Investec Bank Limited Group and Company Annual Financial Statements
for the year ended 31 March 2004

Investec

Corporate information

Investec Bank Limited

Secretary and Registered Office
Selwyn Noik
100 Grayston Drive
Sandown Sandton 2196
PO Box 785700 Sandton 2146
Telephone (27 11) 286 7957
Facsimile (27 11) 286 7966

Investor Relations
Ursula Munitich
Tanya Reid
Natalie van der Bijl
Margaret Arnold
Telephone (27 11) 286 7070
Facsimile (27 11) 286 7014
e-mail: investorrelations@investec.co.za
Internet address: www.investec.com/grouplinks/investorrelations

Internet Address
www.investec.com

Registration Number
Investec Bank Limited Reg. No. 1969/004763/06

Auditors
Ernst & Young
KPMG Inc.

Transfer Secretaries in South Africa
Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street Johannesburg 2001
PO Box 61051 Marshalltown 2107
Telephone (27 11) 370 5000

Contents

01

Investec in perspective

01

Investec in perspective

Mission statement, philosophies and values

Mission statement

We strive to be a distinctive specialist banking group, driven by commitment to our core 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 co-operate 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.

An overview of the Investec group

Investec (comprising Investec Limited and Investec plc) is an international, specialist banking group that provides a diverse range of financial products and services to a niche client base in two principal markets, the UK and South Africa, as well as certain other geographies including Australia and the US.

Investec is organised as a network comprising four business divisions, Investment Banking, Private Client Activities, Treasury and Specialised Finance, and Asset Management. In addition, Investec's head office provides certain group-wide integrating functions including Risk Management, Information Technology, Finance, Investor Relations, Marketing, Human Resources and Organisational Development. It also has responsibility for the group's central funding as well as other activities, such as its Property business, Trade Finance and Traded Endowments Operations.

Since inception in Johannesburg in 1974 Investec has expanded through a combination of substantial organic growth and a series of strategic acquisitions in South Africa, the UK and other geographies in which it operates. Investec employs approximately 4 400 people in 11 countries.

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 its four principal business areas. Investec does not seek to be all things to all people and aims to build well-defined, value-added businesses focused on serving the needs of select market niches where the group can compete effectively.

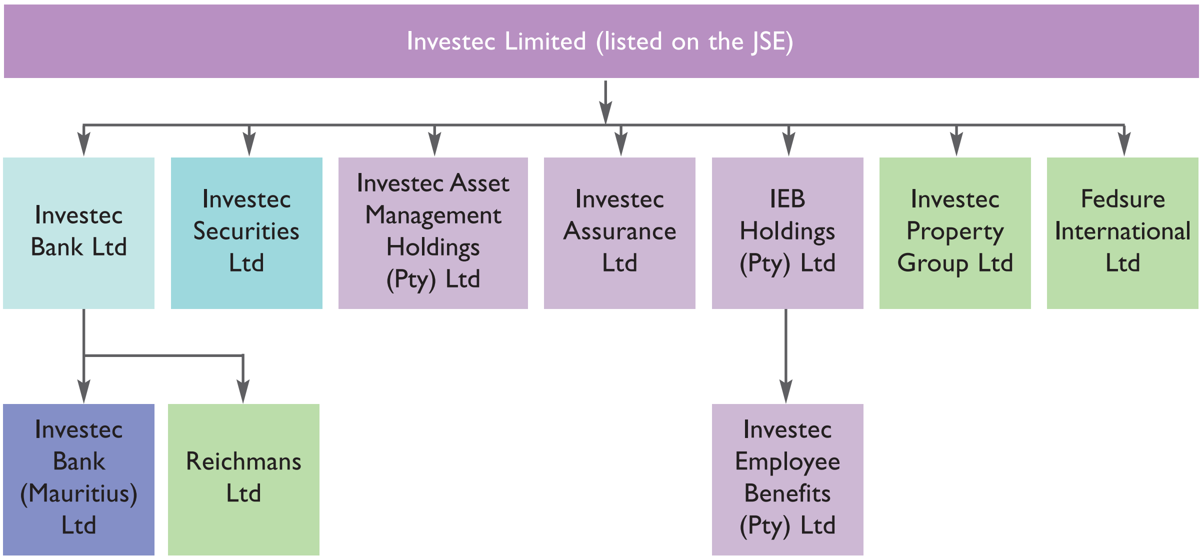
Investec Limited and Investec Bank Limited

In November 2001, Investec received permission from the Minister of Finance and the South African Reserve Bank to establish a Dual Listed Companies (DLC) structure with linked companies listed in London and Johannesburg.

In terms of the implementation of Investec's DLC structure (refer to page 4), Investec Group Limited has been renamed Investec Limited and is now the controlling company of Investec's businesses in Southern Africa and Mauritius. Investec Limited is listed on the JSE Securities Exchange South Africa.

Investec Limited holds 100% of the ordinary shares in issue of Investec Bank Limited (referred to in this report as the bank).

Investec Bank Limited organisational structure as at 31 March 2004



Key: Activities conducted

- Private Banking, Investment Banking, Treasury and Specialised Finance, Other Activities
- Asset Management and Assurance Activities
- Private Client Portfolio Management and Stockbroking, Investment Banking
- Private Banking, Treasury and Specialised Finance
- Other Actvities

Note: All shareholdings in the ordinary share capital of the subsidiaries are 100%, unless otherwise stated.

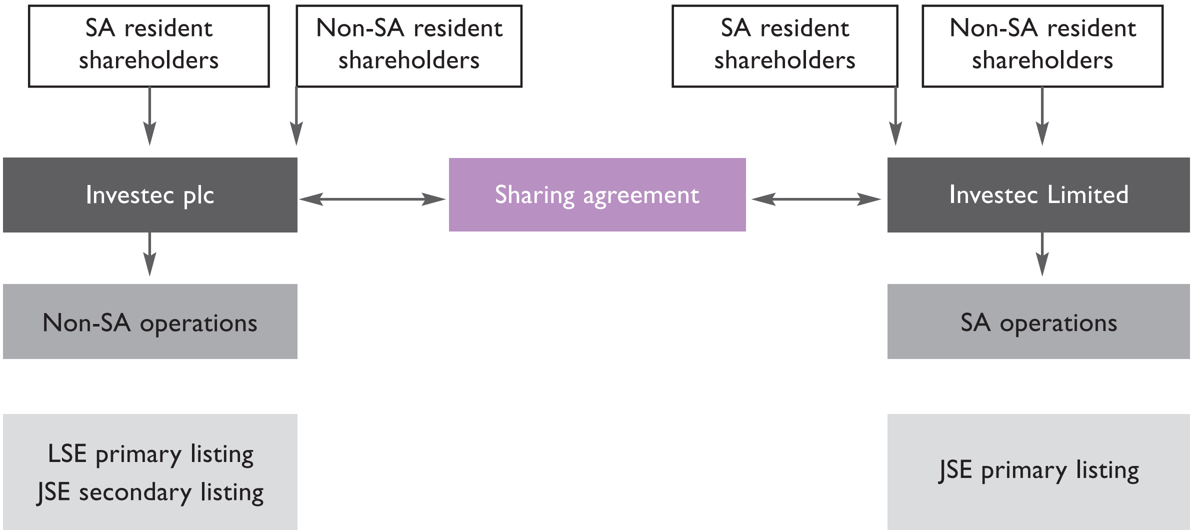
An overview of Investec's dual listed companies structure

Introduction

During July 2002 Investec Group Limited (since renamed Investec Limited), which is headquartered in South Africa, implemented a Dual Listed Companies (DLC) structure and listed its offshore businesses on the London Stock Exchange.

A circular regarding the establishment of a DLC structure was issued on 20 June 2002.

A simplified illustration of the DLC structure



Futher information on the group's DLC structure can be found in the circular mentioned above as well as in the preliminary offering circular issued on 8 July 2002. A copy of these circulars can be found on the group's website at www.investec.com/grouplinks/investorrelations.

02

An overview of the activities conducted by
Investec Bank Limited

02

An overview of the activities conducted by Investec Bank Limited

An overview of the activities conducted by Investec Bank Limited

Introduction

Investec Bank Limited's structure comprises three principal business units: Investment Banking, Private Banking and Treasury and Specialised Finance. Each division focuses on providing specialised products and services to defined target markets. Furthermore, the bank's head office provides certain group-wide integrating functions including Risk Management, Information Technology, Finance, Investor Relations, Marketing, Human Resources and Organisational Development. It also has responsibility for the group's central funding as well as other activities, such as trade finance.

Investment Banking

Investec Bank Limited engages in a range of investment banking activities, including corporate finance, direct investments and private equity.

The bank has established itself as one of South Africa's leading domestic corporate finance houses, focusing on the provision of corporate advisory services to large and mid-capitalisation companies. In addition, as a result of the local knowledge and expertise it has developed, Investec Bank Limited has been well placed to take advantage of opportunistic, direct investments in connection with corporate advisory transactions in which it has been involved.

Corporate Finance

Since 1999, there has been relatively little domestic capital market activity in South Africa. Accordingly, Investec Bank Limited has focused on the development of its domestic financial advisory business, in particular with respect to mergers and acquisitions, divestitures, restructurings, spinoffs and joint ventures, and the provision of innovative and creative deal structures and advice.

Direct Investments

As a result of its in-depth market knowledge and local expertise, Investec Bank Limited is well positioned to take direct positions in predominantly JSE listed shares where the group believes that the market is mispricing the value of the underlying portfolio of assets. These investment positions would be carefully researched with the intention to stimulate corporate activitiy.

Private Equity

Investec Bank Limited also actively seeks and selects expansion and buy-out investments as principal in unlisted South African companies. Investments are selected based on the track record of the management, the attractiveness of the industry and the ability to build value on top of the existing business by affecting an agreed strategy.

Private Banking

Investec Bank Limited provides a range of private banking services, targeting select, high income and high net worth individuals. The products and services provided by the Private Banking business principally comprises structured finance and specialised lending activities; trust and fiduciary services; banking services; investment management; and private client investment banking. The bank seeks to position its private banking operations in the low volume, high value advisory market. The bank's directors believe that one of Investec Bank Limited's strengths is its ability to originate new business by leveraging off the strong client relationships it has established through its lending activities. The bank believes that this operating model positions it more favourably during times of high market volatility, compared to private banks that are dependent on the more traditional asset-gathering model.

Investec Bank Limited operates one of South Africa's leading private banks, offering comprehensive wealth management services to its target client base. The bank achieved its current market status primarily by leveraging off its strong residential and commercial lending and deposit taking operations. In 1998, it built on this platform with the addition of structured finance activities, as well as trust and fiduciary services, investment management services and private client investment banking. The bank targets and offers services and products to three distinct market segments. These comprise individuals with a net asset value of at least R50 million and investable assets of at least R15 million; private clients with a net asset value of at least R5 million and minimum earnings of at least R1 million; and professionals and others with high earnings potential.

Treasury and Specialised Finance

Investec's Treasury and Specialised Finance division provides a wide range of products, services and solutions to select corporate clients, public sector bodies and financial institutions. The division undertakes the bulk of Investec's proprietary trading activities. Furthermore, all non-private client deposit taking, corporate and public sector lending, project finance, advisory and structuring activities are transacted through the division.

Investec Bank Limited's Treasury and Specialised Finance division comprises a number of activities that can be described as either banking or trading operations.

Banking activities comprise: structured and asset finance; project and resource finance; financial products; corporate treasury and balance sheet management.

Trading activities comprise: commodities; foreign exchange; equity derivatives and interest rates. These units are mainly involved in the execution of client driven transaction flow, structuring and proprietary trading. Speculative proprietary trading is limited.

Group Services and Other Activities

Comprises central services, central funding and other activities.

Central services

Central services is made up of functional areas that provide services centrally across all of the group's business operations. Consistent with Investec's philosophy of operating as a single organisation, Central services provide integrating mechanisms between the business operations.

Investec's principal Central services, relating to the operations and control of its business, are Group Risk Management, Group Information Technology, Group Finance, Investor Relations, Group Marketing and Organisational Development. Other group support services include: Head office, Internal Audit and Compliance, Legal, Company Secretarial, Tax, Information Centre, Regulatory and Facilities.

Central funding

Investec has a business model of maintaining a central pool of capital with the aim of ensuring that economies of scale with respect to corporate investments, funding and overall management are obtained. Investec employs various sources of funding, the determination of which depends on the specific financial and strategic requirements it faces at the relevant point in time. The funds raised are applied towards the making of acquisitions, the funding of central services and debt obligations, and the purchase of corporate assets and investments not allocated to the group's principal operating divisions.

Other activities

Other activities include those operations which are better managed separately due to the specific expertise which would be diluted if incorporated and split across the business operations. Also included are those operations that do not fall into one of Investec's principal business divisions yet and have been grown organically by Investec or retained following acquisition due to their profitability and diversifying effect on Investec's income streams.

International Trade Finance

Investec acquired its International Trade Finance business, ReichmansCapital, in South Africa in 1990. The division's clients are small to medium-sized owner managed businesses. The division offers trade, asset and debtor finance to provide clients with working capital, funding for the acquisition of assets and to facilitate growth.

03

Financial overview

03

Financial overview

Commentary on the results of Investec Bank Limited for the year ended 31 March 2004

Introduction

Investec Bank Limited posted an operating profit before exceptional items and amortisation of goodwill of R1 019 million, an increase of 44.7%. The bank benefited from a solid performance from the Investment Banking and Private Banking divisions.

An analysis of the performance of each business unit within Investec Bank Limited is provided below.

Financial highlights

As at 31 March	2004	2003
Operating profit before exceptional items and amortisation of goodwill (R millions)	1 019	704
Headline earnings (R millions)	597	393
Total capital resources (R millions)	12 661	10 808
Total shareholders' funds (R millions)	9 700	8 007
Total assets (R millions)	82 399	73 083
Cost to income ratio (%)	47.5%	55.8%
Capital adequacy ratio (%)	19.8%	19.4%

Business unit review

Investment Banking

Overview of performance

The Investment Banking division benefited from a better market environment and a significant improvement in the performance of its trading investments held within the direct investment and private equity portfolios. Operating profit before exceptional items and amortisation of goodwill increased from R67 million to R280 million.

Developments

Key business developments over the past year are outlined below.

Corporate Finance

- The Corporate Finance division maintained its strong positioning with a steady level of activity.
- The division focused on corporate restructuring activities, black economic empowerment (BEE) transactions, de-listings, and two high profile investment banking deals, namely NAIL and AMB.
- All of the division's major clients were retained and several new mandates were gained during the period, particularly for BEE transactions.
- Statistics:
  - The number of corporate finance transactions completed during the period increased to 93 (2003: 55), with the value decreasing to R20 billion (2003: R56.0 billion).

  - o The number of sponsor broker deals completed during the period increased to 82 (2003: 45), with the value decreasing to R17.5 billion (2003: R57.8 billion).
- The division was ranked first in the volume of M&A transactions and second in general corporate finance by volume and value in the *Dealmakers Magazine Survey* for Corporate Finance (March 2004). It was also lead adviser on four of the top 10 deals of the year.
- The division was also ranked first for advising on the highest value of M&A transactions and second for advising on the highest volume, in the *Ernst & Young Survey* (March 2004).

Private Equity and Direct Investments

- Improved equity market levels during the financial year benefited the values of the Private Equity and Direct Investments portfolios.
  - o Realised gains amounted to approximately R120 million (e.g. Growthpoint, NAIL, PG Bison).
  - o Unrealised gains amounted to approximately R120 million (e.g. AMB, Cadiz, Growthpoint, Metboard, Chlorchem).
- The aggregate book value of the trading investments held in the division's Private Equity portfolio was R207.0 million (2003: R134.0 million).

Outlook

The outlook for the Investment Banking division is naturally geared towards the state of global equity markets.

Strategic focus

Mission: To be a premier international investment bank distinguished by our leadership in chosen niches; our people and their approach; and our bond with our clients.

The primary objective of the division is to secure its current positions and continue to build its operations in each of the markets in which it operates, with a strong focus on enhancing overall profitability.

Corporate Finance

- Leverage leading position in local market with traditional corporates to increase share of parastatals and government advisory mandates.
- Improve size and profile of client base.
- Identify appropriate investment banking transactions to leverage structuring skills and market knowledge.
- Build on group's increasingly strong international banking presence to participate in cross-border transactions with South African corporates.
- Continue with strategy relating to BEE.

Private Equity

- Leverage off the Investec brand and network.
- Focus on quality not quantity in selected industries.
- Concentrate on closer co-operation with empowerment partners.

Private Banking Activities

Overview of performance

The Private Bank posted operating profit before exceptional items and amortisation of goodwill of R213 million, an increase of 29.1%.

Developments

Key business developments over the past year are outlined below.

- The Private Bank produced strong performance despite a decline in interest rates during the period.
- Since March 2003, the Private Banking lending book grew 26.4% to R 22.5 billion.
- The private client investment banking portfolio had a particularly good performance, after benefiting from the sale of certain investments held by the division and an increase in the value of others.
- The developments during the period include the following:
  - o In December 2003, R1.4 billion of residential mortgage loans were securitised to enhance the effective use of capital.
  - o A specialist advisory team was established to focus on advice for high net worth individuals applying for amnesty in excess of $1 million.
  - o The division focused on black economic empowerment transactions as it leverages off the group's empowerment transaction.
- The division was rated the number one private bank for the fourth consecutive year in the *PriceWaterhouseCoopers SA Banking Survey* (2003).

Outlook

The Private Bank comprises of a range of diversified, niched business units and geographies. The property activities in South Africa remain core to the private bank operations as a critical asset class for the high net worth community. These activities are balanced by the continued growth and development of the alternate business streams. In this light, private client investment banking, investment management and specialised lending activities are beginning to achieve varying scale as we further penetrate the identified target markets.

Strategic focus

Mission: To be the specialist banking partner of choice in the creation of distinctive value for our targeted clientele.

Core to this mission, the Private Bank identifies specialised areas of differentiation. These vary according to the demographics and maturity of each business unit within each geography. The selected competitive space, is therefore niched and looks to explore opportunities which are often less crowded and more value add in nature. The target market, talent pool and infrastructure are developed in sink with this strategy.

Treasury and Specialised Finance

Overview of performance

The Treasury and Specialised Finance division posted operating profit before exceptional items and amortisation of goodwill of R316 million down from R386 million. A weak performance by the currency and interest rate desks together with a margin squeeze - which was inadequately hedged by the positioning of the interest rate book - were the key causes of the decline in operating profit. The general slow down in infrastructural finance moderated the performance of the Banking Activities although the division experienced sound growth in structured finance fees.

Developments

Key business developments over the past year are outlined below.

Banking Activities

A general slowdown in infrastructural finance subdued the performance of the division's Banking Activities.

Treasury

- The performance of the treasury desk was negatively impacted by unprecedented interest rate cuts of 5.5% from July 2003 to December 2003. The desk experienced a margin squeeze resulting from its assets repricing quicker than its liabilities.

Financial Products

- Performance was commendable, with reasonable activity in all areas, including securities origination, financial engineering and preference share investment and the second successful securitisation of the Private Bank loan book.

Structured and Asset Finance

- Structured finance increased the size of its core advances book from R7.6 billion to R9.1 billion. The division concluded approximately 80 new deals during the period, with particularly strong results from the mezzanine debt team.

Project and Resource Finance

- The strong Rand and a slowdown in government spending had a negative impact on the performance of the division.

Trading Activities

A number of strategic and structural changes were made during the period, with a substantial reduction in proprietary trading and increased focus on client flow transactions and structured trade opportunities. The group's overall value at risk declined considerably over the period.

Interest Rates

- The trading books were positioned for interest rate cuts that occurred over the period, but not aggressively enough to cover the margin squeeze that emanated from the decline.

Foreign Exchange

- The division posted a disappointing performance as a result of trading losses incurred in the first half of the year. Speculative interest rate position taking on this desk was reduced significantly as the business is more focused on client business. Investec was rated the leading forex service provider in the niche banks category in South Africa for the fourth year running (*PMR Golden Arrow Awards*, 2004).

Equities Derivatives

- Activity continued to be subdued in the South African market, reflected in the decline in the volume of warrants. A reduction in market volatility resulted in a decrease in institutional business, which impacted performance negatively.

Commodities

- The strategy of the commodities division was revised with the closure of the sales desk in January 2004.

Outlook

The division did not perform as well as expected in the past financial year. Major changes were made through cost-cutting initiatives, staff changes and scaling down of certain activities. The division expects better performance this year.

Strategic focus

The division's objectives include:

- Remaining specialised and competing only in areas where it can be distinctive and competitive.
- Ensuring intense management of capital usage and related return, balancing growth with return on capital.
- Pursuing diversification in order to reduce the risks inherent in operating as principal, through product breadth, skills depth and geographic spread.
- Targeting business areas which show potential for significant and sustainable growth.

Group Services and Other Activities

Overview of performance

The Group Services and Other Activities division posted an operating profit before exceptional items and amortisation of goodwill of R210 million (2003: R86 million). The division benefited from the recovery in market values in certain investments held in the corporate portfolio and a decrease in the overall funding cost as a result of the issue of R1.5 billion perpetual preference shares (the cost thereof is shown as part of dividends paid i.e. below the line).

Developments

Key business developments over the past year are outlined below.

International trade finance

- ReichmansCapital produced commendable results, with good growth in the division's book of 11.8% to R604 million.
- All three areas of business, particularly Trade Finance which benefited from lower interest rates and the strong Rand, reported good performances.
- The division will continue its strategy of pursuing organic growth and exploiting opportunities in existing target markets.

04

Risk management and governance

04

Risk management and governance

Risk management and governance

Risk management

Effective risk management is critical to Investec's operations. Taking international best practice into account, the group follows a comprehensive risk management process, which involves identifying, understanding and managing the risks associated with each of its businesses.

Investec monitors and controls risk exposure through focused, yet complementary, market, credit, liquidity, operational and legal risk reporting teams. This approach is core for assuming a tolerable risk and reward profile, helping Investec to pursue growth across its business. In addition, a culture of risk awareness, control and compliance is embedded in Investec's day-to-day activities. While each business unit retains primary responsibility for managing the risks that come with its business, a centralized division, Group Risk Management (part of Group Services), independently monitors, manages and reports on Investec's risk, as mandated by the Board of Directors. Group Risk Management has established operational divisions in South Africa and the UK, and smaller risk divisions in other regions.

Group Risk Management's key objectives are to:

- Be the custodian of Investec's risk management culture.
- Set and approve risk parameters and limits across the group and ensure they are implemented and adhered to consistently.
- Aggregate and monitor Investec's exposure across risk classes.
- Co-ordinate risk management activities across the organisation, covering all legal entities and jurisdictions.
- Give the boards reasonable assurance that the risks Investec is exposed to are identified and, to the best extent possible, managed and controlled.
- Facilitate various risk committees, as mandated by the Board of Directors.

Investec has established various committees and forums to identify and manage risk at both a business unit level in various locations and at a group level. These committees and forums operate together with Group Risk Management.

In the ordinary course of business operations, Investec is exposed to a number of risks, including credit, market, asset and liability management, operational, legal and reputational risk. A detailed analysis of the group's risk management philosophies and processes can be found in the group's Annual Report for the year ended 31 March 2004.

Internal Audit

An Internal Audit division is based in each significant jurisdiction in which the group operates. Internal Audit operates independently from executive management, with unrestricted access to the Chairmen of the various Audit Committees. The Audit Committees review the mandate, authority, resources, scope of work and effectiveness of Internal Audit annually. The review also includes an assessment of the work conducted by internal and external audit. Further details on the group's Internal audit division can be found in the group's Annual Report for the year ended 31 March 2004.

Compliance

Investec has an independent Group Compliance function within its risk management framework, which is responsible for assisting management in complying with statutory, regulatory, supervisory and policyholder protection rule requirements. The Compliance division has unrestricted access to the Chairmen of the various Audit Committees. The group responds proactively and pragmatically to new regulatory developments in order to promote sound practices and minimise the impact of regulatory risk. Further details on the group's Compliance division can be found in the group's Annual Report for the year ended 31 March 2004.

Credit ratings

In general, Investec has been assigned strong ratings for credit quality, capacity for timely repayment and financial strength. Historically, rating agencies tended to focus on rating the combined Investec group. However, in terms of the implementation of Investec's Dual Listed Companies structure, Investec Limited and Investec plc are treated separately from a credit point of view. As a result the rating agencies have assigned ratings to the significant banking entities within the group, namely Investec Bank Limited, Investec Bank (UK) Limited and Investec Bank (Australia) Limited. Certain rating agencies have also continued to rate Investec Limited (formerly Investec Group Limited). The ratings as at 31 March 2004 are set out below.

Ratings for Investec Limited

Capital Intelligence Ratings	
Foreign currency - short-term rating	A3*
Foreign currency - long-term rating	BBB-*
CA Ratings	
Short-term local currency debt rating	A-1+
Long-term local currency debt rating	A+
Fitch	
Individual rating	B/C
Support rating	5
International short-term	F3*
International long-term	BBB*

Ratings for Investec Bank Limited

Capital Intelligence Ratings	
Domestic strength rating	A-
Foreign currency - short-term rating	A3*
Foreign currency - long-term rating	BBB-*
Fitch	
Individual rating	B/C
Support rating	3
International short-term	F3*
International long-term	BBB*
Domestic short-term	F1
Domestic long-term	A+
Global Credit Ratings	
Short-term rating	A-1+
Long-term rating	A+
Moody's - Foreign	
Bank financial strength	C-
Short-term bank deposit	Prime 2*
Long- term bank deposit	Baa2*
Moody's - National	
Bank financial strength	A3
Short-term bank deposit	Prime 1
Long- term bank deposit	A1

* constrained by the sovereign rating for South Africa

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. Good corporate governance is shown in the group's values of integrity, responsibility and risk consciousness. Each of the group's operations is governed by a comprehensive set of policies and procedures aimed at promoting the highest standards of corporate responsibility based on the legislative requirements of the regions in which we operate.

The following review provides an overview of the group's corporate governance philosophy and practices a more detailed review is provided in the group's Annual Report for the year ended 31 March 2004.

Corporate governance practices

While the **board retains responsibility** for the overall process and structure of corporate governance of the group, each business area and all employees worldwide are also responsible for adherence to good corporate governance practices.

During the year under review Investec continued to refine its corporate governance practices with the aim of ensuring that the directors and employees of the group conduct all internal and external dealings with complete integrity, and with full regard for the legal requirements of the regions in which they operate. Sound corporate governance continues to be instilled in the group's values, culture, processes, functions and organisational structure. The group's values and philosophies form the framework against which behaviour, practices and activities are measured, to assess the characteristics of good governance.

The following matters highlighted in the previous year's report were addressed during the year:

- Non-executive status of the Chairman - following the Myburgh review, the South African Reserve Bank (SARB) raised a concern relating to the Chairman's non-executive status. This was fully addressed and the SARB accepted that the arrangements that are now in place satisfy its requirements with regard to his non-executive status.
- Size of the Investec Bank Limited board - this was reviewed and is considered to be operating effectively. Investec also reviewed the independence of the non-executive directors.
- Director Affairs Committee - this was established, see page 14.

Board statement

The board is of the view that the group complied with King II principles during the period under review, except as follows:

- The Chairman of the board is not considered to be independent but has further enhanced his non-executive status.
- The Chairman of the Investec Limited Audit Committee and the combined group Audit Committee is not independent, but is considered by the board to be the most appropriate non-executive director to chair the Audit Committee.

Corporate governance achievements

During the year under review, the following governance achievements were realised:

- Aag rating received - Investec Limited was assigned an extremely sound corporate governance rating by CA Ratings in an independent governance rating, based on the principles of King II and on international practices.
- Internal assessments were conducted to evaluate the effectiveness and performance of the boards and the Audit Committees of Investec Limited and Investec plc, against the requirements of King II, the London Combined Code (1998), Blue Ribbon and OECD guidelines. Matters identified in these reviews are being addressed by the respective Chairmen of the board and Audit Committee.
- Investec Limited senior management actively participated in the development of the Financial Sector Charter in South Africa.
- The risk management expectations of the revised Basel Capital Accord (Basel II) - planned for implementation in 2007 - were reviewed.
- Investec Limited concluded a groundbreaking shareholding transaction with three empowerment partners and an employee trust, which resulted in an empowerment consortium acquiring 25.1% of the issued share capital of the company.
- Investec Limited was included in the JSE Socially Responsible Investment Index, which was launched in May 2004.
- The group continued to receive recognition for its ongoing commitment to provide timeous, detailed and relevant disclosure to stakeholders and was rated in the excellent category (just outside the top 10) of the top 100 listed companies on the JSE in terms of the *Ernst & Young Excellence in Financial Reporting Awards*.

Internal control issues

During the period under review the following issue with respect to internal controls is noted:

- As advised at the time of the group's interim results a dealer suppressed dealing information, which action was facilitated by a manipulation of controls resulting in a loss. The relevant controls have been remedied and enhanced by senior management.

Executive management has reviewed the incident and has implemented corrective action and enhanced control processes to mitigate these risks from reoccurring.

Organisational integrity and the group's Code of Ethics

The group has a strong organisational culture of entrenched values, which forms the cornerstone of 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 is continually reinforced. The group's Code of Ethics is updated from time to time. 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.

Financial reporting and going concern

The directors are responsible for monitoring and reviewing the preparation, integrity and reliability of the Investec Bank Limited financial statements. The financial statements of the group were prepared on the going concern basis. The board is of the opinion that adequate resources exist to support the bank on a going concern basis over the next year.

Board of directors

The composition of the board of Investec Bank Limited is set out on page 17. The roles of the **Chairman** (Hugh Herman) and the **Chief Executive Officer** (Stephen Koseff) are separate. During the year, the Chairman further distanced himself from any executive authority and status, thus enhancing his status as a non-executive director.

The majority of the board members are non-executives directors. The board is of the view, that the **majority** of the non-executive directors are **independent** of management in order to promote the interests of stakeholders. The balance of executive and non-executive directors is such that no one person or group can dominate the board processes.

The board is considered to be **appropriately skilled** with regard to their responsibilities and the activities of the group. The skill and experience profile of the board is regularly considered, to ensure an appropriate and relevant board composition.

The board retains full and effective control of the group and is ultimately accountable and responsible for the performance and affairs of the group. The **board is accountable to all Investec's stakeholders** for exercising leadership, integrity and judgement in pursuit of its strategic goals and objectives. This is to achieve long-term sustainable growth and prosperity for the group. In discharging its responsibilities, the board is supported by members of Investec management, who are required to implement the board plans and strategies. The board monitors management's progress in this regard on an ongoing basis.

Board committees

The board is supported in its activities by the following specialist committees:

- Chairman's Committee
- Audit Committees
  - Audit and Compliance Implementation Forum
- Board Risk Review Committee
  - Executive Risk Review Forum
  - Group Asset and Liability Committee
  - Group Credit Committee
  - Country Risk Forum
  - Group Market Risk Forum
  - Group Deal Forum
  - Operational Risk Forum
- Nomination Committee
- Remuneration Committee

These committees have specific terms of reference, appropriately skilled members, independent non-executive director membership, senior management participation and access to specialist advice when considered necessary. A detailed review of the composition and activities of each of these committees is provided in the group's Annual Report for the year ended 31 March 2004.

Directors Affairs Committee

Investec Bank Limited as required in terms of the South African Banks Act, established the Directors Affairs Committee.

Role and responsibility

The role of the committee is to:

- Assist the board in the determination and evaluation of the adequacy, efficiency and appropriateness of the corporate governance structure and practices of the bank.
- Establish and maintain a board directorship continuity programme entailing:
  - A review of the performance of and planning for successors to the executive directors.
  - Measures to ensure continuity of non-executive directors.
  - A regular review of the composition of skills, experience and other qualities required for the effectiveness of the board.
  - An annual assessment of the board as a whole and of the contribution of each individual director.
- Assist the board in the nomination of successors to key

positions in the bank and ensure that a management succession plan is in place.
- Assist the board in determining whether the employment of any director should be terminated.
- Assist the board in ensuring that the bank was at all times in compliance with all applicable laws, regulations and codes of conduct of practices.

Membership

Chairman	HS Herman
Members	**Non-executive directors**
	D Motsepe
	Dr. MZ Nkosi
	F Titi
	RAP Upton
Meeting times during the year	Twice a year

Management and succession planning

Global business unit heads, geographic management, and heads of central and group service functions are appointed by executive management and endorsed by the board, based on the skills and experience deemed necessary to perform the required function. In general, managers do not have fixed term employment contracts and there are no employment contracts with managers for a term of more than three years. Investec's management structure, reporting lines and the division of responsibilities are built around a geographic, divisional and functional network.

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. Matters of succession are considered regularly. Decision making is spread to encourage and develop an experienced pool of talent. As at the year end, the Executive Committee and Group Management Forum in South Africa were augmented with selected senior management appointments.

Internal control

The group adopted the **Turnbull guidance** ("Internal Control: Guidance for Directors on the Combined Code"), issued by the Institute of Chartered Accountants of England and Wales in 1999, and continued to embed the principles throughout the group during the year under review.

Risks and controls are reviewed regularly for appropriateness and effectiveness. The Board Risk Review Committee assists the board in this regard. Leading risk management practices are promoted by the Group Risk Management function, which is independent of operational management.

The board recognises its responsibility for the overall risk and control framework and for reviewing its effectiveness. The system of internal control is designed to manage, not eliminate, significant risks faced by the group and was in place for the year under review. It is recognised that such a system can only provide a reasonable, and not absolute, assurance against material misstatement or loss.

This is achieved within the group through a combination of risk identification, evaluation and monitoring process, appropriate decision and oversight forums and control functions such as Risk Management, Internal Audit and Compliance. These ongoing processes were in place throughout the year under review. As part of the process, the overall Investec business was broken down into strategic business units. Through establishment of a network of local risk champions, each unit was empowered with the responsibility and accountability for management of its own risk. Each business unit now follows a consistent risk assessment process through workshops facilitated by Group Risk Management. Objectives to achieve shareholder value are defined, and the risks to these objectives and controls for each risk are identified and evaluated. The action plans and risk and control issues arising from this process are reviewed regularly at the relevant executive and management committees based at a business unit level.

These risk assessments are reviewed regularly by senior management and at least annually by the Board Risk Review Committee. Internal Audit reports any control recommendations to senior management, risk management and the relevant Audit Committee. Appropriate processes exist to ensure that timely corrective actions are taken on matters raised by Internal Audit. Significant risks are reviewed weekly by the Executive Risk Review Forum and monthly by the Board Risk Review Committee. Significant and material breaches of prescribed controls are reported to the Board Risk Review Committee and the Audit Committee. Reports from the Audit Committees, Board Risk Review Committee and control functions are reviewed at each board meeting.

External audit

Investec Bank Limited's external auditors are Ernst & Young and KPMG Inc. The independence of the external auditors is recognised. The Audit Committee meets with the external auditors to review the scope of the external audit, budgets and any audit matters arising. The external auditors attend the Audit Committee meetings and have access to the Chairmen of the various Audit Committees. Non-audit services are dealt with in terms of an agreed policy.

Regulation

The group is subject to external regulation and supervision by various supervisory authorities - the main ones being the

South African Reserve Bank (SARB), the Financial Services Board and Bank of Mauritius.

Communication and stakeholder relations

The Board of Directors subscribes to a philosophy of providing meaningful, transparent, timely and accurate financial and non-financial information to its primary stakeholders, which include employees, shareholders, government, regulatory bodies, clients, rating agencies, the media and industry investment analysts. 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 Investor Relations area continues to be enhanced and interaction with major stakeholders is ongoing. The Investor Relations division reports back regularly to the operating divisions, the group executive and the board on various matters and concerns raised by stakeholders. The group was again considered by independent evaluations of the annual report to have excellent stakeholder communication.

The **Annual General Meeting** is considered a forum in which all stakeholders can raise matters of concern. Various shareholder representative organisations in the UK raised a number of matters with the group during the year. These were all responded to and, where appropriate, adopted in the practices of the group. The group will continue to engage these bodies, to remain informed of emerging governance issues.

Sustainable business practices

Sound governance at Investec covers economic, social and environmental performance and practices. The group's 2004 Sustainability Report details Investec's initiatives, programmes, activities and successes in demonstrating the group's commitment to corporate social responsibility. The 2004 Sustainability Report has been published as a separate document and has been packaged with the Annual Report. It is also available on request and on the group's website: www.investec.com/grouplinks/investorrelations

05

Financial statements

05

Investec Bank Limited Annual Financial Statements

Directorate and corporate information for the year ended 31 March 2004

Executive Directors
S Koseff (Chief Executive Officer)
B Kantor (Managing Director)
GR Burger
RPMA Forlee (Resigned 06/05/2003)
S Hackner (Resigned 06/05/2003)
DM Lawrence (Deputy Chairman)
AWJ Leith (Resigned 06/05/2003)
MCL Mason (Irish) (Resigned 06/05/2003)
DM Nurek (Resigned 06/05/2003)
B Tapnack
RJ Wainwright (Resigned 06/05/2003)

Non-Executive Directors
HS Herman (Chairman)
SE Abrahams
RS Berkowitz (Resigned 06/05/2003)
DE Jowell
D Kuper (Resigned 06/05/2003)
MP Malungani
DR Motsepe
Dr MZ Nkosi
PRS Thomas
F Titi
RAP Upton

Divisional Directors
M Barr (Resigned 06/05/2003)
PB Hanley(Resigned 06/05/2003)
SJ Heilbron (Resigned 06/05/2003)
PR Jacobson (Canadian) (Resigned 06/05/2003)
SM Shapiro (Resigned 06/05/2003)
JKC Whelan (Irish) (Resigned 06/05/2003)
J Witter (Resigned 06/05/2003)

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, the company has lodged with the Registrar of Companies, for the financial year ended 31 March 2004, 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
28 June 2004

Directors' Report
Investec Bank Limited is a 100% held subsidiary of Investec Limited. Investec Limited is a company incorporated in South Africa for which consolidated financial statements are produced, which incorporate Investec Bank Limited. Taking the above into consideration a directors' report is not produced for Investec Bank Limited.

Directors' Approval
The annual financial statements set out on pages 19 to 58 were approved by the Board of Directors on 28 June 2004 and are signed on its behalf by:

Hugh Herman
Chairman
28 June 2004

Stephen Koseff
Chief Executive Officer
28 June 2004

Report of the independent auditors

We have audited the annual financial statements and group annual financial statements of Investec Bank Limited set out on pages 19 to 58 for the year ended 31 March 2004. These financial statements are the responsibility of the company directors. Our responsibility is to express an opinion on these financial statements, based on our audit.

Scope

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

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

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

Audit opinion

In our opinion, the financial statements fairly present in all material respects, the financial position of the company and of the group at 31 March 2004 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.

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

Ernst + Young

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

Johannesburg
28 June 2004

Balance sheets

For the year ended 31 March

(R millions)	Notes	Group 2004	Group 2003	Company 2004	Company 2003
Assets					
Cash and short-term funds	2	11 764	14 423	11 578	14 207
Short-term negotiable securities	3	6 336	8 199	6 283	7 950
Investment and trading securities	4	16 710	9 531	16 708	10 127
Other assets	5	1 409	1 681	1 264	1 584
Advances	6	35 726	28 158	28 976	22 479
Subsidiary companies	29	–	–	2 529	1 499
Loans to group companies	7	9 768	10 274	7 283	8 116
Property and equipment	8	686	816	663	791
Intangible assets	9	–	1	–	–
		82 399	73 083	75 284	66 753
Equity and Liabilities					
Capital and Reserves					
Ordinary share capital	10	16	16	16	16
Compulsorily convertible debentures	11	1 938	1 938	1 938	1 938
Perpetual preference shares	12	1 491	–	1 491	–
Reserves	13	6 226	6 020	5 554	5 019
		9 671	7 974	8 999	6 973
Interest of minority shareholders in subsidiaries		29	33	–	–
Total shareholders' funds		9 700	8 007	8 999	6 973
Subordinated debt	14	2 961	2 801	2 961	2 801
		12 661	10 808	11 960	9 774
Liabilities					
Redeemable preference shares		1 740	1 820	–	–
Deposits and other accounts	15	67 866	60 398	63 217	56 941
Taxation	16	132	57	107	38
		69 738	62 275	63 324	56 979
		82 399	73 083	75 284	66 753

Income statements

For the year ended 31 March		Group		Company	
(R millions)	Notes	2004	2003	2004	2003
Interest received	17.1	6 551	7 226	5 718	6 725
Interest paid	17.2	(5 242)	(5 966)	(4 624)	(5 815)
Net interest income before impairment of advances		**1 309**	**1 260**	**1 094**	**910**
Impairment of advances	6	(173)	(281)	(172)	(107)
Impairment of non-trading loans		–	(263)	–	(263)
		1 136	716	922	540
Other income	18.1	962	989	1 376	1 345
Total income		**2 098**	**1 705**	**2 298**	**1 885**
Operating expenses	18.2	(1 076)	(1 247)	(1 004)	(1 129)
Operating profit before goodwill amortisation		**1 022**	**458**	**1 294**	**756**
Goodwill amortisation		–	(10)	–	–
Operating profit before taxation		**1 022**	**448**	**1 294**	**756**
Taxation	20	(131)	(42)	(78)	(6)
Operating profit after taxation		**891**	**406**	**1 216**	**750**
Earnings attributable to minority shareholders		(1)	(2)	–	–
Earnings attributable to ordinary shareholders		**890**	**404**	**1 216**	**750**
Headline earnings attributable to ordinary shareholders					
Calculation of headline earnings					
Earnings attributable to ordinary shareholders		890	404		
Headline adjustments		(3)	256		
Goodwill amortisation		–	10		
Profit on disposal of subsidiaries and fixed assets		(3)	(17)		
Loss on the impairment of non-trading loans		–	263		
Headline earnings attributable to shareholders		**887**	**660**		
Preference dividends payable		(22)	–		
Compulsorily convertible debenture interest		(268)	(267)		
Headline earnings attributable to ordinary shareholders		**597**	**393**		

Statement of changes in equity

For the year ended 31 March		Group		Company	
(R millions)	Notes	2004	2003	2004	2003
Ordinary share capital					
Balance at beginning and end of year	10	16	16	16	16
Compulsorily convertible debentures					
Balance at beginning and end of year	11	1 938	1 938	1 938	1 938
Perpetual preference shares					
Balance at beginning of year		–	–	–	–
Issued during the year		1 500	–	1 500	–
Less: Issue expenses		(9)	–	(9)	–
Balance at end of year	12	1 491	–	1 491	–
Share premium					
Balance at beginning and end of year	13	4 732	4 732	4 732	4 732
Retained earnings					
Restated balance at 1 April 2003		1 097	1 933	37	521
As previously reported		1 270	1 933	1 270	1 778
AC133 adjustment to opening retained earnings		160	–	74	–
Equity accounted earnings adjustment	26	–	–	(1 066)	(1 257)
Transfer to regulatory reserve	26	(333)	–	(241)	–
Earnings attributable to ordinary shareholders		890	404	1 216	750
As previously reported		–	404	–	404
Equity accounted earnings adjustment	26	–	–	–	346
Dividends paid	21	(522)	(800)	(522)	(800)
Compulsorily convertible debenture interest		(268)	(267)	(268)	(267)
Transfer from other reserves		(65)	–	103	–
Transfer to regulatory reserve		(122)		(137)	
Prior year correction to equity accounted earnings		–	–	–	155
Equity accounted earnings adjustment		–	–	–	(155)
Balance at end of year	13	1 010	1 270	429	204
Regulatory reserve					
Balance at the beginning of the year		333	–	241	–
As previously reported		–	–	–	–
AC133 adjustment to opening balance	26	333	–	241	–
Transfer from retained earnings	26	122	–	137	–
Balance at the end of year	13	455	–	378	–
Revaluation and other reserves					
Restated balance at 1 April 2003		18	30	83	147
As previously reported		18	30	18	82
Equity accounted earnings adjustment		–	–	65	65
Movement in foreign currency translation reserve		(59)	(53)	28	(2)
Movement in equity revaluation		(5)	41	(3)	3
Prior year correction to equity accounted earnings		–	–	–	(65)
Transfer to retained earnings		65	–	(103)	–
Balance at end of year	13	19	18	5	83
Cash flow hedging reserve					
Balance at beginning of year		–	–	–	–
Cash flow hedge fair value gain		10	–	10	–
Balance at end of year	13	10	–	10	–
Total		9 671	7 974	8 999	6 973

Cash flow statements

For the year ended 31 March

(R millions)	Notes	Group 2004	Group 2003	Company 2004	Company 2003
Cash flows from operating activities					
Cash generated by operating activities	22.1	1 176	1 028	1 338	1 150
Taxation paid	22.2	(55)	(33)	(9)	(5)
Cash available from operating activities		1 121	995	1 329	1 145
Dividends paid	22.3	(522)	(800)	(522)	(800)
Compulsorily convertible debenture interest paid		(268)	(267)	(268)	(267)
Net cash inflow/(outflow) from operating activities		331	(72)	539	78
Cash flows from investing activities					
Net funds arising on disposal of group businesses	22.4	84	2	–	–
Net proceeds on disposal of associated companies		–	15	–	–
Net investment in fixed assets		77	1	83	6
Net cash inflow from investing activities		161	18	83	6
Cash flows from banking activities					
Increase/(decrease) in deposits and other accounts		8 066	(176)	6 807	2 323
(Decrease)/increase in income earning assets	22.5	(13 196)	4 004	(11 512)	4 461
Net cash (outflow)/inflow from banking activities		(5 130)	3 828	(4 705)	6 784
Cash flows from financing activities					
Issue of bonds		444	556	444	556
Redemption of bonds		(284)	–	(284)	–
Issue of perpetual preference shares		1 491	–	1 491	–
Redemption of redeemable preference shares		(80)	–	–	–
Net decrease/(increase) in subsidiaries and loans to group companies		408	977	(197)	(2 074)
Net cash inflow/(outflow) from financing activities		1 979	1 533	1 454	(1 518)
Net (decrease)/increase in cash and short-term funds		(2 659)	5 307	(2 629)	5 350
Cash and short-term funds at beginning of year		14 423	9 116	14 207	8 857
Cash and short-term funds at end of year		11 764	14 423	11 578	14 207

Accounting policies

Basis of preparation

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 and the South African Companies Act of 1973. In preparation of the consolidated financial statements, uniform accounting policies have been applied throughout the group. The following are the principal accounting policies, which are consistent with those of the previous year except as noted below. The presentation currency is in Rand millions, unless otherwise indicated. The functional currency of the holding company is Rand.

Changes to accounting policies

Accounting policies applied are consistent with those applied in the 31 March 2003 annual report, except for the changes as a result of the adoption of the accounting statement on recognition and measurement of financial instruments (AC133) and the recognition of subsidiaries in the company's financial statements.

In terms of AC133, all financial assets and financial liabilities are required to be classified into prescribed categories which determine their recognition and measurement criteria. Further, the statement has introduced principles in relation to impairments of financial instruments carried at amortised cost which replaces previous methodologies of determining specific and general provisions.

In prior years, the results of operating subsidiaries were equity accounted in the company's financial statements, in the current year the investment in subsidiaries has been recorded at cost.

Except for the adoption of AC 133 comparative information has been restated for changes in accounting policies. AC 133 provides that changes resulting from adoption of the standard be applied prospectively and therefore adjustments at 1 April 2003 have been accounted for as an adjustment to opening retained income.

The effect of these changes to accounting policies is detailed in note 26.

Basis of consolidation

The annual financial statements incorporate the consolidated financial results of Investec Bank Limited and its subsidiaries. All entities in which the group holds more than one half of the voting rights or over which the group has the ability to control are consolidated from the effective dates of acquisition and up to the effective dates of disposal, except where they are held with a view to subsequent resale in the short term.

All intercompany transactions, balances and unrealised surpluses and deficits are eliminated on consolidation, except to the extent that unrealised losses represent an impairment of an asset.

The company's investment in subsidiaries is reflected at the original acquisition cost. The cost of the investment is reviewed annually for an indication of impairment.

Accounting for associates

Entities other than subsidiary undertakings, in which the group exercises a significant influence over their operating and financial policies, are treated as associates. In the statutory and group accounts, associates are accounted for using the equity method.

Equity accounting involves recognising the attributable share of the results and reserves of associated undertakings, based on accounts made up to dates not earlier than six months prior to 31 March. The group's interests in associated undertakings are included in the consolidated balance sheet as the group's share of net assets. Goodwill relating to associates is included in goodwill on the balance sheet and amortised as detailed below.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets arising out of business combinations at the date of acquisition, including the acquisition of interests in subsidiaries or associates.

Goodwill is carried at cost less accumulated amortisation and impairments. The carrying amount is reviewed annually for impairment. If such impairment exists, the carrying value of goodwill is written down to its recoverable amount.

Goodwill arising on the acquisition of subsidiaries and associates is amortised to the income statement over its useful economic life, not exceeding 20 years.

Foreign entities

Foreign entities are subsidiaries, with a functional currency other than Rands, the activities of which are not an integral part of those of the reporting entity.

The assets and liabilities of foreign entities are translated at rates of exchange ruling at the balance sheet date. The translation differences arising are taken to reserves. The results of foreign entities are translated at weighted average rates of

Accounting policies

exchange for the relevant period. The difference between the profit and loss translated at an average rate and the closing rate is recorded as a movement in reserves. Any exchange difference for foreign currency loans which are used to hedge the net investment in foreign subsidiaries are also taken to reserves.

Goodwill arising on the acquisition of foreign entities is denominated in the currency of the acquiree.

Foreign operations

Foreign operations are subsidiaries, with a functional currency other than Rands, the activities of which are an integral part of those of the reporting entity.

The monetary assets and liabilities of foreign operations are translated at rates of exchange ruling at balance sheet date. Non-monetary assets and liabilities are stated at the historic rates at the time the asset was acquired or liability incurred. The results of foreign operations are translated at average rates of exchange for the relevant period. The translation differences arising are included in income for the period.

Goodwill arising on the acquisition of foreign operations is denominated in the currency of the acquiree.

Foreign currency transactions

All foreign currency transactions are translated at the exchange rates ruling at the time of the transactions. Any profit or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange profit or loss in the income statement, except for those relating to a hedging instrument used as a cash flow hedge or hedge of a net investment.

Financial instruments

Financial instruments in relation to the group include fixed maturity and equity securities, derivative positions, private equity investments, loans and advances, deposits and other financial liabilities, equity instruments issued by the group, convertible instruments issued by the group and long term debt funding issued by the group. The accounting policies in relation to each of the above are noted below, followed by the policy adopted in relation to the application of hedge accounting.

Classification of financial instruments and related measurement on balance sheet:

Financial assets are classified as held for trading, designated asheld for trading, held to maturity, loans and receivables originated by the group, or available for sale instruments.

Assets held for trading or designated for trading

Financial assets classified as held for trading or designated as held for trading are recorded at fair value on the balance sheet with changes in fair value recognised in the income statement. Financial assets are classified as trading when they are held with the intention of short term disposal, held with intention of generating short-term profits, or are derivatives. Financial assets classified as held at fair value are designated as such on initial recognition of the asset (or on initial adoption of AC 133) and remain in this classification until derecognition.

Held-to-maturity assets

Financial assets that the group has the positive intent and ability to hold to maturity are classified as held-to-maturity and are carried at amortised cost on the balance sheet. These include certain purchased loans and certain debt investments.

Loans and receivables originated by the group

Originated loans and receivables are loans and receivables created by the group by providing money to a debtor other than those created with the intention of short term profit taking (which are designated as trading). Originated loans and receivables comprise loans and advances to customers other than purchased loans. Originated loans and receivables are initially recorded at cost, which is the fair value of the cash given to originate the loan, including any transaction costs, and are subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale assets

Financial assets classified as available for sale are recorded at fair value on the balance sheet, with unrealised gains and losses recognised in equity. Realised gains and losses are recognised in income in the period in which the asset is realised. If an available for sale instrument is determined to be impaired, the respective cumulative unrealised gains and losses previously recognised in equity are included in the income statement for the period. To the extent that there is a reversal of any impairment recognised in the income statement, this reversal is first recognised in income to a maximum of any impairment previously recognised in income.

Financial liabilities

Financial liabilities are classified as non trading, held for trading or designated as held for trading. Non trading liabilities are recorded at amortised cost where maturity dates exist. Where no maturity date exists, these instruments are carried at cost. Held for trading or liabilities designated as held for trading are recorded at fair value, with changes in fair value recognised in the income statement. Liabilities designated as held for trading are designated as such on initial recognition of the liability (or on initial adoption of AC 133) and remain in this classification until derecognition.

Accounting policies

Regular way transactions

Regular way purchase and sales transactions in respect of financial assets that require delivery of a financial instrument within the time frame established by market convention are recorded at settlement date, being the date the group is committed to the purchase or sale of the asset.

Valuations of financial instruments

The following financial instruments are held at fair value:

- Fixed maturity securities classified as trading, held at fair value or available for sale,
- Equity securities,
- Private equity investments,
- Derivative positions,
- Loans and advances designated as held at fair value, and
- Financial liabilities classified as trading or designated as held at fair value

Where available, market prices provide the best basis of fair value. Where market prices are not available, the fair value is determined by discounting the expected cash flows, using market interest rates taking into account the credit quality and duration of the investment. In certain instances model pricing may be used to determine fair values. For private equity investments that are not publicly traded, management uses comparisons to similar companies, relevant third party arm's length transactions and other information specific to the investment.

Impairments of financial assets held at amortised cost

Financial assets carried at amortised cost are impaired if there is objective evidence that the group would not receive cashflows according to the original contractual terms or equivalent value. Financial assets are assessed for objective evidence of impairment at least at each balance sheet reporting date. The test for impairment is based either on specific financial assets or on a portfolio of similar, homogeneous loans. An impairment allowance is credited against the carrying value of financial assets. The impairment allowance is calculated as the difference between the carrying value of the asset and the expected cashflows discounted at the original effective rate. An allowance for impairment is only reversed when there is objective evidence that the credit quality has improved to the extent that there is reasonable assurance of timely collection of principal and interest in terms of the original contractual agreement.

To cater for any shortfall between regulatory provision requirements (in the respective jurisdictions) and impairments based on the principles above, a transfer is made from distributable to non distributable reserves. The non distributable regulatory provision reserve ensures that minimum regulatory provisioning requirements are maintained.

Derecognition of financial assets and liabilities

A financial asset or a portion thereof, is derecognised when the group loses control over the contractual rights that comprise the asset. This occurs when the rights are realised, expire or are surrendered.

A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired.

Derivative instruments and hedge accounting

All derivative instruments of the group are recorded on balance sheet at fair value. Positive and negative fair values are reported as assets and liabilities respectively and are offset when there is both an intention to apply offset and a legal right to offset exists.

Derivative positions are entered into either for trading purposes or as part of the group's asset and liability management activities to manage exposures to interest rate and foreign currency risks. Both realised and unrealised profits and losses arising on trading derivatives are recognised in the income statement as part of trading income.

The group applies either fair value or cash flow hedge accounting when the transactions meet the specified hedge accounting criteria. To meet hedge accounting treatment, the group ensures that all of the following conditions are met:

- At inception of the hedge the group formally documents the relationship between the hedging instrument(s) and hedged item(s) including the risk management objectives and the strategy in undertaking the hedge transaction.
- The hedge is expected to be highly effective at inception and throughout the period that hedge accounting is applied. A hedge is regarded as highly effective if at inception and throughout the life of the hedge, the group expects changes in the fair value or cash flows of the hedged item to be almost fully offset by the changes in fair value or cash flows of the hedging instrument, and actual results are within a range of 80% to 125%.
- At inception it is determined that hedge effectiveness can be reliably measured and the basis for measuring hedge effectiveness is documented.
- Hedge effectiveness is measured at least at each reporting date cumulatively from the inception of the hedge and is determined to be effective throughout the period.
- In the case of hedging forecasted transactions, the transaction must be highly probable and must present an exposure to variations in cash flows that could ultimately affect reported income.

Hedge accounting is discontinued when it is determined that the derivative ceases to be highly effective as a hedge; the

Accounting policies

derivative expires, or is sold, terminated or exercised; when the hedge item matures or is sold or repaid; or when a forecasted transaction is no longer deemed highly probable.

For qualifying fair value hedges, the change in fair value of the hedging derivative is recognised in the income statement. Changes in fair value of the hedged item that is attributable to the hedged risk are also recognised in the income statement.

For qualifying cash flow hedges, the change in fair value of the hedging derivative is initially recognised in equity and is released to the initial cost of any asset/liability recognised or in all other cases, to the income statement when the hedged firm commitment or forecasted transaction affects net profit.

Derivative instruments transacted as economic hedges but which do not qualify for hedge accounting and derivatives that are derivatives that are entered into for trading purposes are treated in the same way as instruments that are held for trading.

To the extent that a derivative may be embedded in a host contract and the host contract is not carried at fair value with changes in fair value recorded in the income statement, the embedded derivative is separated from the host contract and accounted for as a standalone derivative if and only if:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.
- The hybrid (combined) instrument is not measured at fair value with changes in fair value reported in net profit or loss.

Offsetting of assets and liabilities

Assets and liabilities are offset when there is both an intention to apply offset and a legal right to offset exists.

Instalment credit, lease and rental agreements

Instalment credit, lease and rental agreements are regarded as financing transactions.

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.

Property and equipment

Property and equipment are stated at amortised cost, less impairments. Depreciation is provided on a straight-line basis over their anticipated useful lives to their estimated residual values. Leasehold improvements are amortised over the remaining period of the leases.

The annual rates used to depreciate assets are as follows:

Computer equipment	33%
Infrastructure	20%
Motor vehicles	20%
Office equipment	20%
Furniture and fittings	10%
Operating properties	2%

Certain of the group's properties are held for long-term investment purposes. Investment properties are properties held to earn rental income or for capital appreciation. These properties are revalued to their open market value and the aggregate surplus or deficit on revaluation is recognised in the profit and loss account for the year.

Trading properties

Trading properties are included in investment and trading securities and are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided using the balance sheet 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 asset can be utilised.

Impairments of non-financial assets

At each balance sheet date the group reviews the carrying value of non-financial assets for indication of impairment. The recoverable amount is determined for any assets for which an indication of impairment is identified. If the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable value.

Accounting policies

Impairment losses are recognised as an expense in the income statement in the period in which they are identified. Reversal of impairment losses is recognised in income in the period in which the reversal is identified, to the extent that it was charged to the income statement.

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 risk 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.

Income

Income is derived primarily from the business of banking and related activities and comprises interest income and other income.

Interest income

Interest income is recognised in the income statement as it accrues, based on the effective rates of interest.

Other income

Other income includes trading profits, commissions and fees and investment income.

Trading profits are shown net of the funding cost of the underlying positions and includes the unrealised profits on trading portfolios, which are marked to market daily.

Fees and commissions include fees earned from providing advisory services, portfolio management and the arranging of financing for clients. All commissions and fees are recognised as income when the related services are performed. Investment income includes realised profits and losses on disposal of investments and dividends income. Dividend income is recognised when the shareholders rights to receive the dividend is established.

Interest paid

Interest paid is recognised in the income statement as it accrues, based on the effective rates of interest implicit in the underlying instrument. The group does not capitalise interest paid.

Retirement benefits

In South Africa the group provides a defined contribution pension fund, governed by the Pension Fund Act, 1956 and a disability fund for the benefit of employees. The group pension fund 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 incorporated in the fund.

The group also offers the optional benefits of a defined contribution provident fund and a deferred compensation fund. The funds are administered by Alexander Forbes Consultants and Actuaries (Tvl) (Pty) Limited and are registered in South Africa. The group has no liabilities for other post retirement benefits.

Membership of the disability fund and either the defined contribution pension fund or the defined contribution provident fund is compulsory for all employees.

All employer contributions are charged to income, in terms of services rendered by employees in accordance with the rules of the scheme, and included under staff costs.

Segmental reporting

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

The group's primary segmental reporting is presented in the form of a business analysis (primary segment).

The business analysis is presented in terms of the group's four principal business divisions and Group Services and Other Activities.

No geographical segmental analysis is disclosed as the majority of the business of Investec Bank Limited and its subsidiaries is performed in South Africa and Mauritius.

Comparative figures

Where necessary, comparative figures have been restated to conform to changes in presentation and enhance comparability (refer to note 26).

Notes to the financial statements

For the year ended 31 March

(R millions)	Private Client Activities	Treasury & Specialised Finance	Investment Banking	Other	Group
1. Segmental information					
2004					
Net operating income	628	669	372	426	2 095
Net operating expenses	(415)	(353)	(92)	(216)	(1 076)
Operating profit before headline adjustments and taxation	213	316	280	210	1 019
Headline adjustments	–	–	–	3	3
Operating profit before taxation	213	316	280	213	1 022
Total assets	13 400	50 840	345	17 814	82 399
Cost to Income Ratio (%)	58.4%	51.6%	24.7%	43.2%	47.5%
2003					
Net operating income	545	812	138	456	1 951
Net operating expenses	(380)	(426)	(71)	(370)	(1 247)
Operating profit before headline adjustments and taxation	165	386	67	86	704
Headline adjustments	–	–	–	(256)	(256)
Operating profit/(loss) before taxation	165	386	67	(170)	448
Total assets	17 464	42 580	784	12 255	73 083
Cost to Income Ratio (%)	58.4%	48.8%	51.7%	55.5%	55.8%

Net assets by class of business is not disclosed as the directors do not view it to be meaningful to provide this information by class of business since the economic capital of certain significant businesses of the group is not held in, or allocated to, these businesses, but is held centrally.

No geographical analysis has been presented as Investec Bank Limited only operates in one geographical segment, namely Southern Africa.

* Cost to income ratio is calculated as operating expenses expressed as a percentage of total income, before deducting impairment of advances.

Notes to the financial statements

For the year ended 31 March	Group		Company	
(R millions)	2004	2003	2004	2003
2. Cash and short-term funds				
Balances with central banks	1 054	1 055	1 054	1 043
Balances with other banks	5 262	4 482	5 075	4 288
Loans under resale agreements	1 085	3 994	1 085	3 994
Other short-term funds	4 363	4 892	4 364	4 882
	11 764	14 423	11 578	14 207
All of the above are held at fair value				
3. Short-term negotiable securities				
Balances with central banks	241	527	241	527
Bills	1 978	1 659	1 946	1 518
Commercial paper	1 743	3 471	1 743	3 384
Promissory notes	2 374	2 542	2 353	2 521
	6 336	8 199	6 283	7 950
Classification				
Originated by the entity	726		704	
Trading	1 917		1 886	
At elected fair value	3 693		3 693	
	6 336		6 283	
4. Investment and trading securities				
Category analysis				
Government and government guaranteed debt securities	2 372	1 597	1 912	1 103
Other debt securities	1 015	1 010	70	25
Listed equity securities	458	419	405	340
Unlisted equity securities *	1 075	742	1 074	737
Equity shares in property companies	64	54	64	54
Other securities	609	755	2 195	2 914
Positive fair value of derivatives	11 117	4 954	10 988	4 954
	16 710	9 531	16 708	10 127
* Directors Valuation				
Analysis by portfolio (Previous classifications)				
Trading #		7 352		9 371
Investment		2 179		756
		9 531		10 127
Analysis by portfolio (AC133 classifications)				
Originated by the entity	903		–	
Held-to-maturity	159		159	
Available for sale	1		1	
Trading	15 647		16 548	
	16 710		16 708	

Other securities includes the following deposits placed with group banks relating to trading activities:
- Group R182 million (2003 : R272 million)
- Company R2 036 million (2003 : R2 713 million)

Notes to the financial statements

For the year ended 31 March	Group		Company	
(R millions)	2004	2003	2004	2003
5. Other assets				
Settlement debtors	17	–	17	–
Staff share scheme loan	780	991	780	991
Deferred tax asset (refer to note 16.2)	2	3	–	–
Other debtors and prepayments	610	687	467	593
	1 409	1 681	1 264	1 584
All of the above are classified as originated by the entity				
6. Advances				
Category analysis*				
Commercial property loans	7 619	5 734	7 500	5 569
Residential mortgages	8 285	5 896	5 597	4 789
Leases and instalment debtors	2 000	1 882	1 785	1 609
Corporate and public sector loans and advances	12 934	10 643	10 613	7 186
Other private bank lending	4 661	3 775	3 681	3 629
Other loans and advances	529	955	62	222
	36 028	28 885	29 238	23 004
Specific impairment (2003 - specific provisions)	(258)	(352)	(218)	(214)
Portfolio impairment (2003 - general provisions)	(44)	(375)	(44)	(311)
	35 726	28 158	28 976	22 479
Classification				
Originated by the entity	33 171		26 546	
At elected fair value	2 555		2 430	
	35 726		28 976	
Maturity analysis - gross advances				
On demand to one month	3 542	2 654	3 512	2 426
One month to six months	2 046	1 797	1 332	1 246
Six months to one year	2 609	1 928	1 774	1 190
One year to five years	13 871	10 348	11 425	7 619
Greater than five years	13 960	12 158	11 195	10 523
	36 028	28 885	29 238	23 004
Specific and portfolio impairments (2003 - Specific and general provisions)				
2004				
Reconciliation of movements in group specific and portfolio impairments for bad and doubtful debts.				
Specific impairment				
Balance at beginning of year	388		243	
As previously reported	352		214	
Change in accounting policy	36		29	
Charge to the income statement	164		163	
Bad debts written off	(294)		(188)	
Balance at end of year	258		218	

Notes to the financial statements

For the year ended 31 March	Group		Company	
(R millions)	2004	2003	2004	2003
6. Advances (continued)				
Portfolio Impairment				
Balance at beginning of year	35		35	
As previously reported	–		–	
Change in accounting policy	35		35	
Charge to the income statement	9		9	
Balance at end of year	44		44	
To meet minimum regulatory provision requirements, the following additional regulatory reserve is maintained	455		378	
2003				
Specific and general provisions				
Reconciliation of movements in group specific and general provisions for bad and doubtful debts				
Specific provision				
Balance at beginning of year		253		237
Income statement charge		98		10
Bad debts written off against provisions		(35)		(37)
Transfer to general provision		41		4
Arising on exchange adjustments		(5)		–
Balance at end of year		352		214
General provision				
Balance at beginning of year		257		256
Income statement charge		183		97
Bad debts written off against provisions		(33)		(38)
Transfer to specific provision		(41)		(4)
Arising on exchange adjustments		9		–
Balance at end of year		375		311
7. Loans to group companies				
Loans to holding company - Investec Limited	3 551	3 128	2 735	1 158
Loans to fellow subsidiaries	2 632	4 613	2 615	5 025
Preference share investment in Investec Limited	1 652	600	–	–
Preference share investment in fellow subsidiaries	1 933	1 933	1 933	1 933
	9 768	10 274	7 283	8 116

Loans to group companies are classified as originated by the entity.

Notes to the financial statements

For the year ended 31 March

(R millions)	Cost or Valuation	Accumulated Depreciation & Impairment Losses	Carrying Amount
8. Property and equipment			
Group			
2004			
Equipment	222	(160)	62
Furniture and vehicles	111	(67)	44
Investment properties	563	(1)	562
Leasehold improvements	3	(2)	1
Operational properties	17	–	17
	916	(230)	686
2003			
Equipment	232	(153)	79
Furniture and vehicles	121	(59)	62
Investment properties	656	–	656
Leasehold improvements	3	(1)	2
Operational properties	17	–	17
	1 029	(213)	816

(R millions)	Equipment	Furniture & Vehicles	Investment Properties	Leasehold Improvements	Operational Properties	Total
2004						
Carrying amount at the beginning of year	79	62	656	2	17	816
Additions	36	18	556	–	–	610
Disposals	(17)	(23)	(649)	–	–	(689)
Impairment losses	(3)	(8)	(1)	–	–	(12)
Depreciation	(33)	(5)	–	(1)	–	(39)
Carrying amount at end of year	62	44	562	1	17	686
2003						
Carrying amount at the beginning of year	75	71	697	–	17	860
Additions	36	18	–	3	–	57
Disposals	(1)	(16)	(41)	–	–	(58)
Depreciation	(31)	(11)	–	(1)	–	(43)
Carrying amount at end of year	79	62	656	2	17	816

Notes to the financial statements

For the year ended 31 March	Group		Company	
(R millions)	2004	2003	2004	2003
9. Intangible assets				
9.1 Goodwill reconciliation				
Balance at beginning of year	1	10		
Net amount on acquisitions	–	1		
Net amount on disposals	(1)	–		
Goodwill amortisation	–	(10)		
Balance at end of year	–	1		
Goodwill arising on the acquisition of subsidiaries is amortised over periods of between 3 and 20 years, reflecting its expected useful life. For the majority of acquisitions, the goodwill has been amortised over 3 to 5 years.				
10. Ordinary share capital				
Authorised				
105 000 000 (2003: 105 000 000) ordinary shares of 50 cents each.	53	53	53	53
Issued				
31 700 000 (2003: 31 700 000) ordinary shares of 50 cents each.	16	16	16	16
The unissued shares are under the control of the directors until the next annual general meeting.				
11. Compulsorily convertible debentures				
Issued				
3 573 994 (2003 - 3 573 994) unsecured subordinated compulsorily convertible debentures of 50 cents issued at a premium of R78.50 each.	282	282	282	282
Interest is payable six monthly in arrears on 31 January and 31 July 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.				
The Investec Bank Limited shares arising out of the conversion have been sold forward by the holder thereof to Investec Limited in exchange for 3 573 994 Investec Limited ordinary shares.				
5 000 000 (2003 - 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	797	797

Notes to the financial statements

For the year ended 31 March	Group		Company	
(R millions)	2004	2003	2004	2003
11. Compulsorily convertible debentures (continued)				
1 000 000 (2003 - 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	160	160
1 500 000 (2003 - 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	300	300
Interest is payable six monthly in arrears on 15 June and 15 December of each year at a rate of 15% per annum for Class A and Class A Series II and 12% per annum for Class B debentures.				
The Class A and Class A Series II debentures will convert into Investec Bank Limited ordinary shares at 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 day resulting in the 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 Limited in exchange for Investec Limited ordinary shares.				
2 000 000 (2002 - 2 000 000) Class C unsecured subordinated compulsorily convertible debentures of 50 cents issued at a premium of R199.50 each, net of issue expenses.	399	399	399	399
Interest is payable six monthly in arrears on 30 September and 31 March of each year at a rate of 11% per annum for Class C debentures.				
The Class C debentures will convert into Investec Bank Limited ordinary shares 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.				
Total compulsorily convertible debentures	1 938	1 938	1 938	1 938
12. Perpetual preference shares				
15 000 000 (2003 - Nil) authorised and issued non-redeemable, non-cumulative, non-participating preference shares of 1 cent each, issued at a premium of R99,99 per share.	1 491	–	1 491	–

Preference shareholders will be entitled to receive dividends, if declared, at a rate of 75% of prime of the issue price of the preference share held. Preference shareholders receive dividends in priority to any payment of dividends to the holder of any other class of shares in the capital of the Company not ranking prior or pari passu with the preference shares.

An ordinary dividend will not be declared by Investec Bank Limited unless the preference dividend has been declared. When declared, preference dividends are payable semi-annually at least seven business days prior to the date on which Investec Bank Limited pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.

Notes to the financial statements

For the year ended 31 March	Group		Company	
(R millions)	2004	2003	2004	2003
13. Reserves				
Share premium	4 732	4 732	4 732	4 732
Retained earnings	1 010	1 270	429	204
Regulatory reserve	455	–	378	–
Other reserves	29	18	15	83
	6 226	6 020	5 554	5 019
Other reserves comprise:				
Cash flow hedging reserve	10	–	10	–
Revaluation of investments	–	109	–	85
Foreign currency revaluation	19	78	5	(2)
Goodwill written off	–	(169)	–	–
	29	18	15	83
14. Subordinated debt				
R1 961 million (2003 - R1 961 million) Investec Bank Limited 16% local registered unsecured subordinated bonds due 2012. 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.	1 961	1 961	1 961	1 961
Nil (2003 - R284 million) Investec Bank Limited Class "E" 15% unsecured redeemable debentures due 2014. From the date of issue to the period ended 31 March 2007, interest is paid six monthly in arrears on 31 March and 30 September at a rate of 15% (nominal annual compounded). Thereafter to 31 March 2014 the interest is the floating rate of ZAR - JIBAR - SAFEX plus 250 basis points payable quarterly on 31 March, 30 June, 30 September and 31 December.	–	284	–	284
These Class "E" debentures were redeemed in April 2003 and replaced by issuing IV02 subordinated 12.55%, unsecured callable bonds.				
R1 000 million (2002 - R 556 million) Investec Bank Limited IV02 subordinated 12.55% unsecured callable bonds. The bonds redemption date is 31 March 2013 but the company has the option to call the bond on 31 March 2008. If not called the bonds will switch to a floating rate of three month JIBAR plus 300 basis points payable quarterly in arrears until maturity.	1 000	556	1 000	556
	2 961	2 801	2 961	2 801

The only event of default in relation to the subordinated debt is the non-payment of principal or interest. The only remedy available to the holders of the subordinated debt in the event of default is to petition for the winding up of the company. In a winding up no amount will be paid in respect of the subordinated debt until all other creditors have been paid in full.

Notes to the financial statements

For the year ended 31 March	Group		Company	
(R millions)	2004	2003	2004	2003
15. Deposits and other accounts				
Category analysis				
Deposits and loans from banks	4 163	4 505	3 965	4 119
Demand and savings deposits	10 745	10 382	10 211	9 842
Fixed and notice deposits	34 399	32 260	33 691	31 226
Negotiable certificates of deposit	2 087	1 623	2 087	1 623
Client savings accounts	1 452	793	1 505	793
Liabilities in respect of repurchase agreements	2 885	1 917	660	994
Negative fair value of derivatives	8 933	3 954	8 339	3 954
Settlement liabilities	1 889	3 505	1 889	3 505
Creditors and other accounts	1 313	1 459	870	885
	67 866	60 398	63 217	56 941
Classification				
Trading	10 204	6 794	9 610	6 794
Non Trading	57 620	53 604	53 565	50 147
	67 824	60 398	63 175	56 941
Maturity analysis				
On demand to one month	35 737	30 894	34 192	29 651
One month to six months	17 711	19 546	17 297	19 486
Six months to one year	8 958	5 142	8 838	4 655
Greater than one year	5 460	4 816	2 890	3 149
	67 866	60 398	63 217	56 941
16.1 Taxation				
Taxation payable	58	17	36	–
Deferred taxation liability (refer to note 16.3)	74	40	71	38
	132	57	107	38
16.2 Deferred tax asset				
Income and expenditure accruals	2	3	–	–
	2	3	–	–
16.3 Deferred tax liability				
Unrealised fair value adjustments on financial instruments	71	40	71	38
Other temporary differences	3	–	–	–
Deferred tax liability	74	40	71	38
Net deferred tax liability	72	37	71	38
Reconciliation of net deferred tax liability				
Opening balance	37	36	38	37
Charge to profit and loss	35	1	33	1
Closing balance	72	37	71	38

Deferred tax assets are recognised to the extent it is likely that profits will arise in future periods. The assessment of the likelihood of future profits is based on past performance and current projections. Deferred tax assets are not recognised in respect of capital losses as crystallisation of capital gains and the eligibility of potential capital losses is uncertain.

Notes to the financial statements

For the year ended 31 March	Group		Company	
(R millions)	2004	2003	2004	2003
17. Interest				
17.1 Interest received				
Cash and short-term funds	741	858	735	847
Short term negotiable securities	572	550	563	544
Investment and trading securities	25	154	32	87
Advances	4 498	4 136	3 754	3 570
Intergroup/intercompany loans	809	1 531	643	1 738
	6 645	7 229	5 727	6 786
Foreign currency gains	20	261	49	166
Foreign currency losses	(114)	(264)	(58)	(227)
	6 551	7 226	5 718	6 725
17.2 Interest paid				
Demand and savings deposits	1 076	1 197	1 051	1 153
Fixed and notice deposits	2 844	3 814	2 813	3 748
Negotiable certificates of deposit	182	154	182	154
Repurchase agreements	3	3	3	3
Other deposits and loan accounts	2 040	1 312	1 565	996
Intergroup/intercompany loans	168	55	80	329
	6 313	6 535	5 694	6 383
Funding costs allocated to trading profits	(1 071)	(569)	(1 070)	(568)
	5 242	5 966	4 624	5 815
18. Other income and operating expenses				
18.1 Other income comprises				
Commissions and fees - annuity	227	320	197	304
Principal transactions and trading income	495	423	445	411
Gross principal transactions and trading income	1 566	992	1 515	979
Funding costs allocated to trading profits	(1 071)	(569)	(1 070)	(568)
Commissions and fees - deal	198	196	172	170
Dividends received	39	33	12	35
Profit on sale of subsidiaries	3	17	–	17
Income from subsidiaries	–	–	550	408
	962	989	1 376	1 345
18.2 Operating expenses comprise				
Personnel remuneration	629	648	598	591
Pension and provident fund contributions^	36	53	36	50
Audit fees	28	17	26	15
Statutory audit fees	22	16	21	15
Under provision from prior year	5	–	5	–
Other services	1	1	–	–
Directors' emoluments paid by subsidiary	19	35	19	35
Executive directors' remuneration *	16	33	16	33
Non - executive directors' remuneration *	3	2	3	2
Depreciation	39	43	36	41
Premises	111	101	105	94
Equipment	50	70	44	63
Business expenses	100	202	77	162
Marketing expenses	64	78	63	78
	1 076	1 247	1 004	1 129

* Further information see note 27
^ Refer to note 25

Notes to the financial statements

For the year ended 31 March	Group		Company	
(R millions)	2004	2003	2004	2003
19. Headline adjustments comprise				
Goodwill amortised	–	(10)	–	–
Loss on impairment of non trading loans	–	(263)	–	(263)
Profit on disposal of subsidiaries and fixed assets (net of tax)	3	17	–	17
	3	(256)	–	(246)

The significant decrease in headline adjustments is the result of the following:

- Losses of R263 million in 2003 due to a write down in the loan to the staff share scheme which was recognised as a result of the fall in the value of the group's share price in 2003 in respect of unallocated shares in these schemes.

20. Taxation	Group 2004	Group 2003	Company 2004	Company 2003
Taxation on income	125	31	78	6
South Africa	105	16	78	6
-current taxation	50	15	45	5
-adjustments in respect of prior year current taxation	20	–	–	–
-capital gains taxation	–	–	–	–
-deferred	35	1	33	1
Foreign current taxation	20	15	–	–
-Mauritius	11	11	–	–
-Botswana	9	4	–	–
Secondary taxation on companies	6	11	–	–
Total tax charge for the year	131	42	78	6
Tax rate reconciliation				
Income before taxation as per income statement	1 022	448	1 294	756
Less : Debenture and bond interest	(268)	(267)	(268)	(267)
	754	181	1 026	489
Total taxation charge in income statement	131	42	78	6
Less: secondary taxation on companies	(6)	(11)	–	–
Total taxation on income	125	31	78	6
Effective rate of taxation	16.6%	17.1%	7.6%	1.2%
The standard rate of South African normal taxation has been affected by:				
- exceptional items - goodwill	–	(1.7%)	–	–
- dividend income	14.7%	5.5%	25.3%	7.3%
- foreign earnings*	5.9%	31.7%	–	–
- other permanent differences	(7.2%)	(22.6%)	(2.9%)	21.5%
	30.0%	30.0%	30.0%	30.0%

* Includes the effect of cumulative tax losses and other permanent differences.

Notes to the financial statements

For the year ended 31 March	Group		Company	
(R millions)	2004	2003	2004	2003
21. Dividends				
on fully paid ordinary shares				
Declared and paid	500	800	500	800
on perpetual preference shares				
Declared and paid	22	–	22	–
	522	800	522	800
22. Cash flow information				
22.1 Cash generated by operating activities				
Net income before taxation	1 022	448	1 294	756
Adjusted for:				
Depreciation and impairment losses	51	43	45	41
Impairment on advances	173	281	107	107
Headline adjustments (see note 19)	(3)	256	–	246
AC133 adjustments	(67)	–	(108)	–
	1 176	1 028	1 338	1 150
22.2 Taxation paid				
Taxation balances at beginning of year	(57)	(48)	(38)	(37)
Amounts charged to income statement	(131)	(42)	(78)	(6)
Taxation balance for group companies disposed of	1	–	–	–
Taxation balances at end of year	132	57	107	38
	(55)	(33)	(9)	(5)
22.3 Dividends paid				
Current year dividend paid	(522)	(800)	(522)	(800)
22.4 Net funds arising/ (utilised) on acquisitions				
Deposits and other accounts	–	3	–	–
Intangible assets	–	(1)	–	–
Net cash inflow	–	2	–	–
Net funds arising on disposal of group companies				
Cash and short-term funds	50	–	–	–
Short-term negotiable securities	123	–	–	–
Investment and trading securities	1	–	–	–
Other assets	3	–	–	–
Advances	406	–	–	–
Loans to group companies	98	–	–	–
Property and equipment	2	–	–	–
Intangible assets	1	–	–	–
Deposits and other accounts	(557)	–	–	–
Taxation	(1)	–	–	–
Foreign currency translation reserve	5	–	–	–
Net assets disposed of	131	–	–	–
Profit on disposal	3	–	–	–
Proceeds on disposal of group companies	134	–	–	–
Less cash on hand on date of disposal	(50)	–	–	–
Net cash inflow from disposal of group companies	84	–	–	–
22.5 Movement in income earning assets				
Short -term negotiable securities	1 954	(845)	1 881	(855)
Investment and trading securities	(7 967)	2 178	(7 561)	4 519
Advances	448	(825)	319	(2 591)
Other assets	(7 631)	3 496	(6 151)	3 388
	(13 196)	4 004	(11 512)	4 461

Notes to the financial statements

For the year ended 31 March	Group		Company	
(R millions)	2004	2003	2004	2003
23. Contingent liabilities and commitments				
Guarantees and letters of credit	1 363	1 636	1 291	1 382
Acceptances on behalf of clients	2 379	1 509	2 185	1 643
Other	833	3	816	3
	4 575	3 148	4 292	3 028
Operating lease commitments				
Annual commitments in respect of non - cancellable operating leases				
Leasehold properties				
Within one year	86	1	86	1
Between one and five years	581	3	581	1
Over five years	2 755	–	2 755	–
	3 422	4	3 422	2

The above represernts gross rentals on operating leases which expire in April 2024.

23.1 Preference shares to the value of R 1 740 million (2003- R1 820 million) have been issued by subsidiaries in respect of which Investec Bank Limited has granted a put option to the holders in event of default by the issuer.

Notes to the financial statements

For the year ended 31 March	Group		Company	
(R millions)	2004	2003	2004	2003
24. Related party transactions				
Transactions arrangements and agreements involving directors and others:				
Particulars of transactions, arrangements and agreements entered into by the group with directors and connected persons and companies controlled by them and with officers of the company.				
At year end, 5 directors had outstanding loans from Investec Bank Limited. For loans to related parties, normal credit parameters are applied.				
Loans-Investec Bank Limited	37	73	37	73
H Herman has a 13.25% holding in Taaibos Square (Pty) Ltd. A loan was provided to the entity by Investec Bank Limited on an arm's length, fully secured basis as follows:				
Taaibos Square (Pty) Ltd	70	77	70	77
F Titi has a 12.5% holding in Tiso Group. At 31 March 2004 Investec Bank Limited group provided the following total advances to Tiso Group on an arm's length basis	97	–	–	–
P Malungani has a 59.2% holding in Peu Investment Group. At 31 March 2004 Investec Bank Limited group provided the following total advances to Peu Investment Group on an arm's length basis	193	–	–	–
S Koseff, G Burger, B Kantor, B Tapnack, H Herman, P Thomas, D Jowell, D Lawrence have an interest in Spurwing P Investments Limited and Spurwing L Investments Limited, which jointly amount to a holding of 47.05% and 22.95% respectively. Loans were provided to these entities by Investec Bank (Mauritius) Limited on an arm's length, fully secured basis as follows:				
Spurwing P Investments Limited	71	96	71	96
Spurwing L Investments Limited	20	27	20	27

All of the above loans are included in advances to customers.

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. Directors' portfolios are subject to management fees on an arm's length basis. Particulars of directors' dealings in Investec Limited and Investec plc shares are recorded in a register held at the Registered Office of the Company which is available for inspection.

Transactions with other related parties of the group

During the year certain trading assets were disposed of to Investec Employee Benefits, at market related values. Any dealings with regards to investments in unit trusts or the asset management division occur at arm's length.

Notes to the financial statements

For the year ended 31 March	Group		Company	
(R millions)	2004	2003	2004	2003
25. Employee benefits - group				
25.1 Pension costs				
Defined contributions	36	53	36	50
Pension and provident fund contributions	36	53	36	50

In South Africa the group provides a defined contribution pension fund, governed by the Pension Fund Act, 1956 and a disability fund for the benefit of employees. Membership of these funds is compulsory for all employees. The group pension fund is a defined contribution 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 incorporated in the fund.

The group also offers the optional benefits of a defined contribution provident fund and a deferred compensation fund. The funds are administered by Alexander Forbes Consultants and Actuaries (Tvl) (Pty) Limited and are registered in South Africa. The group had no liabilities for other post retirement benefits.

Membership of the disability fund and either the defined contribution pension fund or the defined contribution provident fund is compulsory for all employees.

The defined benefit obligations in the prior year relates to foreign subsidiaries that were unbundled and do not form part of the Investec Limited group.

26. Changes in accounting policies and other prior year adjustments

26.1 Accounting for investment in subsidiary companies

The group changed its accounting policy in relation to investment in subsidiary companies. The results of operating subsidiaries were equity accounted in the company's financial statements in prior years and have been recorded at cost in the current year.

The comparative amounts have been appropriately restated.

The effect of the change at 31 March 2003 and 2002 is as follows:

(R millions)	Group 2004	Group 2003	Company 2004	Company 2003
- Decrease in subsidiary companies	–	–	(1 001)	(1 001)
- Effect on reserves	–	–	(1 001)	(1 001)
- Effect on opening reserves	–	–	(1 001)	(1 347)
- Effect on current year	–	–	–	346
- Effect on closing reserves	–	–	(1 001)	(1 001)

Notes to the financial statements

26. Changes in accounting policies and other prior year adjustments (continued)

26.2 Adoption of the accounting statement on recognition and measurement of financial instruments (AC133)

Fair value adjustments

- The statement requires all derivatives to be recorded on balance sheet at fair value, with changes in fair value being recognised in the income statement (except for fair value adjustments relating to the successful application of cash flow hedging principles, which result in fair value adjustments being recognised directly in equity until the occurrence of the cash flow being hedged). In prior years, non trading derivatives within the banking book were accounted for on the same basis as the underlying asset, liability or cash flow being hedged. On adoption of AC133, all of these derivatives have been recognised on balance sheet at fair value. Except for the application of cash flow hedging, all changes in fair value are recognised in income. To the extent that hedge accounting principles have been successfully applied, changes in fair value relating to the hedged risk of the underlying hedged item have also been recognised in income.
- In certain instances where hedge accounting is impractical to apply, and the Bank deems it appropriate, related financial assets and financial liabilities are designated as held at fair value. This designation is made at inception of the financial asset or financial liability (or on adoption of AC 133) and cannot be changed.
- To the extent that derivatives have been identified as embedded in a host contract that is not carried at fair value and the economic characteristics of the embedded derivative are not closely related to that of the host contract, the embedded derivative has been separated from the host contract and accounted for as a stand alone derivative.

Impairments

- Specific impairments are determined for non performing loans and advances based on a discounted cash flow methodology. This has resulted in specific impairments greater than the previous specific provisions due to the introduction of a discount factor in determining the present value of the expected cash flows.
- In prior years, the Bank's general provision had been determined taking into account the structure and risk characteristics of the Bank's loan portfolio and ensuring that the minimum requirements of the banking regulations in the jurisdictions in which the Bank operated were maintained. As a result of the adoption of AC133, portfolio impairments are determined for loans that are not specifically identified as impaired or non performing based on a discounted cash flow methodology, taking into account historical loss given defaults, probabilities of default and changes in the credit quality of loans and advances since inception. This has resulted in significantly lower portfolio impairments when compared to general provisions raised previously. The difference between portfolio impairments and regulatory minimum provisions per regulatory asset category has been met by transferring sufficient distributable reserves to a non distributable regulatory reserve.

Opening transitional adjustments

AC 133 provides that changes resulting from the adoption of the standard be applied prospectively and therefore adjustments at 1 April 2003 have been accounted for as an adjustment to opening retaining income.
The impact of adopting AC 133 on the opening shareholders funds is detailed in the table below:

Group at 1 April 2003

(R millions)	Retained income	Equity revaluation reserve	Non distributable regulatory reserve	Total shareholders funds
Adjustments:				
- Fair value adjustments to derivatives and other financial instruments	(123)	–	–	(123)
- Reclassification of equity revaluation	20	(20)		–
- Present value adjustments to specific impairments	(36)	–	–	(36)
- Reversal of general bad debt provision	354	–	–	354
- Creation of portfolio impairment	(35)	–	–	(35)
	180	(20)	–	160
- Transfer to non distributable regulatory reserve	(333)	–	333	–
Change in total shareholders funds	(153)	(20)	333	160

Notes to the financial statements

26. Changes in accounting policies and other prior year adjustments (continued)

Company at 1 April 2003

(R millions)	Retained income	Equity revaluation reserve	Non distributable regulatory reserve	Total shareholders funds
Adjustments:				
- Fair value adjustments to derivatives and other financial instruments	(136)	–	–	(136)
- Reclassification of equity revaluation	20	(20)	–	–
- Present value adjustments to specific impairments	(29)	–	–	(29)
- Reversal of general bad debt provision	274	–	–	274
- Creation of portfolio impairment	(35)	–	–	(35)
	94	(20)	–	74
- Transfer to non distributable regulatory reserve	(241)	–	241	–
Change in total shareholders funds	(147)	(20)	241	74

The impact of AC 133 was to increase earnings for the year ended 31 March 2004 as follows:

	Group R million	Company R million
Net interest income	64	65
Impairments	38	31
Non interest income	(35)	12
Income before taxation	67	108
Taxation	(28)	(28)
Income after taxation	39	80

At 31 March 2004 a further transfer of R122 million for the group and R137 million for the company was made from retained earnings to the non distributable regulatory reserve. Interpretations relating to accounting, regulatory and taxation effects on adoption of AC 133 are currently subject to debate within a South African context. The Bank's financial reporting will be affected by further amendments to the International Financial Reporting Standards (IAS 39) when incorporated into AC133.

26.3 Prior year reclassifications and restatements

In the prior years, adjustments to headline earnings of R256 million (group) and R246 million (company) were separately identifiable in the income statement. In the current year headline adjustments have been reflected within the respective income and expenditure categories with a corresponding adjustment to the comparative year. This resulted in two new line items on the income statement being "impairment of non trading loans" (R263 million) and "Goodwill amortisation" (R10 million). The remaining R17 million of income has been included with other income.

Interest on compulsorily convertible debentures, which are classified as equity instruments, has been reflected in the statement of changes in equity. In the prior year the interest paid on the compulsorily convertible debentures of R267 million was reflected in the income statement. Comparative figures have been appropriately restated. As a result of this restatement, headline earnings attributable to ordinary shareholders has increased by R268 million (2003: R267 million). Loans under resale agreements, were classified under other assets in the prior year. The comparatives have been adjusted to reflect these assets as cash and short term funds.

(R millions)	Group 2003	Company 2003
The effect of the restatements at 31 March 2003 is as follows:		
- Decrease in other assets	(3 994)	(3 994)
- Increase in cash and short term funds	3 994	3 994
There is no effect on reserves.		

Notes to the financial statements

27. Directors remuneration

A remuneration committee comprising non-executive directors is responsible for determining the overall reward packages of executive directors. The policy on remuneration packages for non-executive directors is agreed and determined by the board.

Policy on executive directors' and employees' remuneration

The group's philosophy is to employ the highest calibre individuals, who are characterised by integrity, intellect and innovation. Investec strives to inspire entrepreneurship within all areas of the group by providing a working environment that stimulates extraordinary performance, so that executive directors and employees may be positive contributors to the group, its clients and their communities. Investec rewards executive directors and employees as individuals for their contribution through payment of an industry competitive annual package, a variable performance reward and ownership in the form of share incentive scheme participation. Overall rewards, however, are considered secondary in importance to Investec's core values of work content (greater scope of responsibility, variety of work and high level of challenge) and work affiliation (entrepreneurial feel to company and unique culture) in the attraction, retention and motivation of employees.

Investec has a strong entrepreneurial, merit and values-based culture, characterised by a high degree of passion, energy and stamina. The ability to live and perpetuate the stated values, culture and philosophies of the group in the pursuit of excellence is considered paramount in determining overall reward levels. These values clearly apply in the case of the executive directors.

Both the type of people the organisation attracts, and the culture and environment within which they work, remain crucial in determining the success and long-term progress of Investec.

The key principles of Investec's overall remuneration policy for executive directors and employees, which was applied during the financial year, are as follows:

- Reward programmes are designed and administered to align directors' and employees' interests with those of the group's stakeholders.
- Reward programmes are clear and transparent, in order to retain individual interest in, and identification with, the short and long-term success of Investec.
- Total rewards comprise a fixed and variable component.
- A significant proportion of rewards, including both annual and long-term incentive components, are explicitly linked to the performance of the business and the individual business units. Investec recognises the performance of the business and the individual. As indicated above, however, both qualitative and quantitative issues form an integral part of the determination of reward levels.
    - Reward levels are targeted to be commercially competitive, on the following basis:
    - The most relevant competitive reference points for reward levels are based on the scope of responsibility and individual contribution made.
    - Appropriate benchmark, industry and comparable organisations' remuneration practices are reviewed regularly.
    - For executive directors of Investec Limited and Investec plc, the FTSE UK Speciality and Other Finance firms provide the most appropriate benchmark.
    - For executive directors of Investec Bank Limited (who are not directors of Investec Limited or Investec plc) and employees, a combination of companies from the JSE Financial 15 and the FTSE UK Speciality and Other Finance sector offer the most appropriate benchmark.
    - In order to avoid disproportionate packages across areas of the group and between executives, adjustments are made at any extremes to ensure broad internal group consistencies. Adjustments may also be made to the competitive positioning of pay components for individuals, in cases where a higher level of investment is needed in order to build or grow either a business unit or the group's capability in a geography.
- The total cash element of compensation (base salary plus annual bonus) is linked to the relevant competitive market (see above) at upper quartile levels.
- The reward strategy is open to internal as well as external scrutiny and challenge, and reward programmes are communicated to executive directors.

Notes to the financial statements

27. Directors remuneration (continued)
Executive directors - policies on the components of remuneration and employment

The reward package for executive directors and employees comprises:
- Base salary and benefits.
- Annual bonuses.
- Long-term share incentive plans.

The elements of the reward package, as listed above, are discussed below and the components for each director are detailed in tables that follow.

Base salary and benefits
Salaries are reviewed annually and reflect the relative skills and experience of, and contribution made by, the individual. Base pay levels are linked to the relevant competitive market (see above) at median levels. Benefits provide long-term financial value based on continuous employment and are targeted at competitive levels. These are delivered through flexible and tailored packages. Benefits include pension schemes; life, disability and personal accident insurance; medical cover; and other benefits, as dictated by competitive local market practices.

Annual bonus
Annual bonuses are linked to business performance, based on target business unit performance goals. Individual annual incentive levels are allocated, based on individual performance, as determined by the remuneration committee.

Furthermore, as discussed above, qualitative issues are integral in the determination of annual bonuses.
The total cash element of compensation (base salary plus annual bonus) is targeted at the relevant competitive market (as discussed above) at upper quartile levels for meeting target performance goals.

In this regard, if business and individual performance goals are achieved or bettered, the variable element of the total reward package is likely to be substantially higher than the relevant target market. This is in order to ensure that overall reward levels are finally positioned at the upper quartile level. In certain circumstances, therefore, the annual bonus may be more than 100% of the base salary.

Long-term share incentive plans
The group has a number of share incentive plans that are designed to link the interests of the directors and employees with those of shareholders and long-term organisational interests, through performance and risk-based equity grants. The share plan vehicles in operation, and in which the directors are eligible to participate, are outlined below. Directors and employees collectively hold approximately 20% of the Investec group's issued share capital (comprising Investec Limited and Investec plc).

Policy on non-executive directors' remuneration
Non-executive directors receive fees for being a member of the Investec Bank Limited board and fees are payable for any consulting and other services that are provided to the group. Furthermore, non-executive directors may not participate in the group's share incentive plans. Prior to the implementation of the group's Dual Listed Companies (DLC) structure in July 2002, certain non-executive directors did participate in Investec Group Limited's (now Investec Limited's) share incentive plans.

Notes to the financial statements

27. Directors remuneration (continued)
The following table shows a breakdown of the annual remuneration (excluding equity awards) of directors for the year ended 31 March 2004:

Name	Salaries, directors fees and other remuneration 2004 R	Annual bonus 2004 R	Total remuneration expense 2004 R
Executive directors			
S Koseff (Chief Executive Officer)	1 350 000	2 616 960	3 966 960
B Kantor (Managing Director)	362 038	2 500 000	2 862 038
GR Burger (Group Risk and Finance Director)	1 000 000	3 756 250	4 756 250
DM Lawrence (Deputy Chairman)	1 485 000	1 121 782	2 606 782
B Tapnack	978 000	1 198 933	2 176 933
	5 175 038	**11 193 925**	**16 368 963**
Non-executive directors			
HS Herman (Chairman)	872 094	-	872 094
SE Abrahams	707 977	-	707 977
DE Jowell	883 977	-	883 977
MP Malungani	283 644	-	283 644
DR Motsepe	13 000	-	13 000
Dr. MZ Nkosi	72 000	-	72 000
PRS Thomas	551 867	-	551 867
F Titi	59 958	-	59 958
RAP Upton	45 000	–	45 000
	3 489 517	–	3 489 517
Total	**8 664 555**	**11 193 925**	**19 858 480**

The following table shows directors' shareholdings in Investec plc, Investec Limited and Investec Limited preference shares as at 31 March 2004:

Name	Beneficial and non-beneficial interest Investec plc shares 31 March 2004	Investec Limited shares 31 March 2004	Investec Limited preference shares 31 March 2004
Executive directors			
S Koseff (Chief Executive Officer)	871 997	181 386	-
B Kantor (Managing Director)	100	1 050 000	-
GR Burger (Group Risk and Finance Director)	445 360	80 977	-
DM Lawrence (Deputy Chairman)	132 794	19 260	-
B Tapnack	58 503	8 099	2 000
Non-executive directors			
HS Herman (Chairman)	255 205	48 905	-
SE Abrahams	-	-	-
DE Jowell	60 000	-	-
MP Malungani	-	1 545 778	-
DR Motsepe	-	-	-
Dr. MZ Nkosi	-	-	-
PRS Thomas	137 162	51 191	-
F Titi	-	364 000	-
RAP Upton	-	-	-
Total number	**1 961 121**	**3 349 596**	**2 000**

Notes to the financial statements

27. Directors remuneration (continued)

Notes:

- The total number of Investec Limited and Investec plc shares in issue as at 31 March 2004 was 44.0 million and 74.6 million respectively.
- The market price of an Investec plc share as at 31 March 2004 was £10.89 (2003: £6.15).
- The market price of an Investec Limited share as at 31 March 2004 was R125.30 (2003: R76.50).
- On 15 May 2003, Investec Limited announced that it has entered an empowerment transaction with Tiso Group (Tiso), Peu Investment Group (Peu) and the Entrepreneurship Development Trust. In terms of this transaction, Tiso, Peu, the broadbased Entrepreneurship Development Trust and an Employee Share Trust have acquired a 25.1% stake in the issued share capital of Investec Limited. This transaction was concluded at the end of November 2003. MP Malungani is the Chairman of Peu and F Titi is the Chief Executive Officer of Tiso.

The following table shows directors' interest in the Investec Limited security purchase and option scheme trust as at 31 March 2004:

Balance as at 31 March 2004

Name	Investec plc shares	Investec Limited shares	Settlement period
B Tapnack	4 391	2 579	1 April 2004 to 20 June 2012

Note:

The shares in the table above are held in terms of the Investec Limited share purchase scheme, for which the director has a liability for any related scheme debt. No shares were granted in terms of this scheme during the year. As at 31 March 2004, all the shares were fully vested. No options have been allocated to directors in terms of this scheme.

The following table shows directors' interest in options as at 31 March 2004:

Balance as at 31 March 2004

	Date of grant	Investec plc shares	Exercise price	Investec Limited shares	Exercise price	Period exercisable
Executive directors						
S Koseff	20 Dec 2002	33 000	R 111.96	17 000	R111.3	20 Dec 2004 to 20 Mar 2008
B Kantor	20 Dec 2002	50 000	£7.93	–	–	20 Dec 2004 to 20 Mar 2012
GR Burger	28 Aug 2002	63 000	R164.50	37 000	R164.50	20 June 2004 to
	20 Dec 2002	33 000	R111.96	17 000	R111.32	20 Mar 2008
DM Lawrence	20 June 2002	31 500	R164.50	18 500	R164.50	20 Dec 2004 to
	20 Dec 2002	23 100	R111.96	11 900	R111.32	20 Mar 2008
B Tapnack	28 June 2002	31 500	R164.50	18 500	R164.50	20 Dec 2004 to
	20 Dec 2002	23 100	R111.96	11 900	R111.32	20 Mar 2008

Note:

No grants were made and no options were exercised or lapsed during the year.

Leveraged equity plans

A group of senior and executive managers, including certain directors, who have or can have a significant impact on the business, have been granted participation in leveraged equity plans known as Fintique II and Fintique III, details of which are outlined below.

Fintique II

Fintique II was constituted on 31 July 1996, via a special purpose vehicle (SPV), initially available to 235 selected executives, senior managers and directors. Participants acquired units in the SPV, where the underlying instruments are compulsory convertible debentures, which convert into 886 Investec shares for every 1 000 units in Fintique II.

Notes to the financial statements

27. Directors remuneration (continued)

The scheme was funded through:

- Cash contributions from participants.
- The upfront sale of the income stream on the debentures and the right to the redemption proceeds.

Fintique II participants have a right to receive a combination of Investec Limited and Investec plc shares on maturity of the scheme on 31 July 2008.They also have an obligation to pay any potential shortfall on maturity, for which they have signed a personal surety. All the units in Fintique II were fully vested as at 31 July 2002. As at 31 March 2004, the unit holder had a liability of R77.63 per share. A total of 4.0 million units have been issued in terms of the scheme, converting into approximately 3.5 million shares.

Fintique III

Fintique III was constituted in Guernsey (British Virgin Islands) on 15 December 1998, via its own SPV, initially available to 500 selected executives, senior managers and directors. Participants acquired units in the SPV, where the underlying instruments were compulsory convertible debentures, which convert into 763.2 Investec shares for every 1 000 units in Fintique III.

The scheme was funded by:

- Cash contributions from participants.
- The sale of the income stream on the debentures to third parties.
- The short sale of Investec shares.
- The sale of call options* over Investec shares.
- Loans from Investec Bank (Mauritius) Limited and Investec Bank Limited.

Fintqiue III participants have an obligation to pay an amount of R102.38 or £5.45 per share, on maturity of the scheme on 15 December 2004, for which each participant has signed a personal surety. In terms of the scheme structure, 70% of the shares are free or vested, with a further 30% becoming vested on 15 December 2004.The value of each share within the scheme as at 31 March 2004 was R24.29 and £4.25 after taking into consideration the settlement of the liability referred to above. A total of 9.5 million units have been issued in terms of the scheme, converting into approximately 8.8 million shares on a gross basis.

*Note: the sale of call options has been done within the SPV and not by any individual directors.

The following table shows directors' attributable interest in Investec plc and Investec Limited shares through a leveraged equity plan called Fintique II as at 31 March 2004:

	Entitlement to Investec plc shares	Entitlement to Investec Limited shares	Settlement period
Executive directors			
S Koseff	122 800	72 121	1 Apr 2004 to 31 Jul 2008
B Kantor	122 800	72 121	1 Apr 2004 to 31 Jul 2008
GR Burger	101 171	59 417	1 Apr 2004 to 31 Jul 2008
DM Lawrence	47 445	27 865	1 Apr 2004 to 31 Jul 2008
B Tapnack	50 236	29 504	1 Apr 2004 to 31 Jul 2008
Non-executive directors			
HS Herman	78 145	45 895	1 Apr 2004 to 31 Jul 2008

Note:

All the shares the directors are entitled to in terms of the Fintique II scheme are fully vested and can be taken up at a price of R77.63 per share, based on the valuation of the scheme as at 31 March 2004.The directors are at risk for any shortfall on maturity of the scheme.

Notes to the financial statements

The following table shows directors' attributable interest in Investec plc and Investec Limited shares through a leveraged equity plan called Fintique III as at 31 March 2004:

	Entitlement to Investec plc shares	Entitlement to Investec Limited shares	Settlement period
Executive directors			
S Koseff	247 617	59 224	5 Dec 2004
B Kantor	247 617	59 224	15 Dec 2004
GR Burger	171 711	41 224	15 Dec 2004
DM Lawrence	100 599	24 894	5 Dec 2004
B Tapnack	116 960	28 583	15 Dec 2004
Non-executive directors			
HS Herman	188 452	45 146	15 Dec 2004
SE Abrahams	14 610	3 884	15 Dec 2004
DE Jowell	21 915	5 826	15 Dec 2004
PRS Thomas	18 263	4 855	15 Dec 2004

Note:
In terms of the scheme structure, 70% of the shares are free or vested, with a further 30% becoming vested on 15 December 2004. The share entitlements through the Fintique III scheme can be taken up on maturity of the scheme (15 December 2004) for a maximum consideration of R96.00 to R102.38 per share for Rand denominated units and £5.45 for Pound Sterling denominated units, based on the current leverage position of the scheme. The share entitlements disclosed in the above table represent gross entitlements, which amount to a share entitlement of approximately 84.59% per unit held. Due to the leverage nature of the scheme, the directors' entitlements to Investec shares will reduce to 72.83% per unit on maturity of the scheme. The mix of Investec Limited and Investec plc shares are indicative and, while the total net entitlement will remain the same, the combination of shares receivable on maturity will vary. The directors are at risk for any shortfalls on maturity of the scheme.

Notes to the financial statements

For the year ended 31 March	Company	
(R millions)	2004	2003
28. Capital adequacy statement		
The regulatory capital of the bank as reported to the South African Reserve Bank is detailed below:		
Primary capital (Tier 1)	6 429	5 925
Secondary capital (Tier 2)	5 640	5 048
Total	12 069	10 973
Less : Impairments	573	1 360
Net qualifying capital	11 496	9 613
Risk weighted assets (banking and trading assets)	57 967	49 463
Capital adequacy ratio	19.8%	19.4%

(R millions)	Nature of Business	Issued Ordinary Capital	Holding %	Shares at book value 2004	Shares at book value 2003	Net indebtedness 2004	Net indebtedness 2003
29. Principal subsidiary companies							
Direct subsidiaries of Investec Bank Limited							
Investec Bank (Mauritius) Limited^	Banking institution	R630 105 464	100	280	313	939	540
Grayinvest Limited	Investment holding	R100	100	1	22	6	331
Reichmans Limited	Trade financing	R200	100	60	112	391	215
Investec Holdings (Botswana) Ltd o	Investment holding	Pula5 400	100	56	63	0	20
SIB Investments Limited	Investment holding	R100	100	557	562	(561)	(260)
Secfin Finance Ltd	Investment holding	R800 000	100	–*	22	0	–*
Securities Equities (Pty) Ltd	Investment holding	R600 000	100	–*	26	7	(164)
Sechold Finance Services (Pty) Ltd	Investment holding	R1 000	100	–*	–*	286	(210)
KWJ Investments (Pty) Ltd	Investment holding	R100	100	–*	–*	146	–*
AEL Investment Holdings (Pty) Ltd	Investment holding	R1 000	100	–*	–*	233	(82)
Investpref Ltd	Investment holding	R1 000	100	–*	–*	41	(27)
Vesque Limited	Finance & investment	R2 236 200	100	–*	233	2	(233)
Private Mortgages 1 (Pty) Ltd				77	–*	(100)	–*
Private Mortgages 2 (Pty) Ltd				98	–*	(51)	–*
Other				–*	16	61	–*
				1 129	1 369	1 400	130

Details of subsidiary and associated companies which are not material to the financial position of the group are not stated above.

* Less than R1 million
^ Mauritius
o Botswana

Notes to the financial statements

30. Group derivative instruments

Financial instruments, including derivatives and risk disclosure

Fair values
The fair value of a 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. The groups trading book comprises treasury bills, settlement accounts, debt securities, equity shares, short positions in securities, and derivatives as well as secured customer loans and deposits. All amounts are included in the balance sheet at fair value. The fair values of listed and publicly traded securities held for investment purposes (comprising debt securities and equity shares) are disclosed under the relevant balance sheet note.

Derivatives
The group enters into various contracts for derivatives both as principal for trading purposes and as customer for hedging foreign exchange and interest rate exposures. These include financial futures, options, swaps and forward rate agreements. All interest rate contracts are transacted with other financial institutions. The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations. Included in the table below are all derivative instruments entered into by the group at 31 March 2004.

In the year ended 31 March 2003, only derivatives entered into for trading purposes were brought on balance sheet at fair value and thus the disclosure in the table below for 2003 only represents trading derivatives.

Notional principal
The notional principal gives an indication of the group's activity in the derivatives market and represents the aggregate size of the total outstanding contracts at year end. This figure cannot be used to assess the market risk associated with the position.

Notes to the financial statements

For the year ended 31 March	2004			2003		
(R millions)	Notional Principal	Positive Fair Value	Negative Fair Value	Notional Principal	Positive Fair Value	Negative Fair Value
30. Group derivative instruments (continued)						
Derivative positions						
Foreign exchange derivatives						
Forward foreign exchange	42 418	3 114	3 244	53 738	3 419	3 557
Currency swaps	11 664	1 565	283	7 071	889	534
OTC options bought and sold	6 507	864	321	7 404	844	351
OTC derivatives	60 589	5 543	3 848	68 213	5 152	4 442
Exchange traded futures	–	–	–	–	–	–
Total	60 589	5 543	3 848	68 213	5 152	4 442
Interest rate contracts						
Caps and floors	7 136	27	40	15 489	47	59
Swaps	262 296	4 163	2 753	389 627	5 902	4 576
Forward rate agreements	726 482	744	552	1 335 697	713	723
OTC options bought and sold	7 321	23	38	20 752	97	105
Other interest rate contracts	–	–	–	595	–	3
TC derivatives	1 003 235	4 957	3 383	1 762 160	6 759	5 466
Exchange traded futures	101 703	21	15	225 414	29	7
Exchange traded options	–	–	–	8 014	–	5
Total	1 104 938	4 978	3 398	1 995 588	6 788	5 478
Equity and stock index derivatives						
OTC options bought and sold	142 600	1 525	1 830	2 381	639	329
Equity swaps and forwards	–	–	–	3 986	333	781
OTC derivatives	142 600	1 525	1 830	6 367	972	1 110
Exchange traded futures	381	3	2	56	6	11
Exchange traded options	1 248	6	4	3 220	22	22
Warrants	–	–	–	–	–	–
Total	144 229	1 534	1 836	9 643	1 000	1 143
Commodity derivatives						
OTC options bought and sold	5 054	665	38	11 452	546	546
Commodity swaps and forwards	1 901	4	208	1 627	41	45
Total	6 955	669	246	13 079	587	591
Collateral paid/received		(195)	1 017		(185)	688
Total trading derivatives		12 529	10 345		13 342	12 342
Effect of netting		(1 412)	(1 412)		(8 388)	(8 388)
Trading derivatives included in assets/liabilities		11 117	8 933		4 954	3 954

Included in interest rate contracts are interest rate swaps entered into for fair value and cashflow hedging purposes. These specific derivatives form part of the group's management of its interest rate profile. The cash flow hedges have been entered into to hedge a portion of the anticipated future dividend payments on perpetual preference shares from 2014 to 2032.

Notes to the financial statements

For the year ended 31 March	Group	
(R millions)	2004	2003
31. Asset quality, specific and general provisions		
Total loans and advances to customers (gross of impairments/provisions)	36 028	28 885
Managed book	(998)	(589)
Net loans and advances to customers	**35 030**	**28 296**
Income statement impairment/(2003 - provision) charge	(173)	(281)
Total provisions		
Specific impairment	258	352
Total general provision	499	375
Regulatory reserve	455	–
Portfolio impairment/(2003 - general provision)	44	375
	757	727
Gross non-performing loans	714	379
Security	(539)	(125)
Net non-performing loans	175	254
Adequacy of provisions		
Specific impairment as a % of total loans and advances to customers	0.72%	1.22%
Total general provisions as a % of net loans and advances to customers	1.42%	1.33%
Total provisions as a % of total loans and advances to customers	2.10%	2.52%
Total provisions as a % of gross non-performing loans	106.02%	191.82%
Total provisions as a % of net non-performing loans	432.57%	286.22%
Specific impairment as a % of net non-performing loans	147.43%	138.58%

Notes to the financial statements

32. Group currency profile

The 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.

(R millions)	ZAR	GBP	USD	NIS	Euro	Other	Total
For the year ended 31 March 2004							
Assets							
Cash and short-term funds	9 023	96	2 386	–	113	146	11 764
Short-term negotiable securities	6 304	–	32	–	–	–	6 336
Investment in trading securities	18 529	(237)	(1 765)	–	60	123	16 710
Other assets	918	6	482	–	1	2	1 409
Advances	33 478	469	1 691	–	84	4	35 726
Loans to group companies	9 605	168	(15)	–	8	2	9 768
Property and equipment	683	–	–	–	–	3	686
	78 540	502	2 811	–	266	280	82 399
Equity and Liabilities							
Share capital and reserves	6 242	–	–	–	–	–	6 242
Compulsorily convertible debentures	1 938	–	–	–	–	–	1 938
Redeemable preference shares	1 491	–	–	–	–	–	1 491
Subordinated debt	2 961	–	–	–	–	–	2 961
Interest of minority shareholders in subsidiaries	29	–	–	–	–	–	29
Redeemable preference shares	1 740	–	–	–	–	–	1 740
Deposits and other accounts	63 745	285	3 502	–	241	93	67 866
Taxation	127	–	–	–	–	5	132
	78 273	285	3 502	–	241	98	82 399

Closing exchange rates used in the above table:
US Dollar $1 = R6.37 British Pound £1 = R11.67 European Euro = 7.78 Israeli Shekel NIS1 = 1.41

Notes to the financial statements

For the year ended 31 March

(R millions)	ZAR	GBP	USD	NIS	Euro	Other	Total
32. Group currency profile (continued)							
For the year ended 31 March 2003							
Assets							
Cash and short-term funds	10 902	79	3 375	–	9	58	14 423
Short-term negotiable securities	7 973	–	40	–	46	140	8 199
Investment in trading securities	12 645	(128)	(2 412)	–	100	(674)	9 531
Other assets	1 471	–	204	–	3	3	1 681
Advances	25 703	130	1 975	–	6	344	28 158
Loans to group companies	8 680	(176)	1 775	(3)	(9)	7	10 274
Property and equipment	814	–	–	–	–	2	816
Intangible assets	1	–	–	–	–	–	1
	68 189	(95)	4 957	(3)	155	(120)	73 083
Equity and Liabilities							
Share capital and reserves	6 036	–	–	–	–	–	6 036
Compulsorily convertible debentures	1 938	–	–	–	–	–	1 938
Redeemable preference shares	1 820						1 820
Subordinated debt	2 801	–	–	–	–	–	2 801
Interest of minority shareholders in subsidiaries	–	–	–	–	–	33	33
Deposits and other accounts	55 082	167	4 622	–	148	379	60 398
Taxation	56	–	–	–	-	1	57
	67 733	167	4 622	–	148	413	73 083

Closing exchange rates used in the above table:
US Dollar \$1 = R 7.93 British Pound £1 = R 12.51 European Euro = R8.63 Israeli Shekel NIS1 = R1.69

Notes to the financial statements

For the year ended 31 March

(R millions)	0-1 Months	1-3 Months	3-6 Months	6-12 Months	1-5 Years	More than 5 Years	Total
33. Supplementary risk information							
Liquidity gap at 31 March 2004							
Cash and short-term funds	11 694	–	–	4	66	–	11 764
Short-term negotiable instruments	2 848	3 488	–	–	–	–	6 336
Investment and trading securities	14 372	167	1 350	214	281	326	16 710
Other assets	282	130	71	34	327	565	1 409
Advances	3 542	1 082	964	2 609	13 871	13 658	35 726
Loans to group companies	–	143	224	967	837	7 597	9 768
Property and equipment	1	–	–	–	66	619	686
Assets	32 739	5 010	2 609	3 828	15 448	22 765	82 399
Equity	–	–	–	1 257	710	7 733	9 700
Subordinated debt	–	–	–	–	–	2 961	2 961
Liabilities	35 737	14 081	3 630	9 090	4 273	2 927	69 738
Equity and liabilities	35 737	14 081	3 630	10 347	4 983	13 621	82 399
Liquidity gap	(2 998)	(9 071)	(1 021)	(6 519)	10 465	9 144	–
Cumulative liquidity gap	(2 998)	(12 069)	(13 090)	(19 609)	(9 144)	–	
Liquidity gap at 31 March 2003							
Cash and short-term funds	6 419	588	912	2 510	–	–	10 429
Short-term negotiable instruments	7 096	1 103	–	–	–	–	8 199
Investment and trading securities	6 981	74	1 934	101	306	135	9 531
Other assets	4 037	68	20	93	87	1 370	5 675
Advances	2 434	902	877	1 840	12 068	10 037	28 158
Loans to group companies	7 118	634	–	953	1 569	–	10 274
Property and equipment	–	2	–	–	66	748	816
Intangible assets	–	–	–	–	–	1	1
Assets	34 085	3 371	3 743	5 497	14 096	12 291	73 083
Equity	–	–	–	–	1 656	6 351	8 007
Subordinated debt	–	–	–	–	–	2 801	2 801
Liabilities	31 085	11 199	8 756	5 272	3 563	2 400	62 275
Equity and liabilities	31 085	11 199	8 756	5 272	5 219	11 552	73 083
Liquidity gap	3 000	(7 828)	(5 013)	225	8 877	739	
Cumulative liquidity gap	3 000	(4 828)	(9 841)	(9 616)	(739)	–	

Notes to the financial statements

For the year ended 31 March

(R millions)	Total Trading	0-3 Months	3-6 Months	3-6 Months	6-12 Months	1-5 Years	Non Int Bearing	Total Non-Trading	Total
33. Supplementary risk information (continued)									
Repricing gap at 31 March 2004									
Cash and short-term funds	1 294	10 400	–	4	66	–	–	10 470	11 764
Short-term negotiable securities	1 917	2 325	22	58	738	1 242	34	4 419	6 336
Investment and trading securities	15 647	651	18	64	280	7	43	1 063	16 710
Advances	–	20 500	728	1 317	7 576	5 573	32	35 726	35 726
Other assets	17	9 312	612	–	–	–	1 922	11 846	11 863
Assets	18 875	43 188	1 380	1 443	8 660	6 822	2 031	63 524	82 399
Equity	–	1 491	–	–	1 257	681	6 271	9 700	9 700
Subordinated debt	–	–	–	–	–	2 961	–	2 961	2 961
Liabilities	10 162	43 709	3 316	7 843	1 439	1 123	2 146	59 576	69 738
Equity and liabilities	10 162	45 200	3 316	7 843	2 696	4 765	8 417	72 237	82 399
Off balance sheet items	–	7 889	316	1 190	(7 375)	(2 020)	–		
Interest rate gap	8 713	5 877	(1 620)	(5 210)	(1 411)	37	(6 386)		
Cumulative repricing gap	8 713	14 590	12 970	7 760	6 349	6 386	–		
Repricing gap at 31 March 2003									
Cash and short-term funds	727	9 702	–	–	–	–	–	9 702	10 429
Short-term negotiable securities	3 864	2 244	54	38	553	1 446	–	4 335	8 199
Investment and trading securities	6 724	34	–	–	800	133	1 840	2 807	9 531
Advances	51	11 471	678	1 465	8 364	5 003	1 126	28 107	28 158
Other assets	3 172	11 747	14	11	65	6	1 751	13 594	16 766
Assets	14 538	35 198	746	1 514	9 782	6 588	4 717	58 545	73 083
Equity	–	–	–	–	1 656	282	6 069	8 007	8 007
Subordinated debt	–	–	–	–	–	2 801	–	2 801	2 801
Liabilities	9 094	35 623	8 772	3 982	1 654	478	2 672	53 181	62 275
Equity and liabilities	9 094	35 623	8 772	3 982	3 310	3 561	8 741	63 989	73 083
Off balance sheet items	–	1 009	1 346	5 712	(8 067)	–	–		
Interest rate gap	5 444	584	(6 680)	3 244	(1 595)	3 027	(4 024)		
Cumulative repricing gap	5 444	6 028	(652)	2 592	997	4 024	–		

For information regarding the groups' risk management policies and other risk information, please refer to the Investec plc (incorporating the results of Investec Limited) annual financial statements.

Contact details

Investec

Mauritius, Port Louis
7th Floor Harbour Front Building
John Kennedy Street
Port Louis Mauritius
Telephone 00 230 207 4000
Facsimile 00 230 208 6444

South Africa, Cape Town
36 Hans Strijdom Avenue Foreshore
Cape Town 8001
PO Box 1826 Cape Town 8000
Telephone (27 21) 416 1000
Facsimile (27 21) 416 1001

South Africa, Durban
325 Smith Street Durban 4001
PO Box 3912 Durban 4000
Telephone (27 31) 365 4700
Facsimile (27 31) 304 2698

South Africa, East London
Pilot Mill House 1st Floor The Quarry
Selbourne East London 5201
PO Box 19484 Tecoma 5214
Telephone (27 43) 721 0660
Facsimile (27 43) 721 0664

Contact details

Investec

South Africa, Johannesburg
100 Grayston Drive Sandown Sandton 2196
PO Box 785700 Sandton 2146
Telephone (27 11) 286 7000
Facsimile (27 11) 286 7777

South Africa, Port Elizabeth
Ascot Office Park
Conyngham Road Greenacres
Port Elizabeth 6045
PO Box 27536 Greenacres 6057
Telephone (27 41) 391 9400
Facsimile (27 41) 374 8346

South Africa, Pretoria
300 Middel Street Brooklyn 0181
PO Box 1882 Brooklyn Square 0075
Telephone (27 12) 427 8300
Facsimile (27 12) 427 8310