating for South Africa

The following tables expand on certain of the data presented in earlier graphs:

Repricing gap at 31 March 2001

(R millions)	Up to 3 months	3-6 months	6-12 months	Greater than one year	Non-rate sensitive	Total	Assurance	Per balance sheet
Assets	133 397	12 543	9 616	18 469	7 805	181 830	12 702	194 532
Liabilities	139 147	10 771	6 327	9 014	7 632	172 891	12 702	185 593
Equity	768	—	—	—	8 171	8 939	—	8 939
Repricing gap	(6 518)	1 772	3 289	9 455	(7 998)	—	—	—
Cumulative repricing gap	(6 518)	(4 746)	(1 457)	7 998	—	—	—	—

Liquidity gap at 31 March 2001

(R millions)	Up to 1 month	1-3 months	3-6 months	6-12 months	Greater than one year	Total	Assurance	Per balance sheet
Cash and short-term funds	52 631	10 352	2 040	4 087	66	69 176	11	69 187
Short-term negotiable instruments	53 835	39	—	—	—	53 874	—	53 874
Investment and trading securities	5 653	1,507	—	—	2 808	9 968	12 176	22 144
Other assets	5 040	233	386	141	237	6 037	515	6 552
Advances	10 623	2 202	1 866	3 750	19 621	38 062	—	38 062
Associated companies	—	—	—	—	544	544	—	544
Fixed assets	—	—	—	—	1 320	1 320	—	1 320
Goodwill	—	—	—	—	2 849	2 849	—	2 849
Assets	127 782	14 333	4 292	7 978	27 445	181 830	12 702	194 532
Equity	—	—	—	—	8 939	8 939	—	8 939
Subordinated debt	—	—	—	—	1 945	1 945	—	1 945
Liabilities	118 117	24 570	11 565	6 781	9 913	170 946	12 702	183 648
Liquidity gap	9 665	(10 237)	(7 273)	1 197	6 648	—	—	—
Cumulative liquidity gap	9 665	(572)	(7 845)	(6 648)	—	—	—	—

Breakdown of loans and advances at 31 March 2001

	Lease & Corporate				Other secured			
	Commercial	Residential	instalment	& public	Margin	private	Other	
(R millions)	Total	property	mortgages	debtors	sector	lending	advances	loans
Individual private clients	16 931	2 965	5 245	936	–	2 714	4 204	867
Medium corporates	7 545	4 334	–	221	2 562	42	–	386
Large corporates (>R100m)	11 661	199	–	447	11 015	–	–	–
Public sector	1 525	–	–	384	1 121	–	–	20
Institutions	1 095	–	–	–	1 095	–	–	–
	38 757	7 498	5 245	1 988	15 793	2 756	4 204	1 273
Sundry debtors	168	–	–	–	–	–	–	168
Total	38 925	7 498	5 245	1 988	15 793	2 756	4 204	1 441

Further details of the Group's advances and comparative figures can be found on page 151 and 152.

Group Operating Structure

An essential pillar of Investec's operating philosophy is that it does not seek to be all things to all people. The Group's core philosophy has been to build well-defined, value-added businesses focused on serving the needs of select market niches where the Group can compete effectively. The Group has concentrated on building business depth as opposed to breadth, enhancing and expanding its position in its four principal businesses, namely:

- Investment Banking,
- Treasury and Finance Group,
- Private Client Activities,
- Asset Management.

The four areas are effectively managed as autonomous global business segments, enabling them to remain focused on trends and dynamics within their particular industries. Notwithstanding, as a result of the inter-related nature of their target markets and activities, a strong interaction takes place between each business to ensure clients benefit as a whole from dealing with the broader Investec Group. Supplementing the Group's services is a common thrust consisting of the Group's culture, mission and philosophies. This helps the business segments across the jurisdictions to operate as an integrated network.



Investment Banking <ul style="list-style-type: none"> • Australia • Botswana • Ireland • Israel • South Africa • United Kingdom • United States 	Treasury and Finance Group <ul style="list-style-type: none"> • Australia • Ireland • Israel • Mauritius • South Africa • United Kingdom • United States 	Private Client Activities <ul style="list-style-type: none"> • Australia • Botswana • Channel Islands • Ireland • Israel • Mauritius • South Africa • Switzerland • United Kingdom • United States 	Asset Management <ul style="list-style-type: none"> • Botswana • Channel Islands • Hong Kong • Ireland • Israel • Namibia • South Africa • United Kingdom • United States
Corporate Finance Private Equity Direct Investments Institutional Broking and Research <ul style="list-style-type: none"> • Research • Sales • Trading 	Financial Markets <ul style="list-style-type: none"> • Interest Rates • Foreign Exchange • Equities Derivatives • Commodities Banking Activities <ul style="list-style-type: none"> • Treasury • Financial Products • Structured Finance • Project Finance 	Private Banking <ul style="list-style-type: none"> • Structured Finance and Specialised Lending • Investment Management • Trust and Fiduciary Services • Private Client Investment Banking • Banking Services, including foreign exchange and transactional services Private Client Stockbroking and Portfolio Management	Portfolio Management <ul style="list-style-type: none"> • Active Specialist • Active Balanced • Quantitative • Segregated and Pooled Investment Products <ul style="list-style-type: none"> • Unit Trusts/Mutual Funds • Wrap Funds • Structured Products • Linked Products
Group and Other Services			
Economic Research Facilities Group Accounting Human Resources Information Centre	Information Technology Legal, Secretarial and Tax Marketing Organisation Development Risk Management	Social Investment Strategic Finance and Investor Relations Investec USA Clearing and Execution Activities Investec Property Group Reichmans Capital Group	

Geographic Representation

15

United States

Chicago
New York
Philadelphia

Investec Ernst & Company
Gerber Trade Finance Inc
PMG Group Inc
Investec Asset Management US Limited

14

British Virgin Islands

Tortola

Investec Asset Management (BVI) Ltd
Investec Overseas Finance (BVI) Ltd
Investec Investment Managers
International Ltd

13

Ireland

Dublin

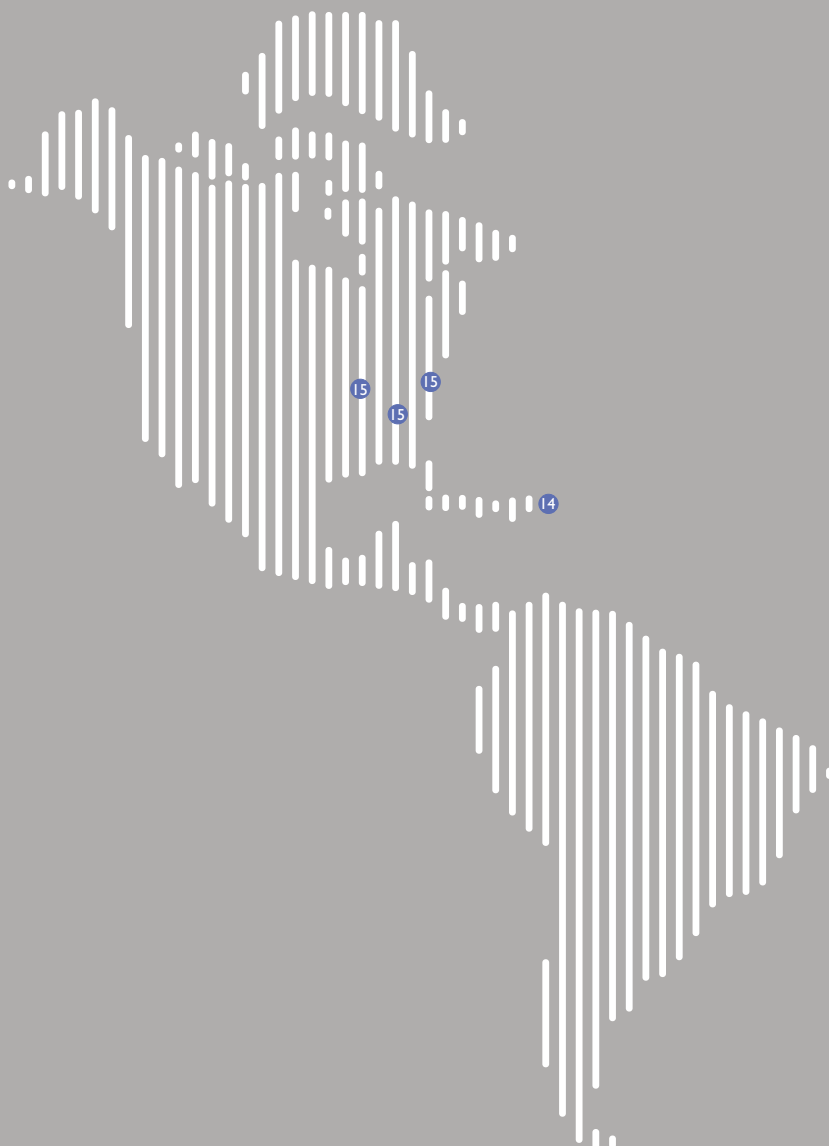
Investec Private Equity Management
(Ireland) Ltd
Investec Investment Management
Ireland Ltd
Investec Bank (UK) Ltd - Irish branch
Investec Gandon Ltd
Investec Asset Management Ireland Ltd

12

United Kingdom

London

Investec Bank (UK) Ltd
Carr Sheppards Crosthwaite Ltd
Investec Insurance (UK) Ltd
Investec Asset Management Ltd



1

Namibia

Windhoek

Investec Asset Management
Namibia (Pty) Ltd
Investec Fund Managers Namibia Ltd

2

Botswana

Gaborone

Investec Asset Management
Botswana (Pty) Ltd
Investec Securities (Botswana) (Pty) Ltd
Investec Bank (Botswana) Ltd

3

South Africa

Cape Town
Johannesburg
Port Elizabeth

Investec Bank Ltd
Investec Securities Ltd
Investec Property Group Ltd

Durban
Pietermaritzburg
Pretoria

Investec Asset Management (Pty) Ltd
Reichmans Ltd
Investec Fund Managers SA Ltd

11

Channel Islands

Investec Bank (Jersey) Ltd
 Investec Asset Management
 Guernsey Ltd
 Investec Personal Portfolio
 Management Ltd
 Investec Bank (Channel Islands) Ltd
 Theodores Trust and Law Ltd

10

Luxembourg

Investec SA
 Investec Finance SA

9

Switzerland

Geneva
 Zurich
 Reichmans S.A.
 Investec Bank (Switzerland) A.G.
 Radcliffes Trustee Company S.A.

8

Israel

Tel Aviv
 Jerusalem
 Haifa
 Investec Bank (Israel) Ltd



4

Swaziland

Mbabane
 Swaziland Portfolio Managers (Pty) Ltd

5

Mauritius

Port Louis
 Investec Bank (Mauritius) Ltd

6

Hong Kong

Investec Hong Kong (Pty) Ltd
 Investec Asset Management Asia Ltd

7

Australia

Melbourne
 Sydney
 Investec Australia Ltd
 Wentworth Associates

Integrated Global Management Structure

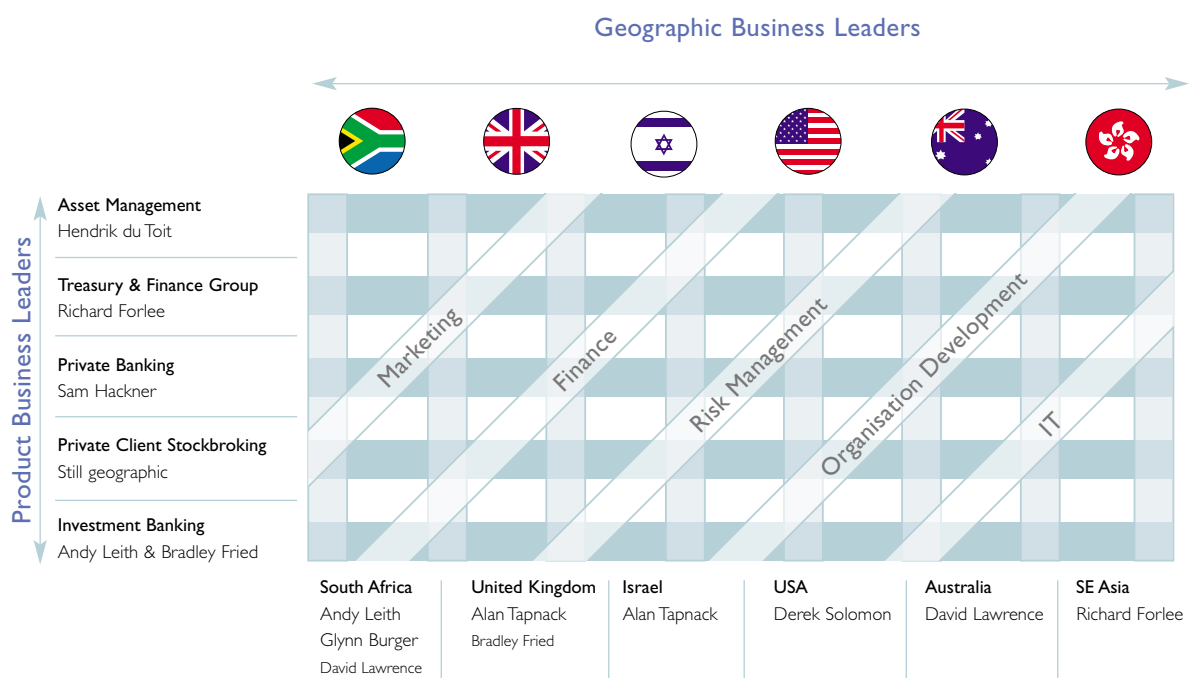
In a move to ensure that Investec's operations are managed globally, focusing on the active pursuit of internationalising the Group's four principal business segments, the management of the Group was restructured during the year. The management structure enables the Group to meet the challenges of responding to local market conditions at the same time as facilitating global integration through effective product and geographic leadership. The management structure thus overlays product structures on a geographic basis, and in a third dimension it delivers group services across both, so as to maintain a common identity and culture.

The integrated global model enables the Group to obtain best economies of scale, leverage resources and core competencies, and exploit synergies across all regions in which the Group operates. Greater cross-border emphasis between and across businesses is also facilitated.

Meaningful progress was made in rolling out this global management model within all of the Group's divisions. A common brand, culture and set of values ensures that co-operation and collaboration between the various businesses are maintained and encouraged.

The successful implementation of the Group's global integrated management structure is key to it achieving its objective to become one of the world's leading specialist banking groups.

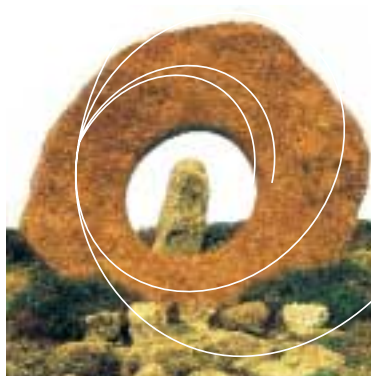




Global Roles

Chairman
Chief Executive Officer
Managing Director
Marketing
Finance
Corporate Governance
Risk Management & Compliance
Banking, Institutions & Corporate Relations
Organisation Development
Information Technology

Hugh Herman
 Stephen Koseff
 Bernard Kantor
 Bernard Kantor, Raymond van Niekerk
 Bradley Tapnack
 Bradley Tapnack
 Glynn Burger
 David Lawrence
 Stephen Koseff, Bernard Kantor
 Simon Shapiro, Tim May

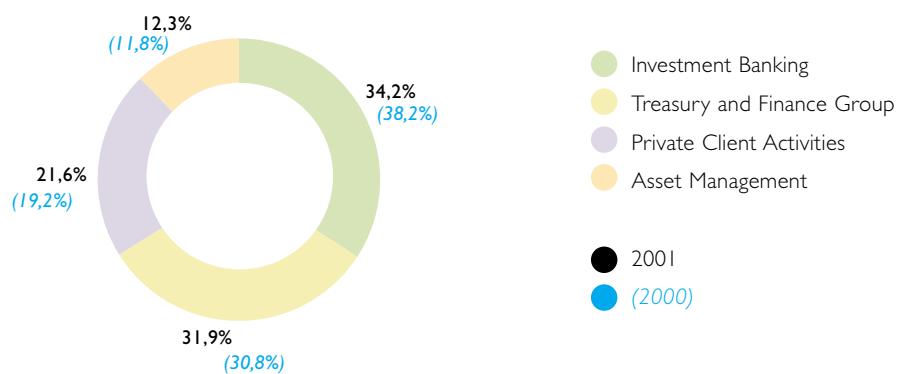


Investment Banking

Includes: corporate finance, institutional stockbroking and research, private equity and direct investments

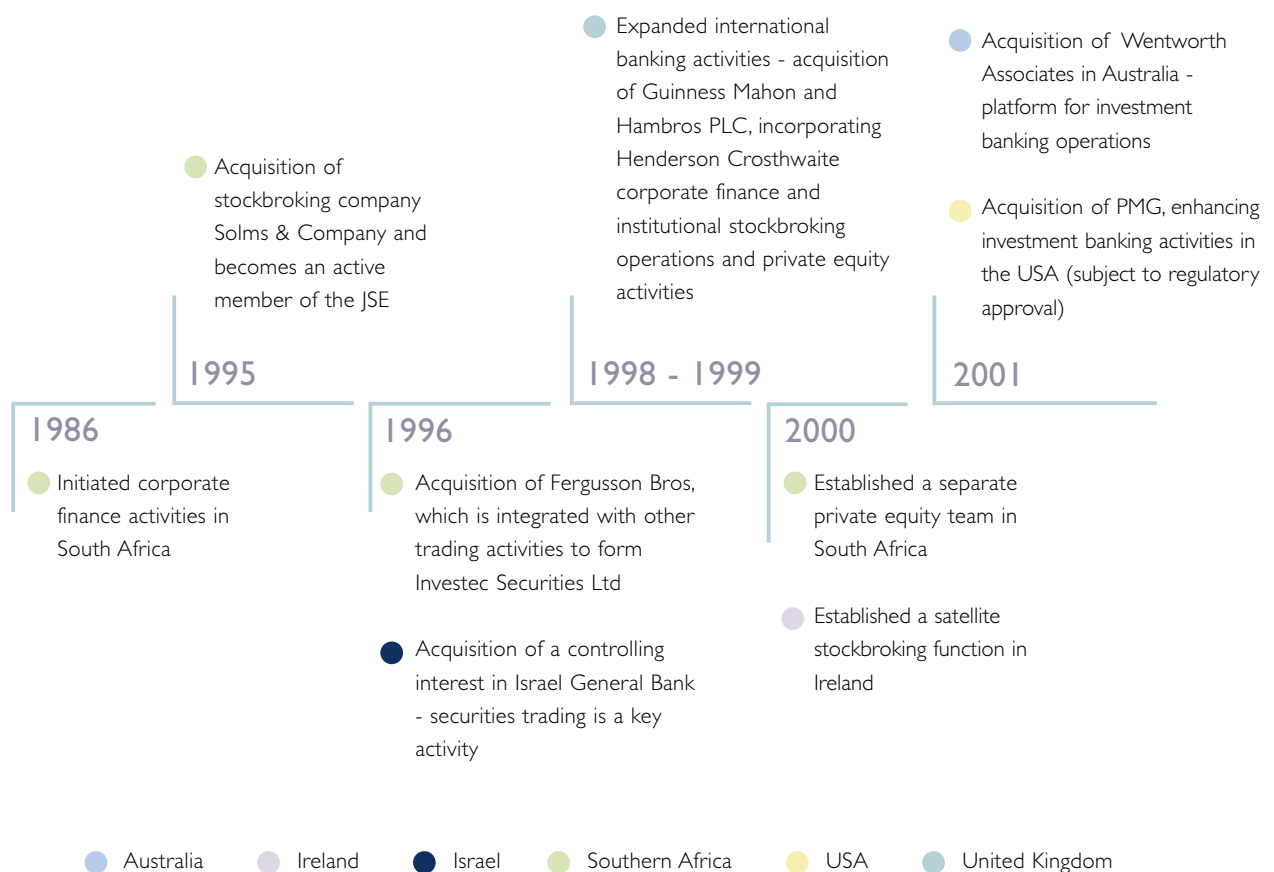
Year ended 31 March	2001	2000	% change
Net operating income (R'mn)	1 021	912	12,0%
Operating expenses (R'mn)	388	335	15,8%
Headline net income before tax (R'mn)	633	577	9,7%
Cost to income ratio (%)	37,4%	36,6%	–

Contribution analysis: % of headline net income before tax (excluding "other activities")



History of significant events

Strong organic growth with selective acquisitions



Scope of activity

	Research, Sales and Trading	Corporate Finance and Equity Markets	Private Equity	Direct Investments
	Full service	Mid to large-cap	Balance sheet	Balance sheet/ consortium
	House stocks Sector focus	Mid-cap	Balance sheet and advisory	Balance sheet
	Discount execution New economy research	Mid-cap	Balance sheet and advisory	Select investments
	Technology/ healthcare focus	Mid-cap	Balance sheet and advisory	Select investments
	-	M & A advisory	Balance sheet and advisory	Select investments

Global management structure

Joint Global Heads of Investment Banking

Andy Leith Bradley Fried

Australia

Wentworth Associates

David Gonski

Geoff Levy

Richard Longes

Israel

Investec Bank (Israel) Ltd

Yoel Berger

Avron Epstein

South Africa

Corporate Finance

Malcolm Dods

Kevin Kerr

Hugo Steyn

Private Equity

Thomas Prins

Investec Securities Institutional Stockbroking

Carole Mason

Tubby Goodwin

David Kantor

Keld Randleff-Rasmussen

Clinton Wood

Investec Securities Management Services

Alex Harding

Kevin McKenna

Ockert Olivier

United Kingdom

Investec Henderson Crosthwaite

Corporate Finance and Institutional Stockbroking

Perry Crosthwaite

James Grace

Jag Mundi

Private Equity

Rob Cohen

United States

Investec Ernst & Company

Mark Segall

Introduction

The Group's Investment Banking division comprises corporate finance, institutional stockbroking and research, private equity and direct investment activities. Clients include major listed and unlisted corporations, economic empowerment companies, fund managers, government and parastatals. Driven by a clear strategic vision based on building a successful franchise by providing niched investment banking services to the medium capitalisation corporates which fall beyond the scope of the global bulge-bracket giants, the Investment Banking division has targeted specific sectors in each of the regions it serves.

Year in review

Credible performance despite difficult market conditions

Investment Banking posted credible results in a difficult operating environment, with net income before tax increasing by 9,7%. Although the weaker equity markets negatively affected the division's direct investments and institutional stockbroking activities, strong results were generated in the South African merger and acquisition (M&A) advisory businesses and by Investec Henderson Crosthwaite in the UK (see below).

South African corporate finance division retains top ranking in the industry

Despite the challenging operating environment, the corporate finance division achieved satisfactory results. It continued to focus on differentiating itself through the provision of innovative solutions to its clients in the areas of M&As, corporate restructurings and related transactions.

During the past year the division advised on 43 M&A transactions and continued to entrench its position as one of South Africa's leading corporate finance houses. The division maintained its ranking in the Ernst & Young survey of M&A activity, achieving first and third place for the volume and value of transactions respectively undertaken during the 2000 calendar year.

The nature of economic empowerment transactions continued to change in the past year. Black-owned businesses reduced their focus on attempting to acquire minority interests in listed companies and increased emphasis on concluding joint ventures and acquiring significant interests in unlisted entities. Corporate finance continued to work on creating new and more effective mechanisms for financing these transactions. A key aim of the division is to foster the development of viable black controlled businesses in a sustainable manner. The division is presently reviewing a number of opportunities in this regard.

Recent amendments to the Companies Act permitting share buybacks have, after a slow start, resulted in a significant increase in activity in the past year. The division advised a number of its clients on executing successful share buyback programmes to enhance value for shareholders.

The Group will continue to develop and market its international investment banking capability by strengthening the relationship between its operations in South Africa, the UK, the US, Israel and Australia. While strengthening its international capability, the corporate finance division will also focus on developing a closer working relationship with Investec Securities Limited. In this way corporate finance will extract maximum benefit from the industry knowledge and experience of Investec Securities Limited's research capability for the purposes of deal origination.

Record year for Investec Henderson Crosthwaite: net income before tax up by more than 75%

Investec Henderson Crosthwaite (IHC) continued to leverage off its expertise and reputation in its niche sectors, benefiting from the increased fundraising related activities which took place in the first three quarters of the year.

Despite a downturn in the equity markets, and in particular the TMT (technology, media, telecommunications) sector towards the end of the year, the division succeeded in posting a 75% increase in pre-tax income.

The bull market in equities contributed extensively to IHC's financial results, with 16 initial public offerings (IPOs) completed during the course of the year and more than £2bn raised for clients. IHC also took the opportunity to attract top-tier analysts, salespeople and corporate financiers to enhance further its client offering.

Revenues will be bolstered and diversified through a number of initiatives. On the product front, IHC successfully launched its market making activities and is expanding its corporate advisory skills base, notably into M&A and debt finance advice. Internationally, IHC is seeking to increase activity in dual-listed South African stocks and to grow business flows between South Africa, Israel, the UK and the US. IHC is well positioned to leverage off the Group's acquisition of PMG Group in the US, thereby providing its clients with an enhanced international offering. Furthermore, IHC has established a solid platform for the development and roll out of niched businesses in Europe, particularly in Ireland and Germany, and will continue to explore opportunities in this regard.

IHC continues to position itself as an integrated investment bank, servicing small and mid capitalisation companies within the targeted industry sectors of technology, media, telecommunications, leisure, food manufacturing, retail, support services, oil and mining. The division continued to entrench its market positioning, representing a total of 85 corporate clients with an average market capitalisation of £120m.

IHC's niched approach is key to its successful performance. The division achieved a number of top place rankings in the Reuters Survey of UK Smaller Companies (June 2000), where it was ranked the third best investment bank overall. It was also ranked first in the following categories: quality of new issues; deal flow of new equity issues; after market performance of new issues; and equity allocation of new issue product. Furthermore, IHC was ranked third overall in IPO performance across Europe by a Financial News Survey in February 2001.

New branch of IHC in Ireland

A stockbroking function was established in Ireland in December 2000 and forms the base for the distribution of IHC's products to that market, providing access to Irish institutional funds and corporates. The unit delivers broking, research and IPO services to Irish institutions as well as corporate advice and fundraising facilities to Irish companies, particularly those in the TMT sector. IHC is broker to three publicly quoted Irish companies. During the year IHC raised £44m for Tullow Oil's acquisition of BP's North Sea Gas assets.

Weaker markets negatively affect Investec Securities Limited's institutional broking activities in South Africa

In South Africa, the period under review proved a difficult one from an institutional stockbroking perspective. The absence of primary market activity combined with greatly reduced levels of turnover in the secondary market to depress market volumes for much of the year. In part a consequence of global market realities and in part a consequence of regional and domestic concerns, negative cyclical considerations were further compounded by evidence of structural change within the domestic stockbroking industry. A sharp decline in commission rates and evidence of meaningful consolidation on both buy and sell sides of the local market had obvious ramifications for all institutional stockbroking houses during the period, with the absence of the hoped-for pick-up in trading volumes generally unable to compensate for the effect on revenue of the drop in brokerage rates.

Quite apart from industry dynamics during the period, Investec Securities Limited (ISL) also experienced a decline in brokerage allocations, this an essential growth driver within the local industry. While maintaining credible research ratings in a number of areas, and very strong ratings in the area of financial services in particular, ISL

nonetheless slipped in overall terms. This reflected, among other things, a shift in client emphasis away from research towards dealing and execution as key components in brokerage allocation within South Africa. ISL also suffered for not having dedicated analysts in certain key sectors and, most particularly, for not having a mining financials analyst at a time of a notable run in resources. As a JSE-listed sponsor, however, ISL was ranked the number two sponsor in terms of number of transactions in the benchmark Ernst & Young 2000 survey.

Market conditions continue to remain uncertain and the industry remains characterised by acute competition, not least from the big international investment banks, most of which established a local stockbroking presence post-deregulation in 1995. Looking forward, however, ISL intends to reposition itself so as to better meet changing client requirements. From a research perspective, ISL intends to pursue a niched, and more internationalised research approach that will leverage off the broader research skills in the wider Group. A critical component of this new research approach will be greater integration between ISL and IHC, the purpose of which will be to build select research pillars that span all geographies in which the Group maintains an equities presence and to facilitate ease of access for ISL into IHC's existing client bases in the UK and European markets. ISL's new research approach will also embrace a greater degree of integration with the corporate finance division in SA, respecting the "Chinese Wall" constraints.

From a dealing perspective, ISL, in recognition of the much greater emphasis placed by clients on timeous and best price execution, has focused its energies on strengthening its dealing capability and, to this end, introduced a new dealing dimension towards the end of the period under review. This trade facilitation capability has already proved beneficial, both in terms of augmenting ISL's service offering to its client base and in terms of supplementing its income stream.

A number of strategic personnel have been recruited to drive ISL's new research and dealing strategy and it is anticipated that the business model will be rolled out during the first half of the new financial year.

Investec Private Equity makes in-roads in South African market, with continued realisation of direct and fund investments in the UK

After one year in operation as a stand-alone unit, the South African private equity team began to make in-roads in the South African market and was rated third in a South African peer group evaluation conducted by PricewaterhouseCoopers during 2000. The unit has made six investments to date. The division is in the investment phase of its development and investment realisation should only be expected over the next two to three years.

The Group continued to divest of the direct and fund investments acquired from Hambros PLC in the UK. The mature portfolio of direct investments has largely been realised and future investment income will, therefore, emerge from investments currently being made, supplemented by the ongoing realisation of the Group's legacy fund investments. Four new investments were made in the UK during the year under review. Profits from these investments are expected to emerge over a three- to five-year period.

Development of investment banking capabilities continues in Israel

Throughout the year Investec continued to build an integrated investment banking operation in Israel, leveraging off the Group's international capabilities. The Group established an Israeli desk at Investec Ernst & Company in the US, thereby enhancing its service offering for clients wishing to transact on the NASDAQ and New York Stock Exchange. Investec Bank (Israel) Limited was the first Israeli bank to launch a comprehensive internet banking facility enabling customers to execute banking, securities and forex transactions through the internet. Approximately 150 000 trading orders were executed through the internet over the past year, of which over 40% related to transactions on the NASDAQ.

New US acquisition: PMG Group

The acquisition of the PMG Group (PMG) (regulatory approval received subsequent to the year end) enhances the Group's investment banking capabilities in the US and is part of Investec's ongoing strategy of building well-defined, value-added businesses within the Group's core areas of activity. PMG is a registered broker-dealer that specialises in corporate finance, asset management, institutional research and sales, serving emerging growth and middle market companies in the US. The company has experience in a full range of investment banking activities, including IPOs, private placements and M&As. PMG is known for its in-depth research in technology, telecommunications and healthcare.

Acquisition of Wentworth Associates in Australia

In March 2001, Investec acquired Wentworth Associates, one of Australia's leading independent advisory firms, specialising in M&As and the structuring of corporate transactions. The acquisition gives Investec a strong platform to build its specialised investment banking activities in Australia, and the opportunity to leverage off its global cross-border investment banking business. Furthermore, the acquisition enhances Investec's profile in the Australian market and provides the Group with the opportunity to grow its Australian operations significantly. The acquisition is expected to yield substantial benefit for Wentworth's current client base, specifically in respect of cross-border M&As, greater access to global capital markets and private banking.

Future direction

Prospects are inevitably closely tied to the performance of equity markets. The Investment Banking division remains convinced, however, that the durability and long-term success of its business is based on four factors. These are the quality of clients; a focus on client services; the division's niche sector focus; and its approach to managing its investment banking operations as a globally integrated, unified equities business. Over the year Investment Banking undertook various steps to successfully ensure that each of these business drivers remained robust. These included enhancing its skills and offering through select acquisitions in the US and Australia; increasing staff levels in key businesses to ensure an appropriate level of institutional and corporate client impact and sector expertise; and a continued effort and focus on achieving innovative solutions for its clients.

These key business drivers motivate Investment Banking's overall strategy. The challenge is to continue to build on its proven strengths and enhance its positioning as a niched investment banking boutique in the regions in which it operates. In this regard Investment Banking plans to:

- Maintain a clear focus on providing value-added products and services to its select client base.
- Leverage off Group capabilities.
- Reinforce its strong positioning in the South African market through leveraging off its international research capabilities.
- Continue to exploit the mid capitalisation market in the UK, identifying new growth sectors where it can add value.
- Integrate and grow PMG in the US and Wentworth in Australia, effectively enhancing the Group's international investment banking expertise and offering.
- Continue to create a diversified revenue stream, with greater emphasis on M&As, corporate restructurings and related transactions.

Although the health of the global equity markets remains uncertain, the Investment Banking division is confident that the platforms and processes are in place to maintain and enhance its positioning within the geographies in which it operates. The division is therefore cautiously optimistic about its prospects in the forthcoming year.



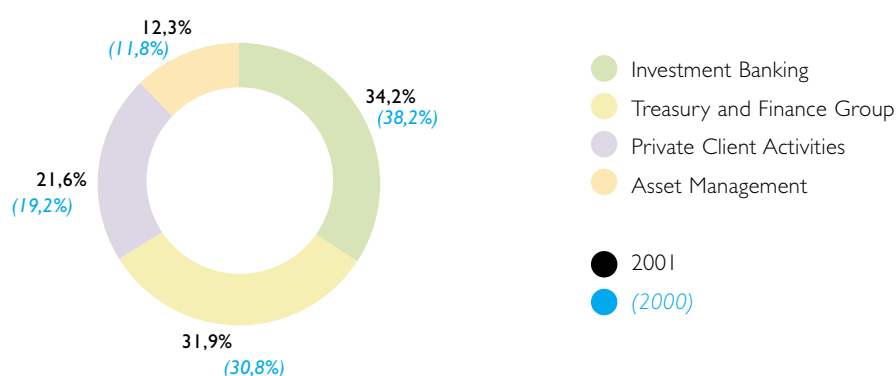
Treasury and Finance Group

Includes: majority of the Group's financial market, deposit-taking, corporate lending and structuring activities

Year ended 31 March	2001	2000	% change
Net operating income (R'mn)	1 006	786	28,0%
Operating expenses (R'mn)	415	320	29,7%
Headline net income before tax (R'mn)	591	466	26,8%
Percentage of revenue attributable to financial markets activities*	28%	30%	—
Cost to income ratio (%)	39,3%	35,5%	—

* As defined on page 78

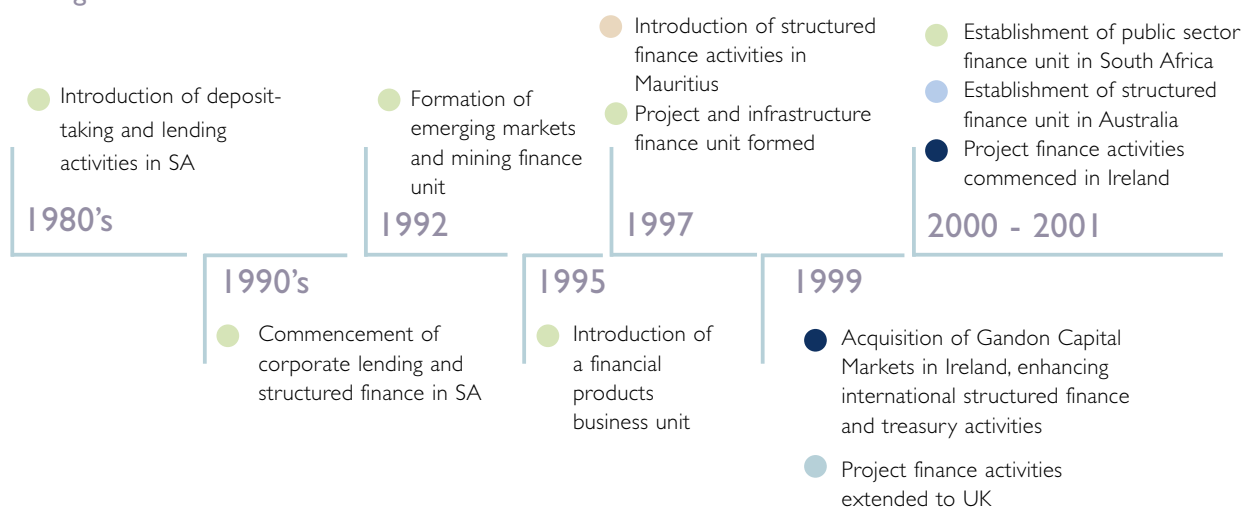
Contribution analysis: % of headline net income before tax (excluding "other activities")



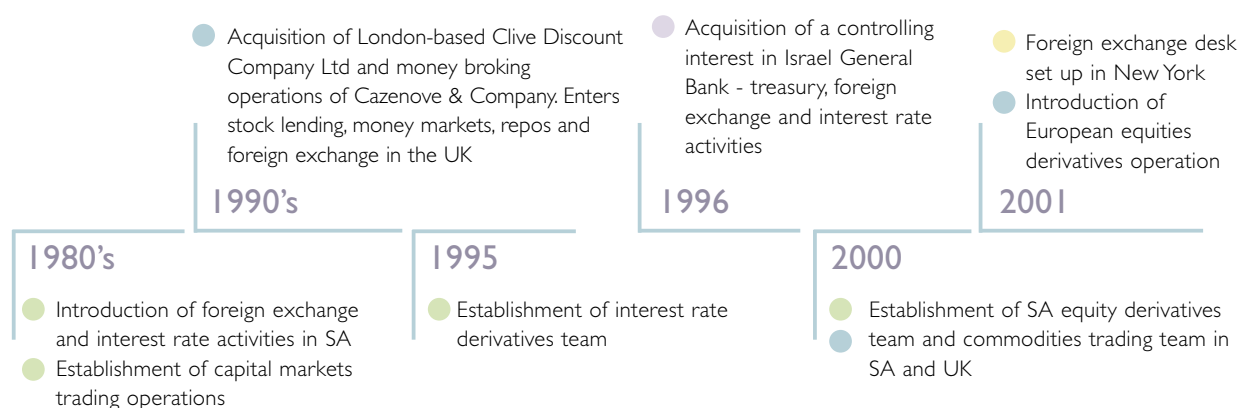
History of significant events

Strong organic growth in South Africa - looking to significantly expand and develop capabilities internationally

Banking Activities



Financial Markets Activities



● Australia ● Israel ● Ireland ● Mauritius ● South Africa ● United Kingdom ● USA

Scope of activity

	Financial Markets Activities				Banking Activities			
	Interest Rate	Foreign Exchange	Equities Derivatives	Commodities	Treasury	Financial Products	Structured Finance	Project Finance
	1	1	1	3	1	1	1	1
	1	2	3	3	2	3	3	3
	x	1	x	x	1	x	1	3
	1	1	x	x	1	x	x	x
	x	3	x	x	x	x	x	x
	x	x	x	x	x	x	3	x
	x	x	x	x	1	x	1	x

1 = Top tier 2 = Significant 3 = Developing x = No presence

Global management structure

Regional Management

Richard Forlee	Global
Tom Murray	Ireland
Craig McKenzie	Mauritius
Steve Elliot	United Kingdom

Financial Markets

<i>Interest Rates</i>	
Brett Hopkins	South Africa
Chris Morris	United Kingdom

<i>Foreign Exchange</i>	
Patrick de Villiers	Global
Simon Jaquiss	United Kingdom

<i>Equity Derivatives</i>	
Dave Robison	Global

<i>Commodities</i>	
Rob Lang	Global

Banking Activities

<i>Treasury - Balance Sheet</i>	
Brendon Synott	Ireland
Clive Sindelman	South Africa
Magnus Burbanks	United Kingdom

<i>Treasury - Corporate</i>	
Ciaran McNamara	Ireland

Annette Coetzer
Carol Grainger

South Africa
United Kingdom

<i>Financial Products</i>
Richard Wainwright

Global

<i>Structured Finance</i>
David van der Walt
Greg Hare, Dave Querzoli
Vusumuzi Mahlangu

Global
Australia
SA Public Sector Finance

<i>Project Finance</i>
José de Nobrega
Deon Louw
Finance

Global
Mining and Resource

Support Activities

<i>Compliance</i>
Pauline Trollip

Global

<i>Information Technology</i>
Niël Oberholzer
Ian Besser

South Africa
United Kingdom

Settlements, Operations and Accounting

Alan Byrne	Ireland
Eureka Redelinghuys	South Africa
Alan Storey, Jodi Joseph	United Kingdom

<i>Financial Institutions Group</i>
Helmut Bahrs

Global

Introduction

The Treasury and Finance Group provides a wide range of products, services and value-added solutions to select corporate clients, public sector bodies, financial institutions, local and foreign banks and financial brokers. The division incorporates the majority of Investec's financial markets, deposit-taking, corporate lending and structuring activities. Eight product areas make up this division, most of which are integrated globally, and are characterised as being financial market activities or banking activities as set out below:

Financial Markets Activities

- Interest Rates
Market maker in interest rate guaranteed products, forward rate agreements, interest rate swaps, money market instruments, government and certain parastatal bonds, interest rate options and repurchase agreements.
- Foreign Exchange
Market maker in the spot, forward exchange, currency swaps and currency derivatives markets in all major currencies and certain emerging markets currencies.
- Equities Derivatives
Market maker in major equity index options, certain single stock options, equity structured products, futures index arbitrage and equity warrants.
- Commodities
Market maker in precious and base metals.

Banking Activities

- Treasury
Provision of Rand, Sterling, Euro and US Dollar funding to the Group, and the management of liquidity and interest rate risk on behalf of the Group. Provision of a broad range of treasury products and services to the corporate market.
- Financial Products
Involvement in commercial paper and bond origination, securitisation, financial engineering, preference share investments and structures, trading, equities scrip lending, collateralised debt obligation structures, credit derivatives and the development of investment products.
- Structured Finance
Involvement in structured and conventional lending, asset leasing and finance, preference share finance, mezzanine debt financing, leveraged buy-out funding, executive share schemes, structured insurance products, and financing solutions for corporate, government and parastatal markets.
- Project Finance
Advisory services, debt arranging and underwriting and equity raising in the mining and resources, energy, infrastructure and industrial sectors.

Year in review

Solid performance with net income before tax increasing by 26,8%

Almost all of the business units contributed to the success of the division in a year characterised largely by good trading conditions and solid lending activity. The turnaround in global economic prospects and stock market performance in the last quarter of the year dampened activity across the board and, even though trading and lending activity held up, performance in the new financial year may be adversely affected if conditions do not improve.

Integrated business units across the globe

A key development during the year was the consolidation of the Group's international treasury and finance related businesses, with the result that the division is now divided into eight business units worldwide. The operations of Investec Gandon in Ireland, acquired during the 2000 financial year, have been fully integrated as part of this process. This integrated business model is considered to be a key driver of future growth as it maximises the use of key Group resources, while maintaining focus in strategically valuable market segments around the world.

Successful debut for equities derivatives team

Early in the financial year the division established an equities derivatives desk, effectively broadening its financial markets and proprietary trading operations. The team specialises as a market maker in South Africa in equity index options, single stock options, equity structured products, futures index arbitrage and equity warrants. This new endeavour was highly successful in its first year of operation, largely on the back of profitable trading on the All Share Index book and effective penetration of the warrants market in South Africa. This activity has been expanded to include European equities derivatives.

New commodities trading team

The division complemented its mining finance and global treasury activities through the establishment of a commodities trading team during the latter part of the year. The unit presently focuses on trading in precious and base metals and the derivatives of these, with a view to establishing energy and soft commodities capabilities in the future. In the first six months of operation, Investec has become an ordinary member of the London Bullion Market Association and a member of the London Platinum and Palladium Market.

Increased focus on global capability: integration of foreign currency operations

During the second half of the year the division consolidated its currency desks in South Africa, UK and Ireland into a single global operating unit. This maximises resources and capabilities across these regions, resulting in benefits on a number of fronts. The aggregation of trading positions enhances the potential for future growth from the unit's proprietary trading business. Furthermore, the integration of these operations improves the unit's competitive positioning, particularly in terms of pricing, and gives the unit the ability to offer a comprehensive 24-hour global trading capability. Accordingly, the unit extended its global coverage through the establishment of a trading desk in New York servicing Investec Ernst & Company's growing client base, and aims to significantly expand its capability.

Financial Products continued inroads into credit derivatives and commercial paper and corporate bond activities

Investec was the first bank in South Africa to market and sell credit derivatives to institutional investors. Deals with a nominal value in excess of R500m were traded during the year, with some R1,3bn traded since the business was initiated over a year and a half ago. Furthermore, the financial products unit successfully launched in South Africa the first two corporate commercial paper programmes and jointly launched the first listed corporate bond under a medium-term note programme. The Group continued to maintain its dominant positioning in the Botswana bond market, concluding five transactions to date, two during the course of this year. These included the successful launch of the first dematerialised commercial paper issues for Botswana Telecommunications Corporation.

Enhanced and expanded capabilities: consolidation of interest rate derivatives and bond desks into one-stop shop

During the year the South African interest rate derivatives and bond desks merged, with a view to offering the Group's client base a "one-stop shop" for all interest rate related products in select emerging markets. This move

resulted in improved efficiency of these operations as well as effective maximisation of synergies across products. The desk expanded its trading activities into Poland and the Czech Republic, offering forward rate agreements, swaps, bonds, caps, floors and swaptions to its select client base. It is the unit's intention to expand further its activities in select emerging markets in order to build a fully fledged emerging market capability trading a full product suite. Furthermore, the unit started trading in the bond repo market and was appointed by the South African Futures Exchange as one of the three market makers for the GOVI future.

Structured finance unit continues to build and enhance international capabilities

The structured finance team established a separately focused public sector finance unit in South Africa to service the division's government and parastatal clients and expanded its range of activities to include structured insurance products and expertise. The team was successful in a number of leveraged buy-out and mezzanine debt initiatives. The division continued to expand in the Irish market, benefiting from an innovative approach to product development and improved distribution, creating a relatively strong pipeline of transactions during the year. Furthermore, in a continued effort to enhance the division's international and cross-border capabilities, structured finance teams were established in the UK, Mauritius and Australia. During December 2000 the team in the UK was awarded its first mandate as lead arranger of a syndicated loan totalling US\$125m, with Investec's participation totalling US\$40m.

Buoyant mining finance activities

Mining finance conditions remained buoyant, supported by the continued strength of the resource cycle. The division made substantial inroads into the major South African corporate sector, with transactions concluded for the Anglo American Corporation and Anglo Gold Limited. The unit completed several mining project transactions during the year, with the offering of this unit greatly enhanced by the addition of the commodities team.

Carving niches: emerging markets finance refocuses on exciting opportunities in power, oil and gas sectors

During the year the division rationalised its emerging market activities in Africa and refocused its attentions on opportunities in the power, oil and gas sectors. Over the past five years the emerging markets finance unit has concluded a number of successful transactions in Angola and, through these initiatives, has gained expertise in the oil and gas industries. The latest of these transactions was the conclusion of a UD\$77m facility for the construction and commissioning of two oil tankers for Sonangol, the state owned oil company. The unit is excited about further similar opportunities, particularly in Southern Africa and West Africa and, in time, intends to develop the business into an energy finance team focusing on select geographical regions.

Good project finance performance: increased participation in public-private partnerships and opportunities in transport and general infrastructure sectors

The project finance unit experienced substantial growth in its lending book, supported primarily by senior and mezzanine debt participation in newly closed public-private partnership projects in South Africa. The South African Department of Finance established a public-private partnership unit during the year in order to ensure the viability and deliverability of these projects before they are brought to the private sector. The department is currently working on 30 projects, which bodes well for future transaction flows. During the year the project finance team positioned itself for growth in the Irish market, targeting private sector bidders in the roads and education sectors and public sector procurers in the water and waste sectors. At year end Investec Gandon was appointed as one of four financial advisers to the Irish Department of Environment and Local Government on public-private partnerships in the water and waste sectors over the next three years.

Launch of FX I-DEAL: real-time foreign exchange trading for individuals

In South Africa the Group launched FX I-DEAL, an internet-based product for individuals wishing to execute live trades electronically in the foreign exchange market. This product has received regulatory approval and is the first of its kind in the South African market. The FX I-DEAL product is based on the division's MarketMaker™ internet-based trading technology which was introduced last year in the corporate market. Individual investors are offered the same quality tools and real-time financial information traditionally only available to inter-bank dealers. The product allows investors to leverage up their margins by a factor of 10 and accommodates trading in seven pairs of currencies.

Future direction

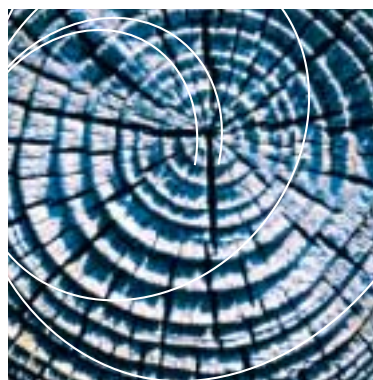
The Treasury and Finance Group's activities are well represented in South Africa, with the majority of the units in the top three in their respective markets.

The challenge is to maintain this respected position and to continue to build on the division's integrated operating structure in order to effectively enhance its international capabilities.

It is the Treasury and Finance Group's intention to expand and enhance its range of activities during the forthcoming financial year, particularly in its Australian, UK and Irish operations. Specific objectives to achieve this goal include:

- Expanding the interest rate desk activities in London.
- Extending the division's equity derivatives capabilities to the UK, US and Asia over time.
- Exploring opportunities to expand the division's foreign exchange 24-hour trading capabilities, particularly in the Asian time zone.
- Recruiting actively in the financial products, structured finance and project finance units in the UK.
- Participating strongly in UK PFI and Irish public-private partnership projects - new projects continue to emerge at roughly 100 a year in the UK market and the Irish market has fully embraced the concept of public-private partnerships.
- After bedding down the precious and base metals activities of the commodities unit, expanding the operation to cover the energy sector.

Although the division's performance depends largely on local and global market conditions and sentiments, its prospects in the medium to long term look promising as its international expansion strategy bears fruit.

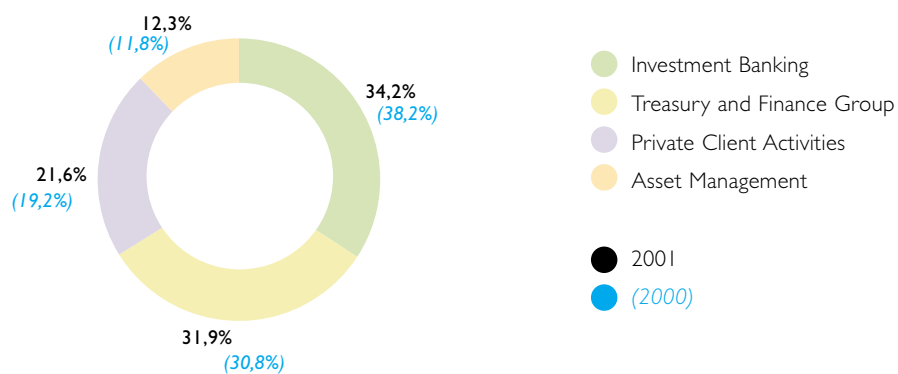


Private Client Activities

Includes: private banking, private client stockbroking and portfolio management

Year ended 31 March	2001	2000	% change
Net operating income (R'mn)	1 585	1 183	34,0%
Operating expenses (R'mn)	1 185	893	32,7%
Headline net income before tax (R'mn)	400	290	37,9%
Cost to income ratio (%)	70,3%	71,1%	–
Funds under management - discretionary (R'mn)	63 719	44 187	44,2%
Funds under management - non-discretionary (R'mn)	73 761	78 701	(6,3%)
Global private banking lending book (R'mn)	20 217	16 336	23,8%

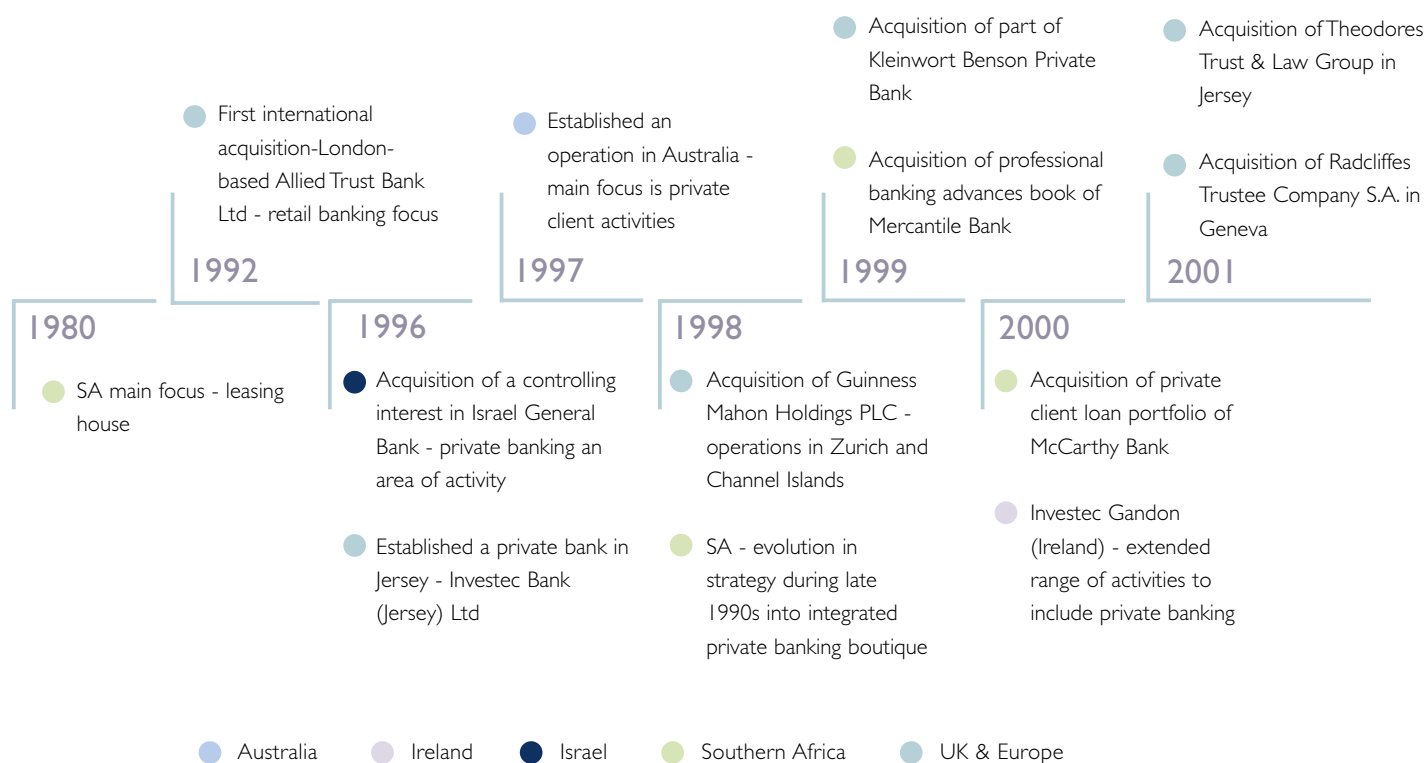
Contribution analysis: % of headline net income before tax (excluding "other activities")





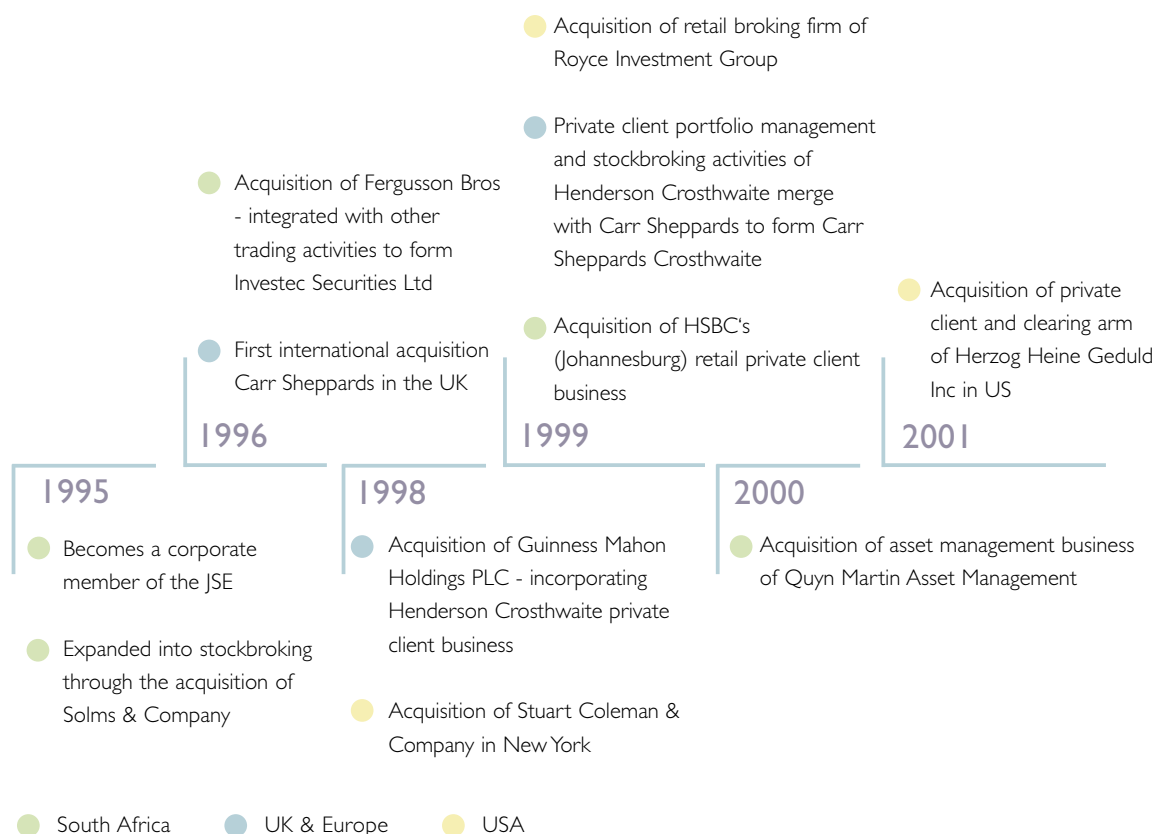
History of significant events – Private Banking

Evolution into integrated full-service private bank through strong organic growth and select strategic and critical mass-enhancing acquisitions



History of significant events – Private Client Stockbroking and Portfolio Management

Development of capability largely through select acquisitions in South Africa, UK and USA over past five years. Investec continues to enhance and expand its capabilities within the markets in which it operates, both organically and through strategic acquisition of complementary businesses.



Global management structure

Private Banking

Global Head of Private Banking
Sam Hackner

Australia

Mark Joffe
James Purvis

Ivan Katz
Michael Sack

Israel

Zion Bahloul

South Africa

Steven Heilbron
Glen Gerber
Paul Hanley

Michael Barr
Robert Gottlieb
John Witter

United Kingdom and Europe

Leon Blitz
Richard Bowdler-Raynar
Michael Cullen
Lyddon Simon

Chris Forsythe
Robert Clifford
Carol Goodwin
Paul Stevens

Private Client Stockbroking and Portfolio Management

Investec Securities Limited, South Africa

Henry Blumenthal	Paul Deuchar
Peter Clucas	Fairfax Gray
Donald Glynn	Craig Hudson
Keith Hall	Richard Jesse
Cy Jacobs	Etienne Nel
Rodney Marthinusen	Andy Vogel
Angus Robertson	

Carr Sheppards Crosthwaite, United Kingdom

Fred Carr	Clive Brangwin
Nick Bagshawe	Adam Burr
David Bulteel	Alun Evans
Patrick Crosthwaite	Robert Leach
Chris Hills	Ian Maxwell Scott
Tim May	Mark Redmayne
Grant Nowell-Mitchell	John Yeldham
Tony Richards	

Investec Ernst & Company Private Client Stockbroking, United States

Michael Rabinowitz

Private Banking

Introduction

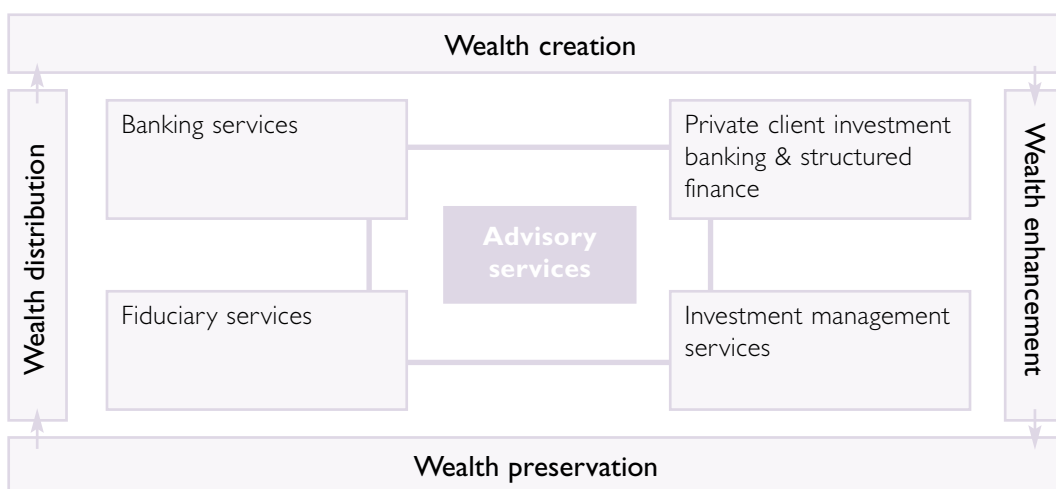
Investec Private Bank's core focus is to be a dominant provider of the best integrated financial solutions for its select private client base. The Private Bank actively seeks opportunities to enhance and preserve wealth for high income and high net worth individuals through an innovative approach to advisory services. This offering covers the spectrum of structured finance and specialised lending, investment management, trust and fiduciary services, private client investment banking and banking services, including foreign exchange and transactional services, through traditional and electronic channels. The Group currently has private banking operations in Australia, Botswana, the Channel Islands, Ireland, Israel, Mauritius, South Africa, Switzerland and the UK.

The Private Bank's client base is segmented into three categories:

- Professional/emerging affluent (earnings in excess of R500 000).
- Private client (earnings in excess of R1m and net asset value greater than R5m).
- International private banking (net asset value in excess of R50m and investable assets greater than R10m).

Scope of activity

Core focus is to be a dominant provider of the best integrated financial solutions for selected private clients



Year in review

Noteworthy performance: net income before tax grows by 46,7%

Investec's private banking operations performed impressively on all fronts, with net income before tax increasing by 46,7%. The Group's global private banking lending book grew by 23,8%. Significant progress was made in integrating, enhancing and internationalising its range of private banking services and products through greater leveraging of Group capabilities and select acquisitions.

Private Bank South Africa: strategic initiatives yield results

Over the past three years Investec Private Bank in South Africa has devoted an enormous amount of time, energy and resources to transforming its business into an integrated private bank. Specifically, to achieve this objective, the division has, among other initiatives, refined its target market, implemented a more focused approach to retaining and acquiring clients, significantly expanded and reinvented its product offering, initiated a successful brand awareness campaign, and considerably improved its talent pool.

These initiatives are yielding results and, together with a more stable interest rate environment in South Africa, the Private Bank had a successful year, growing advances in excess of 30%. Despite a downturn in global markets during the latter part of the year, the Private Bank also successfully grew assets under administration by 50%, largely on the back of increased market share in the investment management business. The Private Bank is well positioned to facilitate the increasingly international aspirations of its South African client base. Furthermore, the division grew its non-interest income base in excess of 40% and continued to improve the overall quality of its loan portfolio, reducing its non-performing book substantially.

During the year under review the division continued to reinforce its position as a leader in product innovation.

In February 2001 the Private Bank launched Investec Dividends, an exclusive rewards programme that provides value-added benefits to its Private Bank Account holders. Clients are afforded automatic South African Airways Gold Voyager status and can exchange points earned for SAA Voyager miles, a range of gift vouchers from select partners, financial products or even make charitable donations.

The division also introduced free online banking, making Investec the first and only bank in South Africa to offer this service without charge.

Product innovation and differentiation remain a core focus and the division is working aggressively towards the introduction of additional value-added products and services. These include extending Investec Dividends across other Investec products, providing secure internet purchasing capabilities, and extending its online capability to include transactional capability on other Investec products and services, such as Retail Treasury.

The Private Bank continued to entrench its position as one of South Africa's leading private banking boutiques. This dominant position was confirmed by its top ranking in the 2000 PricewaterhouseCoopers African Banking Survey. Furthermore, in March 2001, the Private Bank received a Diamond Arrow Professional Management Review award for the best financial solutions for high income individuals.

Strong growth for Private Bank in the UK

Investec Private Bank in the UK enjoyed a successful year, with all core business units in the UK and Europe contributing to its performance. In the year under review, the division concentrated on transforming itself from a product-orientated banking business into an integrated private bank. To this end the division embarked on a

series of initiatives to complete its product offering and expand its distribution channels. The product range was refined in response to the changing needs and circumstances within the division's target market and the units were successful in attracting new clients and in migrating existing clients into new product areas.

In particular, the investment division launched an investment offering covering advisory and discretionary portfolio management services and a multi manager suite of funds branded Investec Select. The banking division introduced an online balances enquiry, enrolling 5 000 clients onto this platform. The unit's next initiative in this area will be the introduction of an online banking capability.

The integration of acquisitions made in the prior year was completed, product ranges were fully integrated into the Private Bank and the necessary investment in infrastructure was made. The Private Bank continues to explore a wide range of acquisition opportunities in a highly fragmented industry.

As a result of these initiatives and the continued leveraging of Group capabilities, the division is now able to offer clients a broader and more integrated range of products and services, moving one step closer to the development of a full-service private banking boutique in the region.

New private banking operation in Ireland

In an effort to build a fully fledged banking operation in Ireland, the Group expanded its activities beyond treasury and finance activities in the region through the establishment of a private banking division. The division concentrates on providing select products to Irish high net worth individuals with property, technology and professional backgrounds. Products offered include deposits and structured lending, and the division intends to expand this offering significantly in the forthcoming year. The establishment of a private banking operation in Ireland provides a platform for further enhancement of the Group's international private banking offering and the Group aims to leverage capabilities across its operations in the UK, Channel Islands, Switzerland and Ireland.

Continued progress in Australia, Botswana and Israel

In Australia the Group strengthened its infrastructure and processes, and recruited select specialists. Investec opened a Melbourne office, doubling its loan portfolio. A further increase in activity is expected over the forthcoming year as the Group leverages off its enhanced platform as well as the capabilities and networks of Wentworth Associates.

In its second year of operation, the private banking operation in Botswana steadily increased its penetration in the market, capitalising on an increased brand awareness campaign in the area.

In Israel, Investec continued to build on resources, infrastructure and products, thereby effectively expanding and enhancing its capabilities. Investec's status as one of the only truly international banks in Israel holds it in good stead and it is well placed to provide its select clients with an integrated, international product offering. Investec Bank (Israel) Limited's Private E-bank internet banking initiative continues to be a competitive advantage and it is actively seeking opportunities to expand its capabilities in this regard.

Strengthened capability through acquisitions

The Group acquired the banking assets of McCarthy Bank Limited in South Africa during July 2000, increasing its loan portfolio by approximately R200m. Clients who transferred as a result of this transaction were successfully integrated into the Private Bank's existing client base. Although relatively small in size, the Group will always consider critical mass enhancing opportunities of this nature as they enhance value, adding assets at relatively no cost to an existing infrastructure and client base.

Furthermore, the Group enhanced its trust and fiduciary and structuring capabilities through the acquisitions of Theodores Trust & Law Group based in Jersey and Radcliffes Trustee Company S.A. based in Geneva. These businesses provide a high degree of skill and professionalism and will complement the Guernsey-based business of Guinness Flight Trustees. They also introduce a large number of new high net worth international clients to the Group and bolster assets under administration by approximately CHF8bn (\$4,6bn).

Future direction

The global private banking industry remains highly fragmented and thus presents a host of opportunities for the Group to grow its international private banking business. The Private Bank remains one of the Group's most promising growth engines and the challenge is to adapt the business model to the demographics and opportunities appropriate in all the geographies in which the Private Bank operates. To achieve this, the Private Bank plans to:

- Leverage talent pools, products, technology and infrastructure across all geographies.
- Grow its existing business organically and through select critical mass enhancing acquisitions.
- Expand its geographical presence through select platform acquisitions, notably in the US.
- Innovate continuously, providing a differentiated, value-added product and service offering.
- Identify and exploit market segments where it has specialist talents and expertise.
- Attract and retain skilled individuals, with attitude and aptitude being key criteria.
- Optimise use of low cost jurisdictions.
- Maintain a diversified portfolio of businesses, growing its net interest margin and non-interest income base.
- Exploit synergies within the wider Investec Group, particularly the private client stockbroking division.






Prospects for the division in the short to medium term look promising. The Group will continue to grow its South African and UK operations, and much opportunity lies in further enhancing and developing its capabilities in Europe, Ireland, Israel and Australia. The successful roll out of a coherent global private banking strategy remains central to the division's goal to become a dominant provider of the best integrated financial solutions for its select private client base.

Private Client Stockbroking and Portfolio Management

Introduction

The Private Client Stockbroking and Portfolio Management division offers a range of personal investment and stockbroking services to a select client base. The division is run on a regional basis and operates largely under three brands, namely: Investec Securities Limited (Southern Africa), Carr Sheppards Crosthwaite Limited (United Kingdom) and Investec Ernst & Company (USA). The Group also offers private client stockbroking and portfolio management services in Israel and Australia, but on a smaller scale.

Scope of activity

Region	Company	Service offering	Client base
	Investec Securities Limited	<ul style="list-style-type: none"> * Discretionary managed portfolio service * Execution and advisory service * Specialised products e.g. online trading 	* High net worth individuals
	Carr Sheppards Crosthwaite Limited	<ul style="list-style-type: none"> * Investment management and stockbroking services * Pension advice * Holistic financial advice * PEP/ISA services 	<ul style="list-style-type: none"> * High net worth individuals, charities and small pension funds * Banks, stockbrokers, independent financial advisers and FTSE 100 companies
	Investec Ernst & Company	<ul style="list-style-type: none"> * Retail broking and margin lending 	* Registered representatives and private clients
	Investec Australia Limited	<ul style="list-style-type: none"> * Range of investment and superannuation products and services 	* High net worth individuals
	Investec Bank (Israel) Limited	<ul style="list-style-type: none"> * Fund management and stockbroking services 	* High net worth individuals

Year in review

Solid performance despite weak global equity markets

The Group's private client stockbroking and portfolio management business performed well notwithstanding weak global equity markets. Net income before tax increased by 30,1%.

Investec vindicated - people matter: stand alone "online" business models prove unsustainable

For much of the previous year, the stockbroking industry was subsumed in the unsustainable hype around the internet. This enthusiasm proved overblown and, while it may eventually be true for execution-only stockbroking,

the internet's relevance is limited in the arena of relationship-based portfolio management and advisory services. The approach with the personal touch is where Investec's real appeal lies and is where the Group positions itself. The Group has made great strides in developing a comprehensive online offering, based on the premise that it offers its clients a choice between alternative yet complementary distribution channels. The Group does not intend, to build an e-commerce platform distinct from its core businesses, and it will continue to integrate alternative mechanisms with its physical activities for the greater benefit of its clients.

Investec Securities Limited continues entrenching itself as a dominant player in the South African market

The South African private client stockbroking business grew strongly, with funds under management increasing by 23% to R18,5bn. This further entrenched the position of Investec Securities Limited (ISL) as a dominant player in the local industry. The division was rated second in the retail brokerage category in the 2000 PricewaterhouseCoopers Survey. Notwithstanding poor market conditions, ISL posted a meaningful growth in earnings.

The division's earnings base was bolstered as a result of the first full year of integration of the Johannesburg private client business of HSBC. Furthermore, the Group acquired the private client asset management business of Quyn Martin Asset Management in the second half of the year under review, adding approximately R2bn to the division's assets under management. The acquisition added a quality client base and brought with it a management team with substantial experience and expertise.

Another year of consistent performance from Carr Sheppards Crosthwaite

Despite deteriorating market conditions over the period, Carr Sheppards Crosthwaite (CSC) enjoyed an even balance between the first and second halves of the year. Although funds under management declined by 6% to £6,2bn (excluding PEP/ISA funds under administration), this movement compared favourably with the fall in the FTSE All Share Index of 12,8%. CSC continued to bear the fruits of a campaign initiated three years ago to increase its penetration of the "smaller charities" sector, acquiring 21 new charity mandates totalling £72m against 11 totalling £21m in the previous year. CSC continues to hold a respected position in the London market as a result of its ongoing commitment to providing its clients with high quality services, both personal and administrative, key growth drivers in its business.

Difficult year for US retail brokerage operations but select acquisitions limit impact of weak markets

The US business is highly dependent on transactional volume, which in turn is driven by the activity of the financial markets. The year was characterised by declining equity prices which negatively affected a number of key business drivers, including trading volumes, commission revenues and net interest margins. Both margin lending and securities lending activities continued to decrease throughout the year. The margin lending book declined from \$798m to \$346m.

Notwithstanding subdued market conditions, Investec Ernst & Company was successful in increasing its registered representatives from 214 to 338. This should bode well in the forthcoming year, particularly if there is a general improvement in market conditions. Total assets under administration were in excess of \$2bn.

The impact of the weak equity markets on Investec Ernst & Company's performance was negated somewhat as a result of the first full year of integration of the Royce Investment Group, which was acquired in November 1999. Furthermore, the acquisition of the retail division of Herzog Heine Geduld Inc in February 2001 assisted in bolstering its activities, adding 32 registered representatives.

Future direction

In the forthcoming year the Group plans to:

- Leverage off Group capabilities in order to provide a comprehensive, international offering to its select client base.
- Enhance and expand its capabilities within the markets in which it operates, both organically and through strategic acquisition of complementary businesses.
- Explore initiatives that will diversify its revenue base, mainly through the expansion of its product offering.
- Develop its e-commerce offering, complementing its existing range of products and services.
- Focus on internationalising its service offering. In particular, Carr Sheppards Crosthwaite (CSC) has made great strides towards enhancing its international portfolio management capability. Subsequent to the year end, a highly experienced international portfolio management team from Gerrard joined CSC in the UK. Clearly the speed with which CSC can assimilate this new team and the magnitude of the inward client drift it enjoys, will have an impact on its performance in the forthcoming year.



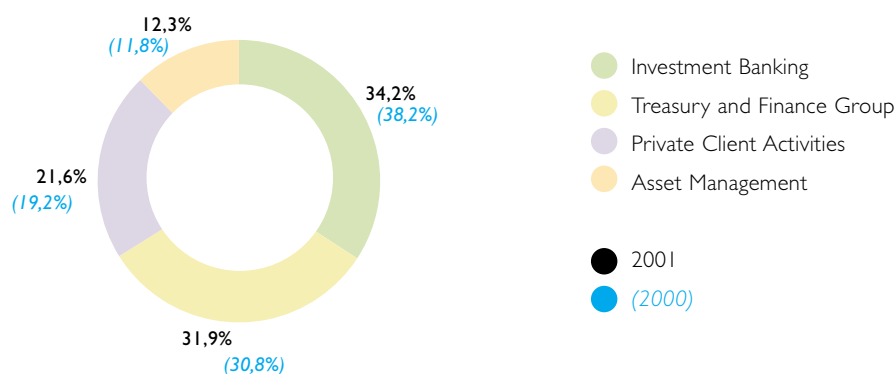
Asset Management

Includes: the management of institutional, retail and investment trust portfolios and the packaging and distribution of transparent investment products

Year ended 31 March	2001	2000	% change
Net operating income (R'mn)	881	726	21,3%
Operating expenses (R'mn)	653	547	19,4%
Headline net income before tax (R'mn)	228	179	27,4%
Funds under management (R'bn)*	172	170	1,2%
Cost to income ratio (%)	74,0%	75,3%	—

* Including assets managed on behalf of Investec Assurance Ltd, which are included in the Group's on balance sheet assets (R12,7bn and R7,8bn in 2001 and 2000 respectively)

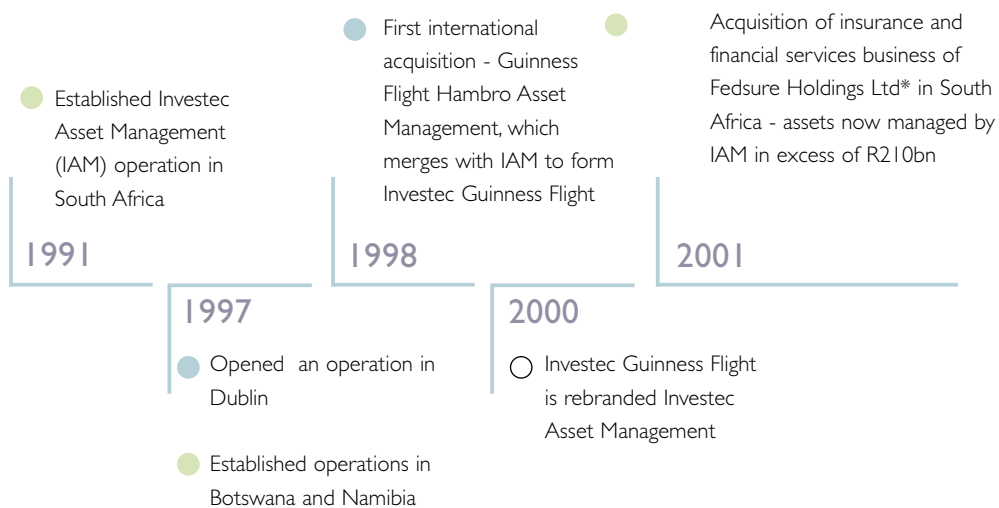
Contribution analysis: % of headline net income before tax (excluding "other activities")





History of significant events





Strong organic growth with selective acquisitions



● Southern Africa ● United Kingdom & Europe

* All necessary approvals for the acquisition granted subsequent to the financial year end

Scope of activity

	Retail	Institutional	Other	Investments
	Unit trusts Packaged products Offshore funds	Balanced and specialist Segregated and pooled products	Charities Structured products	✓
	Unit trusts Offshore funds	Balanced and specialist, fixed income, pooled and segregated	Charities Investment trusts	✓
	Offshore funds	Segregated products	Structured products	✓
	Mutual funds	—	—	—
Operations Platform				

Global management structure

Hendrik du Toit	Chief Executive Officer
Kim McFarland	Chief Operating Officer
George Brits	Chief Investment Officer
Mark Samuelson	Global Head of Institutional Business Development
Brett Comley	Executive Director of Asia & USA
Domenico Ferrini	Managing Director SA Institutional
John Green	Managing Director SA Retail
Paul Griffiths	Head of Fixed Income, London based team
Jamie MacLeod	Managing Director UK/European Retail
John McNab	Chief Investment Officer SA
Nick Mottram	Head of Equities, London based team
Ciaran Whelan	Managing Director Employee Benefits

Introduction

Investec Asset Management provides a comprehensive range of domestic and international portfolio management, investment services and products to institutional and retail clients in selected markets around the world.

It is among the 150 largest non-US asset managers in the world, with R172bn (\$21bn) under management and 670 staff in offices in Hong Kong, Dublin, Guernsey, Stamford, London, Cape Town, Durban, Johannesburg, Pretoria, Gaborone and Windhoek. Seventy investment professionals operate as one team out of London, Hong Kong and Cape Town. After the absorption of Fedsure, the division's assets under management will be in excess of R210bn (\$26bn).

Investec Asset Management conducts five key activities: portfolio management, investment product design, marketing, distribution and operations (administration and technology). At its core, Investec Asset Management strives to be a manufacturer of world class investment products.

Year in review

The Asset Management division enjoyed solid profit growth for the 10th consecutive year. The business achieved a 27,4% growth in profit before tax in a year of volatile markets. Despite tough market conditions over the past year, the global industry dynamics remain attractive, with the market for asset management likely to expand rapidly in forthcoming years.

Investment performance was strong in new areas. Particularly noteworthy was the UK equity team, which received the Lipper Leaders Award 2001 for "Overall Fund Group of the Year", and the South African fixed income team, which delivered excellent results. Investec Asset Management's long-term track record in South Africa was recognised by an award from Standard & Poor's for the best South African unit trust company over five years.

The team was strengthened significantly by successful recruitment in the UK and South Africa, allowing Investec Asset Management to continue the capacity building process begun in the previous year. Implementation of a robust operations platform and business processes should allow Investec Asset Management to predict synergies confidently and unlock value from the Fedsure acquisition in the forthcoming year.

Business structure defined and managerial accountability improves

During the past year, Investec Asset Management positioned its activities in client facing strategic business units, each with its own fully accountable management team. These units leverage off the global functional areas, investments and operations. This ensures accountability at the coalface, without the loss of effective integration, and the benefits of leverage resulting from increased global scale. The management teams from each business unit report at monthly management committees conducted in each region.

Industry remains in a growth phase

Globally, the asset management industry remains in a structural growth phase as governments and businesses around the world move towards a system of private retirement provision, similar to that of the US. Assuming constant GDP and market levels, the industry could treble. The scenario implies growth in Europe, Japan and the major emerging economies over the next three decades. Investec Asset Management has deliberately positioned itself in the largest European financial centre, London and the major financial centre of Greater China, Hong Kong.

Global investment process

In response to an increasingly international investment world, Investec Asset Management expanded and bolstered its international capabilities during the year and enhanced its global investment process.

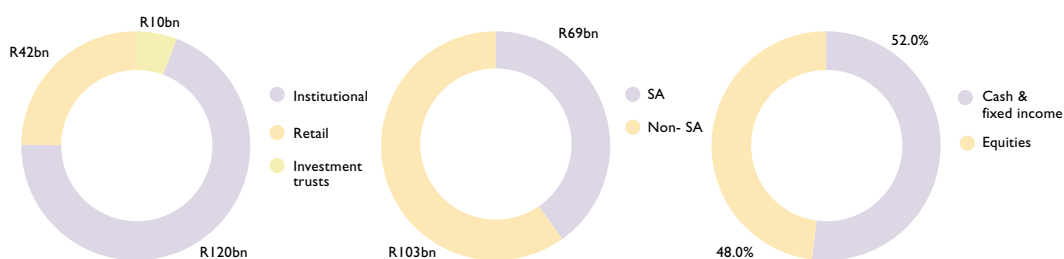
Through a shift away from a geographical focus to a more sector-based approach, Investec Asset Management discovered that without undermining the relevance of region, global sector classifications are increasingly dominating country factors in explaining the cross-sectional variation in returns.

The single country teams supporting the South African and UK domestic business also work within the sectoral framework.

Unique, entrepreneurial culture key to high rates of staff retention

Investec Asset Management differentiates itself from other asset managers by its business philosophy and entrepreneurial, partnership culture, encouraging individual initiative within a team-based framework. The clearly defined business units enhance emotional ownership and accountability, providing space for teams to achieve, thus contributing to a proud tradition of staff retention.

Funds under management



Strategic business units in review

South African institutional business experiences a tough year in terms of flows and performance

Notwithstanding, financial performance remained sound as a consequence of strong business flows in the previous year and tight cost control in the current year. The highlight of the previous year was the successful establishment of a strong, focused fixed income team. This team made an impressive break into the market for specialist fixed income mandates and Investec Asset Management expects significant growth from this business.

The business has an excellent long-term investment track record and was ranked second in the Alexander Forbes Large Manager Watch for balanced portfolios over five years to the end of March 2001.

In recognition of the increasingly demanding nature of the financial services industry, Investec Asset Management has set out to establish a more sophisticated client service function.

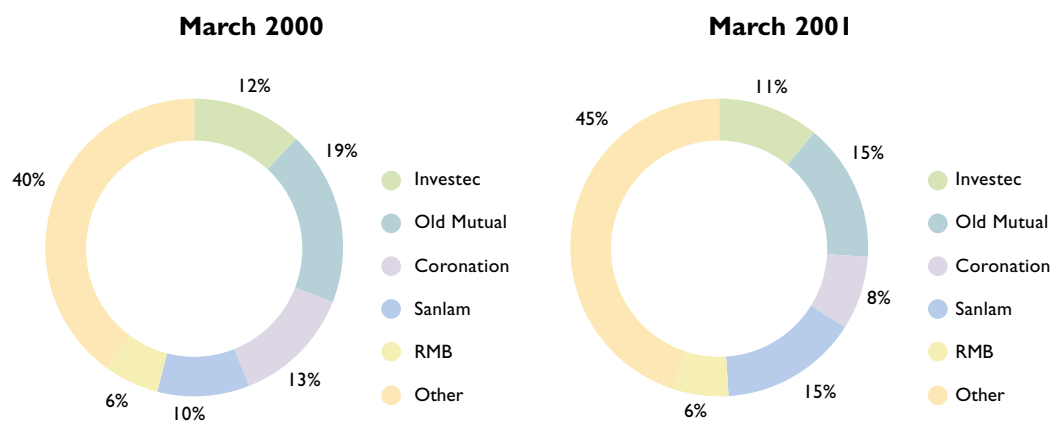
South African retail has excellent year in fixed income and absolute return products

Up to the end of March 2001, the Investec Opportunity Fund was first or second over all periods in its category since its launch three years ago. The Investec Gilt Fund, Investec High Income Fund and Investec Money Fund were mostly in the first or second quartile over similar periods. The Investec Gilt Fund was first in its category over three years to March.

Changing industry and client dynamics: roll out of new South African retail strategy

Investec Asset Management relies primarily on independent financial advisors and supermarket based distribution for its South African retail operations. This so-called "professional channel" has become extremely short-term orientated, resulting in massive in- and outflows. This has increased Investec Asset Management's operational cost base without commensurate revenue benefits. Of the big houses, Investec Asset Management has been one of the businesses that has had the most stable flows but, along with the others, it has lost market share to new players. Investor preference is also changing along with the dynamics of both the unit trust and linked product industries in which Investec is a leading player. Investec intends to roll out a new retail strategy aiming to serve both its end client base and the intermediary community with a more appropriate and globally comprehensive set of products and services. In essence Investec Asset Management intends to be a leading provider of domestic and offshore funds and packaged products to its chosen South African client base.

Share of unit trust industry assets (excluding money market funds)



Source: AUT

The integration of the Investec Asset Management and Fedsure unit trust and linked product operations affected the speed at which the new retail strategy can be implemented but Investec Asset Management is confident that this will be concluded by October 2001. Following the successful integration of these operations, Investec Asset Management expects to be positioned in the top two in both unit trusts and linked products in the South African market.

UK targets met; fixed income and equity teams strengthened

The UK institutional cash and liquidity management teams secured excellent asset growth on the back of another good period of investment performance. Investec Asset Management was ranked seventh out of 31 contenders in the WM manager survey and 19th out of 67 in the CAPS pooled fund survey, producing net flows of £460m during the past year. This team has been working on this product for 10 years and has a solid track record, having achieved first quartile performance in every year for the last ten years for its cash plus clients.

One of Investec Asset Management's key challenges for the year ahead is to establish itself in the UK institutional market as a provider of specialist equity and fixed income products.

Investec Asset Management's strategy to convert the £226m UK/European retail unit trust business acquired in mid-1998 as part of Guinness Flight Hambro Asset Management from a direct to an IFA focused operation, paid off handsomely. During the year, IFA sales represented 61% of the market, up from 48% in the previous year. Shortly after the financial year end, the UK onshore unit trust book of this business broke through the £500m funds under management level.

The year was one of both team building and capacity creation in order to facilitate growth into the top league of domestic players. Over the past year a strong marketing and sales team was built in London and Investec Asset Management has high expectations of the team in the future.

Performance was sound in the UK and offshore equity stable: 11 of the 17 onshore funds ended the year in the first quartile of their respective categories. In the larger offshore range, many of Investec Asset Management's core funds, including the Global Balanced, Continental European, Pan European, Hong Kong and European High Yield Bond funds, ended the year in the first quartile of their respective competitor universes.

The UK Investment Trust posted solid results, with £180m of net inflows and good performance. Although small and niched and without huge immediate growth potential, their contribution is most valuable. At the year end Investec Asset Management's funds were performing well relative to their peer groups, with three out of five trusts ending the year in the first quartile.

Building and enhancement of capabilities continue in Asia and US

Investec Asset Management's Asian operation has developed into a significant contributor to net flows in its offshore range. Investec Asset Management continued to build its capabilities in the region during the year and also repositioned its US operation in line with its overall corporate strategy. As a result of the long term potential of both the US and Greater China, significant management resources were devoted to these opportunities.

Operations teams globally co-ordinated

The support structure of the entire firm is housed in strategic business units but is globally co-ordinated and designed. This provides the operational platform on which the entire business can operate and grow.

During the past year the leadership of the administration, IT and finance divisions was positioned as a key player in the business, augmenting the culture of ownership. The leaders of the various operational

components experienced the benefit of interaction with their peers around the world and participated in exercises setting global standards.

E-platforms and systems radically transformed

Over the past year the technology infrastructure of the Asset Management business advanced significantly to encourage and enable efficient collaboration between offices around the world. The mission to “e-enable” the entire business continues to be pursued with vigour. The successful roll out of a global intranet is a key step in this direction.

On the internet front, it is gratifying to report that Investec Asset Management's UK retail web site was nominated one of Kasina's “Top 10 European Mutual Fund” sites.

Shortly after the implementation in South Africa of Silica, the in-house built unit trust registration system, Investec Asset Management launched the project offshore. As a result of substantial changes required for the multi-currency offshore version, the name was changed to Fiscus. Shortly before year end, the Fiscus system was introduced into the division's Guernsey and Dublin operations. The digitisation of the entire business remains a goal that Investec Asset Management will pursue, given the relentless drive for efficiency, which will become part and parcel of the industry as growth margins tighten.

Future direction

Investec Asset Management enters second decade of operation

After 10 years, Investec Asset Management is preparing for its next growth phase, positioning itself as a global “super boutique”. It aspires to be recognised as a leading specialist manager of fixed income and equity assets, using a common decision-making infrastructure to manufacture products across the risk/reward spectrum.

To survive and prosper in a rapidly maturing but still-growing industry requires a shift in the business model. The next generation asset management firm must have command of a broad set of capabilities, which are well balanced within the firm. Excellent, specialist investment products and focused and professional distribution capabilities must be supported by top quality business management, flexible technology and a competent operations environment.

The key business drivers for the asset management business are:

- Investment performance.
- Team quality and continuity.
- Product management.
- Clarity of distribution model.

Investec Asset Management has developed a stable team; built a solid e-enabled, global platform; and is developing a clear investment proposition. The division is optimistic about its long term prospects. The industry remains in a structural growth phase while globalisation and technological advances are changing distribution models and offer many opportunities for “third generation” firms such as Investec Asset Management.

In order to develop the business in line with Investec Asset Management's long term ambitions it has set the following objectives for the coming year:

- Generate industry beating investment returns in its chosen fields of specialisation.
- Enter the UK pension fund market.
- Integrate the Fedsure business and seek to grow its presence in the South African retail market.
- Capitalise on its successful entry into the European arena.
- Reposition its South African institutional business as a provider of specialist portfolio management services.
- Strengthen its beachhead in the USA.
- Leverage its carefully constructed platform.

During the coming year, Investec Asset Management intends to shift focus from platform building to market penetration in international markets and will continue to strengthen its position in South Africa.



Group and Other Services

Includes: property group, clearing and execution business in USA, Reichmans, share capital and centralised funding and central services (representing the Group functions listed below)

Year ended 31 March	2001	2000	% change
(R millions)			
Net income - international trade finance	65,0	47,5	36,8
Net income - property worldwide	81,0	64,1	26,4
Net income - USA clearing and execution	58,0	50,0	16,0
Net return on surplus capital and strategic investments*	354,3	352,2	0,6
Central costs	(386,3)	(286,8)	34,7
Centralised funding	(199,0)	(186,0)	7,0
Headline net income before tax	(27,0)	41,0	(165,7)

* This refers to worldwide income. With the exception of a gain on a strategic investment in the US of R170m in 2000, the majority of the balance relates to income on surplus capital generated in the UK and SA.

Global management structure

Economics Research

Carole Mason

Facilities & Social Investment

Craig Gunnell

Lisa Kropman

Group Finance

Bradley Tapnack

Steve Binnie South Africa

Steve Burgess United Kingdom

Steve Paraggio USA

Human Resources

Patsy McCue

Information Centre

René Ward

Information Technology

Simon Shapiro

Tim May

Strategic Finance and Investor Relations

Rayanne Jacobson

Legal, Secretarial and Tax

Reg Berkowitz

Selwyn Noik

Justin Cowley

Marketing

Bernard Kantor

Raymond van Niekerk

Organisation Development

Caryn Solomon

Risk Management

Glynn Burger

Investec USA Clearing and Execution Activities

John Murabito

Investec Property Group

South Africa

Sam Hackner

Sam Leon

Ronnie Sevitz

United Kingdom

Paul Stevens

Reichmans

Brian Clark

Robin Jacobson

Economics Research

While the mandate and client base of the Group's economists in South Africa, the UK, Israel and Ireland are distinct, all Investec's economists co-operate closely in the formulation of international views. The unit provides internal and external clients, the media and other interested parties with information on the domestic macro-economic operating environment and regular analysis of economic and market conditions. Economics Research also contributes to economic policy debate through participation in external bodies and regular interaction with the media.

Facilities

The Facilities division aims to create an environment reflective of the Group's culture and philosophies by providing services that enable Investec to meet its changing needs.

Construction and renovation of offices to reflect Investec culture

Facilities has been involved in the relocation, renovation and building of new Investec offices in Gaborone, New York, Jerusalem, Tel Aviv, Sydney, Melbourne, Port Louis, Guernsey, Dublin, London, Cape Town, Port Elizabeth, East London and Johannesburg.

Group Accounting

This division is responsible for the completeness and accuracy of financial information and ensures that effective financial controls are maintained throughout the Group. It ensures Group compliance with best international practice for accounting policies, disclosure and corporate governance, and is responsible for adherence to statutory requirements for a listed international banking group. Group Accounting maintains and supports sophisticated financial accounting systems and provides this service to the business units to ensure that the Group's reporting requirements are adequately met.

Human Resources

Human Resources is a centralised division which is operationally aligned through its main offices in Johannesburg and London. Its focus is to enhance Investec's capacity to compete by nurturing the Group's human capital. The division selects, retains and develops employees through four core areas of activity, namely, recruitment, compensation and benefits, employee relations and the staff share scheme.

Recruitment: focus on equal opportunity employment

The recruitment division provides business units with high calibre local and international staff and ensures a uniform, non-discriminatory selection process. Recruitment methods include advertising, relationships with preferred employment consultants and extensive networking. The Human Resource division also identifies potential employees through:

- South African and UK-based graduate recruitment initiatives at local and international universities.
- The Training Outside Public Practice programme which enables South African chartered accountants to complete their articles at Investec.

- The Investec Bursary Scheme which provides funding for tertiary education to outstanding and previously disadvantaged students whom the Group would like to employ on completion of their studies.

Compensation and benefits: emphasis on employee needs

Employees are encouraged to structure their remuneration packages according to their individual needs. In line with Investec's commitment to equity in employment and recognition of the dignity and rights of each employee, the Group provides maternity and paternity benefits to all employees. The Group also participates in salary surveys to ensure it remains competitive. Investec encourages further educational development for staff by providing study bursaries.

Staff share scheme: material employee ownership

In line with the Group's philosophy of material employee ownership, the staff share scheme provides employees the opportunity to participate in the long-term wealth of the Group specifically, all employees who have been with the Group for six months become eligible for participation in the staff share scheme, with further allocations of shares based on merit.

Employee relations: balance of efficient operation of the business with fair employment practice

The employee relations function facilitates management/employee interaction using the guidelines for fair procedure set out in the Code of Good Practice for Employers and applicable legislation. It assists employees in resolving grievances or work-related difficulties.

Employee Assistance Programme

This initiative, specific to Investec in South Africa, offers accessible, professional support in crisis situations and in resolving work-related and personal difficulties, all cases being treated confidentially.

Human Resources committed to employment equity; UK focuses on recruitment

Investec has committed itself to an employment equity programme, which affects all the activities of the Human Resources division. The programme was implemented during the year under review and more details are available elsewhere in this report.

During the past year, the UK Human Resources division focused on recruitment, with almost 300 new employees joining the Group. A graduate recruitment programme was also launched in the UK in November 2000, resulting in the successful appointment of 12 graduates for 2001. A six-week orientation programme is being developed for these graduates in September. Graduate recruitment teams in the UK and South Africa will work together to maximise synergy and establish a global graduate recruitment and development programme.

Information Centre

The Information Centre, a centralised resource in Johannesburg, provides an efficient, cost-effective information and research service to business units. Employees have access to a comprehensive information database, comprising a number of accredited international electronic news services, as well as relevant information generated through the centre's intranet. The centre also offers internet training and is part of the team responsible for the development of the Group's web content.

Information Technology

The Information Technology (IT) division develops, reviews and monitors Group IT requirements, architecture and standards. The division operates from a central core but decentralises many aspects of IT into the main operating divisions. This ensures that infrastructure and application systems are well tested and meet changing business demands.

Focus on IT strategy and governance

IT strategy is formulated through ongoing strategic analysis and dialogue among business units. This caters for Group interests without compromising the need for business units to deliver according to their requirements. The IT division also sets out appropriate governance guidelines for the business units, to ensure maximum flexibility and responsiveness of business unit systems, while containing project risks.

Bursting of the “internet bubble”

The bursting of the “internet bubble” during the past year vindicated Investec’s traditional approach towards internet-related and new-economy activities. Underpinning this strategy was the recognition that Investec does not need to create a separate entity to conduct this type of business. Accordingly, Investec attempted to blend its investment in the internet with the necessary physical world investment in infrastructure. As a consequence, Investec continues to equip key legacy applications, where appropriate, with an e-commerce capability. This strategy allows for appropriate roll out of the Group’s internet technologies and applications.

Legal, Secretarial and Tax

The Legal, Secretarial and Tax divisions provide services to support Group requirements and ensure that the Group complies with legislation in all its jurisdictions. The services cover compliance functions as well as decision support functions for specialised transactions, acquisitions and the development of new products. Senior members of these divisions represent the Group on various external bodies.

Marketing

Investec brand management aims to achieve consistent presentation of a visual language, style and communication tonality that helps to position the Investec brand as *Out of the Ordinary*. This is done through advertising, sport sponsorship, publicity, electronic communication and relationship marketing. While the marketing approach is flexible to fit with the particular business unit or geography, the essence of the brand remains the same. To aid consistent presentation of the brand, a brand management control system is co-ordinated by teams in Johannesburg and London. Marketing staff all over the world interact with these teams.

Brand awareness grows across jurisdictions

During the year Investec undertook various initiatives to increase brand awareness in its jurisdictions. The Group achieved exceptionally high levels of brand awareness in South Africa through sport sponsorship, advertising and publicity. In the UK, in turn, a print and outdoor advertising campaign used a zebra icon to create a distinctive brand presence. Investec Gandon in Ireland will use the momentum of the brand communication created in the UK to gain further recognition of the Group’s presence and capabilities in that market.

Investec Bank (Israel) took the high ground as the leading Private E-bank, while the Investec brand gained recognition in Israel due to product and corporate branding. In Australia, Investec is working towards extending its branded presence,

which will be aided by the Group's recent acquisition of Wentworth Associates. The US branding of Investec will receive a boost through the re-imaging of PMG Group. This will complement the Investec Ernst presence in New York and Chicago. In Hong Kong sponsorship and advertising are creating a higher profile in a highly competitive and branded marketplace.

Organisation Development

Organisation Development comprises a global team of specialists and provides an independent support function for management, working closely with the Group's strategic finance and human resource functions. Organisation Development is concerned with the way in which Investec initiates and manages change, which is an ongoing, consultative process, rather than a planned event. The focus is on facilitating processes that ensure learning, sustainability and the capacity to thrive. Organisation Development is committed to the creation of an entrepreneurial, collegiate environment in which people are encouraged to engage in dialogue and debate.

Organisation Development function formalised

During the 2001 financial year Investec formalised an internal Organisation Development capability as part of a broader Group initiative to meet the challenges of growth, increasing complexity and internationalisation.

Organisation Development focuses on:

- Facilitating strategy as a process, not a plan, and ensuring its implementation through ongoing consultation and facilitation.
- Raising awareness of "cultural risk" and facilitating the understanding and practice of Investec's values, philosophies and culture.
- Facilitating global integration processes across business units and geographies.
- Facilitating processes to integrate organisations which are acquired.
- Developing leadership capabilities.
- Facilitating processes to develop teams which are able to work together locally and across borders.
- Continuously appraising the Group's well being and readiness to change.
- Developing individual and organisational capability to recognise the need for, and to manage change.

Skills development: leader development and performance development processes introduced

To help implement Investec's developmental objectives, Organisation Development introduced leader development and performance development processes.

The leader development process is a custom-designed, in-house process, aligned with Investec's values and culture. It equips people to manage in a fast-changing global environment. The performance development process involves debating performance criteria, discussing individual learning and development needs and generating development plans. The feedback from that process provides Investec's input into the Workplace Skills Plan submitted to the Bank Sector Education and Training Authority as part of the Skills Development Act and Skills Levy Act (together with the Employment Equity Act, part of a suite of legislation to transform the workplace in South Africa).

Alignment with Investec Business Learning Centre

In South Africa, the Investec Business Learning Centre (formerly the Investec Business School) partners individuals and managers in identifying and selecting resources to meet learning needs. The centre offers generic programmes in IT, Professional Business Practice and courses from the School of Banking and Finance. The centre

also works with line managers to develop product schools such as Investec Asset Management programmes, Dealer Development programmes and the Private Bank College.

Key future initiatives

Over the next year, Organisation Development will concentrate on developing the capability of business and functional teams to operate within a complex global matrix, leader development and the integration of acquisitions.

Strategic Finance and Investor Relations

The responsibilities of the dedicated Investor Relations division initiated in the prior year were extended to include a strategic finance element. This move recognised the importance of ensuring information consistency and transparency between all relevant stakeholders, ranging from the initiation of management accounts through to the compilation of regulatory and statutory reporting statements. Moreover, it facilitates the accurate representation to the Group's stakeholders of the financial implications of key strategic initiatives undertaken by Investec. Examples of these include acquisitions, capital allocation exercises, employee incentivisation structures, and group restructures.

The division works closely with the Group Accounting and Legal, Secretarial and Tax divisions to ensure that the information on which it reports is timeously and appropriately defined, and that all financial and structuring implications resulting from changes in legislation and regulatory requirements are considered and accounted for.

In addition, the division co-operates extensively with the Group's strategic business units to ensure that their financial and strategic experiences and objectives are represented externally in a meaningful manner from both a divisional and macro-Group perspective.

Other Services

Investec Property Group

Strong performance from property divisions

The profitability of the South African property division was encouraging, with the benefits of the previous year's restructuring exercise bearing fruit. The division completed a number of transactions during the year and the variable loan stock company, Metprol, grew significantly with the acquisition of 61 properties from life companies. The market value of Metprol increased from R215m to R407m over the year, with the book value of properties increasing from R501m to R764m. The Group is well placed to take on the assets acquired from Fedsure Holdings Limited during the year and is quietly optimistic for the year ahead. Opportunities arising from the acquisition of Fedsure, together with a stable outlook for interest rates, bodes well for future performance of the division.

The property division in the UK benefited from a buoyant Central London occupier market in which rental growth was as high as 40%. A number of projects reached completion during the year and were sold into a receptive market. Identification of new stocks, specifically in projects in which management can add value, proved difficult, with purchases totalling £10.7m. The average book value during the year was £20.5m. Performance in the forthcoming year is largely dependant on the general state of the economy.

Investec Ernst & Company - US clearing and execution activities

Positive results despite weak financial markets

Investec Ernst & Company is a registered broker-dealer in securities. It specialises in securities clearance for other broker-dealers; institutional and retail commission brokerage; equity, option and fixed income execution services; and securities lending.

The division's performance suffered on the back of weak financial markets. Correspondent clearing revenues decreased as the number of tickets declined by 16%. The slow IPO market affected the Group's prime broker clearing operation, with daily ticket volumes decreasing by 28% over the period. Securities lending activities also declined throughout the year. During the year Investec Ernst & Company acquired the clearing arm of Herzog Heine Geduld Inc and arranged to take on approximately 18 of their correspondents during the forthcoming year. The clearing division clears for 130 correspondent broker-dealers and prime broker relationships. Notwithstanding the difficult operating environment, the division posted positive results as a result of the first full year of operations.

Reichmans Capital Group

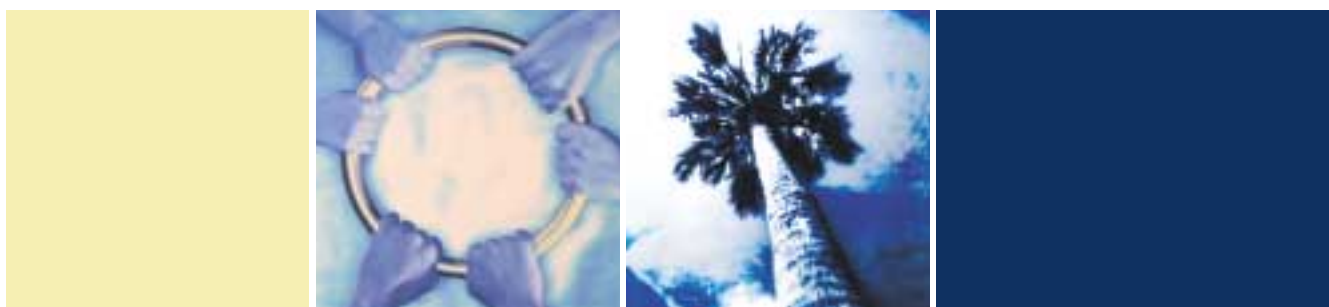
Satisfactory performance with headline net income increasing by 36,8%.

Reichmans offers trade and asset finance and factoring services to medium sized businesses in South Africa, Geneva and New York.

The Reichmans Capital Group's performance was satisfactory notwithstanding weaker markets and Rand instability. Both the division's asset financing unit and Gerber Trade Finance, the Group's New York trade finance joint venture, performed well. Debtors at the year end were R401,4m compared to R292,6m the previous year. The increase was largely due to growth in the local trade finance and leasing books of R87,2m.

Performance in the forthcoming year is largely dependent on the general state of the economy.

Employment Equity



Employment equity in South Africa arose from the recognition that the legacy of legal discrimination under apartheid continues to define the workplace and influence the labour market. It is also based on a recognition that social discrimination against women and people with disabilities continues to pervade the workplace despite the removal of discriminatory legislation.

During the year under review, South Africa passed the Employment Equity Act, in terms of which employment equity encompasses a strategy to achieve equity in the workplace through a number of mechanisms. These include:

- Promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination.
- Implementing affirmative action measures to redress disadvantage in employment experienced by designated groups.

The act does not impose quotas for the representation of designated groups in the workplace. Instead, it creates a basis for extensive consultation between employers, employees and trade unions with the objective of setting numerical goals to achieve equitable representation based on the means and constraints of each workplace.

Investec's employment equity programme

Investec is committed to the implementation of a comprehensive employment equity programme and significant progress is being made towards achieving an equitable work environment, both qualitatively and quantitatively. During the year under review the Group undertook various initiatives as part of the implementation process. These included the following:

- **A comprehensive three-year employment equity plan was drafted.** The plan was submitted to the Department of Labour and a certificate of compliance was received. During the forthcoming year the Group has committed to implementing each element of the plan to achieve the following employment equity objectives, as defined by consultations with staff:
 - Make reasonable progress towards a more equitably representative workplace by achieving the numerical targets outlined in the plan.
 - Manage and use diversity more effectively.
 - Remove actual and perceived barriers to the recruitment and development of individuals from designated groups.
 - Integrate employment equity with business objectives, corporate culture and organisational planning cycles.
 - Encourage open and honest debate on all aspects of employment equity implementation.
- **The recruitment division met with recruitment agencies** actively working with Investec and requested details of their internal employment equity strategies and demographics of their databases. Based on the information received, a preferred supplier's list was compiled and new service level agreements were signed.
- **Sexual harassment and HIV/AIDS policies were drafted.** The principles in these policies ensure that all employees are treated with dignity and respect and that discrimination as a result of sexual harassment or an employee infected with HIV or AIDS is prevented.
- **The Investec Business Learning Centre is responding to training needs** identified by the business units, including those raised in the divisional employment equity plans. In particular, the Fundamental Business Skills Programme is being designed and marketed to all business units within the Group. This programme is aimed at enhancing life skills among those with disadvantaged educational backgrounds.
- **Organisation Development is assisting divisions in the Group** through various customised processes. These include diversity processes, team processes where diversity and equity issues are raised, and mentoring and coaching consultations with managers and individuals. Performance development processes are being conducted throughout the Group. The Leadership Development Process is being piloted with the Private Bank leadership team and will be made available to other teams within the Group.

Divisions remain accountable for, and committed to, achieving objectives established in the Group's employment equity plan. The ultimate responsibility rests with the Employment Equity Forum, which comprises representatives from each division. This dynamic and interactive forum meets regularly and all issues relating to employment equity are debated with the involvement of members of the Group Management Forum. The Employment Equity Executive Committee is the body that drives the process and assists the forum to monitor progress.

Investec is committed to employment equity over the long term and continues to create an environment that fosters diversity at every level of the Group.

Investec Group Limited composition of South African staff at 31 March 2001 and projected target at 31 March 2003

Male Occupational levels	AIC*		White		Total	
	2001	2003	2001	2003	2001	2003
Top management	1	6	60	37	61	43
Senior management	5	17	126	99	131	116
Professionally qualified & experienced specialists	60	137	328	321	388	458
Skilled technical and academically qualified workers, junior management	226	179	68	63	294	242
Semi-skilled and discretionary decision making	60	144	1	3	61	147
Total	352	483	583	523	935	1 006

Female Occupational levels	AIC*		White		Total	
	2001	2003	2001	2003	2001	2003
Top management	–	1	6	10	6	11
Senior management	2	15	35	48	37	63
Professionally qualified & experienced specialists	67	161	434	302	501	463
Skilled technical and academically qualified workers, junior management	249	295	355	354	604	649
Semi-skilled and discretionary decision making	65	121	10	38	75	159
Total	383	593	840	752	1 223	1 345

Female Occupational levels	AIC*		White		Total	
	2001	2003	2001	2003	2001	2003
Top management	1	7	66	47	67	54
Senior management	7	32	161	147	168	179
Professionally qualified & experienced specialists	127	298	762	623	889	921
Skilled technical and academically qualified workers, junior management	475	474	423	417	898	891
Semi-skilled and discretionary decision making	125	265	11	41	136	306
Total	735	1 076	1 423	1 275	2 158	2 351

* AIC - African, Indian and Coloured

The demographic profile reflected in the tables above, broken down by race, gender and occupational level, should be seen as a guideline only. The South African demographic profile and targets for 2003 will be represented differently once Investec has translated its staff complement into occupational categories, as required by the Department of Labour.

Skills Development

Investec's internal empowerment programme seeks to provide equal opportunities in growth and development for all staff through various initiatives and formal and informal learning.

Recruitment initiatives

Recruitment initiatives concentrate on expanding the pool of candidates available, particularly from designated groups, to Investec. To achieve this, Investec applies a number of targeted recruitment initiatives outlined below:

- Investec actively participates in **graduate recruitment** at top South African and international universities in an effort to source the best candidates available to the Group. The programme also markets Investec as a potential employer.
- The **graduate and post-graduate bursary programme** aims to provide educational opportunities to disadvantaged candidates seeking career opportunities in the banking, finance and information systems industries. Bursaries are directed towards commercial, financial and business management degrees, to increase the financial skills pool.
- Participation in the **Training Outside Public Practice** programme which provides students with the opportunity to obtain the practical training for the South African Chartered Accountant (Financial Management) qualification through approved organisations in commerce and industry, as opposed to the traditional method of completing articles with an auditing firm.
- Investec offers **vacation work** for students to whom it gives bursaries. Students receive practical experience and exposure to different units in the bank, to help them make informed decisions on future career opportunities within Investec.
- A two-month **internship** is offered to Post-Graduate Diploma in Management students at the University of the Witwatersrand. The purpose of the internship is to provide these students with exposure to the work environment, while exposing the Group to potential recruits.

Internal transfers and employee advancement

All positions are advertised internally. Every effort is made to ensure that promotions and transfers are made as a result of fair process.

Employee development

Approximately R19m a year is spent on learning opportunities for employees. This includes R1.2m for employees studying part-time at accredited tertiary educational institutions.

Investec offers a wide range of training and development initiatives for all employees. It also counsels employees wishing to participate in external academic and skills-based programmes.

These programmes offered in-house include Fundamental Business Skills, Professional Business Practice, School of Banking and Finance, Technological Literacy and Leader Development.

Fundamental Business Skills Programme

This programme focuses on the needs of individuals from disadvantaged education backgrounds who require training in a range of skills. The programme includes the development of literacy, numeracy and spoken English, as well as critical life skills. Additional courses are offered in personal financial planning, computing, business literacy and communication.

He'Atid Leadership Programme

Investec sponsors previously disadvantaged individuals to participate in the He'Atid leadership programme in Israel. He'Atid ("The Future") focuses on developing leadership, entrepreneurial and community development skills. This is achieved by providing delegates with practical examples drawn from Israel's experience. The programme is intended to contribute to South Africa's leadership and economic growth.

National Qualifications Framework and skills development

The Group recognises the importance of acknowledging employee skills which may have been acquired formally or through experience. Although company expenditure on training largely exceeds that required by the Skills Development Act, Investec is taking steps to ensure that employees can benefit from the provisions of the National Qualifications Framework.

Corporate Social Investment

At Investec, sound business principles drive wise corporate social investment

Investec has a distinct approach to corporate social investment that is based on many of the principles it follows in its own business dealings

These include identifying focused, innovative and sound ways of ensuring a good return for the recipients of each investment. Investec's corporate social investment is largely focused in South Africa with some projects in other countries in which the Group operates.

Collaboration is key to Investec's strategy

The Group believes that businesses, the government and civic institutions should work together in initiating and developing projects that promote education, training and the advancement of people. In line with Investec's strong entrepreneurial spirit, collaboration extends to Investec employees who participate in and initiate projects.

Focus on sustainable long-term development

Investec believes that there are no quick fixes to the problems in society and its focus is therefore on development over the long term. For this reason, to ensure the Group's programme delivers, it does not follow a strictly donations-related approach. Rather it is concentrating increasingly on entrepreneurial projects that are sustainable and empower people by equipping them with quality education and entrepreneurial skills.

Investec also responds to various requests for funding made by charitable organisations. In addition, the Group supports the efforts of bodies such as Business Against Crime and the National Business Initiative which administers the Business Trust.

The Group's corporate social investment strategy is closely linked to its internal employment equity programme and an empowerment drive. This drive takes a holistic view that includes procurement, private equity investment, advice and careful selection of partners with whom Investec chooses to deal.

Entrepreneurial investment: The Business Place

“NAMAC will be proud to be a contributor to this ground-breaking initiative where the private sector [Investec] becomes involved on a national scale in SMME support. It would be true to remark that NAMAC was somewhat overwhelmed by the achievements, and were not aware of the scale and effort of private sector involvement in one centre.” - National Manufacturing Advisory Centre report on The Business Place

Investec feels strongly about stimulating a vibrant entrepreneurial society in which to do business. Throughout the years the Group has identified and financed businesses, many of which have grown into successful corporations. Investec's intrinsic culture of entrepreneurship and roots in the Johannesburg inner city became the catalyst to create an entrepreneurial centre for small businesses there.

The Business Place, located at Investec's building at 58 Marshall Street, Johannesburg, houses a cluster of businesses that supports entrepreneurs. These small businesses offer core services, including access to finance, basic business training, and information and ideas for business start-ups. Free legal and accounting services are also provided by Webber Wentzel Bowens and Werksmans and Ernst & Young respectively. Community networks have been included in The Business Place, to help them access the services in the Business Place.

About 1 000 people (primarily black entrepreneurs) seek advice, training or services from The Business Place each month. The types of businesses receiving support range from brick making and beer brewing through to crop production, diamond polishers and dealers, African clothing design, food franchises and engineering.

Through The Business Place, Investec hopes to create an innovative, sustainable model for small and micro entrepreneurs that can be replicated nationally and internationally. This has been endorsed by the National Manufacturing Advisory Centre (NAMAC), adviser to the South African Department of Trade and Industry, which works predominantly with the manufacturing sector. NAMAC has been tasked with seeking a national solution for the support of small, medium and micro enterprises. Investec is pleased to collaborate with the department to address this urgent national priority.

Educational investment

There is no wealthy nation in the world that does not have a strongly developed tertiary educational system. In South Africa, only 6% of citizens have had access to a post-school education (1996 Census). Investec believes that education is fundamental to the future of South Africa and its business. It is therefore imperative that the Group seeks new ways to break through barriers preventing the majority of South Africans from obtaining a higher education. If Investec follows this imperative, it believes South Africa will flourish.

The Group focuses on broad educational initiatives to improve the breadth and depth of financial studies in South Africa, as well as projects to help replenish the diminishing skills pool in the financial sector.

CIDA City Campus

Investec recently compounded its efforts to build education in South Africa through a partnership with CIDA

(Community and Individual Development Association) City Campus. This campus is now housed at Investec's former head office at 55 Fox Street in the Johannesburg inner city.

CIDA City Campus provides a Bachelor of Business Administration Degree at low cost to students from poor, predominantly rural areas at one twentieth the cost of a traditional university.

The institution uses technology and internationally pioneered teaching methods to try and transform the way education is delivered in South Africa. During the year under review CIDA City Campus had more than 1 200 first and second year students.

This institution is also unique because students are responsible for the administration, maintenance, security and extra-mural activities of the campus, minimising its costs. Students benefit from this practical training and are also available to assist entrepreneurs with less formal training at The Business Place, equipping them with leadership and mentoring skills.

Investec employees have voluntarily become involved in the CIDA project through sponsoring students, tutoring accounts and English, donating clothing and computers, offering IT infrastructural support, and assisting with maintenance and management of the building.

Other tertiary educational support

Investec's social investment programme in South Africa originated in previously black tertiary educational institutions, with a focus on building skills for the financial sector.

Investment initiatives in this area include:

- A contribution towards the establishment of a business school at the University of the North.
- Sponsorship of a BComm (Banking) degree at the University of Zululand.
- Support for Economics Honours and Masters students at the University of the Western Cape.

The Group has since broadened its focus to other tertiary educational institutions, continuing its support for studies core to its business and the financial services sector. Recent significant sponsorships have gone towards the establishment of:

- The Investec Business School at Rhodes University and a joint chair in money, banking and financial markets at Rhodes University and the University of Fort Hare.
- The Investec Econometrics Research Programme at the University of the Witwatersrand. Support was also given to the Wits Football Club, which will cover bursaries to some of its players.
- A chair in applied financial accounting at the University of South Africa.
- Sponsorship of a financial mathematics programme at the University of Cape Town.
- A contribution to the University of Stellenbosch for salary subvention of staff of Imstus, the Institute for Mathematics and Science Teaching of the University of Stellenbosch.
- A chartered accountants' conversion course at the University of Port Elizabeth.

Investec has also donated to the Rand Afrikaans University and Vista University foundations, and the universities of the Free State, Natal, Transkei, Namibia, Durban Westville, Venda, North West, Pretoria and Potchefstroom. Technikons that have received support include the Free State, Cape Town, Witwatersrand, Mangosuthu, Natal, Pretoria, SA Foundation and Vista technikons.

Bursaries

Investec has sponsored students from disadvantaged backgrounds in South Africa to read MBA degrees at international tertiary institutions, including Harvard Business School and Nijenrode University in Holland.

Through its South African bursary programme Investec sponsors students to study banking, finance and information technology systems. Eighty percent of these students are from designated groups.

Pre-primary, primary and secondary education

Investec is “adopting” schools that are struggling to educate vast numbers of students in poor rural areas. The first of these is a cluster of four schools, teaching more than 450 children, in Middelrus in KwaZulu-Natal. Investec’s donation will go towards upgrading facilities and providing textbooks, stationery and basic infrastructure.

The Group also recently donated money to Seikgoni High School in cooperation with South African Reserve Bank Governor Tito Mboweni. Other recipients have been Masibambane College, Itumuleng Pre School, Project Literacy, Ubuntu Self Help Education, Govhu Secondary School, Sekolo sa Borokgo, Forest Town School, Promat Colleges, Umhloti Primary, Medunsa Trust, St Andrews Outreach, Ubhejane Education, Midberg Adult Education, Siyabona Educational, Bridging College, Makgethe Intermediate and Realogile High School.

Investec’s funding also extends to disadvantaged students at various arts and cultural schools such as the College of Music attached to the University of Cape Town. Regular donations are also made to the National School of the Arts, Business and Arts SA, the Johannesburg Youth Orchestra and the Inanda Community Arts Centre.

Student Sponsorship Programme

Investec sponsors three black children from previously disadvantaged backgrounds to attend local “model C” and private schools in Johannesburg. The purpose of this programme is to ensure that these children have access to quality secondary school education.

Adult education

The Group extended its support beyond secondary and tertiary education to adult literacy programmes, especially for poorer communities. Together with the University of Stellenbosch and local community leadership, Investec contributed towards the development of the J L Zwane Centre for Training and Development in Guguletu, near Cape Town, an adult learning centre. Investec donated R1m to the centre.

Cradle Project

Investec’s Cradle Project arose from the compassion of a small group of Johannesburg employees who regard themselves as privileged to have jobs and access to resources. These employees formed a committee which runs and manages various projects (after hours) for those in need. **The Cradle Project’s core philosophy is to assist charitable and welfare organisations in South Africa that are not well known or supported.** The committee believes that its contributions need not necessarily be financial, but that members’ individual skills, time and care are often more valuable.

The Cradle Project’s focus for the past year was on HIV and AIDS, education, disaster relief, community care, welfare, health and animals. Prominent initiatives included the refurbishment and furnishing of a “safe house” for People Opposing Woman Abuse (POWA), a welfare organisation that provides counselling, support groups,

shelter, legal advice, court preparation and other support for abused women. The project also recently distributed more than 700 food parcels to the needy, more than 700 blankets during winter, 500 pairs of slippers for pensioners, 500 stationery packs and school shoes to children, and food and clothing to shack fire and flood victims (disaster relief). The Cradle committee also held a successful Easter egg collection with employees, which enabled it to distribute more than 1 200 Easter eggs to squatter camps, hospitals and homes for the aged. In another recent project, over 40 employees in South Africa knitted jerseys and scarves for homeless people during winter.

Donations to charities

During the year under review, Investec Private Bank in South Africa implemented an innovative rewards programme called Investec Dividends, through which clients can donate points to various charities. These comprise Cotlands, the Cancer Association of South Africa, Business Against Crime and the National Council of Societies for the Prevention of Cruelty to Animals

Clients can also donate money directly to these charities as they are defined as beneficiaries on Investec Private Bank's online banking site.

Investec continues to make donations to a broad range of charitable and welfare organisations. Among these are homes and causes for child welfare (including the Nelson Mandela Children's Fund) and people suffering from AIDS, cancer (including a R400 000 donation to (CHOC Childhood Cancer Foundation South Africa), mental and physical disabilities and abuse. Donations are also made to various environmental charities such as the Endangered Species Trust, Fauna and Flora International and Birdlife SA.

Charitable support in international offices

Investec undertakes corporate social investment activities in various of its other offices around the world. In the UK, charities sponsored over the last year include St Barthomolew's Hospital, Make a Wish Foundation, Children with Leukaemia, Contact a Family, Share a Capital Christmas, Kids Appeal 2000, Help a London Child and Fun Bus 2001. Such sponsorships have generally taken the form of placing advertisements in these organisations' charity publications.

Other charitable activities undertaken by the UK office over the year include:

- Sponsoring the inaugural city dinner for the Variety Club of Great Britain, a charity dedicated to child welfare. Investec is also associated with the Variety Club's new initiative, the Variety Club City Group, which will work in partnership with local businesses to raise funds for child welfare.
- Co-sponsoring a project run by the SA High Commission in London, called Celebrate South Africa. The project was a series of events in London running over May and June to promote investor confidence and boost tourism in South Africa and positively influence or change media perceptions of South Africa.
- Supporting the relief fund for earthquake victims in India.

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Directors' Responsibility and Governance

Responsibility

The directors are responsible for monitoring and reviewing the preparation, integrity and reliability of Investec Group Limited's financial statements, accounting policies and the information contained in the annual report.

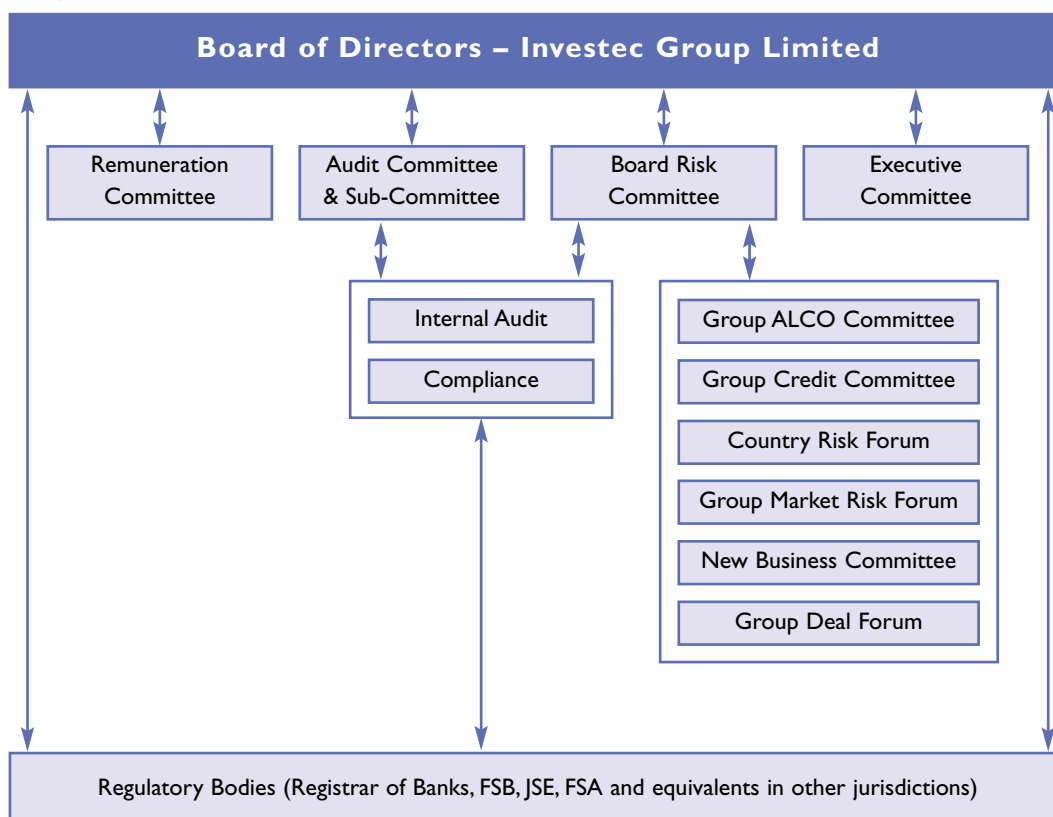
In discharging this responsibility, the directors are supported by an ongoing process for identifying, evaluating and managing the significant risks faced by the company which was in place for the year under review and up to the date of approval of this annual report and accounts. The process is implemented by Investec management, and independently monitored for effectiveness by the audit, risk and other sub-committees of the Board which are referred to below.

Corporate Governance

Investec Group Limited has long had an entrenched corporate culture which emphasises above all the need to conduct the affairs of the Group in accordance with the highest standards of corporate ethics.

Corporate Governance, reduced to its absolute essentials, is the formal maintenance of the necessary balance between entrepreneurial thrust and enterprise on the one hand and prudential restraint, within the boundaries

Corporate Governance structure



of regulation, on the other. Accordingly, while Corporate Governance, embodied in Investec's written Statement of Values (which serves as its Code of Ethics) has always been a pillar of Investec's culture, the Group has over time created (and continues to refine) the structures necessary to formalise oversight and to ensure that the Values remain embedded in all businesses and processes.

The Group endorses the King Code of Corporate Governance and operates in compliance with its recommendations. International business units operate in accordance with the governance recommendations of the jurisdiction in which they operate, but with clear reference at all times to Group values and culture.

During the period under review, the Group initiated the adoption of the "Turnbull Guidance" containing principles for consideration by directors on the implementation of the Accountability and Audit Principles of the United Kingdom "Combined Code" on good governance and best practice. This requires management and the board to assess the control and risk management environment, identify risks, embed a culture of risk awareness and control consciousness, provide assurance of implementation and review the governance process.

The Group recognises its responsibility as a financial institution to conduct its affairs with prudence and integrity and to safeguard the interests of all stakeholders.

Board of Directors

Role and composition

Investec Group Limited has a unitary board comprising five executive and eleven non-executive directors. Details of the directorate are contained on page 24. All board members are suitably experienced, have a clear understanding of their role in corporate governance and are not subject to undue influence from management or outside concerns. Non-executive directors comprise individuals of high calibre with diverse backgrounds and expertise and provide objectivity and independence to board deliberations and decision making processes.

Board meetings are scheduled at the commencement of each calendar year and directors are provided with full board papers to enable them to consider in advance the issues on which they will be requested to give decisions. Both the Investec Group Board and the Investec Bank Board meet at least four times per year.

The board retains full and effective control of the company. This includes the responsibility for reviewing and guiding corporate strategy, through the establishment of key policies and objectives. It continually assesses both the quantitative and qualitative aspects of the Group's performance, by way of a comprehensive system of financial monitoring, involving an annual budget process, detailed monthly reporting and management strategic and operational updates.

The Board of Directors approves the annual budgets and business plans as part of its normal responsibilities. Furthermore, the board has defined the limits of delegated authority and is ultimately responsible for assessing and managing risk policies and philosophies, overseeing major capital expenditures, acquisitions and disposals, approving the establishment of businesses and approving the introduction of new products and service offerings.

The board is accountable to all Investec Group's stakeholders for exercising leadership, integrity and judgement in pursuit of its strategic goals and objectives so as to achieve long-term sustainable growth and prosperity for the Investec Group.

All directors are regularly kept abreast of statutory, regulatory, accounting or industry developments, which may

Directors' Responsibility and Governance

affect the activities of the Group. Furthermore, all non-executive directors have access to management, including the Group Company Secretary, and to such information as is needed to carry out their duties and responsibilities comprehensively and effectively. To facilitate this, non-executive directors participate in key Board sub-committees and other forums as indicated elsewhere in this section. Furthermore, all directors are able to take independent professional advice, as is necessary to fulfil their duties, at the Group's expense.

Appointment and selection

The selection and appointment of directors to the boards of Investec and its major subsidiaries is a matter for the Investec Group Board as a whole. A nomination committee is not considered appropriate. The selection and nomination process is formal and transparent. Board appointments are based on a required mix of skills and experience to ensure the ongoing success of the Group.

New directors may hold office only until the next annual general meeting at which they retire and become available for re-election. All directors are subject to retirement by rotation and re-election by shareholders at least once every three years. Directors have no fixed term of appointment as directors and the contributions of individual directors are subject to ongoing review. An executive director is required to retire from the board at the age of 65, while a non-executive director is required to retire at the age of 70.

All non-executive directors, on appointment, are appropriately familiarised with the operations of the Group, senior management and its business environment and are inducted in terms of their fiduciary duties and responsibilities.

Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer are separate.

The board is led by the Chairman, Hugh Herman, who is a non-executive director.

The Chief Executive Officer is Stephen Koseff who is responsible to the board for the implementation of its strategies and policies.

Company Secretary

The Company Secretary of Investec Group Limited is suitably qualified and experienced and was appointed by the board in February 1994. The Company Secretary is responsible for the duties stipulated in section 268G of the Companies Act and the declaration required to be signed in terms of subsection (d) appears on page 130.

Management

Global business unit and geographic management are appointed by the board, based on the skills and experience deemed necessary to perform the function envisaged. Generally speaking managers do not have fixed term employment contracts and there are no employment contracts with managers which have a term of more than three years.

A new integrated global management structure was approved by the board during the latter part of the year under review. Details of this management structure can be found on page 68. The global management structure enables the Group to meet the challenges of responding to local market conditions while facilitating global integration through effective product and geographic leadership.

Furthermore, each strategic business unit has its own executive management committee and is responsible for taking and implementing operational decisions, managing risk and aligning divisional objectives with the Group strategy and vision.

Executive managers are required to provide the board with appropriate and timely information necessary for it to fulfil its responsibilities.

Executive managers meet weekly in the Group Management Forum in their respective jurisdictions, and every four to six weeks in the Global Management Forum held either in South Africa or the United Kingdom. These forums comprise certain executive directors, heads of strategic business units, group services and geographic leaders. The purpose of these forums is to identify and discuss key strategic issues and opportunities facing each business unit, geographic operation, as well as the Group, with the ultimate objective of presenting such issues to the board, which plays an integral role in the final decision making process. Typically, acquisition proposals, critical Group projects, and other key growth developmental recommendations are raised and debated at this forum before being submitted for board approval.

The Global Management Forum serves as an effective integrating mechanism, and provides a platform for the operational business and geographic leaders to raise any strategic issues pertaining to their respective businesses. It thereby allows for constant feedback and input from all members. The forum has given the Group's management teams the opportunity to remain in touch with developments in the Group as a whole thereby helping to eliminate duplicated effort and to enhance synergies across businesses and geographies.

Various other formal and informal processes promote interactive dialogue and independent review between Group management and the non-executive directors.

Succession planning

Succession planning is initiated at management level where the depth, scope and diversity of talent is identified and nurtured ensuring that the Group maintains a substantial pool of talent from which senior management and executives can be replenished when required.

Board sub-committees

To assist the board in the discharge of its duties, a number of board committees have been established. These committees all have specific terms of reference, and are accountable to the board. The committees are composed of individuals with the requisite skills commensurate with the committee's objectives / scope of activity. Non-executive board members have been assigned to all of these committees. The board committees are:

Executive Committee

The Executive Committee is responsible for the implementation of the Group's strategy and managing the business affairs of the Group. Responsibility for the day-to-day operations of the business is delegated to senior

Directors' Responsibility and Governance

management as described above. The committee is chaired by Hugh Herman. Members of the Executive Committee are:

- Glynn Burger (Global Head of Risk Management and Joint Managing Director of South Africa)
- Donn E Jowell (non-executive director)
- Bernard Kantor (executive director)
- Stephen Koseff (executive director)
- David M Lawrence (executive director)
- Bradley Tapnack (executive director)

Remuneration Committee

The Remuneration Committee is responsible for reviewing the remuneration of most senior strata, from the Chief Executive to Global Management Forum level. The committee aims to attract and retain qualified and experienced management and executives necessary to meet the Group's objectives. The Remuneration Committee comprises:

- Hugh Herman (Chairman of the board and a non-executive director)
- Donn E Jowell (non-executive director)
- Peter R S Thomas (non-executive director)

The remuneration of executive directors comprises both current reward and future entitlements. Directors do not have service contracts. Remuneration elements are detailed below:

- Executive directors in the Group receive a salary and economic value added driven rewards for divisional performance. Salaries are reviewed annually by reference to performance and the market.
- Executive directors participate in various share incentive schemes.
- Executive directors in the Group participate in the defined contribution pension fund and provident fund schemes.
- Non-executive directors receive fees for their services as directors and for services on the various board committees and, where applicable, subsidiary boards and ancillary trusts.

The emoluments and shareholdings of Investec Group Limited directors are set out on page 128.

Audit Committee

The Group Audit Committee comprises non-executive directors, with a non-executive director as chairman, and meets at least six times a year. The members of the Audit Committee are listed on page 25. A number of senior managers are invited (or required by the Audit Committee Charter) to attend the Audit Committee meetings. These include the Chief Executive Officer of the Group, members of the finance, operational risk, internal audit and compliance divisions, and the Chief Technology Officer. Representatives of the respective firms of external auditors have permanent invitations and attend meetings as a matter of course. In addition, the Chairman has the right to call in any other employee of the Group who is able to assist the committee on an ad hoc basis.

The Group Audit Committee is supported by the Audit Sub-Committees established for all significant business operations and geographic locations, designed to assess, implement and report on the operational internal control environment. Non-executive directors have "white cards" to attend all the meetings of these various committees and at least one non-executive director is assigned to each sub-committee in order to promote integration of the whole system. The Group Audit Committee reviews the significant issues raised in all the Audit Sub-Committees.

The duties and responsibilities of the Audit Committee are set out in a written Charter approved by the Board of Directors and (in brief summary) include:

- Review accounting policies and changes in accounting policies.
- Review of the adequacy and effectiveness of internal controls and management information.
- Review of suggested improvements to disclosure.
- Review of annual and interim financial reports and accounts.
- Review and consideration of areas of judgement, external audit adjustments, the going concern statement and compliance with national and international accounting standards.
- Review of the internal Audit Charter and plans, review of the performance of the internal audit function and the interaction of that function with the external auditors.
- Review the processes intended to secure statutory and regulatory compliance and compliance with internal codes of ethics and conduct.
- Review of the external auditors' audit plan, discussion with them of the scope and cost of the annual audit, discussion of problems if encountered and of management letters and statutory reports.

The Audit Committee Charter is reviewed annually.

During the course of the year under review, a Risk Committee was established to define and review processes of risk management within the Group and this committee (discussed in more detail below) subject to Audit Committee review, has taken over a former duty of the Audit Committee, and establishes the processes of risk management within the Group with specific reference to risks identified in the Banks Act and Regulations (solvency, liquidity, credit, currency, market (position), interest rate, counterparty, technological, operational and compliance).

The risk and compliance managers, the internal auditors, the respective firms of external auditors, the non-executive directors and the various supervisory and regulatory bodies all have unrestricted access to the chairman of the Audit Committee and to each other. They submit formal reports to the Committee at its meetings throughout the year.

Board Risk Committee

The Board Risk Committee is chaired by Stephen Koseff and comprises:

- Sam E Abrahams (non-executive director)
- Glynn Burger (Global Head of Risk Management and Joint Managing Director of South Africa)
- Richard Forlee (Global Head of the Treasury and Finance Group)
- Donn E Jowell (non-executive director)
- Bernard Kantor (executive director)
- David M Lawrence (executive director)
- Alan Tapnack (Chief Executive Officer of Investec Bank UK Limited)
- Bradley Tapnack (executive director)
- Peter R S Thomas (non-executive director)

The Board Risk Committee defines the processes by which internal financial control risk is assumed and monitored. The Audit Committee is responsible for reviewing these processes, with the exception of the processes in relation to operational risk, which is the domain of the Board Risk Committee. The independent Group Risk Management division provides the expertise and basic materials from which the processes can be built and monitored on a daily basis.

Directors' Responsibility and Governance

There are a number of committees dedicated to aspects of risk management and which report directly to the Board Risk Committee and the Board of Directors. These include, the Group ALCO Committee, the Group Credit Committee, the Country Risk Forum, the Group Market Risk Forum, the New Business Committee and the Group Deal Forum. Details of these various committees can be found in the section on Risk Management on pages 49 to 62.

There is a clear distinction between the governance and implementation of risk processes. The former is vested in the Board of Directors and the board committees while the latter is the responsibility of management who report to these committees on a regular basis. Management has unrestricted access to these committees.

Internal financial control and risk management

Financial controls throughout the Group focus on critical risk areas. These areas are, as appropriate, identified by operational management, confirmed by Group management, monitored by the board, reviewed by Group Risk Management, assessed by the risk assurance functions of Internal Audit and Compliance, and evaluated by the independent auditors.

The directors consider that the Group's system of internal financial control is adequately designed (within reason) to:

- Provide assurance of both the integrity and reliability of financial information.
- Safeguard, verify and maintain accountability of assets.
- Prevent and detect fraud.

Internal financial controls are based on established policies and procedures (see "Responsibility" above). Controls are reviewed and evaluated regularly for appropriateness and effectiveness. Best practices are reinforced through active risk management processes and initiatives. During the year the Group initiated a programme to implement the "Turnbull Guidance" which specifically relates to the accountability and audit aspects of corporate governance practices as set out in the "London Combined Code."

Management is responsible for implementing internal financial control, ensuring that personnel are suitably qualified and that an appropriate segregation exists between duties and independent review.

Processes are in place to monitor internal control effectiveness, identify and report material breakdowns and ensure that timely and appropriate corrective action is taken.

The Group strives to understand and measure risks in order to make considered judgements and decisions and to limit loss situations. The independent Group Risk Management division is responsible for the implementation of risk awareness and knowledge transfer. For further detail on the Group's risk management process and the various Risk Management Committees, refer to pages 49 to 62.

The Audit Committees review the mandate, authority, resources, scope of the work and effectiveness of internal audit annually. The review also includes an assessment of the work conducted by Internal and External Audit.

The board is of the view that there are sufficient ongoing processes, which have steadily improved over the years, for identifying, assessing and monitoring the significant risks faced by the Group. The processes are in alignment with the "Turnbull Guidance" and will be regularly reviewed by the various assurance providers in the Group, including management and the board.

Group Compliance

In terms of Regulation 47 of the Banks Act, 1990, which became effective in January 2001, the Group has an independent Group compliance function within its risk management framework which is responsible for continuously managing the Group's regulatory risk. The Compliance division reports to the Chief Executive Officer and has unrestricted access to the Chairman of the Audit Committee. This department has been enhanced to meet the new Banks Act requirements. For further details on the Group's compliance function refer to page 60.

Disclosure, transparency and relations with stakeholders

The Board of Directors subscribes to a philosophy of providing meaningful, transparent, timely and accurate communication to its primary stakeholders, which include shareholders, employees, rating agencies, regulatory bodies, clients and industry investment analysts, in order that they may make meaningful assessments and informed investment decisions about the Group.

The board recognises the importance of ensuring an appropriate balance in meeting the diverse needs and expectations of all the Group's stakeholders and building lasting relationships with them.

The Group has a Strategic Finance and Investor Relations division which is responsible for ensuring appropriate communication with all its stakeholders. Regular contact is maintained with domestic and international institutional shareholders, fund and asset managers, analysts and rating agencies by means of a comprehensive investor relations programme. This includes meetings with executive management, investor road-shows, presentations to the investment community, communication by e-mail and the internet, regular telephone conferences and liaison with private shareholders in response to their enquiries.

All shareholders are encouraged to attend the annual general meeting, and any other meetings of Investec, and to raise issues and participate in discussion relating to items included in the notice of the meeting.

Regulation and supervision

The Group is subject to external regulation and supervision by various South African and international statutory bodies and regulators. The Group strives to achieve an open and active dialogue with its regulators and supervisors to comply with the various regulatory and supervisory requirements. The Group reports to regulators and supervisory bodies on a regular basis.

Where appropriate, the Group participates in industry committees and discussion groups to maintain and enhance the regulatory environment in which it operates.

Going concern

The financial statements contained in this report are prepared on the going concern basis. The directors are of the opinion, based on enquiries made and their knowledge of the Group, that adequate resources exist to support the Group on the going concern basis over the next year.

Directors' Responsibility and Governance

Values and Code of Conduct

The Group has a strong culture of entrenched values which forms the cornerstone of the expected behaviour of the Group towards all stakeholders, both internal and external. These values are embodied in a written Statement of Values which serves as the Group's Code of Ethics and are continually reinforced. Investec's values demand that the directors and employees of the Group conduct all internal and external dealings with integrity, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust.

The Investec Group subscribes to the Code of Banking Practice endorsed by member banks of the Banking Council of South Africa. In terms of this code, Investec conducts its business with uncompromising integrity and fairness so as to promote complete trust and confidence in the banking industry.

In terms of the Group's "closed period" policy, directors, officers, participants in the share incentive scheme and staff who may have access to price sensitive information are precluded from dealing in Investec shares approximately two and a half months prior to the release of the Group's interim and financial results. Details of directors' dealing in Investec shares are disclosed to the board.

Employment equity, employee participation and skills

Ownership of the Group is devolved on employees through the staff share scheme, and participation in ownership by all employees is actively encouraged.

Skills enhancement is achieved through the development and presentation of internal and external training courses and support of employees wishing to enhance their skills at recognised external institutions. The Group's culture values employee participation in the decision making process, and encourages communication throughout the Group, achieved in part by both permitting and encouraging wide participation in formal forums and processes.

Investec has strategically focused on education and economic growth and entrepreneurship in addressing empowerment in its society and workplace. The Group's societal focus is on developing the skills pool of its country and the organisation. The historical make-up of the financial skills sector and the vast skills deficit created by years of systemic inequality within the formal education system in South Africa, will only be overcome with commitment, creativity, focus and hard work. Progress will require extensive investment in training and development, both with employees and in educational institutions [Investec's focus has extended beyond tertiary institutions]. Further aspects of the Group's employment equity strategy concentrate on creating a learning environment, ensuring equal opportunity in recruitment and providing growth and development opportunities for all employees.

The Group recognises that the creation of a diverse workforce will better position it to meet the needs of a diverse client base and the challenges of a global economy. Within this context the Investec Group in South Africa has developed an employment equity philosophy which captures its employment equity objectives.

Further details of the Group's employment equity, and internal skills building and corporate social responsibility processes and initiatives are set out in the Employment Equity and Corporate Social Investment report on pages 109 to 117.

Investec Group Limited: Directors' remuneration for the year ended 31 March 2001

Name	Services as directors	Cash portion of package	Performance related remuneration	Other* benefits	Total remuneration Expense
Executive directors					
S. Koseff	400 000	1 882 176	4 100 000	367 824	6 750 000
B. Kantor	400 000	2 449 333	4 100 000	266 266	7 215 599
D. M. Lawrence		1 166 899	1 950 000	183 101	3 300 000
B. Tapnack		1 032 446	1 950 000	267 554	3 250 000
Total	800 000	6 530 854	12 100 000	1 084 745	20 515 599
Non-executive directors					
H. S. Herman	450 000	1 958 166	2 750 000	291 834	5 450 000
S. E. Abrahams	442 000	—	—	—	442 000
A. I. Basserabie	32 000	—	—	—	32 000
Dr H. K. Davies	30 000	—	—	—	30 000
G. H. Davin	30 000	—	—	—	30 000
D. E. Jowell	1 249 000	—	—	—	1 249 000
I. R. Kantor	30 000	—	—	—	30 000
D. H. Mitchell	30 000	—	—	—	30 000
D. R. Motsepe	30 000	—	—	—	30 000
Dr M. Z. Nkosi	56 800	—	—	—	56 800
P. R. S. Thomas	437 000	—	—	—	437 000
Total	2 816 800	1 958 166	2 750 000	291 834	7 816 800
Rand total	3 616 800	8 489 020	14 850 000	1 376 579	28 332 399

* Other benefits represent: travel allowance, provident fund, medical aid, group life, pension fund, company car

Investec Group Limited: Directors' shareholdings for the year ended 31 March 2001

Name	Investec Group Limited		Investec Holdings Limited		
	Fully paid shares	Future entitlements under share executive trusts	Fully paid shares Beneficially held	Non-beneficially held	Future entitlements (beneficial & non-beneficial) to employee ownership initiatives
Executive directors					
S. Koseff	3 888	—	764 955	206 020	296 395
B. Kantor	2 025	—	842 943	—	296 395
D. M. Lawrence	—	—	60 500	—	140 695
B. Tapnack	—	38 000	32 240	—	189 600
Non-executive directors					
H. S. Herman	4 525	25 300	181 845	—	296 395
S. E. Abrahams	—	—	—	—	17 138
A. I. Basserabie	5 100	—	2 000	—	—
Dr H. K. Davies	918	—	—	—	—
G. H. Davin	1 904	16 000	199 662	—	50 000
D. E. Jowell	—	—	—	135 000	25 707
I. R. Kantor	18 248	—	2 262 032	—	90 000
D. H. Mitchell	—	—	6 809	—	—
D. R. Motsepe	—	—	—	—	—
Dr M. Z. Nkosi	—	—	—	—	—
P. R. S. Thomas	375	—	159 951	—	21 422
Total number	36 983	79 300	4 512 937	341 020	1 423 747

Note: No share options have been issued to directors and participants are at risk for shares issued under share executive trusts and employee ownership initiatives.

Directors' Responsibility and Governance

Financial Statements for Investec Group Limited

The Group and Company financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practices. The accounting policies have consistently been used, supported by reasonable and prudent judgements and estimates. The Directors are satisfied that the information contained in the financial statements fairly presents the results for the year of the company and the Group and the financial position of the company and of the Group at the year end. The financial statements appearing on pages 118 to 177 were approved by the Board of Directors on 29 May 2001 and are signed on its behalf by



Hugh Herman
Chairman

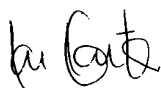


Stephen Koseff
Chief Executive Officer

Furthermore, the Group's external auditors have audited the financial statements and their unqualified report appears on page 131.

Financial Statements for Investec Holdings Limited

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The accounting policies have consistently been used, supported by reasonable and prudent judgements and estimates. The Directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the company at the year end. The financial statements appearing on pages 178 to 190 were approved by the Board of Directors on 29 May 2001 and are signed on its behalf by



I R Kantor
Chairman



B Kardol
Deputy Chairman

Furthermore, the Group's external auditors have audited the financial statements and their unqualified report appears on page 181.

Declaration by Company Secretary

In terms of Section 268G (d) of the Companies Act, 1973, as amended. I hereby certify that to the best of my knowledge and belief, the company has lodged with the Registrar of Companies, for the financial year ended 31 March 2001, all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



S. Noik
Group Secretary
29 May 2001

Report of the Independent Auditors

To the Members of Investec Group Limited

We have audited the Company and Group annual financial statements set out on pages 132 to 174 for the year ended 31 March 2001. 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

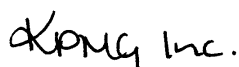
We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- 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.
- Evaluating the overall financial statement presentation.

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

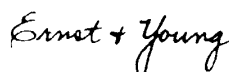
Audit opinion

In our opinion, the financial statements fairly present in all material respects, the financial position of the Company and of the Group at 31 March 2001 and the results of their 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.
Chartered Accountants
(SA)
Registered Accountants
and Auditors

Johannesburg
29 May 2001



Ernst and Young
Chartered Accountants
(SA)
Registered Accountants
and Auditors

Directors' Report

Nature of business

Investec Group Limited is a bank controlling company which through its subsidiaries provides a wide range of specialised products and services to a select client base. Investec is organised into four principal divisions, namely Investment Banking, Treasury and Finance, Private Client Activities and Asset Management.

Authorised and issued share capital

On 26 September 2000, special resolutions were passed increasing the authorised share capital of the company to R90,030,000 by the creation of 45 000 000 ordinary shares of 60 cents each.

On 27 September 2000, special resolutions were passed further increasing the authorised share capital to R96,030,000 by the creation of 10 000 000 class "A" variable rate compulsorily convertible non-cumulative preference shares of 60 cents each.

Details of the share capital are set out in notes 10 and 12 to the financial statements.

During the year 117 965 ordinary shares were issued to the share incentive trust for a total of R15 million including share premium, in respect of options exercised.

6 525 convertible debentures were converted into ordinary shares, on a one for one basis, at an average of R24,20 per share and 100 000 debentures were converted at R175.00 per share.

210 222 ordinary shares were issued for acquisitions made, for a total of R52 million including share premium of which 100 000 ordinary shares are temporarily held by a subsidiary of the Group.

2 000 000 class "A" variable rate compulsorily convertible non-cumulative preference shares were issued at R230,00 each.

Financial results

The results of the company and the Group are set out in the financial statements and accompanying notes.

Dividends

	2001 Rm	2000 Rm
Ordinary dividends		
The following ordinary dividends were declared:		
Interim dividend of 310 cents per share (2000 – 237,5 cents) to shareholders registered on 10 November 2000 – paid on 23 November 2000	250	191
Final dividend of 440 cents per share (2000 – 382,5 cents) to shareholders registered on 15 June 2001 – payable on 27 June 2001	356	308
	606	499
Preference dividends		
The following preference dividends were paid or accrued:		
Redeemable preference shares (included in interest paid)	347	318
Convertible preference shares (of which R14 million was set off against liability)	15	–

The principal value of the redeemable preference shares has been classified as a liability in terms of AC125 and then included under creditors and other liabilities. The convertible preference shares have been split between equity and debt, with the debt portion included under creditors and other liabilities.

Directors' Report

Directors and secretary

Details of the directors and secretary are reflected on pages 24 and 191 respectively. Messrs S E Abrahams, H S Herman, I R Kantor, Dr M Z Nkosi and Ms D R Motsepe, retire by rotation but being eligible, offer themselves for re-election.

The following resignations were received: Mr A I Basserabie on 12 June 2001, Mr D H Mitchell on 16 May 2001 and Dr F van Zyl Slabbert on 20 February 2001.

Directors' shareholdings

On 31 March 2001 the directors beneficially held 36 983 shares in the company (2000 – 9 767). The directors future entitlements under the share incentive trusts and in terms of employee ownership initiatives are 79 300 (2000 – 141 225) Investec Holdings Limited ordinary shares.

Details of the directors' direct and indirect beneficial shareholdings in the company's issued share capital at 31 March 2001 were:-

	2001	2000
A. I. Basserabie	5 100	5 100
H. K. Davies	918	918
G. H Davin	1 904	–
H. S. Herman	4 525	2 500
B. Kantor	2 025	–
I. R. Kantor	18 248	874
S. Koseff	3 888	–
P. R. S. Thomas	375	375
	<u>36 983</u>	<u>9 767</u>

There have been no material changes to the above holdings from 31 March 2001 to the date of this report.

Share incentive trusts

The staff share purchase and option schemes trust operates in terms of the Investec Group Limited Security Purchase and Option Scheme. The status of the scheme at 31 March was as follows:

	2001	2000
The following number of options were granted to management and staff but not yet exercised :		
Investec Group Limited shares	3 600 993	3 480 070

The above options have been granted at an average exercise price of R237,95 (2000 – R230,59) at exercise dates ranging from 1 April 2001 to 31 March 2011.

	2001	2000
The following number of Group instruments were owned and administered by the scheme, including those held on behalf of participants who had purchased the instruments but not yet taken them up:		
– Investec Group Limited ordinary shares	204 845	770 331
– Investec Group Limited convertible debentures	1 880 000	980 000
– Investec Holdings Limited ordinary shares	3 716 124	3 802 877
The scheme was financed by a loan from Investec Bank Limited, which is included in advances and other accounts	R854m	R555 m

During the year ended 31 March 2001 the following instruments were issued to staff in terms of the share purchase scheme:

- 7 876 Investec Group Limited ordinary shares at an average price of R144.98 per share.
- 306 890 Investec Group Limited convertible debentures at an average price of R226.01 per debenture.
- 15 390 Investec Holdings Limited ordinary shares at an average price of R126.03 per share, relating to staff share placements made in prior years.

Audit committee

An audit committee comprising non-executive directors meets regularly with senior management, the external auditors, Operational Risk Management Review and the Group's Finance and Accounting division to consider the nature and scope of the audit reviews and the effectiveness of the Group's risk and control systems.

Contracts

Refer to note 28 on page 168 for details of contracts with directors.

Subsidiary and associated companies

Details of principal subsidiary and associated companies are reflected on pages 173 and 174.

The interest of the company in the aggregate profits after tax of its subsidiary companies for the year is R1 134 million (2000 – R967 million) and its share in aggregate losses is R48 million (2000 – R24 million).

Special resolutions

In addition to the special resolutions referred to under "Authorised and issued share capital", on 20 March 2001, special resolutions were passed:

- amending the articles of association to authorise the company and its subsidiaries to acquire shares issued by its holding company.
- granting a general approval for the acquisition by the company or its subsidiaries of issued shares of the company and its holding company.
- granting specific authority for the acquisition of the Investec Group Limited shares to be distributed by Fedsure Holdings Limited pursuant to an unbundling.

Major Shareholders

At 31 March 2001, the following shareholders were registered as holding 5% or more of the issued shares of the company:-

Investec Holdings Limited	41,9%
Standard Bank Nominees Tvl (Pty) Ltd	20,5%
Nedcor Bank Nominees Ltd	14,0%

At 31 March 2001, Investec Holdings Limited reported a beneficial holding of 44,4% in the issued shares of the company.

On a fully converted basis Investec Holdings Limited had a beneficial holding in the company of 50,3% at 31 March 2001.

Accounting policies and disclosure

Accounting policies are set having regard to commercial practice and international accounting standards, as well as complying with South African Statements of Generally Accepted Accounting Practice.

Post balance sheet events

Subsequent to the financial year end Investec acquired the insurance and financial service businesses of Fedsure Holdings Limited for a total consideration of R4 700 million, comprising the issue of 19 212 204 ordinary shares at R227,20 each, a cash payment of R250 million and an entitlement to the Investec Group Limited final dividend of 440 cents per share, amounting to R85 million. Shareholders are referred to the circular to shareholders, dated 30 March 2001 for details of the above transaction. Investec regards the effective date of the above transaction, in accordance with South African Statements of Generally Accepted Practice, as 1 June 2001. Investec Group Limited's share price at 1 June 2001 was R227,20.

Balance Sheets

For the year ended 31 March		Group		Company	
(R millions)	Notes	2001	2000	2001	2000
Assets					
Cash and short-term funds	2	69 187	73 118	–	–
Short-term negotiable securities	3	53 874	39 043	–	–
Investment and trading securities	4	22 144	17 765	–	–
Other assets	5	6 552	7 426	–	19
Advances	6	38 062	33 034	2	2
Subsidiary companies		–	–	6 529	5 284
Associated companies	7	544	349	200	252
Fixed assets	8	1 320	1 065	–	–
Goodwill	9	2 849	2 443	–	–
		194 532	174 243	6 731	5 557
Equity and Liabilities					
Capital and Reserves					
Ordinary share capital	10	49	48	49	48
Compulsorily convertible debentures	11	2 321	1 710	383	171
Convertible preference shares	12	385	–	385	–
Reserves	13	5 917	5 846	5 378	4 968
		8 672	7 604	6 195	5 187
Interest of minority shareholders in subsidiaries		267	291	–	–
Total shareholders' funds		8 939	7 895	6 195	5 187
Subordinated debt	14	1 945	–	–	–
		10 884	7 895	6 195	5 187
Liabilities					
Deposits and other accounts	15	182 994	165 679	131	26
Taxation	16	298	361	48	36
Shareholders for ordinary dividend		356	308	357	308
		194 532	174 243	6 731	5 557

Income Statements

For the year ended 31 March		Group		Company	
(R millions)	Notes	2001	2000	2001	2000
Interest received	17.1	12 114	9 006	33	29
Interest paid	17.2	10 236	7 608	1	–
Net interest income		1 878	1 398	32	29
Provision for bad and doubtful debts	6	198	211	–	–
		1 680	1 187	32	29
Other income	18	3 621	3 230	929	800
Total income		5 301	4 417	961	829
Operating expenses	18	3 476	2 864	1	–
Income before exceptional items		1 825	1 553	960	829
Exceptional items	18	312	165	–	–
Income before taxation		1 513	1 388	960	829
Taxation	19	321	352	27	10
Income after taxation		1 192	1 036	933	819
Share of (loss)/income of associated companies	20	(86)	42	(63)	20
Operating income		70	106	51	61
Exceptional items		(156)	(64)	(114)	(41)
Net income		1 106	1 078	870	839
Earnings attributable to minority shareholders		13	15	–	–
		1 093	1 063	870	839
Compulsorily convertible debenture interest		247	245	24	21
Earnings attributable to ordinary shareholders		846	818	846	818
Earnings per share (cents)	26	1 048,4	1 016,4		
Headline earnings per share (cents)	26	1 628,2	1 300,9		
Diluted earnings per share (cents)	26	1 039,7	1 016,1		
Dividends per share (cents)		750,0	620,0		
Headline earnings attributable to ordinary shareholders					
Calculation of headline earnings					
Earnings attributable to ordinary shareholders		846	818		
Headline adjustments		468	229		
Share of associates' exceptional items		156	64		
Goodwill amortised		315	195		
Discount on fair value of acquisitions		(3)	(30)		
Headline earnings		1 314	1 047		

Cash Flow Statements

For the year ended 31 March		Group		Company	
(R millions)	Notes	2001	2000	2001	2000
Cash retained/(utilised) from operating activities					
Cash generated by operating activities	23.1	2 167	1 892	525	377
Dividends received from associated companies	23.2	18	55	14	32
Taxation paid	23.3	(353)	(152)	(15)	–
Cash available from operating activities		1 832	1 795	524	409
Dividends paid	23.4	(558)	(432)	(558)	(432)
Compulsorily convertible debenture interest paid		(247)	(245)	(24)	(21)
Net cash inflow/(outflow) from operating activities		1 027	1 118	(58)	(44)
Cash (utilised)/generated in investing activities					
Net funds (utilised)/arising on acquisitions	23.5	(747)	5 810	(672)	39
Net investment in associated companies		(300)	–	(25)	–
Net investment in fixed assets		(376)	(242)	–	–
Net cash (outflow)/inflow from investing activities		(1 423)	5 568	(697)	39
Cash flows from banking activities					
Movement in deposits and other accounts		9 632	42 522	106	12
Movement in income earning assets	23.6	(17 524)	(13 397)	19	(19)
Net cash (outflow)/inflow from banking activities		(7 892)	29 125	125	(7)
Cash flows from assurance activities					
Movement in long term assurance fund and other liabilities		4 837	1 837	–	–
Movement in assurance related assets		(4 818)	(1 834)	–	–
Net cash inflow from assurance activities		19	3	–	–
Cash flows from financing activities					
Proceeds on issue of ordinary shares and conversion of debentures		15	12	15	12
Net proceeds on issue of convertible debentures		629	–	230	–
Issue of convertible preference shares		385	–	385	–
Issue of bonds		1 945	–	–	–
Net cash inflow from financing activities		2 974	12	630	12
Net (decrease)/increase in cash and short-term funds					
Cash and short-term funds at beginning of year	23.7	(5 295)	35 826	–	–
Cash and short-term funds at end of year		74 482	37 292	–	–
		69 187	73 118	–	–

Statement of Changes in Shareholders' Funds

For the year ended 31 March		Group		Company	
(R millions)	Notes	2001	2000	2001	2000
Ordinary share capital					
Balance at beginning of year		48	48	48	48
Issue of shares		1	–	1	–
Balance at end of year	10	49	48	49	48
Compulsorily convertible debentures					
Balance at beginning of year		1 710	1 715	171	176
Issues of debentures		629	–	230	–
Conversion to ordinary shares		(18)	(5)	(18)	(5)
Balance at end of year	11	2 321	1 710	383	171
Convertible preference shares					
Balance at beginning of period		–	–	–	–
Issue of convertible preference shares		460	–	460	–
Less: Liability portion transferred to deposits and other accounts		(75)	–	(75)	–
Balance at end of year	12	385	–	385	–
Share premium					
Balance at beginning of year		3 951	3 934	3 951	3 934
Issue of shares-net of issue expense		40	12	67	12
Conversion from debentures		18	5	18	5
Balance at end of year	13	4 009	3 951	4 036	3 951
General reserves					
Balance at beginning of year		1 168	811	1 248	917
Earnings attributable to ordinary shareholders		846	818	846	818
–As previously reported		–	882	–	882
–Prior year adjustments	21	–	(64)	–	(64)
Transfer from equity accounted reserves		104	14	77	12
Dividends	22	(606)	(499)	(607)	(499)
Transfer (to) from secondary reserves		(16)	24	–	–
Balance at end of year	13	1 496	1 168	1 564	1 248
Secondary reserves					
Balance at beginning of year		604	462	(342)	(342)
Transfer from (to) general reserves		16	(24)	–	–
Movement in revaluations		(227)	166	86	–
Balance at end of year	13	393	604	(256)	(342)
Equity accounted reserves of associated companies					
Balance at beginning of year		123	137	111	123
Transfer to retained income		(104)	(14)	(77)	(12)
Balance at end of year	13	19	123	34	111
Total		8 672	7 604	6 195	5 187

Accounting Policies

The annual financial statements have been prepared on the historical cost basis, unless otherwise indicated, in conformity with South African Statements of Generally Accepted Accounting Practice. The following are the principal accounting policies which are consistent with those of the previous year except for changes in the accounting treatment of tax related charges in the income statement, treatment of assets and liabilities relating to the assurance business and the treatment of trading derivatives on the balance sheet (refer to note 21 for further details).

Basis of consolidation

The Group financial statements incorporate the financial results of the Group and its subsidiaries. All subsidiaries in which the Group holds more than one half of the voting rights or over which it exercises control are consolidated from the effective dates of acquisition and up to the effective dates of disposal. In the case of Investec Bank (Israel) Limited, whose accounts are compiled to 31 December annually, the Group projects earnings for the three months to 31 March, after adjusting for any significant events.

In order to reflect the different nature of the shareholders' and policyholders' interests in the long-term assurance business, the assets and liabilities attributable to policyholders are classified separately in the notes to the financial statements.

The effect of all intergroup transactions has been eliminated from the annual financial statements.

The results of operating subsidiaries have been equity accounted in the company.

Accounting for associates

Group associated companies are accounted for on the equity basis. The consolidated accounts include the attributable share of the results and reserves of associated undertakings, based on audited financial statements for periods ending not earlier than three months prior to 31 March. The Group's interests in associated undertakings are included in the consolidated balance sheet in line with the Group's share of net assets. Goodwill arising on the investment in associates is included in goodwill on the balance sheet and is amortised as detailed below.

Goodwill

Goodwill arising on the acquisition of subsidiaries and associates is written off against income over its useful economic life, normally a period not exceeding 20 years. Negative goodwill arising on acquisitions is included within goodwill and released to profit and loss account in the periods in which the assets are expected to be recovered. Negative goodwill arising on the acquisition of monetary assets is taken to income in the year of acquisition. Any impairments in goodwill are written off immediately.

Foreign entities

The net assets of foreign subsidiaries, which are classified as foreign entities, are translated at closing rates of exchange and the translation differences arising are taken directly to reserves. The results of these foreign subsidiaries are translated at weighted average rates of exchange for the relevant period. Any exchange differences for foreign currency loans that are used to hedge or fund the net investment in foreign subsidiaries are also taken to reserves.

Goodwill arising on the acquisition of foreign entities is translated at historical rates.

Integrated foreign operations

The monetary net assets of foreign operations, that are considered to be an integral part of the operations of the reporting entity, are translated at closing rates of exchange and the translation differences arising are included in income for the period. The results of integral foreign operations are translated at weighted average rates of exchange for the relevant period.

Foreign currency transactions

Monetary assets and liabilities in foreign currencies are translated at market rates of exchange ruling at the balance sheet date. All foreign currency transactions are translated at the exchange rates ruling at the time of the transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as a foreign currency gain or loss in the income statement.

Interest bearing securities

All interest bearing securities are marked to market and gains and losses recognised in the income statement, except for instruments held to maturity. Interest bearing securities held to maturity are carried at amortised cost, net of any impairments.

Securities sold subject to repurchase agreements are recorded as assets. Obligations for the repurchase of these securities are included under deposits and other accounts.

Securities purchased under an agreement to resell the securities at a future date are reflected in the balance sheet as cash and short-term funds.

Stock borrowing and lending transactions that are not cash collateralised are not included in the balance sheet, but are disclosed as assets under administration.

Derivatives

Derivatives entered into for trading purposes are measured at fair value. Gains and losses arising on the mark to market of trading derivatives are recognised in the income statement in the period in which they arise, whereas income and expenses on hedging instruments are amortised over the life of the instrument, with adjustments made to reflect changes in estimated premiums and discounts. Where the Group has entered into a legally binding netting agreement, related positive and negative fair values of derivatives are offset on the balance sheet. Exposures to market risks are limited through the use of hedging instruments.

The criteria used for a derivative instrument to be classified as a designated hedge include:

- the transaction must effectively reduce the price or interest rate risk of the asset, liability or cash flow to which it is linked; and
- adequate evidence of the intention to link with the underlying risk inherent in the asset, liability or cash flow; and
- must be designated as a hedge at the inception of the derivative contract.

Derivatives designated as hedges are accounted for on the same basis as the underlying asset, liability or cash flow being hedged. Hedging transactions that are superseded, cease to be effective or are terminated prior to the end

Accounting Policies

of the life of the asset, liability or cashflow being hedged are measured at fair value. Any gain or loss arising from re-measurement is deferred and amortised into income or expenses over the remaining life of the item previously hedged. When the underlying asset, liability or cash flow is terminated prior to the hedging transaction, the hedging instrument is re-measured at fair value and the gain or loss is included in the category of income or expense relating to the previously hedged transaction.

Equity investments

Listed equity investments are stated at market value. Unlisted equity investments are stated at the lower of cost or directors' valuation unless there is a reliable basis to re-measure to fair value.

Profits and losses arising from the revaluation of trading investments are included in income.

The excess of market value of long term investments over cost, determined on a portfolio basis, is taken directly to reserves, whilst any deficit arising is reflected in the income statement. On disposal of such investments, the revaluation is reversed and the full difference between cost and the amount realised is shown in the income statement.

Other investments

Other investments are valued at market value where a formal market exists or in the case of investments such as insurance policies or equity funds at the value of the underlying investments. Where no formal market exists investments are valued at the lower of cost or directors' valuation.

Instalment credit, leases and rental agreements

Amounts outstanding on these contracts, net of unearned finance charges, are included in advances. Finance charges on instalment sale transactions are credited to income in proportion to the capital balances outstanding. Finance lease income is credited to interest income according to the effective interest method.

Specific and general provisions for bad and doubtful debts

Specific provisions represent the quantification of actual and expected losses from identified accounts and are deducted from advances in the balance sheet. The amount of specific provision raised is the Group's conservative estimate of the amount needed to reduce the carrying value of the asset to the expected ultimate net realisable value, taking into account the financial status of the customer and any security for the loan. Included in the specific provisions are amounts in respect of interest that is not serviced. The charge for provision for bad and doubtful debts in the income statement includes the unserviced interest that has been transferred to specific provisions.

General provisions augment specific provisions and provide cover for loans which are impaired at the balance sheet date but which will not be identified as such until some time in the future. The Group's general provision has been determined taking into account the structure and the risk characteristics of the Group's loan portfolio, in accordance with South African banking regulations. General provisions are deducted from advances in the balance sheet.

Tangible property and equipment

Tangible property (excluding operational properties) and equipment is recorded in the balance sheet at amortised cost less impaired losses. Depreciation is provided on a straight line basis over their useful lives. Leasehold improvements are amortised over the remaining period of the leases. Freehold land, operational properties and investment properties are stated at cost and are not depreciated.

The annual rates used to depreciate assets are as follows:

Computer equipment	33%
Infrastructure	20%
Pool vehicles	20%
Office equipment	20%
Furniture and fittings	10%

Deferred taxation

Deferred taxation is provided using the liability method on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax assets or liabilities are measured using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the assessed tax losses can be utilised.

Impairments

At each balance sheet date the Group reviews the carrying value of assets, that are not carried at fair value, for indication of impairment. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Impairment losses are recognised as an expense in the income statement in the period in which they are identified.

Trust and fiduciary activities

The Group acts as a trustee or in other fiduciary capacities that result in the holding, placing or managing of assets for the account of and at the risks of clients.

As these are not assets of the Group, they are not reflected on the balance sheet but are included at market value as part of assets under administration.

Long term life assurance

The policy liabilities of Investec Assurance Limited comprise unit linked business sold to retirement funds and individual investors. All liabilities are directly related to asset values and no mortality risk is assumed by the company.

The liabilities are valued on a basis consistent with the asset values and comply with the Financial Soundness Valuation basis. Policies are all linked, accordingly, liabilities were taken to be the market value of the units allocated to policyholders.

Accounting Policies

Investments are reflected at market value. Where market value cannot be determined, investments are reflected at directors' valuation.

Income from long term assurance business comprises interest, dividends and rental income received on investments held, as well as premium income in respect of linked business sold. Gains and losses arising as a result of the fluctuation in the market value of investments, whether realised or unrealised, are accounted for as movements in the long term assurance fund which is included in deposits and other accounts in the Group balance sheet.

Interest received

Interest received is recognised in the income statement as it accrues, based on the effective rates of interest.

Included in interest income is the accrual of unserviced interest which is fully provided for in the charge for bad and doubtful debt in the income statement. Net interest margin is determined after taking into account the bad and doubtful debt charge.

Interest related to intergroup transactions have been eliminated from interest received in the Group results.

In the notes to the annual report, interest received is detailed in terms of the assets generating the income.

Other income

Other income includes commissions, fees and principal and trading income, net of profit sharing arrangements, which are income based.

Commissions and fees include fees earned from providing advisory services, portfolio management and the arranging of financing for clients. All such commissions and fees are recognised as revenue when the related services are performed.

Principal and trading income consists of investment income and trading income.

Investment income includes realised profits and losses on disposal of investments.

Trading income is shown net of the funding cost of the underlying positions and includes the unrealised profits on trading portfolios that are marked to market daily.

Retirement benefits

Prior to July 2000, employees had a choice to join either the Group's pension or provident fund. The Group pension fund, governed by the Pension Fund Act (1956), is structured as a money purchase scheme and accordingly can have no funding deficit. The scheme provides that at all times an employee will receive from the fund the amount that has been contributed together with the Group's contribution plus interest and capital appreciation.

Life cover is compulsory for all employees.

For employees joining after July 2000, it is compulsory to join the Group provident fund. The fund is administered by Alexander Forbes Consultants and Actuaries (Tvl) (Pty) Limited and is registered in South Africa.

The Group has no liabilities for other post retirement benefits.

All employer contributions are charged to income, as they become payable in accordance with the rules of the schemes, and included under staff costs.

Segmental reporting

The Group's segmental reporting is presented in the form of a geographical (primary segment) and business analysis (secondary segment).

The geographical segmental analysis is based on the location of assets.

The business analysis is presented in terms of the Group's four principal businesses and Group Services and Other Activities. For details on the Group's operating structure, please refer to pages 63 and 64.

Comparative figures

Comparative figures are restated where necessary to allow for more meaningful comparison.

Notes to the Financial Statements

I. Segmental information

Primary segment – geographical analysis

For the year ended 31 March 2001

(R millions)	Southern Africa & Other ¹	United Kingdom & Europe	Israel	United States of America	Investec Group Limited
Net interest income	904	677	119	178	1 878
Provision for bad and doubtful debts	175	(11)	34	–	198
	729	688	85	178	1 680
Other income	1 258	1 796	173	394	3 621
Total income	1 987	2 484	258	572	5 301
Operating expenses	1 283	1 519	193	481	3 476
Income before exceptional items	704	965	65	91	1 825
Exceptional items	98	192	(3)	25	312
Income before taxation	606	773	68	66	1 513
Taxation	121	140	25	35	321
Income after taxation	485	633	43	31	1 192
Share of (loss) / income of associate companies	(86)	–	(2)	2	(86)
Operating income	70	–	(2)	2	70
Exceptional items	(156)	–	–	–	(156)
Net income	399	633	41	33	1 106
Earnings attributable to minority shareholders	3	–	10	–	13
Compulsorily convertible debenture interest	247	–	–	–	247
Earnings attributable to ordinary shareholders	149	633	31	33	846
Headline earnings	403	825	28	58	1 314
Cash and short-term funds	7 455	51 179	5 222	5 331	69 187
Short-term negotiable securities	8 156	45 718	–	–	53 874
Investment and trading securities	18 753	1 476	1 805	110	22 144
Other assets	3 099	3 078	48	327	6 552
Advances	21 657	9 647	3 991	2 767	38 062
Associated companies	532	–	8	4	544
Fixed assets	748	286	188	98	1 320
Goodwill	450	2 213	–	186	2 849
Total assets	60 850	113 597	11 262	8 823	194 532
Ordinary shareholders' funds	2 705	4 774	474	719	8 672
Tangible net asset value	2 255	2 561	474	533	5 823
Liabilities (including subordinated debt and minority shareholders' interest)	58 145	108 823	10 788	8 104	185 860
Number of employees	2 303	1 432	242	859	4 836
Operational cost to income ratio (%) ³	54,3%	61,4%	66,1%	84,1%	61,0%
Return on average tangible NAV (%)	26,6%	34,4%	6,6%	13,2%	28,6%
Return on average operational capital (%) ³	32,0%	18,9%	4,5%	7,3%	

Notes refer page 148

I. Segmental information (continued)

Primary segment – geographical analysis (continued)

For the year ended 31 March 2000

(R millions)	Southern Africa & Other ¹	United Kingdom & Europe	Israel	United States of America	Investec Group Limited
Net interest income	720	479	90	109	1 398
Provision for bad and doubtful debts	192	11	7	1	211
	528	468	83	108	1 187
Other income	1 038	1 582	117	493	3 230
Total income	1 566	2 050	200	601	4 417
Operating expenses	1 107	1 286	113	358	2 864
Income before exceptional items	459	764	87	243	1 553
Exceptional items	34	111	–	20	165
Income before taxation	425	653	87	223	1 388
Taxation	52	153	31	116	352
Income after taxation	373	500	56	107	1 036
Share of income of associate companies	35	6	1	–	42
Operating income	99	6	1	–	106
Exceptional items	(64)	–	–	–	(64)
Net income	408	506	57	107	1 078
Earnings attributable to minority shareholders	–	–	15	–	15
Compulsorily convertible debenture interest	245	–	–	–	245
Earnings attributable to ordinary shareholders	163	506	42	107	818
Headline earnings	261	617	42	127	1 047
Cash and short-term funds	11 063	52 477	4 517	5 061	73 118
Short-term negotiable securities	6 319	32 724	–	–	39 043
Investment and trading securities	14 834	1 313	1 487	131	17 765
Other assets	1 318	4 538	150	1 420	7 426
Advances	17 328	7 190	3 234	5 282	33 034
Associated companies	340	–	9	–	349
Fixed assets	621	258	156	30	1 065
Goodwill	196	2 054	–	193	2 443
Total assets	52 019	100 554	9 553	12 117	174 243
Ordinary shareholders' funds	2 401	4 294	373	536	7 604
Tangible net asset value	2 205	2 240	373	343	5 161
Liabilities (including subordinated debt and minority shareholders' interest)	49 618	96 260	9 180	11 581	166 639
Number of employees	2 228	1 331	221	661	4 441
Operational cost to income ratio (%) ³	56,9%	62,4%	54,6%	59,5%	59,5%
Return on average tangible NAV (%)	20,3%	26,2%	13,1%	62,8%	24,3%
Return on average operational capital (%) ³	24,9%	15,5%	8,2%	22,9%	

Notes refer page 148

Notes to the Financial Statements

I. Segmental information (continued)

Secondary segment – business analysis²

For the year ended 31 March 2001

(R millions)	Investment Banking	Treasury & Finance Group	Private Client Activities	Asset Management	Other	Investec Group Limited
Net operating income	1 021	1 006	1 585	881	808	5 301
Operating expenses	388	415	1 185	653	835	3 476
Income before exceptional items	633	591	400	228	(27)	1 825
Exceptional items	21	65	102	67	57	312
Net income before taxation	612	526	298	161	(84)	1 513
Share of (loss) of associate companies	–	–	–	–	(86)	(86)
Total assets	15 622	129 047	34 031	13 141	2 691	194 532
Cost to income ratio (%)	37,4%	39,3%	70,3%	74,0%	–	63,2%
Number of employees ⁴	344	441	2 028	670	1 353	4 836

For the year ended 31 March 2000

(R millions)	Investment Banking	Treasury & Finance Group	Private Client Activities	Asset Management	Other	Investec Group Limited
Net operating income	912	786	1 183	726	810	4 417
Operating expenses	335	320	893	547	769	2 864
Income before exceptional items	577	466	290	179	41	1 553
Exceptional items	1	31	27	67	39	165
Net income before taxation	576	435	263	112	2	1 388
Share of income of associate companies	–	–	–	–	42	42
Total assets	17 692	112 929	30 024	9 826	3 772	174 243
Cost to income ratio (%)	36,6%	35,5%	71,1%	75,3%	–	61,9%
Number of employees ⁴	291	384	1 828	630	1 308	4 441

Geographic and business analysis of net income before exceptional items and taxation

For the year ended 31 March 2001

(R millions)	Southern Africa & Other ¹	United Kingdom & Europe	Israel	United States of America	Investec Group Limited
Investment Banking	172	432	29	–	633
Treasury and Finance Group	468	121	2	–	591
Private Client Activities	100	235	32	33	400
Asset Management	194	32	2	–	228
Other	(230)	145	–	58	(27)
Headline net income before taxation	704	965	65	91	1 825

Notes refer page 148

I. Segmental information (continued)

Geographic and business analysis of net income before exceptional items and taxation

For the year ended 31 March 2000

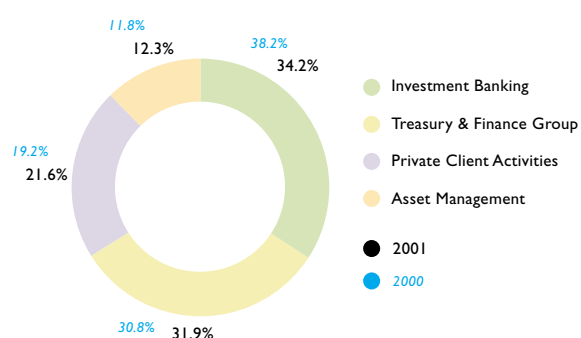
(R millions)	Southern Africa & Other ¹	United Kingdom & Europe	Israel	United States of America	Investec Group Limited
Investment Banking	145	387	45	–	577
Treasury and Finance Group	332	131	3	–	466
Private Client Activities	68	162	37	23	290
Asset Management	165	12	2	–	179
Other	(251)	72	–	220	41
Headline net income before taxation	459	764	87	243	1 553

Notes

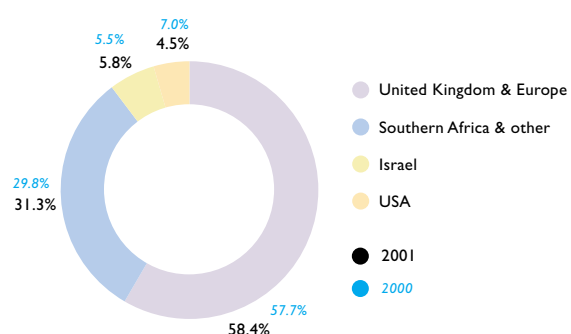
¹ Includes South Africa, Botswana, Mauritius, Australia and Hong Kong.² Segment descriptions are provided on pages 64, 69, 76, 83, 93 and 102.³ In calculating these ratios, the effects of centralised funding on the income statement and balance sheet have been excluded.⁴ In the other business division 732 and 767 employees relate to central service functions for 2001 and 2000 respectively.

Geographic and business analysis

Headline net income before tax by business (excluding "other" activities)



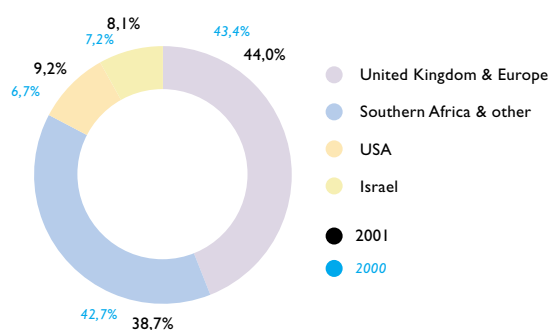
Assets by geography



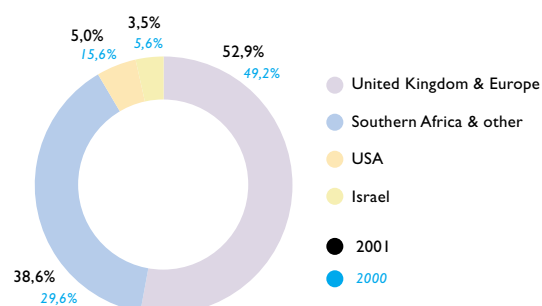
Notes to the Financial Statements

Geographic and business analysis

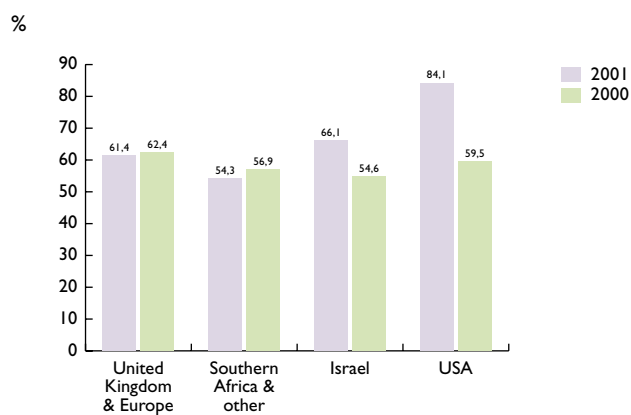
Tangible net asset value by geography



Headline net income before tax by geography



Operational cost to income ratio by geography



For the year ended 31 March		Group		Company	
(R millions)		2001	2000	2001	2000
2. Cash and short-term funds					
Cash and gold coins		121	25	—	—
Balances with Central Banks		5 333	6 147	—	—
Balances with other banks		19 149	22 880	—	—
Loans under resale agreements		33 757	34 131	—	—
Secured stock borrowing		6 439	6 543	—	—
Other short-term funds		4 377	3 401	—	—
		69 176	73 127	—	—
Relating to assurance business		11	(9)	—	—
		69 187	73 118	—	—
3. Short-term negotiable securities					
Analysis by portfolio					
Investment		1 042	1 361	—	—
Trading		52 832	37 682	—	—
		53 874	39 043	—	—
4. Investment and trading securities					
Category analysis					
Government and government guaranteed		4 689	3 787	—	—
Listed securities		956	2 018	—	—
Unlisted securities and investments		3 359	2 866	—	—
Positive fair value of trading derivatives		964	1 349	—	—
		9 968	10 020	—	—
Relating to assurance business		12 176	7 745	—	—
		22 144	17 765	—	—
Analysis by portfolio					
Liquid assets		5 415	3 894	—	—
Trading		840	822	—	—
Investment		3 713	5 304	—	—
		9 968	10 020	—	—
5. Other assets					
Settlement debtors		3 205	5 552	—	—
Other debtors and prepayments		2 832	1 745	—	19
		6 037	7 297	—	19
Relating to assurance business		515	129	—	—
		6 552	7 426	—	19

Notes to the Financial Statements

For the year ended 31 March (R millions)	Group		Company	
	2001	2000	2001	2000
6. Advances				
Category analysis*				
Commercial property loans	7 498	4 030	—	—
Residential mortgages	5 245	5 154	—	—
Leases and instalment debtors	1 988	2 342	—	—
Corporate and public sector loans and advances	15 793	11 722	—	—
Margin lending	2 756	5 327	—	—
Other secured private advances	4 204	2 706	—	—
Other loans and advances	1 441	2 573	2	2
	38 925	33 854	2	2
Specific provision against doubtful debts	(507)	(523)	—	—
General provision against doubtful debts	(356)	(297)	—	—
	38 062	33 034	2	2
Specific and general provisions				
Reconciliation of movements in specific and general provisions for bad and doubtful debts.				
Balance at beginning of year	820	730	—	—
Income statement charge	198	211	—	—
Bad debts written off against provisions	(185)	(179)	—	—
Provisions purchased on acquisitions	7	37	—	—
Arising on exchange adjustments	23	21	—	—
Balance at end of year	863	820	—	—
Maturity analysis				
On demand to one month	10 622	10 690	—	—
One month to six months	4 068	3 257	—	—
Six months to one year	3 750	2 350	—	—
One year to five years	10 654	8 549	2	2
Greater than five years	9 831	9 008	—	—
	38 925	33 854	2	2

* See also pages 52 to 55 and 62

For the year ended 31 March		Group		Company	
(R millions)		2001	2000	2001	2000
6. Advances					
(continued)					
Geographical analysis					
Southern Africa and Other		22 208	17 808	2	2
United Kingdom and Europe		9 884	7 512	—	—
Israel		4 066	3 268	—	—
United States of America		2 767	5 266	—	—
		38 925	33 854	2	2
7. Associated companies					
Shares at cost		662	363	166	141
Less: Goodwill		137	137	—	—
		525	226	166	141
Equity accounted share of retained earnings		19	123	34	111
Book value at end of year		544	349	200	252

The only significant associate is Fedsure Holdings Limited. During the financial year the significant activities between the Group and Fedsure, all of which are on an arms length basis, were:

1. The Group offered its client base linked life annuity investments which are underwritten by the Fedsure Group.
2. The Group's asset management activities include placing investments on behalf of brokers and clients in Fedsure managed products. The value of these investments at year end was R495 million (2000: R491 million).
3. The Group operates one of its medical aid funds through Fedsure Health Assurance Limited, a subsidiary of Fedsure Holdings Limited. Net risk contributions for the 2000 calendar year amounted to R10,5 million (1999 – R8,8 million).
4. In December 2000, Investec advanced a secured loan of R500 million to Fedsure Investments Limited, which was used to recapitalise Fedsure Life Assurance Limited, at an interest rate of half a percent below prime.

Notes to the Financial Statements

For the year ended 31 March (R millions)	Group		Company	
	2001	2000	2001	2000
7. Associated companies (continued)				
The Fedsure Holdings Limited financial statements for the year ended 31 December 2000 included the following financial highlights:–				
Attributable loss R1 319 million (1999: Attributable income R672 million)				
Attributable loss per share 763,8 cents (1999: Attributable income per share 367,3 cents)				
The above loss is after eliminating from the Fedsure Holdings Limited results the profit of R4 072 million on disposal of subsidiaries to Investec Group Limited.				
Total Assets R5 582 million (1999: R44 769 million)				
Income from associates largely represents the operational performance of Fedsure Holdings Limited and is broken down into Investec's share of its operational earnings and exceptional items.				
For details on the restatement of the prior year equity accounted share of retained earnings refer to note 21.4.				
8. Fixed assets				
Operational properties and leasehold improvements				
– Cost	1 031	752	–	–
– Accumulated depreciation on leasehold improvements	150	105	–	–
Net book value at end of year	881	647	–	–
Vehicles, furniture, infrastructure and equipment				
– Cost	798	667	–	–
– Accumulated depreciation	428	318	–	–
Net book value at end of year	370	349	–	–
Investment properties at cost	69	69	–	–
A register of investment and operational properties is available for inspection at the registered office of the company.				
Net book value at end of year	1 320	1 065	–	–
Analysis of movements				
Balance at beginning of year	1 065	924		
Net additions	399	269		
– Operational properties	222	117		
– Vehicles, furniture, infrastructure and equipment	131	98		
– Investment properties and leasehold improvements at cost	46	54		
Depreciation of vehicles, furniture, infrastructure and equipment	(133)	(122)		
Depreciation of operational properties	(11)	(6)		
Balance at end of year	1 320	1 065		

For the year ended 31 March		Group		Company	
(R millions)		2001	2000	2001	2000
9. Goodwill					
Balance at beginning of year		2 443	2 147		
Net amount on acquisitions		718	461		
Negative goodwill written off		3	30		
Goodwill amortised		(315)	(195)		
Balance at end of year		2 849	2 443		
10. Ordinary share capital					
Authorised					
150 000 000 (2000 – 105 000 000) ordinary shares of 60 cents each.		90	63	90	63
Issued					
80 910 020 (2000 – 80 575 308) ordinary shares of 60 cents each.		49	48	49	48
Included in the Company issued ordinary capital of 81 010 020 shares are 100 000 ordinary shares which are held by a subsidiary of Investec Group Limited. These shares are eliminated on consolidation.					
The unissued shares are under the control of the directors until the next annual general meeting.					
11. Compulsorily convertible debentures					
11.1 Company					
Issued					
11 622 (2000 – 18 147) unsecured subordinated compulsorily convertible debentures of 60 cents each, issued at various premiums.		1	1	1	1
Interest is payable six monthly in arrears on 1 April and 1 October of each year at a variable rate calculated on R18,50 per debenture.					

Notes to the Financial Statements

For the year ended 31 March (R millions)	Group		Company	
	2001	2000	2001	2000
11. Compulsorily convertible debentures				
(continued)				
11.1 Company				
(continued)				
For the year to March 2001 the debentures attracted a rate of 12,5%. Annually the interest escalates by 2% per annum, subject to a maximum of the prime overdraft rate minus 2%, capped at 24% per annum.				
These debentures will automatically convert into ordinary shares, on a one for one basis, on 13 November 2001:				
880 000 (2000 – 980 000) Series I Class "A" unsecured subordinated compulsorily convertible debentures of 60 cents issued at a premium of R174,40 each, net of issue expenses.	152	170	152	170
1 000 000 (2000 – Nil) Series II "A" unsecured subordinated compulsorily convertible debentures of 60 cents issued at a premium of R229,40 each, net of issue expenses	230	–	230	–
Details below relate to Series I & II Class "A" debentures:				
Interest is payable six monthly arrears on 1 May and 1 November of each year at a variable rate of 3% below the official rate as defined in the 7th schedule of the Income Tax Act of 1962.				
The debentures convert into ordinary shares, on a one for one basis, at the election of the holders. If not converted earlier, the Series I debentures will automatically convert on 1 October 2008. The Series II debentures will automatically convert on 4 December 2010.				
The unissued debentures are under control of the directors until the next annual general meeting.				
11.2 Subsidiary				
Issued				
3 573 994 (2000 – 3 573 994) unsecured subordinated compulsorily convertible debentures of 50 cents issued at a premium of R78,50 each.	282	282	–	–
Interest is payable six monthly in arrears on 31 January and 31 July of each year at a rate of 15,25 %.				
The compulsorily convertible debentures will convert into Investec Bank Limited ordinary shares, on a one for one basis, on 31 July 2008. The company at its discretion, may at the request of the holder convert at an earlier date, but not before 31 July 2002.				

For the year ended 31 March (R millions)	Group		Company	
	2001	2000	2001	2000
11. Compulsorily convertible debentures (continued)				
11.2 Subsidiary (continued)				
The Investec Bank Limited shares arising out of conversion have been sold forward by the holder thereof to Investec Holdings Limited in exchange for 4 033 507 Investec Holdings ordinary shares. The Investec Bank Limited shares have been simultaneously sold by Investec Holdings Limited to Investec Group Limited in exchange for 3 573 994 Investec Group Limited ordinary shares.				
5 000 000 (2000 – 5 000 000) Class A unsecured subordinated compulsorily convertible debentures of 50 cents issued at a premium of R159,50 each, net of issue expenses.	797	797	–	–
1 000 000 (2000 – 1 000 000) Class A Series II unsecured subordinated compulsorily convertible debentures of 50 cents issued at a premium of R159,50 each, net of issue expenses.	160	160	–	–
1 500 000 (2000 – 1 500 000) Class B unsecured subordinated compulsorily convertible debentures of 50 cents issued at a premium of R199,50 each, net of issue expenses.	300	300	–	–
Interest is payable six monthly in arrears on 15 June and 15 December of each year at a rate of 15% for Class A and Class A Series II and 12% for Class B debentures.				
The Class A and Class A Series II debentures will convert into Investec Bank Limited ordinary shares on a 3,5 for one basis on 15 December 2004. Class B debentures will convert on a 2,8 for one basis on the same date resulting in the total issue of 2 250 714 Investec Bank Limited shares.				
The 2 250 714 Investec Bank Limited shares arising out of the conversion have been sold forward by the holders thereof to Investec Group Limited in exchange for 7 500 000 Investec Group Limited ordinary shares, of which 6 800 000 have been simultaneously sold to Investec Holdings Limited in exchange for 7 480 000 Investec Holdings Limited ordinary shares.				
2 000 000 (2000–Nil) Class C unsecured subordinated compulsorily convertible debentures of 50 cents issued at a premium of R199,50 each, net of issue expenses	399	–	–	–

Notes to the Financial Statements

For the year ended 31 March	Group		Company	
(R millions)	2001	2000	2001	2000
11. Compulsorily convertible debentures (continued)				
11.2 Subsidiary (continued)				
Interest is payable six monthly in arrears on 30 September and 31 March of each year at a rate of 11% per annum of Class C debentures.				
The Class C debentures will convert into Investec Bank Limited ordinary share on a 2,3 for one basis on 31 March 2008.				
All the convertible debentures are issued as part of the Group's employee share ownership initiatives and are exempt from the requirements of AC125.				
Total compulsorily convertible debentures	2 321	1 710	383	171
12. Convertible preference shares				
Authorised				
10 000 000 (2000–Nil) Class "A" variable rate compulsorily convertible non cumulative preference shares of 60 cents each.	6	–	6	–
50 000 (2000–Nil) variable rate cumulative preference shares of 60 cents each.	–	–	–	–
Issued				
2 000 000 Class "A" variable rate compulsorily convertible non cumulative preference shares of 60 cents issued at a premium of R229,40 each.	460	–	460	–
Less: Liability portion included in deposits and other accounts	(75)	–	(75)	–
	385	–	385	–
The preference dividend is calculated at 45% of the South African prime overdraft rate.				
The preference shares are convertible into Investec Group Limited shares on a 1 to 1 basis. The conversion will take place on the business day following the last day to register for ordinary dividends, in the year that the total ordinary dividend declared equals or exceeds the dividend on a class "A" convertible preference share.				
The unissued shares are under the control of the directors until the next annual general meeting.				
13. Reserves				
Share premium*	4 009	3 951	4 036	3 951
General reserves	1 496	1 168	1 564	1 248
Secondary reserves	393	604	(256)	(342)
Equity accounted reserves of associated companies	19	123	34	111
	5 917	5 846	5 378	4 968

*The Group share premium is stated after deducting R27 million relating to Investec Group Limited shares held by a subsidiary company.

For the year ended 31 March		Group		Company	
(R millions)		2001	2000	2001	2000
13. Reserves					
(continued)					
Secondary reserves comprise:					
Revaluation of investments		211	590	(337)	(337)
Foreign currency revaluation		722	554	81	(5)
Goodwill written off		(540)	(540)	–	–
		393	604	(256)	(342)
See note 23.2 for additional information on movements in equity accounted reserves of associated companies.					
14. Subordinated debt					
R1 945 million (2000–Nil) Investec Bank Limited 16% local registered unsecured subordinated bonds due 2012.		1 945	–	–	–
Interest is paid six monthly in arrears on 31 March and 30 September at a rate of 16% per annum. The settlement date of the bonds is 31 March 2012.					
15. Deposits and other accounts					
Category analysis					
Deposits and loans from banks		20 751	13 865	–	–
Demand and savings deposits		23 883	21 029	–	–
Fixed and notice deposits		33 014	36 209	–	–
Negotiable certificates of deposit		8 336	9 553	–	–
Other deposits and loan accounts		3 036	4 209	–	–
Liabilities in respect of repurchase agreements		58 653	53 653	–	–
Stock lending		9 107	5 843	–	–
Negative fair value of trading derivatives		1 472	1 096	–	–
Creditors and other accounts		12 040	12 357	131	26
		170 292	157 814	131	26
Assurance liabilities		12 702	7 865	–	–
		182 994	165 679	131	26
Maturity analysis					
On demand to one month		118 117	100 965	–	–
One month to six months		35 381	41 038	18	10
Six months to one year		6 881	7 677	54	16
Greater than one year		9 913	8 134	59	–
		170 292	157 814	131	26
16. Taxation					
Taxation payable		398	371	48	36
Deferred tax liability		100	50	–	–
Deferred tax asset		(200)	(60)	–	–
		298	361	48	36

Notes to the Financial Statements

For the year ended 31 March		Group		Company	
(R millions)		2001	2000	2001	2000
16. Taxation					
(continued)					
Deferred tax liability					
Accelerated capital allowances		59	45	—	—
Other timing differences		41	5	—	—
		100	50	—	—
Deferred tax asset					
Deferred capital allowances		117	45	—	—
Income and expenditure accruals		77	13	—	—
Other timing differences		6	2	—	—
		200	60	—	—
Net deferred tax asset		100	10	—	—
Reconciliation of net deferred tax asset					
Opening balance		10	(64)	—	—
Charge to income statement		52	1	—	—
Arising on acquisitions		31	68	—	—
Exchange adjustments		7	5	—	—
Closing balance		100	10	—	—
17. Interest					
17.1 Interest received					
Cash and short-term funds		6 708	4 948	—	—
Short-term negotiable funds		419	353	—	—
Investment and trading securities		383	325	—	—
Advances		4 424	3 273	—	—
Intercompany loans		—	—	33	29
		11 934	8 899	33	29
Foreign currency gains		204	171	—	—
Foreign currency losses		(24)	(64)	—	—
		12 114	9 006	33	29
17.2 Interest paid					
Demand and savings deposits		1 701	1 305	—	—
Fixed and notice deposits		2 463	2 176	—	—
Negotiable certificates of deposits		852	799	—	—
Repurchase agreements		4 824	2 797	—	—
Other deposits and loan accounts		396	531	1	—
		10 236	7 608	1	—

For the year ended 31 March	Group		Company	
(R millions)	2001	2000	2001	2000
18. Other income, operating expenses and exceptional items				
Other income comprises				
Commissions and fees – recurring	2 339	1 904	–	–
Principal transactions and trading income	601	731	–	–
Commissions and fees – once off	644	559	–	–
Dividends received	37	36	494	348
Equity accounted earnings of subsidiaries	–	–	435	452
	3 621	3 230	929	800
Operating expenses comprise				
Personnel remuneration	1 698	1 409	–	–
Pension and provident fund contribution	134	101	–	–
Auditors remuneration	24	22	–	–
– audit fees	22	17	–	–
– fees for other services	2	5	–	–
Directors' emoluments paid by subsidiary				
Executive directors	20	25	–	–
– remuneration	20	25	–	–
– other benefits	–	–	–	–
Non executive directors remuneration	8	2	–	–
Depreciation	144	128	–	–
Premises	246	217	–	–
Equipment	333	209	–	–
Business expenses	667	610	1	–
Marketing expenses	202	141	–	–
	3 476	2 864	1	–
Exceptional items comprise				
Goodwill amortised	315	195	–	–
Negative goodwill written off	(3)	(30)	–	–
	312	165	–	–

Notes to the Financial Statements

For the year ended 31 March (R millions)	Group		Company	
	2001	2000	2001	2000
19. Taxation				
Normal Taxation	339	338	–	–
South Africa	87	38	–	–
– current tax on income for the period	84	38	–	–
– adjustments in respect of prior periods	3	–	–	–
United Kingdom and Europe	205	152	–	–
Israel	21	27	–	–
United States of America	32	116	–	–
Other	(6)	5	–	–
Deferred tax	(52)	(1)	–	–
South Africa	8	(6)	–	–
United Kingdom and Europe	(65)	1	–	–
Israel	4	4	–	–
United States of America	3	–	–	–
Other	(2)	–	–	–
Secondary taxation on companies	34	15	27	10
Total tax charge for the period	321	352	27	10
Tax rate reconciliation				
Income before taxation as per income statement	1 513	1 388	960	829
Less: compulsorily convertible debenture interest	(247)	(245)	(24)	(21)
	1 266	1 143	936	808
Total taxation charge in income statement	321	352	27	10
Less: secondary taxation on companies	34	15	27	10
Total taxation on income	287	337	–	–
Effective rate of taxation	22,7%	29,5%	–	–
The standard rate of South African normal taxation has been affected by:				
– exceptional items – goodwill	(7,4%)	(4,3%)	–	–
– dividend income	5,9%	1,0%	15,8%	12,9%
– accumulated tax losses	0,4%	–	–	–
– foreign earnings	10,8%*	2,5%	–	–
– other permanent differences	(2,4%)	1,3%	14,2%	17,1%
	30,0%	30,0%	30,0%	30,0%

* Includes the effect of cumulative tax losses and other permanent differences.

For the year ended 31 March		Group		Company	
(R millions)		2001	2000	2001	2000
19. Taxation (continued)					
Future tax relief					
Estimated tax losses available for set-off against future income					
South Africa		238	212	—	—
United Kingdom		190	203	—	—
Europe		240	235	—	—
		668	650	—	—
<p>The above are gross tax losses, i.e. prior to the application of applicable taxation rates. Of the estimated tax losses, R68 million has been raised as a deferred tax asset, amounting to R21 million. Deferred tax assets on available tax losses have only been raised where it is probable that the asset will be utilised in the foreseeable future, by the entity in which the tax loss reside.</p>					
20. Share of (loss)/income of associated companies					
Per income statement		(86)	42	(63)	20

Please refer to note 21.4 for details on the restatement of comparative figures

21. Changes in accounting policies and other prior year adjustments

During the year the Group changed its accounting policies, applied retrospectively, with respect to the following:

21.1 Taxation

Compliance with the revised South African standard relating to the disclosure of taxation (AC102) resulted in the reclassification of certain tax related charges to interest received and operating expenses. This resulted in the reduction of the prior year tax charge by R105 million, with no resultant effect on after tax income.

Notes to the Financial Statements

For the year ended 31 March (R millions)	Group		Company	
	2001	2000	2001	2000
21.2 Trading derivatives				
In line with a stepped approach to full compliance with the new South African standard on Financial Instruments (AC 133), all trading derivatives are carried at gross positive and negative fair values (after permissible netting) on the balance sheet. This has resulted in an increase in the investment and trading assets in the prior year of R1 096 million, with a corresponding increase in liabilities. There is no effect on the income statement.				
21.3 Assurance business assets and liabilities				
Assets and liabilities of the assurance business (Investec Assurance Limited) which were previously treated as off balance sheet items are reflected on balance sheet. This has resulted in an increase in total assets in the prior year of R7 865 million. There is no effect on the income statement.				
Prior year adjustments other than changes in accounting policies are detailed below.				
21.4 Equity accounted earnings of associates				
For the year ended 31 December 2000, Fedsure Holdings Limited recognised an exceptional loss arising from an adverse movement in free assets. A further exceptional item was the write off of goodwill relating to its healthcare business. Investec has made an adjustment to its 2000 results, being a decrease in attributable earnings of R64 million, so as to align the treatment of this goodwill amortisation with Investec's policy for goodwill.				
Effect on income of prior year adjustments				
Share of income of associated companies	—	(64)	—	(41)
Equity accounted earnings of subsidiaries	—	—	—	(23)
	—	(64)	—	(64)
Restatement of opening retained earnings				
Net effect on opening retained income	(64)	—	(64)	—
There is no taxation or outside shareholders effect on the above prior year adjustments.				

For the year ended 31 March		Group		Company	
(R millions)		2001	2000	2001	2000
22. Ordinary dividends					
Interim of 310 cents (2000 – 237,5 cents)		250	191	250	191
Final of 440 cents (2000 – 382,5 cents)		356	308	357	308
		606	499	607	499
23. Cash flow information					
23.1 Cash generated by operating activities					
Net income before taxation		1 513	1 388	960	829
Depreciation		144	128	–	–
Provision for bad and doubtful debts		198	211	–	–
Exceptional items (see note 18)		312	165	–	–
Equity accounted income of subsidiaries		–	–	(435)	(452)
		2 167	1 892	525	377
23.2 Dividends received from associated companies					
Equity accounted reserves at beginning of year		123	137	111	123
Equity accounted (loss)/income for the year		(86)	42	(63)	20
Realised during the year		–	(1)	–	–
Equity accounted reserves at end of year		(19)	(123)	(34)	(111)
		18	55	14	32
23.3 Taxation paid					
Taxation balances at beginning of year		(361)	(229)	(36)	(26)
Deferred tax asset raised on acquisitions		31	68	–	–
Amounts charged to income statement		(321)	(352)	(27)	(10)
Taxation balances at end of year		298	361	48	36
		(353)	(152)	(15)	–
23.4 Dividends paid					
Amounts unpaid at beginning of year		(308)	(241)	(308)	(241)
Current year dividend declared		(606)	(499)	(607)	(499)
Amounts unpaid at end of year		356	308	357	308
		(558)	(432)	(558)	(432)

Notes to the Financial Statements

For the year ended 31 March		Group		Company	
(R millions)		2001	2000	2001	2000
23. Cash flow information					
(continued)					
23.5 Net funds (utilised)/arising on acquisitions					
Investment in subsidiaries	–	–	(724)	39	
Deposits and other accounts	24	9 986	–	–	
Investments and trading securities	–	(1 267)	–	–	
Advances and other assets	(4)	(2 368)	–	–	
Deferred tax asset	(31)	(68)	–	–	
Minority shareholders on acquisitions	(36)	11	–	–	
Fixed assets	(7)	(23)	–	–	
Goodwill	(718)	(461)	–	–	
		(772)	5 810	(724)	39
Issues of shares	25	–	52	–	
Net cash (outflow)/inflow	(747)	5 810	(672)	39	
23.6 Movement in income earning assets					
Short term negotiable securities	(13 745)	(1 735)	–	–	
Investment and trading securities	(222)	(258)	–	–	
Advances	(4 848)	(9 242)	–	–	
Other assets	1 291	(2 162)	19	(19)	
	(17 524)	(13 397)	19	(19)	
23.7 Cash and short term funds – opening balance					
Cash and short term funds	73 118	36 699	–	–	
Effect of exchange rate changes	1 364	593	–	–	
	74 482	37 292	–	–	
24. Assets under administration					
Retail (includes unit trusts, mutual funds and linked products)	42 605	44 312			
Institutional and investment trusts	119 150	118 448			
Private clients	137 480	122 888			
Private clients - discretionary	63 719	44 187			
Private clients - non-discretionary	73 761	78 701			
Properties managed for third parties	1 975	2 568			
Acceptances on behalf of clients	42	31			
Off balance sheet funding activities	18 645	23 441			
	319 897	311 688			
On balance sheet assets	194 532	174 243			
Total assets under administration	514 429	485 931			

For the year ended 31 March (R millions)	Group		Company	
	2001	2000	2001	2000
25. Contingent liabilities and commitments				
Guarantees and letters of credit	5 136	3 856		
Acceptances on behalf of clients	4 142	2 479		
Forward repurchase agreements	1 664	2 582		
Other	426	140		
	<u>11 368</u>	<u>9 057</u>		
26. Earnings per share				
Headline earnings attributable to ordinary shareholders				
Calculation of headline earnings				
Earnings attributable to ordinary shareholders	846	818		
Headline adjustments	468	229		
Share of associates' exceptional items	156	64		
Goodwill amortised	315	195		
Discount on fair value of acquisitions	(3)	(30)		
Headline earnings	<u>1 314</u>	<u>1 047</u>		
Earnings per share (cents)	1 048,4	1 016,4		
Headline earnings per share (cents)	1 628,2	1 300,9		
Weighted average ordinary shares in issue (millions)	80,7	80,5		
Earnings per share is calculated using earnings attributable to ordinary shareholders, divided by the weighted average number of shares in issue. Headline earnings per share is calculated on a similar basis using headline earnings as the numerator:				
Earnings attributable to ordinary shareholders	846	818		
Increase in after tax earnings as a result of conversion of convertible debentures which have a dilutive effect on earnings per share	30	—		
Diluted earnings attributable to ordinary shareholders	<u>876</u>	<u>818</u>		
Diluted earnings per share (cents)	1 039,7	1 016,1		
Fully diluted weighted average ordinary shares in issue (millions)	84,3	80,5		

Notes to the Financial Statements

For the year ended 31 March (R millions)	Group		Company	
	2001	2000	2001	2000
26. Earnings per share (continued)				
Diluted earnings per share is calculated using diluted attributable earnings divided by the fully diluted weighted average number of shares in issue after taking account of the conversion of compulsorily convertible debentures. Only conversions which have a dilutive effect on earnings per share have been taken into consideration in the computation of diluted earnings.				
27. Earnings per compulsorily convertible debenture				
27.1 Company				
11 622 (2000 – 18 147) Unsecured subordinated debentures of 60 cents each issued at various premiums.				
Interest earned	–	–		
Weighted average number of debentures (millions)	–	–		
Earnings per debenture (cents)	231,3	273,4		
880 000 (2000 – 980 000) Class A Series I unsecured subordinated debentures of 60 cents issued at a premium of R174,40 each				
Interest earned	17	22		
Weighted average number of debentures (millions)	1,0	1,0		
Earnings per debenture (cents)	1 750,0	2 187,2		
1 000 000 (2000 – Nil) Class A Series II unsecured subordinated debentures of 60 cents each issued at a premium of R229,40 each				
Interest earned	7	–		
Weighted average number of debentures (millions)	0,3	–		
Earnings per debenture (cents)	2 300,0	–		
27.2 Subsidiary				
3 573 994 (2000 – 3 573 994) Unsecured subordinated debentures of 50 cents issued at a premium of R78,50 each.				
Interest earned	43	43		
Weighted average number of debentures (millions)	3,6	3,6		
Earnings per debenture (cents)	1 204,8	1 204,8		
5 000 000 (2000 – 5 000 000) Class A unsecured subordinated debentures of 50 cents issued at a premium of R159,50 each.				
Interest earned	120	120		
Weighted average number of debentures (millions)	5,0	5,0		
Earnings per debenture (cents)	2 400,0	2 400,0		
1 000 000 (2000 – 1 000 000) Class A Series II unsecured subordinated debentures of 50 cents issued at a premium of R159,50 each.				

For the year ended 31 March (R millions)	Group		Company	
	2001	2000	2001	2000
27. Earnings per compulsorily convertible debenture (continued)				
Interest earned	24	24		
Weighted average number of debentures (millions)	1,0	1,0		
Earnings per debenture (cents)	2 400,0	2 400,0		
1 500 000 (2000 – 1 500 000) Class B unsecured subordinated debentures of 50 cents issued at a premium of R199,50 each.				
Interest earned	36	36		
Weighted average number of debentures (millions)	1,5	1,5		
Earnings per debenture (cents)	2 400,0	2 400,0		
2 000 000 (2000 – Nil) Class B unsecured subordinated debentures of 50 cents each issued at a premium of R199,50				
Interest earned	–	–		
Weight average number of shares (millions)	–	–		
Earnings per share (cents)	2 200,0	–		
28. Related party transactions				
Transactions, arrangements and agreements involving directors and others:				
Particulars of transactions, arrangements and agreements entered into by subsidiary undertakings of the company with directors and connected persons and companies controlled by them, are disclosed below.				
Directors and connected persons and companies controlled by them:				
Loans and credit card transactions – Private Bank	13	11		
The related parties have limited credit facilities with Private Bank.				
For loans to related parties, normal credit parameters are applied. At the respective year end dates 5 directors had outstanding loans with Private Bank.				
Picbel	24	28		
Taaibos	26	28		
H.Herman has a 17% and 13% holding in Picbel and Taaibos respectively. The loans were provided on an arms length basis, and are fully secured.				
Kanvestec	7	11		
The above amount reflects a preference share investment in Kanvestec by Investec Bank Limited. A I Basserabie is a director of Kanvestec. The above transaction occurred on an arms length basis.				

Notes to the Financial Statements

For the year ended 31 March (R millions)	Group		Company	
	2001	2000	2001	2000
28. Related party transactions				
(continued)				
Boutique Finance II Ltd – Purchase of shares in Insinger SA. The transaction relates to a purchase of Insinger SA shares by senior management through a limited company. Investec Bank UK provided the loan to Boutique Finance II Ltd, secured by the investment in Insinger SA.				
Loan provided	60	60		
200% cover is required at all times, if the cover drops to 175%, a margin call back to 200% must be made.				
I R Kantor has guaranteed 34% of the above loan.				
<p>The group's personal account trading policy requires all employees who participate in securities transactions to deal on an arm's length basis through Investec Securities Limited. This has no material effect on either Investec Securities Limited or the Group's earnings.</p> <p>Directors portfolios are subject to management fees on an arms length basis.</p> <p>Particulars of directors' dealings in Investec shares are recorded in a register held at the Registered Office of the Company which is available for inspection.</p> <p>Any dealings with regards to investments in unit trusts or the asset management division occur at arms length.</p> <p>Refer to Note 7 for details of the Group's activities with Fedsure Holdings Limited which is a related party.</p>				

Capital Adequacy Statement

(R millions)	Risk-weighting (%)	Total Assets 2001	Risk-weighted Assets 2001	Risk-weighted Assets 2000
Money, interbank deposit and claims on Central Government	-	25 629	–	–
Irrevocable letters of credit of behalf of public sector bodies in RSA	5	25	1	2
Land Bank and other public sector bodies	10	196	20	16
Trade transactions with recourse to other banks	20	13 600	2 720	4 759
Residential mortgage loans	50	6 464	3 232	3 107
All other assets	100	42 167	42 168	32 830
Impairments	–	(107)	(107)	(90)
Total assets – banking activities ^a		87 975	48 034	40,624
Trading assets subject to CAD		113 155	–	–
Total assets ^a		201 130	48 034	40,624
Risk-weighted capital requirement – banking activities at 8% (2000–8%)			3 843	3,250
Net qualifying capital^b – banking activities			7 008	4821
Qualifying capital as a percentage of banking risk-weighted assets			14,6%	11,9%
Tier 1			7,4%	8,2%
Tier 2			7,2%	3,7%
Permanent			4,8%	4,2%
Non-permanent			2,4%	(0,5%)

Notes

a. This balance includes off balance sheet items against which capital is required to be held.

b. Net qualifying capital includes only 50% of revaluations and is after deducting capital required for trading activities.

Net qualifying capital – Banking activities

(R millions)	2001	2000
Primary capital and reserves	3 562	3 332
Ordinary share capital and premium	4 058	4 000
General reserves	1 496	1 168
Convertible preference shares	460	–
Equity accounted reserves	19	123
Foreign currency reserves	722	554
Minority shareholders interest	267	291
Impairments	(2 955)	(2 533)
Capital reserved against trading activities	(505)	(271)
Secondary capital and reserves	3 446	1 489
Permanent: compulsorily convertible debentures	2 321	1 710
Non-permanent:	1 125	(221)
Subordinated debt	1 945	–
General provisions	356	297
50% of net revaluation reserves	106	295
50% of goodwill write off	(271)	(271)
Capital reserved against trading activities	(1 011)	(542)
Net qualifying capital	7 008	4 821

The capital adequacy statement presented is that of the Group, on a pure accounting consolidated basis.

Group Derivative Instruments

For the year ended 31 March

(R millions)	Notional Principal	2001 Positive Fair Value	Negative Fair Value	Notional Principal	2000 Positive Fair Value	Negative Fair Value
Trading derivatives						
Foreign exchange derivatives						
Forward foreign exchange	175 346	4 582	4 445	81 176	1 483	1 324
Currency swaps	7 585	145	687	4 285	187	404
OTC options bought and sold	4 125	75	32	—	—	—
Other foreign exchange contracts	640	18	16	—	—	—
OTC derivatives	187 696	4 820	5 180	85 461	1 670	1 728
Exchange traded futures	—	—	—	—	—	—
Exchange traded options	—	—	—	146	3	—
Total	187 696	4 820	5 180	85 607	1 673	1 728
Interest rate contracts						
Caps and floors	13 107	14	20	4 383	2	7
Swaps	151 671	2 711	2 719	101 690	1 314	1 072
Forward rate agreements	132 198	127	83	67 809	68	63
OTC options bought and sold	25 673	119	143	18 434	133	67
OTC derivatives	322 649	2 971	2 965	192 316	1 517	1 209
Exchange traded futures	51 630	23	20	—	—	—
Exchange traded options	462	—	—	—	—	—
Total	374 741	2 994	2 985	192 316	1 517	1 209
Equity and stock index derivatives						
OTC options bought and sold	6 338	197	325	—	—	—
Equity swaps and forwards	2	—	—	—	—	—
OTC derivatives	6 340	197	325	—	—	—
Exchange traded futures	1 415	104	106	—	—	—
Exchange traded options	29 657	229	231	—	—	—
Warrants	361	2	26	—	—	—
Total	37 773	532	688	—	—	—
Commodity derivatives						
OTC options bought and sold	—	—	—	—	—	—
Commodity swaps and forwards	11 178	230	231	—	—	—
OTC derivatives	11 178	230	231	—	—	—
Exchange traded futures	—	—	—	—	—	—
Exchange traded options	—	—	—	—	—	—
Total	11 178	230	231	—	—	—

For the year ended 31 March

(R millions)	Notional Principal	2001 Positive Fair Value	Negative Fair Value	Notional Principal	2000 Positive Fair Value	Negative Fair Value
Trading derivatives (continued)						
Total trading derivatives	611 388	8 576	9 084	277 923	3 190	2 937
Effect of netting	–	(7 612)	(7 612)	–	(1 841)	(1 841)
Trading derivatives included in assets/liabilities	611 388	964	1 472	277 923	1 349	1 096

Derivative Instruments

Derivative instruments have been classified into trading and hedging transactions. Hedging transactions are those used to reduce price and interest rate risk in the activities of Investec Group Limited. All other derivatives are entered into for proprietary trading purposes. The above table shows the Group's proprietary trading exposures.

Notional principal

The notional principal gives an indication of the Group's activity in the derivatives market and represents the aggregate size of total outstanding contracts at year end. This figure cannot be used in assessing the market risk associated with the position.

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 by the Group in an orderly market transaction at year end. Fair values are determined from quoted market prices or instrument pricing models where appropriate.

Risk management information

Shareholders should refer to pages 49 to 62 containing further risk information which form an integral part of the annual financial statements.

Principal Subsidiary & Associated Companies

Principal Subsidiary Companies	Nature of Business	Issued Ordinary Capital	Holding %	Shares at Book Value		Net Indebtedness	
				2001 R' million	2000	2001 R' million	2000
Direct subsidiaries of Investec Group Limited							
Investec Bank Ltd	Banking institution	R2 210 088 232	100	5 913	3 784	(6 710)	(199)
Investec Assurance Ltd	Long term insurance	R10 000 000	100	10	10	—	20
Investec Asset Management Holdings (Pty) Ltd	Investment holding	R100	100	—	—	22	23
Securities Investment Bank Ltd	Banking institution	R102 666 666	100	302	—	—	—
Investec Securities Ltd	Stockbroking and portfolio management	R172 000	100	132	—	—	—
Investec SA°	Investment holding	£462 332 000	100	5 858	—	2	—
Investec Int (Gibraltar) Ltd	Investment holding	£2	100	—	—	1 302	—
IFI Finance (Pty) Ltd	Investment holding	R2	100	—	—	291	1 622
Investec International BV	Investment holding	Euro18 000	100	—	—	752	—
Investec Hong Kong (Pty) Ltd	Investment holding	HK\$1	100	—	—	(2 287)	—
Investec Holdings Australia LtdΔ	Holding company	AU\$120 000 005	100	468	—	90	—
Other subsidiaries				373	14	11	10
				13 056	3 808	(6 527)	1 476
Indirect subsidiaries of Investec Group Limited							
Investec Bank (UK) Ltd*	Banking institution	£329 365 000	100				
Guinness Mahon Holdings Ltd*	Holding company	£75 333 000	100				
Investec Insurance (UK) Ltd*	Insurance broking	£950 000	100				
Investec I Ltd*	Investment holding	£15 909 428	100				
Investec Group (UK) PLC*	Holding company	£488 038 082	100				
Investec Group Investments (UK) Ltd	Investment holding	£15 400 000	100				
Investec Property Investments Ltd*	Property holding	£37 702 034	100				
Investec Bank (Channel Islands) Ltd	Banking institution	£10 000 000	100				
Investec Bank (Jersey) Ltd	Banking institution	£5 000 000	100				
Investec Bank (Switzerland) AG	Banking institution	CHF 10 000 000	100				
Carr Sheppards Crosthwaite Ltd*	Stockbroking and portfolio management	£10 461 000	100				

Principal Subsidiary Companies	Nature of Business	Issued Ordinary Capital	Holding	Shares at Book Value		Net Indebtedness	
			%	2001 R' million	2000 R' million	2001 R' million	2000 R' million
Indirect subsidiaries of Investec Group Limited							
Gandon Capital Markets Ltd ◊	Banking institution	IEP 3 500 012	100				
Investec Ernst and CompanyΔ	Stock broking and portfolio management	\$98 680 947	100				
Investec Bank (Israel) Ltd#	Banking institution	NIS 433 027 840	75				
Investec Australia LimitedΔ	Banking institution	AU\$ 80 000 005	100				
Investec Holdings (Botswana) Ltd o	Holding company	Pula 54 000 000	100				
Invego Investments Ltd	Investment holding	R159 649 551	100				
Sechold Investments Ltd	Investment holding	R967 554 752	100				
Investec Asset Management (Pty) Ltd	Portfolio management	R50 000	100				
Investec International Holdings (Pty) Ltd	Investment holding	R2 134 680	100				
Investec Fund Managers SA Ltd	Unit trust management	R8 000 000	100				
Investec Bank (Mauritius) Ltd	Banking institution	R630 105 464	100				
Reichmans Ltd	Trade financing	R58 700 007	100				
Principal associated company of Investec Group Limited							
Fedsure Holdings Ltd	Investment holding		19	506	340		

Investec Bank (Israel) Ltd year-end is 31 December in line with Israeli statutory requirements.

Fedsure Holdings Ltd's year-end is 31 December.

Details of subsidiary and associated companies which are not material to the financial position of the Group are not stated above.

* British Δ Australian ° Luxembourg # Israeli • Mauritian Δ USA o Botswana ◇ Ireland □ British Virgin Islands

Group Currency Profile

For the year ended 31 March 2001

(R millions)	ZAR	GBP	EUR	USD	NIS	Other	Total
Assets							
Cash and short-term funds	2 438	39 331	4 451	15 859	3 365	3 743	69 187
Short-term negotiable securities	7 961	45 719	—	—	—	194	53 874
Investment and trading securities	17 207	1 090	—	2 192	1 363	292	22 144
Other assets	2 978	2 835	53	463	48	175	6 552
Advances	18 759	8 197	107	7 054	2 075	1 870	38 062
Associated companies	507	—	—	29	8	—	544
Fixed assets	742	271	—	98	188	21	1 320
Intangible assets	2 849	—	—	—	—	—	2 849
	53 441	97 443	4 611	25 695	7 047	6 295	194 532
Equity and liabilities							
Share capital and reserves	5 966	—	—	—	—	—	5 966
Compulsorily convertible debentures	2 321	—	—	—	—	—	2 321
Convertible preference shares	385	—	—	—	—	—	385
Subordinated debt	1 945	—	—	—	—	—	1 945
Interest of minority shareholders in subsidiaries	267	—	—	—	—	—	267
Deposits and other accounts	52 359	90 657	4 574	22 315	6 251	6 838	182 994
Taxation	208	69	—	4	9	8	298
Shareholders for ordinary dividend	356	—	—	—	—	—	356
	63 807	90 726	4 574	22 319	6 260	6 846	194 532
Assets under administration							
Unit trust funds	13 561	22 032	—	—	292	84	35 969
Properties managed for third parties	1 692	283	—	—	—	—	1 975
Portfolios administered ¹	62 569	177 544	—	18 333	1 345	3 475	263 266
Acceptances on behalf of clients	—	—	—	—	42	—	42
Off balance sheet funding activities	2 962	15 683	—	—	—	—	18 645
	80 784	215 542	—	18 333	1 679	3 559	319 897
On balance sheet assets	53 441	97 443	4 611	25 695	7 047	6 295	194 532
	134 225	312 985	4 611	44 028	8 726	9 854	514 429

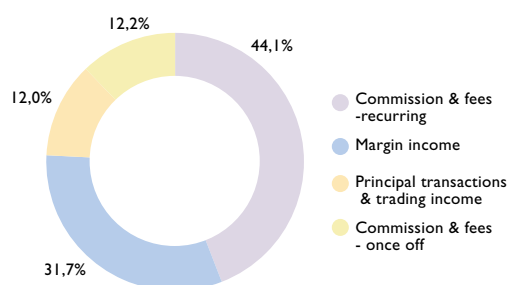
This Group currency profile analyses the consolidated assets and liabilities in terms of their originating currencies. These totals are then expressed in South African Rands. Consequently this profile does not reflect any off balance sheet hedges entered into by the Group. The following exchange rates were used for conversion of assets and liabilities as at 31 March 2001:

US Dollar \$1 = R8,0039 British Pound £1 = R11,395526 European Euro = 7,086253 Israel Shekel NIS1 = 1,904783

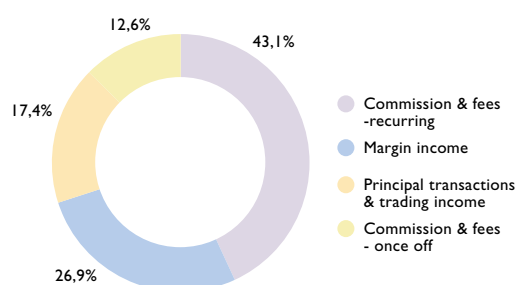
¹ Includes mutual funds, linked products, institutional and investment trusts, private clients, wills and estates.

Operating Income by Type

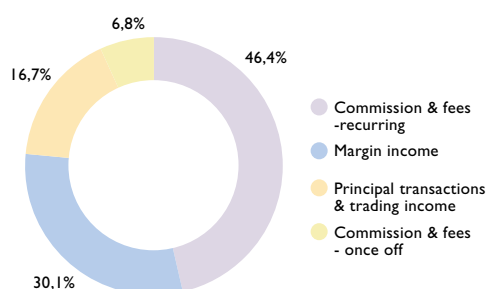
2001



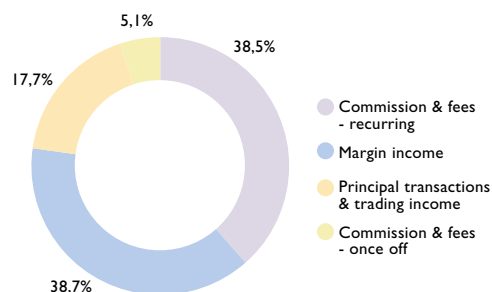
2000



1999



1998



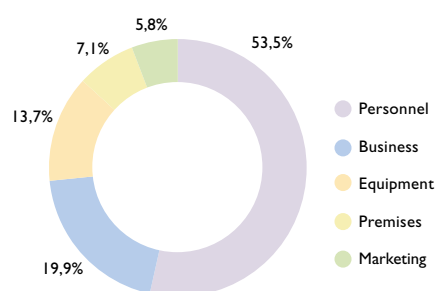
For the year ended 31 March

(R millions)	2001	2000	1999	1998
Commission and fees - recurring	2 339	1 904	1 463	618
Margin income	1 680	1 187	948	621
Principal transactions and trading income*	638	767	527	284
Commission and fees - once off	644	559	214	83
Total income	5 301	4 417	3 152	1 606

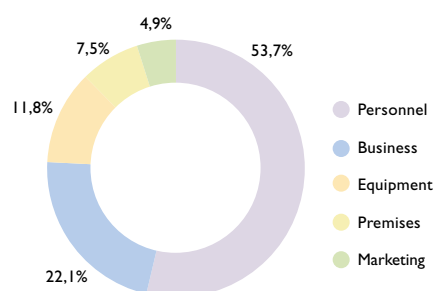
* Includes dividends received - for further definitions on other income refer to page 143.

Operating Expenses by Type

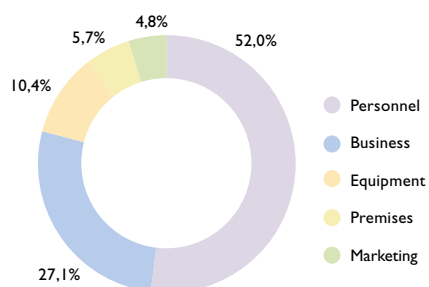
2001



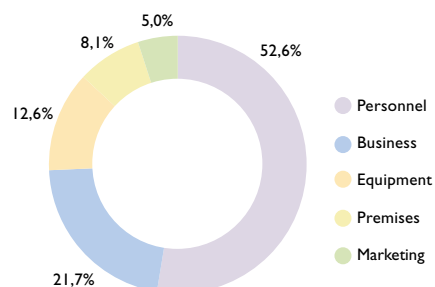
2000



1999



1998



For the year ended 31 March

(R millions)	2001	2000	1999	1998
Personnel	1 860	1 537	1 111	549
Business	691	632	579	226
Equipment	477	337	221	132
Premises	246	217	122	85
Marketing	202	141	103	52
Total Operating Expenses	3 476	2 864	2 136	1 044

Note:

Personnel expenses includes personnel remuneration, pension and provident contributions and directors remuneration. Business expenses includes auditors remuneration. Equipment expenses includes depreciation.

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Chairman's Statement

As a consequence of another strong performance by its subsidiary, Investec Group Limited, Investec Holdings Limited (Inhold) is pleased to announce a favourable set of results for the year ended 31 March 2001. Inhold reports a 19,7% increase in headline earnings, with headline earnings per share increasing by 19,7%, to 1 368,7 cents.

A final dividend of 400,0 cents (2000 – 347,5 cents) per share was declared, bringing the total dividends per share to 680 cents (2000 – 560 cents), an increase of 21,4%.

Inhold has achieved a 10-year compound growth rate in headline earnings per share and dividends per share of 33,2% and 37,6% respectively.

The prospects for Inhold in the coming year are directly related to those of Investec Group Limited. As can be seen from the preceding pages in this report, we anticipate a time of great challenge coupled with major opportunities in the year ahead. I would like to join the Board of Directors in extending my thanks to all of our colleagues within the Group who have contributed to the ongoing success of our business.



Ian Kantor
Chairman

29 May 2001

Declaration by Company Secretary

In terms of Section 268G (d) of the Companies Act, 1973, as amended. I hereby certify that to the best of my knowledge and belief, the company has lodged with the Registrar of Companies, for the financial year ended 31 March 2001, all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



S. Noik
Group Secretary
29 May 2001

Report of the Independent Auditors

To the Members of Investec Holdings Limited

We have audited the Company and Group annual financial statements set out on pages 182 to 190 for the year ended 31 March 2001. 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.
- 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 and Group at 31 March 2001 and the results of their 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.
Chartered Accountants
(SA)
Registered Accountants
and Auditors

Johannesburg
29 May 2001

Ernst + Young

Ernst and Young
Chartered Accountants
(SA)
Registered Accountants
and Auditors

Directors' Report

Nature of business

Investec Holdings Limited (Inhold) is the controlling company of Investec Group Limited, which through its subsidiaries provides a wide range of specialised products and services to a selective client base. Investec is organised into four principal divisions, namely Investment Banking, Treasury and Finance, Private Client Activities and Asset Management.

Authorised and issued share capital

On 26 September 2000, special resolutions were passed increasing the authorised share capital of the company to R10 012 500 by the creation of 43 million ordinary shares of 10 cents each. Details of the share capital are set out in note 2 to the financial statements.

Financial results

The results of the company and the Group are set out in the financial statements and accompanying notes.

Dividends

	2001 Rm	2000 Rm
Ordinary shares		
The following dividends were declared:		
Interim dividend of 280,0 cents per share (2000 – 212,5 cents) to shareholders registered on 10 November 2000 – paid on 23 November 2000	114	87
Final dividend of 400,0 cents per share (2000 – 347,5 cents) to shareholders registered on 15 June 2001 – payable on 27 June 2001	163	141
	277	228
Preference shares		
The following preference dividends were paid or accrued	24	1

Directors and secretary

Details of the directors and secretary are reflected on pages 26 and 191 respectively. In terms of the Articles of Association, Messrs H S Herman, B Kantor, I R Kantor, S Koseff and P R S Thomas retire by rotation, but being eligible, offer themselves for re-election.

Directors' shareholdings

On 31 March 2001 the directors beneficially held 4 798 142 shares in the company (2000 – 4 623 092). The directors future entitlements under the share incentive trusts and in terms of employee ownership initiatives are 952 335 (2000 – 1 041 445) Investec Holdings Limited shares. Details of directors' direct and indirect beneficial shareholdings in the company's issued share capital, at 31 March 2001 were:-

	2001	2000
A. I. Basserabie	2 000	2 000
G. R. Burger	377 945	325 523
G. H. Davin	199 662	193 341
H. S. Herman	181 845	178 250
B. Kantor	842 943	815 050
I.R. Kantor	2 262 032	2 206 070
S. Koseff	764 955	736 098
D. H. Mitchell	6 809	6 809
P. R. S. Thomas	159 951	159 951
	4 798 142	4 623 092

Directors' Report

Details of directors' non beneficial shareholdings in the company's issued share capital at 31 March were:

	2001	2000
S. Koseff	206 020	206 020
D. E. Jowell	135 000	100 000

There have been no material changes to the above holdings from 31 March 2001 to the date of this report.

Share incentive trusts

Particulars of the Group's share incentive trusts are fully disclosed in the Investec Group Limited Directors' Report on pages 133 and 134.

Special resolutions

In addition to the special resolutions referred to under "Authorised and issued share capital", special resolutions were passed on 20 March 2001, amending the Articles of Association and granting general approval for the acquisition by the company or its subsidiaries of issued shares of the company.

Audit Committee

An audit committee comprising executive and non-executive directors meets regularly with senior management, the external auditors, Operational Risk Management and the Group's Finance and Accounting division to consider the nature and scope of the audit reviews and the effectiveness of the Group's risk and control systems.

Contracts

Refer to note 28 in Investec Group Limited's annual financial statements for details of contracts with directors.

Major shareholders

At 31 March 2001, the following were registered as holding 5% or more of the issued shares of the company:-

Standard Bank Nominees Tvl (Pty) Ltd	34,1%
Old Mutual Nominees (Pty) Ltd	13,1%
Investec Nominees (Pty) Ltd	8,9%
Nedcor Bank Nominees (Pty) Ltd	6,4%
First National Nominees (Pty) Ltd	5,8%

Basis of presentation

The annual financial statements have been prepared on the historical cost basis, unless otherwise indicated. The accounting policies applied are consistent with those of Investec Group Limited, as detailed on pages 139 to 144.

Post balance sheet events

Subsequent to the financial year end Investec acquired the insurance and financial service businesses of Fedsure Holdings Limited for a total consideration of R4 700 million, comprising the issue of 19 212 204 ordinary shares at R227,20 each, a cash payment of R250 million and an entitlement to the Investec Group Limited final dividend of 440 cents per share, amounting to R85 million. Shareholders are referred to the circular to shareholders, dated 30 March 2001 for details of the above transaction. Investec regards the effective date of the above transaction, in accordance with South African Statements of Generally Accepted Practice, as 1 June 2001. Investec Group Limited's share price at 1 June 2001 was R227,20.

Balance Sheets

For the year ended 31 March

(R millions)

	Notes	Group		Company	
		2001	2000	2001	2000
Assets					
Cash and short-term funds		69 187	73 118	—	—
Short-term negotiable securities		53 874	39 043	—	—
Investment and trading securities		22 144	17 765	—	—
Other assets		6 570	7 426	18	—
Advances		38 008	33 003	—	—
Subsidiary companies	1	—	—	3 238	2 695
Associated companies		544	349	—	—
Fixed assets		1 320	1 067	—	—
Goodwill		2 849	2 443	—	—
		194 496	174 214	3 256	2 695
Equity and Liabilities					
Capital and Reserves					
Ordinary share capital	2	4	4	4	4
Compulsorily convertible debentures		2 321	1 710	—	—
Reserves	3	2 574	2 594	2 623	2 550
		4 899	4 308	2 627	2 554
Interest of minority shareholders in subsidiaries		3 587	3 555	—	—
Total shareholders' funds		8 486	7 863	2 627	2 554
Subordinated debt		1 945	—	—	—
Cumulative redeemable preference shares	4	382	—	382	—
		10 813	7 863	3 009	2 554
Liabilities					
Deposits and other accounts		183 018	165 679	79	—
Taxation		304	361	5	—
Shareholders for ordinary dividend		361	311	163	141
		194 496	174 214	3 256	2 695

Income Statements

For the year ended 31 March		Group		Company	
(R millions)	Notes	2001	2000	2001	2000
Interest received		12 120	9 006	6	1
Interest paid		10 244	7 608	9	2
Net interest income		1 876	1 398	(3)	(1)
Provision for bad and doubtful debts		198	211	–	–
		1 678	1 187	(3)	(1)
Other income	5	3 627	3 230	382	367
Total income		5 305	4 417	379	366
Operating expenses		3 476	2 864	–	–
Income before exceptional items		1 829	1 553	379	366
Exceptional items		312	165	–	–
Income before taxation		1 517	1 388	379	366
Taxation		326	352	5	1
Income after taxation		1 191	1 036	374	365
Share of (loss)/income of associated companies		(86)	42	–	–
Operating income		70	106	–	–
Exceptional items		(156)	(64)	–	–
Net income		1 105	1 078	374	365
Earnings attributable to minority shareholders		484	468	–	–
		621	610	374	365
Preference dividends		24	1	24	1
Compulsorily convertible debenture interest		247	245	–	–
Earnings attributable to ordinary shareholders		350	364	350	364
Earnings per share (cents)	7	859,0	892,6		
Headline earnings per share (cents)	7	1 368,7	1 143,0		
Diluted earnings per share (cents)	7	859,0	892,6		
Dividends per share (cents)		680,0	560,0		
Headline earnings attributable to ordinary shareholders					
Calculation of headline earnings					
Earnings attributable to ordinary shareholders		350	364		
Headline adjustments		468	229		
Share of associates' exceptional items		156	64		
Goodwill amortised		315	195		
Discount on fair value of acquisitions		(3)	(30)		
Minority share of headline adjustments		(260)	(127)		
Headline earnings		558	466		

Cash Flow Statements

For the year ended 31 March (R millions)	Group		Company	
	2001	2000	2001	2000
Cash retained/(utilised) from operating activities				
Cash generated by operating activities	2 171	1 892	267	221
Dividends received from associated companies	18	55	—	—
Taxation paid	(352)	(152)	—	(1)
Cash available from operating activities	1837	1 795	267	220
Dividends paid	(568)	(438)	(255)	(199)
Compulsorily convertible debenture interest paid	(247)	(245)	—	—
Preference dividends paid	(24)	(1)	(24)	(1)
Net cash inflow/(outflow) from operating activities	998	1 111	(12)	20
Cash (utilised)/generated in investing activities				
Net funds (utilised)/arising on acquisitions	(747)	5 810	(430)	(3)
Net investment in associated companies	(300)	—	—	—
Net investment in fixed assets	(376)	(242)	—	—
Net cash (outflow)/inflow from investing activities	(1 423)	5 568	(430)	(3)
Cash flows from banking activities				
Movement in deposits and other accounts	9 658	42 520	79	(2)
Movement in income earning assets	(17 518)	(13 373)	(18)	—
Net cash (outflow)/inflow from banking activities	(7 860)	29 147	61	(2)
Cash flows from assurance activities				
Movement in long term assurance fund and other liabilities	4 837	1 837	—	—
Movement in assurance related assets	(4 818)	(1 834)	—	—
Net cash inflow from assurance activities	19	3	—	—
Cash flows from financing activities				
Proceeds on issue of subsidiary ordinary shares to minority shareholders	15	12	—	—
Net proceeds on issue of convertible debentures	629	—	—	—
Issue/(redemption) of redeemable preference shares	382	(15)	382	(15)
Issue of bonds	1 945	—	—	—
Net cash inflow from financing activities	2 971	(3)	382	(15)
Net (decrease)/increase in cash and short-term funds	(5 295)	35 826	—	—
Cash and short-term funds at beginning of year	74 482	37 292	—	—
Cash and short-term funds at end of year	69 187	73 118	—	—

Statement of Changes in Shareholders' Funds

For the year ended 31 March		Group		Company	
(R millions)	Notes	2001	2000	2001	2000
Share capital					
Balance at beginning of year		4	4	4	4
Issue of shares		—	—	—	—
Balance at end of year	2	4	4	4	4
Compulsorily convertible debentures					
Balance at beginning of year		1 710	1 715	—	—
Issues of debentures		629	—	—	—
Conversion to ordinary shares of subsidiary		(18)	(5)	—	—
Balance at end of year		2 321	1 710	—	—
Share premium					
Balance at beginning of year		1 484	1 484	1 484	1 484
Issue of shares-net of issue expense		—	—	—	—
Balance at end of year	3	1 484	1 484	1 484	1 484
General reserves					
Balance at beginning of year		800	651	693	557
Earnings attributable to ordinary shareholders		350	364	350	364
—As previously reported		—	392	—	392
—Prior year adjustments	6	—	(28)	—	(28)
Transfer from equity accounted reserves		47	6	—	—
Dividends		(277)	(228)	(277)	(228)
Transfer from (to) interest of minority shareholders		10	(4)	—	—
Transfer (to) from secondary reserves		(7)	11	—	—
Balance at end of year	3	923	800	766	693
Secondary reserves					
Balance at beginning of year		255	193	373	373
Transfer from (to) general reserves		7	(11)	—	—
Movement in revaluations		(103)	73	—	—
Balance at end of year	3	159	255	373	373
Equity accounted reserves of associated companies					
Balance at beginning of year		55	61	—	—
Transfer to retained income		(47)	(6)	—	—
Balance at end of year	3	8	55	—	—
Total		4 899	4 308	2 627	2 554

Notes to the Financial Statements

For the year ended 31 March

(R millions)

Company

2001 2000

1. Subsidiary company

Investment at cost	1 963	1 503
Equity accounted earnings of subsidiaries	1 197	1 085
Net indebtedness	78	107
	<u>3 238</u>	<u>2 695</u>

2. Ordinary share capital

Authorised

100 000 000 (2000 – 57 000 000) ordinary shares of 10 cents each.

10 6

Issued

40 769 795 (2000 – 40 769 795) ordinary shares of 10 cents each.

4 4

The unissued shares are under the control of the directors until the next annual general meeting.

3. Reserves

Share premium	1 484	1 484
General reserves	766	693
Secondary reserves	373	373
	<u>2 623</u>	<u>2 550</u>

4. Cumulative redeemable preference shares

Authorised

25 000 (2000 – 25 000) cumulative redeemable preference shares of 50 cents each

– –

Issued

800 (2000 – Nil) cumulative redeemable preference shares of 50 cents each, issued at various premiums

382 –

The preference dividend is calculated at 65% of the South African prime overdraft rate.

The unissued preference shares are under the control of the directors until the next annual general meeting.

Notes to the Financial Statements

For the year ended 31 March

(R millions)

Company

2001 2000

5. Other income

Dividends from subsidiaries

270 221

Equity accounted earnings of subsidiaries

112 146

382 367

6. Changes to accounting policies and other prior year adjustments

Detailed in note 21 (on pages 162

and 163) of Investec Group Limited

are changes to accounting policies

and other prior year adjustments.

The financial effects on Investec

Holdings Limited are detailed

below:

Income: Equity accounted earnings of subsidiaries

— (28)

Gross effect on opening retained earnings

(28) —

There is no taxation effect.

The effect of the prior year adjustments on

Investec Holdings Limited 2000 group

results are as follows:

R' million

Share of loss of associated companies 64

Taxation effect —

Minority interest 36

Net effect 28

Opening retained income in 2001 was reduced by R28 million.

For the year ended 31 March

(R millions)

Company

2001 2000

7. Earnings per share**Earnings attributable to ordinary shareholders**

Headline adjustments

Share of associates' exceptional items

Goodwill amortised

Discount on fair value of acquisitions

Minority share of headline adjustments

Headline earnings

Earnings per share (cents)

Headline earnings per share (cents)

Weighted average ordinary shares in issue (millions)

Earnings per share is calculated using earnings attributable to ordinary shareholders, divided by the weighted average number of shares in issue.

Headline earnings per share is calculated on a similar basis using headline earnings as the numerator.

The Group earnings per share and headline earnings per share is equal to that of the Company as the Company equity accounts the earnings of its subsidiary.

There are not instruments issued by Investec Holdings Limited which have a dilutive effect on earnings per share. Therefore diluted earnings per share is equal to earnings per share.

8. Directors remuneration

Included in operating expenses of the Group are the following directors emoluments paid for by a subsidiary company.

	R' million
2001:	25
2000:	23

Consolidated assets, liabilities and income statement notes for Investec Holdings Limited are in all material respects consistent with those of Investec Group Limited as presented on pages 145 to 177.

Members' Diary

Financial year end 31 March

Annual general meeting 12 October 2001

Reports

Announcement of results for half year	October/November
Announcement of annual results and final dividend	May
Annual financial statements	July

Dividend payments

Interim	November
Final	June

Strate

Investec Group Limited and Investec Holdings Limited	
Dematerialisation start date	5 November 2001
First trade date for electronic settlement to take place	26 November 2001
First electronic settlement date	3 December 2001

Investec Group Limited
Reg. No. 1925/002833/06
100 Grayston Drive
Sandown
Sandton 2196

Secretary
S Noik (54)
CA(SA)

Auditors
Ernst and Young
KPMG Inc.

Transfer Secretaries
Mercantile Registrars Limited
8th Floor
11 Diagonal Street
Johannesburg 2001

Investec Holdings Limited
Reg. No. 1985/005574/06
100 Grayston Drive
Sandown
Sandton 2196

Secretary
S Noik (54)
CA(SA)

Auditors
Ernst and Young
KPMG Inc.

Transfer Secretaries
Mercantile Registrars Limited
8th Floor
11 Diagonal Street
Johannesburg 2001

Notice to Members

Notice is hereby given that the annual general meeting of members of Investec Group Limited will be held in the boardroom on the 2nd Floor, 100 Grayston Drive, Sandown, Sandton on 12 October 2001 at 09:00 for the purpose of transacting the following business:

1. To receive and adopt the audited financial statements for the year ended 31 March 2001 together with the reports of the auditors and of the directors.
2. To determine the remuneration of the directors.
3. To sanction the dividends paid.
4. Auditors: To re-appoint Ernst & Young and KPMG Inc. and approve the auditors' remuneration.
5. To re-elect directors in a single resolution.
6. To re-elect directors in place of Messrs S E Abrahams, I R Kantor, H S Herman, Dr M Z Nkosi and Ms D R Motsepe who retire by rotation, but being eligible, offer themselves for re-election.
7. To consider and if deemed fit to pass, with or without modification, the following ordinary resolution of the company:

Ordinary Resolution No.1

- That, subject to the Listings Requirements of the JSE Securities Exchange South Africa and the Banks Act, 1990, the directors be and they are hereby authorised to issue ordinary shares of 60 cents each, compulsorily convertible preference shares of 60 cents each and convertible debentures of 60 cents each for cash as and when suitable situations arise, subject to the following limitations:
 - this authority shall not extend beyond 15 (fifteen) months from the date of this general meeting;
 - a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of an issue representing, on a cumulative basis within one year, 5% or more of the number of shares in issue prior to such issues;
 - that issues in aggregate in any one financial year will not exceed 15% of the number of shares of any class in issue, including instruments which are compulsorily convertible into shares of that class;
 - that, in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% of the average ruling price of the shares in question, as determined over the 30 days prior to the date of the announcement or where no announcement is made, the date of issue of the instruments.

The approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the meeting is required to give effect to the resolution.

8. To transact such other business as may be transacted at an annual general meeting.

A member of the company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend, speak and, on a poll, vote in his stead. A proxy need not be a member of the company. Proxy forms should be forwarded to reach the office of the transfer secretaries at least 24 hours before the commencement of the meeting.

By order of the board

S Noik
Group Secretary
31 July 2001
100 Grayston Drive, Sandown
Sandton, 2196

Notice to Members

Notice is hereby given that the annual general meeting of members of Investec Holdings Limited will be held in the boardroom on the 2nd Floor, 100 Grayston Drive, Sandown, Sandton on 12 October 2001 at 09:15 for the purpose of transacting the following business:

1. To receive and adopt the audited financial statements for the year ended 31 March 2001 together with the reports of the auditors and of the directors.
2. To determine the remuneration of the directors.
3. To sanction the dividends paid.
4. Auditors: To re-appoint Ernst & Young and KPMG Inc. and approve the auditors' remuneration.
5. To re-elect directors in a single resolution.
6. To re-elect directors in place of Messrs H S Herman, B Kantor, I R Kantor, S Koseff and P R S Thomas who retire in accordance with the company's Articles of Association, but being eligible, offer themselves for re-election.
7. To consider and if deemed fit to pass, with or without modification, the following ordinary resolution of the company:

Ordinary Resolution No.1

- That, subject to the Listings Requirements of the JSE Securities Exchange South Africa and the Banks Act, 1990, the directors be and they are hereby authorised to issue ordinary shares of 10 cents each and cumulative redeemable preference shares of 50 cents each for cash as and when suitable situations arise, subject to the following limitations:
 - this authority shall not extend beyond 15 (fifteen) months from the date of this general meeting;
 - a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of an issue representing, on a cumulative basis within one year, 5% or more of the number of shares in issue prior to such issues;
 - that issues in aggregate in any one financial year will not exceed 15% of the number of shares of any class in issue.
 - that, in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% of the average ruling price of the shares in question, as determined over the 30 days prior to the date of the announcement or where no announcement is made, the date of issue of the instruments.

The approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the meeting is required to give effect to this resolution.

8. To transact such other business as may be transacted at an annual general meeting.

A member of the company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend, speak and, on a poll, vote in his stead. A proxy need not be a member of the company. Proxy forms should be forwarded to reach the office of the transfer secretaries at least 24 hours before the commencement of the meeting.

By order of the board

S Noik
Group Secretary
31 July 2001
100 Grayston Drive,
Sandown
Sandton, 2196

Form of Proxy

Form of proxy for Annual General Meeting on 12 October 2001 at 09:00.

Investec Group Limited

Reg. No. 1925/002833/06

I/We _____

of _____

being a holder(s) of _____ ordinary shares of 60 cents each;

do hereby appoint _____

of _____

or failing him _____

of _____

or failing them, the chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the company to be held on 12 October 2001 at 09:00 and at any adjournment thereof. Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. Unless this is done the proxy will vote as he thinks fit.

	In favour of	Against	Abstain
1. To adopt the annual financial statements			
2. To determine the remuneration of the directors			
3. To sanction the dividends paid			
4. To re-appoint Ernst & Young and KPMG Inc, and approve the auditors' remuneration			
5. To elect directors in a single resolution			
6. To re-elect directors			
7. Ordinary Resolutions:			
No. 1			

Signature _____ Date _____

Form of Proxy

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy (who need not be a member of the company) to attend, speak and, on a poll, to vote in his place. In the event of the poll, a member or his proxy shall have one vote for every share held.

Notes

1. The date must be filled in on this form of proxy when it is signed.
2. This proxy must be received by the Transfer Secretaries:

Mercantile Registrars Limited

8th Floor;

11 Diagonal Street, Johannesburg 2001

PO Box 1053, Johannesburg 2000

not later than 24 hours before the commencement of the meeting.

Form of Proxy

Form of proxy for Annual General Meeting on 12 October 2001 at 09:15.

Investec Holdings Limited

Reg. No. 1985/005574/06

I/We _____

of _____

being a holder(s) of _____ ordinary shares of 10 cents each;

do hereby appoint _____

of _____

or failing him _____

of _____

or failing them, the chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the company to be held on 12 October 2001 at 09:00 and at any adjournment thereof. Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. Unless this is done the proxy will vote as he thinks fit.

	In favour of	Against	Abstain
1. To adopt the annual financial statements			
2. To determine the remuneration of the directors			
3. To sanction the dividends paid			
4. To re-appoint Ernst & Young and KPMG Inc, and approve the auditors' remuneration			
5. To elect directors in a single resolution			
6. To re-elect directors			
7. Ordinary Resolutions:			
No. 1			

Signature _____ Date _____

Form of Proxy

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy (who need not be a member of the company) to attend, speak and, on a poll, to vote in his place. In the event of the poll, a member or his proxy shall have one vote for every share held.

Notes

1. The date must be filled in on this form of proxy when it is signed.
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