

Investec plc Consolidated Financial Information (excluding Investec Limited)  
for the year ended 31 March 2004



# Corporate information

## Investec plc

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### Registration Number

Investec plc      Reg. No. 3633621

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Investec in perspective



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## Investec in perspective

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# 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.

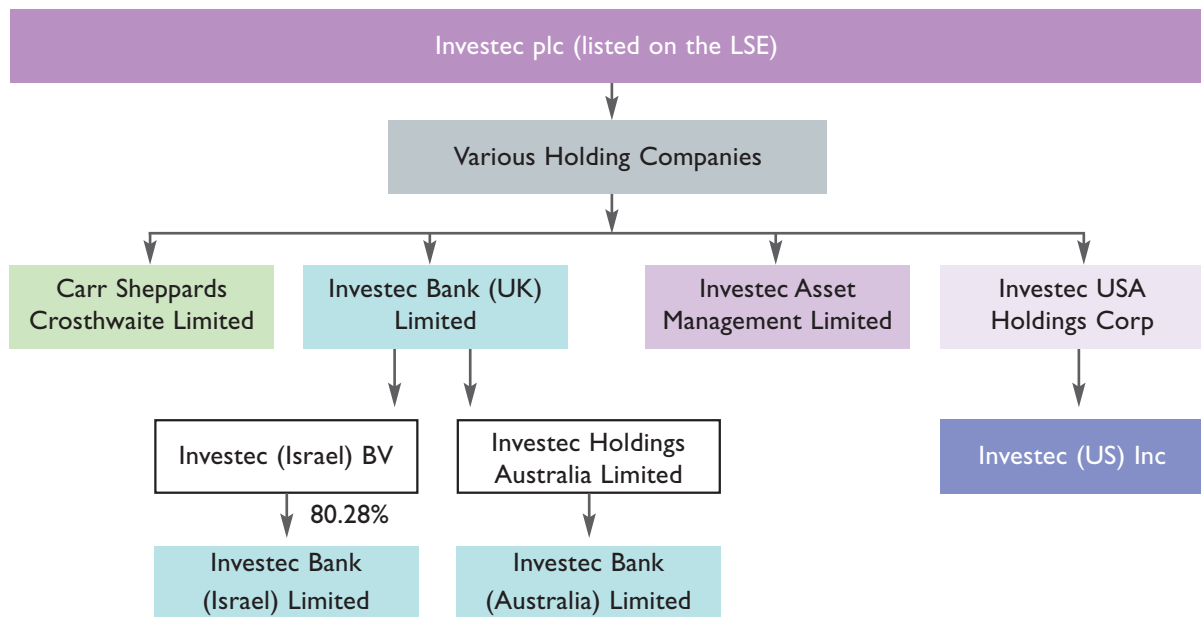
### Investec plc

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), the majority of the group's non-Southern African subsidiaries were placed into Investec plc, which was previously a wholly owned subsidiary of Investec Group Limited (now Investec Limited). In July 2002, Investec plc was unbundled from Investec Group Limited and listed on the London Stock Exchange, with a secondary listing on the JSE Securities Exchange South Africa (JSE).

**Investec plc is now the controlling company of the majority of the group's non-Southern African operations.**

# Investec plc organisational structure as at 31 March 2004



Note: All shareholdings are 100%, unless otherwise stated.

## Key: Activities conducted

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



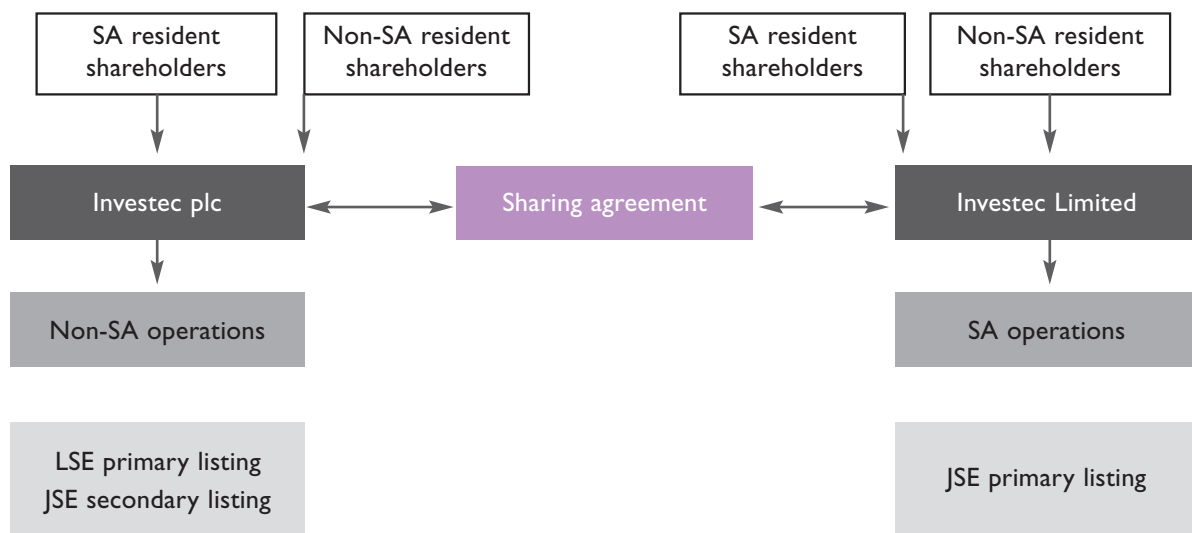
# An overview of Investec's dual listed companies structure

## 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



Further 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](http://www.investec.com/grouplinks/investorrelations).



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An overview of the activities conducted by Investec plc



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## An overview of the activities conducted by Investec plc

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# An overview of the activities conducted by Investec plc



The activities conducted by the significant “operating” subsidiaries of Investec plc are discussed below.

## 1. The activities of Investec Bank (UK) Limited

The principal business units of Investec Bank (UK) Limited (IBUK) are Investment Banking, Private Banking, Treasury and Specialised Finance and Property Activities. Each division focuses on providing specialised products and services to defined target markets. Furthermore, Investec Bank (UK) Limited's head office provides certain functions such as Risk Management, Information Technology, Finance, Marketing, Human Resources and Organisational Development. It also has responsibility for the bank's central funding.

Furthermore, Investec Bank (Israel) Limited and Investec Bank (Australia) Limited are subsidiaries of IBUK.

### Investment Banking

IBUK, in the UK, operates its Investment Banking division under the name Investec Investment Banking & Securities, which trades as Investec. The division focuses on two distinct activities: corporate finance and institutional broking, both specialising in small and mid-capitalisation companies, i.e. companies capitalised at £50 million to £500 million. The division also provides institutional broking services in large capitalisation companies where it has strong research capabilities. In addition, IBUK has a small managed private equity portfolio.

#### Corporate finance

IBUK's Corporate Finance division provides financial advisory services, particularly in respect of mergers and acquisitions, to small and mid-capitalisation companies. It also advises on and participates in equity capital market fundraisings for such clients. The division's corporate client list currently comprises approximately 60 quoted companies and a number of private company advisory roles. The division continues to improve its client base by adding clients.

### Institutional broking

Institutional broking activities in the UK are carried out under the brand name of Investec Securities. Investec Securities provides research, sales, trading and market making services to a full range of UK and international institutional clients. Investec currently has a team of 22 equity analysts who provide research coverage on approximately 240 companies in the UK, including a number of South African companies listed on the London Stock Exchange. The division's research arm focuses on 17 sectors. In the recent Institutional Investor UK small mid-cap survey the division had five analysts ranked in the top three of their sectors, namely in food and beverages, healthcare, leisure, media and telecommunications. Investec Securities currently acts as market maker for approximately 130 small to mid cap stocks and has further introduced price making in dual listed large cap stocks,

### Private equity

IBUK inherited a UK managed private equity portfolio as part of the Guinness Mahon and Hambros acquisitions in 1998. No new investments (other than follow-on investments into existing investments or funds) have been made since early 2001 and the division's strategy is to divest of this portfolio as it matures.

### Private Banking

Investec Private Bank provides a range of private banking services targeting select high net worth individuals in chosen markets. The services provided include:

- structured property finance;
- specialised lending activities;
- trust and fiduciary services;
- treasury and banking services;
- investment management; and
- private client investment banking.

Investec Private Bank positions itself as an 'investment bank for private clients' in the high value advisory market, striving to 'out-think' not 'out muscle' its competitors. One of its key strengths has been the ability to originate new business by leveraging off the strong client relationships which it has

been able to establish through its lending activities. 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.

The UK private banking operation is based in London, with offshore subsidiaries in the Channel Islands and Switzerland. Investec's Dublin office also provides a private banking service to clients based in the Republic of Ireland. Investec Private Bank's principal target market comprises individuals with an average net worth in excess of £5 million and investible assets of £3 million with specific focus on select niches and community groups. Its unique offering has a strong franchise among successful entrepreneurs, high earning employees and self-directed internationally mobile clients.

Investec Private Bank's principal private banking products and services are described in further detail below:

#### **Structured property finance**

Structured Property Finance forms a key part of the private banking business. The division focuses exclusively on the provision of senior and mezzanine debt for residential and commercial property markets.

#### **Specialised lending**

This division specialises in structuring credit and derivative solutions for tax-based transactions, liquidity requirements and gearing opportunities to finance investments.

#### **Trust and fiduciary services**

Critical to all areas of the Private Bank is the ability to implement appropriate structures on behalf of clients. The trust and fiduciary services provided by the Private Bank are branded under Investec Trust and incorporate comprehensive advisory services including: trustee and executorship services; company formation and management; trust advice; international tax; and inheritance planning.

#### **Treasury and banking services**

This division offers a wide range of onshore and offshore banking services from a range of jurisdictions in multiple currencies. These include currency deposits, money market deposits, foreign exchange, structured products and transactional accounts.

#### **Investment management**

The Private Bank offers its ultra high net worth and family office-type clientele an independent wealth management service. Driven by an individual's specific requirements, the solutions offered represent a bespoke strategic asset allocation where each client is proactively partnered on an ongoing basis by a dedicated investment practitioner. Through an open architecture, this highly disciplined yet personal service encapsulates a wide range of asset types, with both traditional and alternative investments being blended in accordance with the targeted risk profile and agreed objectives. The division's investment methodology, detailed qualitative and quantitative due diligence process, combined with its access to the expertise of some of the world's leading financial institutions enables it to offer its clients products and services that are often exclusive and institutional in nature.

#### **Private client investment banking**

The Private Bank provides debt funding, often with equity participation, to entrepreneurs and small, privately held corporations to enable them to expand their businesses and make acquisitions. At the same time, it creates specialist investment opportunities for its clients looking to diversify their investment portfolios.

### **Treasury and Specialised Finance**

IBUK'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 finance 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.

### **Banking Activities**

#### **Structured and asset finance**

The unit is a niche facilitator of deals in the interbank market and services the specialised financing needs of corporate and local authorities. Its activities include cross boarder leasing transactions.

#### **Project and resource finance**

The unit is recognised as a leading advisor and arranger in the financing of infrastructure and mining projects. The primary focus is the UK private finance initiative (PFI) market with significant presence in hospitals, transport and defence projects. Mining project finance activities are aimed at small to mid-sized mining projects undertaken by established sponsors. This unit operates closely with the commodities hedging team.

#### **Financial projects**

The business is active in the structuring of credit and investment products. Recently, the unit has successfully completed a number of collateralised debt obligations (CDOs). The structured investment product activity is a new business with some initial success in distribution via IBUK's private banking operations.

#### **Corporate treasury and balance sheet management**

The corporate treasury is responsible for the raising of corporate deposits and the sale of foreign exchange and interest rate products. The balance sheet management team is primarily responsible for the liquidity and funding of IBUK.

### **Trading Activities**

#### **Commodities**

Activities include base and precious metal trading and hedging. The unit works closely with the mining and resource

finance unit to facilitate client hedging. Primary markets are Southern Africa, Europe and Asia/Australia. Clients include both producers and consumers but a large proportion of activity takes place in the professional market. More recently, transaction flow with hedge funds has been on the increase.

### Foreign exchange

The unit offers spot, forwards and options to the bank's corporate clients in conjunction with the Corporate Treasury desk. In addition, the unit has established itself within the European interbank market in meeting the needs of small banks through a higher level of service than is available from the larger banks.

### Equity derivatives and finance

The unit's offering includes structured solutions to corporate clients, proprietary trading, arbitrage, scrip lending, dividend arbitrage and the facilitation of equity strategies for hedge funds.

### Interest rates

This unit is primarily focused on providing the bank's corporate clients with interest rate hedging solutions in conjunction with the Structured Finance and corporate treasury operations in Dublin and London.

## 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 provides integrating mechanisms between the business operations. These services do not form part of the four operating divisions, however, the group has recently adopted a policy of allocating a portion of these costs to the divisions.

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. There are certain costs amounting to £14.5 million that are strategic in nature and which have not been allocated to the operating divisions.

### 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

The Other Activities carried out within IBUK principally comprise its Property Activities. IBUK offers agency and investment, professional property management and bank valuation services through this division. Following the sale of its only development property during 2002, the division's direct property portfolio consists of a number of investment properties with prospects for value enhancement through active management.

The Property division is now devoting an increasing amount of time to assisting the Private Bank with mezzanine investments in client transactions. These niche investments have attractive risk/reward profiles and IBUK therefore intends to allocate some of the capital from the property group to these investments.

## Investec (Bank) Israel Limited

Investec Bank (Israel) Limited is a Tel Aviv Stock Exchange listed company which concentrates principally on the provision of securities trading services to Israeli professionals and institutions in the local markets. Investec Bank (Israel) Limited also offers professional trading, execution and clearing services to Israeli clients which is complemented with the provision of research.

On 16 June 2004 Investec plc, the controlling shareholder of Investec Bank (Israel) Limited, reached an agreement with First International Bank of Israel whereby it has agreed to sell its 80.28% stake in Investec Bank (Israel) to First International Bank of Israel.

The purchase price will be based on the net asset value of the Bank subject to adjustments. It is the intention of the parties to sign an agreement within 14 days of the 16 June 2004.

The transaction amounts to less than 5% of the Investec group's combined market capitalisation. At 31 March 2004, as reflected in the accounts of Investec plc, Investec Bank (Israel) Limited reported an operating profit after taxation but before exceptional items and amortisation of goodwill of £1.9 million and its shareholders' funds at that date were approximately £48 million.

The sale of the shares is dependent on the approval of the relevant regulatory authorities in Israel, South Africa and the United Kingdom, including the Bank of Israel and the Israeli Antitrust authorities. The agreement also requires the approval of the Board of Directors of both parties.

## Investec Bank (Australia) Limited

Investec entered the Australian Investment Banking market in March 2001 with the acquisition of Wentworth Associates (since renamed Investec Wentworth), one of the leading corporate finance boutiques in Australia. This acquisition provided a platform to expand Investec's activities into the corporate finance and private equity arenas in Australia.

In August 2002, the group received a banking license which opened up many growth opportunities for the business, allowing it to further expand its Private Client division, specialising in property investment banking, investment management services and more recently, growth and acquisition finance.

Furthermore, Investec in Australia has an established a project finance capability.

Coupled with a limited range of treasury activities, Investec Bank Australia is now significantly strategically diversified.

## 2. The activities of Carr Sheppards Crosthwaite

The principal activities of Carr Sheppards Crosthwaite in the UK are portfolio management for private clients and small charities, and private client stockbroking. Most of the private clients are UK residents, but a specialist team looks after non-residents whose requirement is for more internationally biased portfolios. The number of charities under Carr Sheppards Crosthwaite's care has grown considerably over the last four years partly because of the consistently good performance and service, and partly because of the unwillingness of the large investment houses to provide segregated portfolio management for smaller charities.

Holistic financial advice, particularly in the areas of retirement and pension planning, is provided as a complementary service to portfolio management.

## 3. The activities of Investec Asset Management

Investec Asset Management provides a comprehensive range of portfolio management services and products to institutional and retail clients.

Investec Asset Management launched its operations in the UK in 1998 following Investec's acquisition of Guinness Flight Hambro. This provided Investec Asset Management with, as at the date of acquisition, approximately £7 billion of additional assets, and the infrastructure of Guinness Flight Hambro's operations. During 1999 and 2000, Investec Asset Management redesigned its product platform to focus on the creation of a domestic franchise in the UK for both the institutional and retail fund businesses. Investec Asset Management emerged from the restructuring as a multi-specialist investment manager with key strengths in UK and global equities and UK and global fixed income.

Today, Investec Asset Management has a strong brand in the UK IFA market and continues to penetrate the UK institutional market having gained acceptance from a spread of major consultants and multi-managers. As at 31 March 2004, Investec Asset Management's UK and Other International Operations sourced assets under management amounted to £8.3 billion.

### UK institutional

Investec Asset Management provides portfolio management services to the UK institutional market, and is a leading provider of liquidity management to the public sector. Products offered include equity, fixed income and balanced portfolios.

### UK retail

Investec Asset Management has a rapidly growing retail business which offers a comprehensive range of investment options, covering both bonds and equities with a diverse geographic spread, to the upper end of the UK retail funds market.

### Offshore retail

Investec Asset Management's offshore fund ranges are distributed in Investec's two core markets, namely South Africa and UK, as well as via select channels into the offshore territories of Asia, Europe and the US.

## 4. The activities of Investec (US) Incorporated

Investec's US activities are currently conducted through Investec (US) Incorporated (formerly Investec Ernst & Company), a registered broker-dealer. The following summary provides a description of activities conducted.

### Inter-dealer bonds (Vilas & Hickey)

This unit consists of twenty-one employees (primarily traders) who operate as an intermediary between other broker-dealers and execute bond trades on their behalf. During the year, a broker for Mortgage Backed Securities was added to the group.

### Institutional fixed income

This unit consists of eight employees (primarily institutional salesmen) who execute bond trades for institutional customers.

### Corporate bonds

This unit of three employees is similar to the Vilas & Hickey operation, however the size of the trades is much smaller.

### Nasdaq market making

This unit of four employees makes markets in certain OTC equities and executes trades in OTC equities on a principal and agency basis; it also executes listed options on an agency basis. The desk was established primarily to service the needs of Investec Israel and its customers.

### Institutional equities

This group of four employees provides research to institutional customers and earns revenues through execution of listed and OTC equity orders for those customers on an agency and riskless principal basis.

### Institutional options

This group of three employees provides technical analysis of options strategies to institutional customers and earns revenues through execution of options and equity orders on an agency basis.



# 03

Financial overview





# 03

## Financial overview

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# Commentary on the results of Investec plc (excluding Investec Limited)

## Introduction

Investec plc reported a significant turnaround in performance with operating profit before exceptional items and goodwill amortisation increasing from £16.9 million to £54.7 million. An analysis of the performance of each business unit and each geography within with Investec plc operates is provided below.

## Financial highlights

As at 31 March		
UK GAAP	2004	2003
Operating profit before amortisation of goodwill and exceptional items (£'000)	54 710	16 913
Earnings before amortisation of goodwill and exceptional items (£'000)	41 781	20 026
Total capital resources (£'000)	689 388	542 732
Total shareholders' funds (£'000)	473 401	494 070
Total assets (£'000)	6 222 545	6 895 450
Cost to income ratio (%)	80.5%	92.6%
Capital adequacy ratio (%)	17.3%	13.9%
Number of employees	1 831	1 977

## Business unit review

### Investment Banking

#### Overview of performance

The Investment Banking division benefited from a better market environment, recording an improved operating profit before exceptional items and amortisation of goodwill from £8.6 million to £10.6 million.

#### Developments

Key business developments over the past year are outlined below.

#### Corporate Finance

##### UK and Europe

- More favourable stock market conditions and a reduced cost base in the Investment Banking division in the UK enabled it to achieve a major turnaround in performance.
- The division concluded two initial public offerings (IPOs) during the second half of the financial year.
- Statistics:
  - The number of merger and acquisition (M&A) transactions completed during the period increased to 18 (2003: 13), with the value rising to £960 million (2003: £826 million).
  - The number of fund-raising transactions completed during the period increased to 13 (2003: 10), with the value decreasing to £173.6 million (2003: £449.0 million - included the Telkom capital raising to the value of £323 million).

- The division continues to build both the quality and size of its corporate client list, with the addition of 15 clients during the period versus the loss of 15 clients (nine of these were takeovers, where a fee was earned for the sale or management buyout of the company).

#### Australia

- The corporate advisory business benefited from an upturn in M&A activity, with a strong deal pipeline.
- The division advised on 15 (2003: 20) deals valued at A\$2.7 billion (2003: A\$2.5 billion) during the financial year.

#### US and Israel

- Investment banking activities in the US ceased at the end of May 2003.
- In Israel, domestic market conditions improved during the period, with the division participating in three underwriting deals since January 2004.

### Institutional Research, Sales and Trading

#### UK and Europe

- The division's secondary commissions benefited from higher equity market levels.
- The proportion of revenue from the small and mid-cap stocks improved as a result of increased activity in the small and mid-cap space, in addition to greater facilitation in the division's market-making stocks.
- Furthermore, the commissions from large cap stocks also increased during the period.
- Rankings of Investec in the *UK Small Mid-Cap Survey* (2003) were encouraging:
- Ranked first for "Most improved product and service".
- Ranked third for "Aggregated research team".
- Individual analysts received top three rankings in five of the sectors covered and top five in nine sectors.

#### Israel

- The broking business benefited from ongoing growth in domestic market volumes.
- During the period, a new securities platform was launched to support the foreign securities business and provide greater functionality for clients.

### Private Equity and Direct Investments

#### UK and Europe

- The Private Equity division did not perform as well as it did in the previous year, when it benefited from a significant realisation in one of the underlying funds.
- The aggregate book value of the Private Equity portfolio was £22.4 million (2003: £23.4 million).

#### Outlook

The outlook for the Investment Banking division is naturally geared towards the state of global equity markets. The restructuring and rationalisation exercise undertaken in the 2003 financial year benefited the division, which is now in a better position to deal with external market and economic conditions.

### 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.

#### UK and Europe

##### Investment Banking and Securities

- Perpetuate full service offering.
- Maintain position in mid cap space.
- Continue to grow independent large cap securities franchise.
- Focus externally on gaining clients and providing superior service.
- Improve institutional rankings via a systematic account management programme.

#### Australia

- Maintain and grow market share.
- Expand network and continue to leverage off reputation.
- Build a solid deal pipeline.
- Continue to build Private Equity portfolio.
- Leverage off enhanced brand awareness.
- Further integrate operations into Investec's international network.

### Private Client Activities

#### Overview of performance

Private Client Activities, comprising Private Banking and Private Client Portfolio Management and Stockbroking, performed well, increasing operating profit before exceptional items and amortisation of goodwill by 61.0% to £34.3 million.

### Private Banking

#### Developments

Key business developments over the past year are outlined below.

The Private Banking lending book growth since 31 March 2003 was as follows:

- UK grew by 14.7% in Pound Sterling terms to £1 062 million.
- Australia grew by 28.7% in Australian Dollar terms to A\$543 million (£225 million).
- Israel remained relatively stable at NIS1.4 billion (£169 million).

#### UK and Europe

- Strong performances were recorded across all of the Private Banking businesses.
- The property lending business continued its sound

performance against a backdrop of a somewhat less buoyant property market, with a diversified loan portfolio.

- The property book is well secured and the group believes that loan-to-value ratios of between 65% to 70% are conservative. Stress testing a fall of 30% in property values could result in a total naked exposure of approximately £18 million. Specifically, a fall of 30% in residential property values could result in a naked exposure of approximately £7 million.
- The division experienced good growth in private client investment banking transactions.
- The specialised lending and investment management teams produced significant year-on-year growth through focusing on identified niche opportunities.
- The migration of the banking call centre to South Africa was bedded down during the year and the concomitant cost savings were realised.

#### Australia

- The private client further business performed particularly well as it continues to further leverage off the Wentworth brand and client base.
- The division's performance was enhanced by strong growth within the property investment banking team.
- Developments during the period included a focus on establishing a private client investment banking unit.
- The positive Moody's rating received, improved the ability to raise non-institutional high net worth deposits.

#### Outlook

The Private Bank comprises of a range of diversified, niched business units and geographies. The property activities in the UK and Australia 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.

#### UK and Europe

- Continued penetration of chosen target market.
- Product and service innovation remains core.

- Focus on identifying opportunities within specialised lending and investment management.
- Leveraging private client investment banking.
- Ongoing property focus with an emphasis on further balancing the revenue line.

#### Australia

- Continue to expand diversity of revenue base.
- Further growth of the private client funding base.
- Product innovation.
- Maintain a focus on the quality of client base.
- Ongoing growth of property investment banking.
- Further establishment of a private client investment banking unit.
- Creating and distributing special opportunities for sophisticated investors.

### Private Client Portfolio Management and Stockbroking

#### Developments

Key business developments over the past year are outlined below.

#### UK and Europe

- Carr Sheppards Crosthwaite performed well, with the operating environment more conducive to investment activity than in the previous financial year.
- Funds under management increased 25.5% to £5.9 billion from £4.7 billion, with £770 million attributable to market movement.
- Of the £5.9 billion, £3.7 billion and £2.2 billion were managed on a discretionary and non-discretionary basis, respectively.
- Net new funds under management of £360 million (2003 : £376 million) were generated in discretionary mandates.
- The Charities Property Fund experienced another period of solid growth, increasing £65 million to £165 million during the period.
- Costs increased largely as a result of an increase in incentive-based remuneration in line with improved profitability.

#### Outlook

The outlook for the Private Client Portfolio Management and Stockbroking businesses is susceptible to the overall performance of global equity markets and the division is poised to take advantage of any pick-up in market volumes.

#### Strategic focus

The group continues to investigate opportunities to enhance its competitive positioning and profitability.

#### UK and Europe

- Maintain high levels of service and attract appropriate high net worth clients.

- Concentrate on core activities where the division has critical mass.
- Further develop the smaller charities niche market.
- Resume the push of investment related services.
- Migrate into collective investment schemes, particularly unit trusts, to achieve diversity in portfolios.
- Increase the marketing of investment related services.
- Restructure the London fund manager teams to create more efficient and balanced units.
- Shift focus from stockbroking business to private client segregated fund management business.
- Focus on self-investment pension plans as a growth area.
- Ranked second in healthcare by value of deals closed and third by number of mandates won.
- Ranked third by number of deals closed in defence.
- Ranked fifth as financial advisor in Western Europe by number of mandates won.
- Ranked fifth as arrangers in Africa and Middle East and in Asia.
- In Australia a specialist clean energy fund, Viridis, is being established.

## Treasury and Specialised Finance

### Overview of performance

The Treasury and Specialised Finance division achieved a considerable turnaround, with operating profit before exceptional items and amortisation of goodwill increasing to £16.9 million from a loss of £6.4 million.

### Developments

Key business developments over the past year are outlined below.

## Banking Activities

In the UK, the Banking Activities performed particularly well, with the number of successfully concluded transactions increasing significantly over the previous financial year.

### Treasury

- Asset creation opportunities in the UK were limited, although treasury activity increased due to the overall level of activity in the markets.

### Financial Products

- The UK operations performed well due to good fee income earned from credit structuring and a healthy performance on the credit default swap trading book.

### Structured and Asset Finance

- The structured finance division in the UK performed strongly, with several large transactions concluded during the financial year resulting in significant fee income. Most notable was the joint lead arranger role in a £1.4 billion asset-backed lease deal.

### Project and Resource Finance

- The project finance division in the UK focused on building a strong deal pipeline and is well established in the market.
- UK Project Finance rankings:
- Project Finance (2004):
  - Received the PPP/Healthcare Deal of the Year in Europe for the Southern Derbyshire Acute Hospitals £400 million PFI project.
- *Infrastructure Journal League Table* ratings (2003):

## Trading Activities

In the UK, the Trading Activities performed considerably better due to an improved market environment for commodities and equities and the division's focus on client directed flows and not speculative views.

### Interest Rates

- Trading and hedging opportunities were limited.

### Foreign Exchange

- The strategy of the desk was revisited during the period and the desk is now focused on servicing mid tier banks and corporate client flows.

### Equities Derivatives

- The business continued to perform well, largely due to the good performance of convertible bond trading and other structured trades. The desk began the distribution of derivatives in Hong Kong in December 2003 through a joint venture there. While modest volumes continue to rise.

### Commodities

- The division significantly curtailed its speculative trading activities, limiting trading to levels required to facilitate client business. The commodities desk performed well as a result of an increase in the number of aluminium, copper, nickel and gold trades off the back of increased levels of client business.

## Outlook

In the UK, a solid platform has been created, particularly in the Banking Activities. The division will continue expanding in areas where it sees long-term profit and growth potential.

## 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.
- Improving distribution capabilities, with particular focus on the Hong Kong joint venture.

## Asset Management

### Overview of performance

Investec Asset Management delivered operating profit before exceptional items and amortisation of goodwill of £1.9 million

The key features of the year were ongoing penetration of the UK pension and independent financial advisory channels and strong investment performance across the product range.

Noteworthy developments over the year include:

- Solid investment performance.
- Strengthened presence in core markets.

### Developments

Key business developments over the past year are outlined below.

#### UK Institutional

- Solid performance and progress continues.
- Shift of book in favour of higher margin pension fund business - away from short-term fixed income products offered to insurance companies and local authorities.
- Outflows from cash clients mask £1.2 billion of new business won (includes £252 million committed business).
- Ongoing progress with top tier investment consultants.
- *Global Investor's "Firm to Watch 2004"* award is evidence of evolution from entrant to competitor in the market.
- Strong three-year investment performance:
  - UK equities 1st quartile over 3 years
  - Global equities 1st quartile over 3 years
  - Global fixed income 1st quartile over 3 years
  - UK balanced 1st quartile over 3 years

#### UK Retail

- Particularly strong performance.
- Onshore funds under management exceeded £1 billion for the first time (from £275 million in 1998).
- Net sales of £284 million into onshore range.
- Ongoing growth of UK market share.
- *Financial Adviser/LIA* five-star service award (ranked seventh out of 129).

#### Offshore

- Strong net sales of £236 million as a result of good sales from Europe and Asia. South Africa sales subdued due to the strength of the Rand.

### Outlook

The business has developed in line with management expectations over the past year. In the UK, the brand is well established and it is now time to leverage the solid platform that was built over the last five years. On the offshore side, the expansion of the newly established bridgehead in Taiwan will be the major objective. Talent management will be a key area of focus in the coming year. Finally, the implementation

of the outsourcing of the back offices is another important objective. The Investec Asset Management team looks forward with confidence to meeting the competitive challenges of the coming year.

## Group Services and Other Activities

### Overview of performance

The Group Services and Other Activities division posted an operating loss before exceptional items and amortisation of goodwill of £8.9 million (2003: a profit of £8.5 million). The variance in earnings over the period is largely as a result of a decline in net interest income from £20.8 million to £4.9 million attributable mainly to the switch in funding in the UK, at the time of the London listing, from Dollar debt to more expensive Pound Sterling borrowings, to more appropriately match assets and liabilities. Furthermore, interest on subordinated debt increased as a result of one month's cost of the UK £200 million subordinated debt raised in February 2004.

## Geographic review

### Commendable turnaround in the UK performance

The UK businesses recorded an operating profit before exceptional items and amortisation of goodwill of £38.7 million, an increase of 67.0% over the previous financial year. The strong results from the Private Banking and Treasury and Specialised Finance divisions were supported by a solid performance from Carr Sheppards Crosthwaite. Furthermore, the Investment Banking activities benefited from greater corporate activity and a streamlined cost base but without the benefit of any significant private equity realisations.

### Solid performance from the Australian businesses

The Australian operating profit before exceptional items and amortisation of goodwill increased by 62.5% to £9.6 million, as a result of favourable market conditions. The business experienced solid activity levels and made good progress in all its core activities. In October 2003, Investec Bank (Australia) received a favourable long-term deposit and issuer rating of Baa2 from Moody's, enabling the group to enhance its funding base.

### Israel benefits from a better economic and financial environment

The Israeli operation benefited from cost cutting initiatives undertaken in the previous period and a stronger economic and financial environment. Despite performance reported in nominal terms being weakened by negative inflation, operating profit before exceptional items and amortisation of goodwill increased by 69.3% to £5.9 million. Assets under management increased by 104% to NIS20.2 billion (£2.4 billion), from NIS9.9 billion (£1.3 billion). Investec Bank (Israel) continues to grow its market share in the mutual funds custody business and is now taking on new business

from two additional independent fund managers. Subsequent to the year end the group sold its stake in Investec Bank (Israel) to First International Bank of Israel. Further details are provided on page 7.

**Improved performance from the US business**

The heavily reduced ongoing operations in the US, consisting of several fixed income trading operations and a small equities trading desk supporting Investec Bank (Israel)'s clients, posted a modest operating profit before exceptional items and amortisation of goodwill of £0.4 million. The fundamental restructuring of the US business was completed and, with the exception of run-off related activities, all other businesses in Investec USA and Investec Inc. ceased operating as of 31 May 2003.



# 04

Risk management and governance





# 04

## Risk management and governance

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# 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. The ratings for subsidiaries of Investec plc as at 31 March 2004 are set out below.

### Ratings for Investec Bank (UK) Limited a wholly owned subsidiary of Investec plc

<b>Fitch</b>	
Individual rating	C
Support rating	5
Short-term rating	F2
Long-term rating	BBB+
Subordinated note rating	BBB
<b>Global Credit Ratings</b>	
Short-term rating	A2
Long-term rating	A-
<b>Moody's</b>	
Bank financial strength	C-
Short-term bank deposit	Prime 2
Long-term bank deposit	Baa2
Subordinated note rating	Baa3

### Ratings for Investec Bank (Australia) Limited a wholly owned subsidiary of Investec plc

<b>Moody's</b>	
Bank financial strength	D+
Short-term bank deposit	Prime 2
Long-term bank deposit	Baa2

## 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 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.

### Board statement

The board is of the view that Investec plc complied with the London Combined Code (1998) principles during the year under review, except as follows:

- With regret, subsequent to the year end, John Abell, the senior independent non-executive director passed away unexpectedly. The board will review the appointment of a senior independent non-executive director shortly.

Other international business units operate in accordance with the governance recommendations of their jurisdictions, and with clear reference at all times to group values and culture. During the year under review, the following governance achievements were realised:

### Corporate governance achievements

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

- 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.
- The risk management expectations of the revised Basel Capital Accord (Basel II) - planned for implementation in 2007 - were reviewed.
- The revised London Combined Code was reviewed. Where relevant, changes have been, and will continue to be made to comply with these provisions, which are applicable for the group's 2005 financial year.
- Investec plc was included in the Kempen/SNS Smaller Europe Socially Responsible Investment Index, the first sustainable index for small European companies, which was launched on 1 October 2003.

### Internal control issues

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

- A regulatory review of Carr Sheppards Crosthwaite's compliance related procedures and processes by the UK Financial Services Authority (FSA), noted certain failings in the processes adopted by the firm. Subsequent to the year end the FSA imposed a fine of £500,000 on Carr Sheppards Crosthwaite. Carr Sheppards Crosthwaite cooperated fully with the FSA in taking prompt and effective remedial action to rectify these shortcomings and was commended by the FSA for its approach in resolving the matter.

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 plc and Investec Limited consolidated financial statements, accounting policies and the information contained in the Annual Report. 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 group on a going concern basis over the next year.

## Board of directors

The composition of the board of Investec plc is set out on pages 23 and 24. The boards of Investec plc and Investec Limited are separate and subject to legal obligations particular to each company. The boards comprise the same persons who are authorised, as board members, to manage Investec as if it were a unified economic enterprise. 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. An assessment of the board of Investec plc based on the London Combined Code (1998) criteria for **independence**, was completed and reviewed by the board. In terms of this evaluation, the following persons are not considered to be independent non-executive directors: Messrs HS Herman, DE Jowell, IR Kantor, P Malungani and FTiti.

The board is of the view, however, 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 profile on pages 23 and 24 provides brief biographies of the members of the board. Board meetings are scheduled annually in advance and are held equally in South Africa and the UK in any calendar year. A review of Board meeting attendance is provided on page 108 of the group's Annual Report for the year ended 31 March 2004.

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
  - o Audit and Compliance Implementation Forum
- Board Risk Review Committee
  - o Executive Risk Review Forum
  - o Group Asset and Liability Committee
  - o Group Credit Committee
  - o Country Risk Forum
  - o Group Market Risk Forum
  - o Group Deal Forum
  - o 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' remuneration

Directors' remuneration is determined by an independent Remuneration Committee, comprising non-executive directors. The board believes that a properly constituted and effective remuneration committee is key for improving the link between directors' pay and performance, with the ultimate aim of enhancing the group's competitiveness. The remuneration report, in the group's Annual Report for the year ended 31 March 2004, is intended to comply with the provisions of the London Combined Code (1998), the UK Directors' Remuneration Report Regulations 2002, the UK Financial Services Authority Listing Rules, King II and the JSE Listing Rules.

Details on directors' interests and remuneration are provided in the group's Annual Report for the year ended 31 March 2004.

The group 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 the group'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.

## 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.

## 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 plc's external auditors are Ernst & Young LLP. 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 UK Financial Services Authority (FSA), the Australian Prudential Regulatory Authority and Bank of Israel.

## 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](http://www.investec.com/grouplinks/investorrelations)



# 05

Additional information



# 05

## Additional information

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Shareholder analysis

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Directorate

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## Shareholder analysis

The group has implemented a Dual Listed Companies structure in terms of which it has primary listings both in Johannesburg and London (see page 4).

Investec plc, which houses the majority of the group's non-South African businesses, was listed on the London Stock Exchange on 29 July 2002. Investec plc also has a secondary listing on the JSE Securities Exchange South Africa (JSE). Investec Limited, which houses the group's Southern African and Mauritius operations, has been listed in South Africa since 1986.

As at 31 March 2004 Investec plc and Investec Limited had 74,633,746 and 43,999,527 ordinary shares in issue, respectively.

### Largest beneficial shareholders as at 31 March 2004

In accordance with the terms provided for in Section 212 of the UK Companies Act 1985 the group has conducted investigations into the registered holders of its ordinary shares (including nominee and asset management companies) and the results are as disclosed below.

#### Investec plc

Beneficial owner	Number of shares	% holding
1 Fintique III (BVI)*	7 388 741	9.90%
2 Public Investment Commissioner (SA)	7 356 351	9.86%
3 Old Mutual Life Assurance (SA)	3 997 137	5.24%
4 Spurwing Investments Ltd (CI)	3 220 000	4.31%
5 Investec Ltd Security Purchase and Option Scheme Trust 2002 (SA)	2 700 000	3.62%
6 Citigroup Global Markets UK Equity (UK)	2 015 260	2.70%
7 Legal and General Pooled Index Fund (UK)	1 838 911	2.46%
8 Momentum Life Assurance (SA)	1 622 227	2.17%
9 Liberty Life Association of Africa (SA)	1 415 552	1.90%
10 Sanlam (SA)	1 265 511	1.70%
<b>Cumulative total</b>	<b>32 819 690</b>	<b>43.86%</b>

The top 10 beneficial shareholders account for 43.86% of the total shareholding in Investec plc. This information is based on a threshold of 20,000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

\* A small group of senior and executive management, including certain Investec Limited/ Investec plc 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. In terms of these plans, participants acquired units that entitled them to the risks and, on maturity of the plans in 2004 and 2008, future benefits of ownership of the underlying Investec shares.

## Share statistics

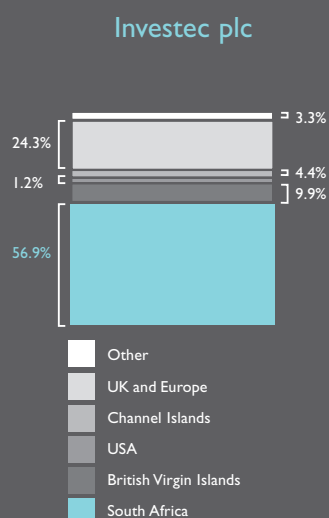
## Investec plc ordinary shares in issue

For the year ended 31 March <sup>1</sup>	2004	2003
Closing market price per share (pence)		
- year end	1 089	615
- highest	1 181	960
- lowest	612	607
Number of ordinary shares in issue (million)	74.6	74.6
Market capitalisation (£ millions) <sup>2</sup>	812	459
Monthly average volume of shares traded ('000)	99.56	69.6
Price earnings ratio <sup>3</sup>	10.5	6.3
Dividend cover (times) <sup>3</sup>	1.79	1.78
Dividend yield (%) <sup>3</sup>	5.3%	8.8%
Earnings yield (%) <sup>3</sup>	9.5%	15.6%
Number of shareholders	18 174	20 684

## Notes:

- <sup>1</sup> Investec plc has only been listed on the LSE since 29 July 2002.
- <sup>2</sup> The LSE only include the shares in issue for Investec plc i.e. 74.6 million, in calculating market capitalisation, as Investec Limited is not incorporated in the UK.
- <sup>3</sup> Calculations are based on the group's consolidated earnings per share before exceptional items and amortisation of goodwill, and dividends per share as prepared in accordance with UK GAAP and denominated in Pounds Sterling.

## Geographic holding by beneficial owner as at 31 March 2004



**Note:** The percentage holding in the British Virgin Islands represents the holding in Fintique III as discussed above.

# Directorate Investec plc



## Executive Directors

### Stephen Koseff (52)<sup>6,7</sup>

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

Stephen joined Investec in 1980. He has had diverse experience within Investec as Chief Accounting Officer and General Manager of Banking, Treasury and Merchant Banking. His directorships include the JSE Securities Exchange South Africa, Investec Bank Limited, Investec Bank (UK) Limited and The Bidvest Group Limited.

### Bernard Kantor (54)<sup>6,7</sup>

Managing Director

Bernard joined Investec in 1980. He has had diverse experience within Investec as a Manager of the Trading division, Marketing Manager and Chief Operating Officer. His directorships include Investec Bank Limited, Investec Bank (UK) Limited and Phumelela Gaming and Leisure Limited.

### Glynn R Burger (47)<sup>6,7</sup>

BAcc CA(SA) H Dip BDP MBL

Executive Director responsible for Finance and Risk. Glynn joined Investec in 1980. He has had diverse experience within Investec as Chief Accounting Officer, Group Risk Manager and Joint Managing Director for South Africa. His directorships include Investec Bank Limited.

### Alan Tapnack (57)<sup>7</sup>

BCom CA (SA)

Alan practised as a chartered accountant and is a former partner of Price Waterhouse and former Managing Director of Grey Phillips Buntun Mundell and Blake, a leading South African marketing services group. Alan joined Investec in 1991. He recently stepped down as Chief Executive Officer of Investec's UK operations. He is also responsible for Investec's Israeli operations. His directorships include Investec Bank (UK) Limited and Carr Sheppards Crosthwaite Limited.

## Non-Executive Directors

### Hugh S Herman (63)<sup>5,6</sup>

BA LLB LLD (Honoris CAUSA)  
Non-Executive Chairman

Hugh practised as a lawyer before joining Pick 'n Pay, a leading South African retail group, where he became Managing Director. He joined Investec in 1994. His directorships include Investec Bank Limited, Investec Bank (UK) Limited, Pick 'n Pay Holdings Limited and Pick 'n Pay Stores Limited.

### John N Abell (72)<sup>1,2,4,7</sup>

MA (Hons)

John was the former Chairman and Chief Executive of Orion Royal Bank and former Chairman of CIBC Wood Gundy Europe. His directorships include Investec Bank (UK) Limited. *Passed away 26 May 2004.*

### Sam E Abrahams (65)<sup>1,2,3,5,7</sup>

FCA CA (SA)

Sam is a former international partner and South African Managing Partner of Arthur Andersen. His current directorships include Foschini Limited, Super Group Limited, Investec Bank Limited and Phumelela Gaming and Leisure Limited.

### George F O Alford (55)<sup>1,2,4</sup>

BSc (Econ) FCIS FIPD MSI

George is former Head of Private Banking and Head of Personnel at Kleinwort Benson Group, and is currently a senior advisor to the FSA. His directorships include Investec Bank (UK) Limited.

### Haruko Fukuda OBE (57)

MA (Cantab) DSc

Previously Chief Executive of the World Gold Council. Directorships include, AB Volvo, The Foreign and Colonial Investment Trust PLC and Aberdeen Asian Smaller Companies Investment Trust PLC. Advisor to Metro AG and Lazard.

## Directorate Investec plc

### Non-Executive Directors (continued)

#### Geoffrey MT Howe (54)<sup>2,7</sup>

MA (Hons)

Geoffrey is a former Managing Partner of Clifford Chance LLP and Director and Group General Counsel of Robert Fleming Holdings Ltd. He is also a former Chairman of Railtrack Group plc. His current directorships include Jardine Lloyd Thompson Group plc, The JP Morgan Overseas Investment Trust plc and Ahli United Bank plc. He is also an advisor to a number of leading professional and financial service organisations.

#### Donn E Jowell (62)<sup>1,3,6,7</sup>

BCom LLB

Donn is Chairman of and a consultant to Jowell Glyn & Marais Inc, the South African legal advisers to Investec Limited. His current directorships include Investec Bank Limited and various other Investec companies.

#### Ian R Kantor (57)

BSc (Eng) MBA

Ian is former Chief Executive of Investec Bank Limited, resigning in 1985 and relocating to the Netherlands. His current directorships include Insinger de Beaufort Holdings SA (where he is Chairman of the management board and in which Investec holds an 8.6% interest), Bank Insinger de Beaufort NV and Investec Bank (UK) Limited.

#### Sir Chips Keswick (64)<sup>1,2,4,5,7</sup>

Sir Chips is former Chairman of Hambros Bank Limited and Hambros PLC and a former director of Anglo American Plc. He was on the Court of the Bank of England. His directorships include De Beers SA, De Beers Consolidated Mines Limited, Persimmon Plc and Investec Bank (UK) Limited.

#### Mangalani Peter Malungani (46)

BCom MAP LDP

Peter is Chairman of Peu Investment Group (Proprietary) Limited. He is Chairman of Phumelela Gaming and Leisure Limited and is a Director of Super Group Limited, BACSA (Business Against Crime South Africa) and Investec Bank Limited. He is deputy Chairman of Capital Alliance Holdings Limited and Capital Alliance Life Limited.

#### Peter R S Thomas (59)<sup>3,7</sup>

CA (SA)

Peter is a chartered accountant and former Managing Director of The Unisec Group Limited. His current directorships include Investec Bank Limited.

#### Fani Titi (42)

BSc (Hons) MA MBA

Fani is currently Chief Executive Officer of Tiso Group, a former Chairman of the Armaments Corporation of South Africa Limited and a Director of The Bidvest Group Limited and Kumba Resources Limited.

#### Notes:

- Mr Geoffrey MT Howe and Miss Haruko Fukuda were appointed as independent non-executive directors to the boards of Investec Limited and Investec plc, on 21 July 2003.
- Mr Fani Titi was appointed as a non-executive director to the boards of Investec Limited and Investec plc on 30 January 2004.

The directors serve as Chairman or members on the following committees.

- <sup>1</sup> Combined group/DLC Audit Committee
- <sup>2</sup> Investec plc Audit Committee
- <sup>3</sup> Investec Limited Audit Committee
- <sup>4</sup> Remuneration Committee
- <sup>5</sup> Nomination Committee
- <sup>6</sup> Chairman's Committee
- <sup>7</sup> Board Risk Review Committee

Details on these committees can be found in the group's Annual Report for the year ended 31 March 2004.



06

Financial statements



# 06

## Investec plc consolidated financial information (excluding Investec Limited)

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# Independent review report to the directors of Investec plc



We have been instructed by the company to review the financial information in respect of Investec plc set out on pages 26 to 42 for the year ended 31 March 2004, which comprises the Consolidated Profit and Loss account, Consolidated Statement of Recognised Gains and Losses, Consolidated Balance Sheet, Reconciliation of Shareholders' Funds and Movement in Reserves, the accounting policies and the related notes 1 to 4.

This report is made solely to the company's directors. Our work has been undertaken so that we might state to the company's directors those matters we are required to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of the Directors and Ernst & Young LLP

The report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors have represented that the accounting policies and presentation applied are consistent with those applied in preparing the annual statutory accounts of Investec plc.

## Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

## Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 12 months ended 31 March 2004.

Ernst & Young LLP  
London  
28 June 2004



## Consolidated profit and loss account

For the year ended 31 March

2004

2003\*

(£'000)	Before goodwill & exceptional items		Total	Before goodwill & exceptional items		Total
	Goodwill & exceptional items			Goodwill & exceptional items		
Interest receivable - interest income arising from debt securities	47 218	–	47 218	125 626	–	125 626
Interest receivable - other interest income	207 990	–	207 990	372 953	–	372 953
Interest payable	(187 055)	–	(187 055)	(419 533)	–	(419 533)
<b>Net interest income</b>	<b>68 153</b>	<b>–</b>	<b>68 153</b>	<b>79 046</b>	<b>–</b>	<b>79 046</b>
Dividend income	288	–	288	514	–	514
Fees and commissions receivable	211 523	–	211 523	231 644	–	231 644
- annuity	168 308	–	168 308	206 635	–	206 635
- deal	43 215	–	43 215	25 009	–	25 009
Fees and commission payable	(14 572)	–	(14 572)	(47 925)	–	(47 925)
Dealing profits	31 980	–	31 980	22 469	–	22 469
Other operating income	5 493	–	5 493	15 093	–	15 093
<b>Other income</b>	<b>234 712</b>	<b>–</b>	<b>234 712</b>	<b>221 795</b>	<b>–</b>	<b>221 795</b>
<b>Total operating income</b>	<b>302 865</b>	<b>–</b>	<b>302 865</b>	<b>300 841</b>	<b>–</b>	<b>300 841</b>
Administrative expenses	(237 396)	–	(237 396)	(269 286)	–	(269 286)
Depreciation and amortisation	(6 546)	(18 788)	(25 334)	(9 224)	(34 954)	(44 178)
- tangible fixed assets	(6 546)	–	(6 546)	(9 224)	–	(9 224)
- amortisation and impairment of goodwill	–	(18 788)	(18 788)	–	(34 954)	(34 954)
Provision for bad and doubtful debts	(4 213)	–	(4 213)	(5 418)	–	(5 418)
<b>Operating profit/(loss)</b>	<b>54 710</b>	<b>(18 788)</b>	<b>35 922</b>	<b>16 913</b>	<b>(34 954)</b>	<b>(18 041)</b>
Operating profit/(loss) from continuing operations	54 710	(18 788)	35 922	33 582	(29 251)	4 331
Operating loss from discontinued operations	–	–	–	(16 669)	(5 703)	(22 372)
<b>Operating profit/(loss)</b>	<b>54 710</b>	<b>(18 788)</b>	<b>35 922</b>	<b>16 913</b>	<b>(34 954)</b>	<b>(18 041)</b>
Share of income of associated companies	(176)	–	(176)	17	–	17
Exceptional items	–	(5 286)	(5 286)	–	(33 263)	(33 263)
Provision for losses on termination and disposal of group operations-discontinued	–	(5 103)	(5 103)	–	(8 863)	(8 863)
Losses on termination and disposal of group operations - discontinued	–	(24 328)	(24 328)	–	(8 863)	(8 863)
Less provision made last year	–	19 225	19 225	–	–	–
Impairment of goodwill on discontinued operations	–	–	–	–	(19 047)	(19 047)
Profit on termination and disposal of group operations - continuing	–	(183)	(183)	–	–	–
Fundamental reorganisation and restructuring costs - continuing	–	–	–	–	(5 353)	(5 353)
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>54 534</b>	<b>(24 074)</b>	<b>30 460</b>	<b>16 930</b>	<b>(68 217)</b>	<b>(51 287)</b>

\*Restated (refer to accounting policies)

# Consolidated profit and loss account

For the year ended 31 March

2004

2003\*

(£'000)	2004		2003*		Total	
	Before goodwill & exceptional items	Goodwill & exceptional items	Before goodwill & exceptional items	Goodwill & exceptional items		
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>54 534</b>	<b>(24 074)</b>	<b>30 460</b>	<b>16 930</b>	<b>(68 217)</b>	<b>(51 287)</b>
Tax on profit on ordinary activities	(12 207)	–	(12 207)	4 589	–	4 589
Tax on profit on ordinary continuing activities	(12 207)	–	(12 207)	10 804	–	10 804
Tax on loss on ordinary discontinued activities	–	–	–	(6 215)	–	(6 215)
<b>Profit/(loss) on ordinary activities after taxation</b>	<b>42 327</b>	<b>(24 074)</b>	<b>18 253</b>	<b>21 519</b>	<b>(68 217)</b>	<b>(46 698)</b>
Minority interests-equity	(546)	–	(546)	(1 493)	–	(1 493)
<b>Profit/(loss) attributable to shareholders</b>	<b>41 781</b>	<b>(24 074)</b>	<b>17 707</b>	<b>20 026</b>	<b>(68 217)</b>	<b>(48 191)</b>
Dividends-including non-equity	(29 235)	–	(29 235)	(47 875)	–	(47 875)
<b>Retained profit/(loss) for the year</b>	<b>12 546</b>	<b>(24 074)</b>	<b>(11 528)</b>	<b>(27 849)</b>	<b>(68 217)</b>	<b>(96 066)</b>
Profit/(loss) attributable to shareholders			17 707			(48 191)
Amortisation and impairment of goodwill			18 788			34 954
Profit on termination and disposal of group operations			183			–
Provision for losses on termination and disposal of group operations (net of deferred tax)			5 103			27 910
Amortisation of goodwill of associates			–			–
Fundamental reorganisation and restructuring costs			–			5 353
<b>Earnings before goodwill and exceptional items</b>			<b>41 781</b>			<b>20 026</b>

\*Restated (refer to accounting policies)

# Consolidated statement of recognised gains and losses

For the year ended 31 March

(£'000)	2004	2003*
Profit /(loss) for the year attributable to shareholders	17 707	(48 191)
Currency translation differences on foreign currency net investments	(7 853)	(8 291)
Actuarial loss	(1 294)	(9 707)
<b>Total recognised gains and losses for the year</b>	<b>8 560</b>	<b>(66 189)</b>
Prior year adjustments in respect of changes in accounting policies	(9 175)	
<b>Total gains and losses since last Annual Report</b>	<b>(615)</b>	

There was no material difference between the results as reported and the results that would have been reported on an unmodified historical cost basis. Accordingly, no note of historical cost profits and losses has been included.

\*Restated (refer to accounting policies)

# Consolidated balance sheet

At 31 March

(£'000)	2004	2003*
<b>Assets</b>		
Cash and balances at central banks	259,010	258 393
Treasury bills and other eligible bills	144 781	68 318
Loans and advances to banks	1 154 040	2 358 076
Loans and advances to customers	2 869 418	2 235 726
Debt securities	788 035	1 228 751
Equity shares	259 373	71 932
Interests in associated undertakings	3 280	3 609
Other participating interests	9 135	-
Intangible fixed assets	156 065	180 930
Tangible fixed assets	32 574	38 131
Other assets	508 093	369 389
Prepayments and accrued income	38 741	82 195
	<b>6 222 545</b>	<b>6 895 450</b>
<b>Liabilities</b>		
Deposits by banks	818 134	1 699 483
Customer accounts	3 024 317	3 410 590
Debt securities in issue	233 862	109 885
Due to Investec Limited	-	118 540
Other liabilities	1 356 759	853 967
Pension liability	11 967	10 041
Accruals and deferred Income	88 118	150 212
	<b>5 533 157</b>	<b>6 352 718</b>
<b>Capital resources</b>		
Subordinated liabilities	202 371	32 785
Minority interests - equity	13 616	15 877
Called up share capital	119	113
Share premium account	393 823	393 823
Other reserves	18 285	25 988
Profit and loss account	61 174	74 146
Equity shareholders' funds	473 401	494 070
	<b>689 388</b>	<b>542 732</b>
	<b>6 222 545</b>	<b>6 895 450</b>
<b>Memorandum items</b>		
Commitments	316 705	362 456
Contingent liabilities	151 435	139 061
	<b>468 140</b>	<b>501 517</b>

The directors' approved the accounts on 28 June 2004



**S. Koseff**  
Chief Executive Officer

\*Restated (refer to accounting policies).

## Reconciliation of shareholders' funds and movement in reserves

For the year ended 31 March

(£'000)	Share capital	Share premium account	Capital reserves	Equity accounted reserves	Foreign currency reserves	Profit and loss account	Total
<b>Year ended 31 March 2002 as previously reported</b>	50	–	11 420	–	22 401	179 890	213 761
Prior year adjustment arising on adoption of FRS 17 at 31 March 2002* - restated for prior year adjustments	–	–	–	–	–	487	487
	50	–	11 420	–	22 401	180 377	214 248
<b>Year ended 31 March 2003</b>							
Foreign currency adjustments	–	–	(22)	–	(8 269)	–	(8 291)
Loss for the year	–	–	–	–	–	(96 066)	(96 066)
Actuarial loss	–	–	–	–	–	(9 707)	(9 707)
Issue of shares on listing	75	421 333	–	–	–	–	421 408
Bonus issues	38	(38)	–	–	–	–	–
Buyback and cancellation of shares	(50)	–	–	–	–	–	(50)
Issue expenses	–	(27 472)	–	–	–	–	(27 472)
Transfers	–	–	458	–	–	(458)	–
<b>At 31 March 2003 * - restated for prior year adjustments</b>	113	393 823	11 856	–	14 132	74 146	494 070
<b>At 31 March 2003 as previously reported</b>	113	393 823	11 856	–	14 132	83 321	503 245
<b>Cumulative prior year adjustments</b>	–	–	–	–	–	(9 175)	(9 175)
<b>Year ended 31 March 2004</b>							
Foreign currency movements	–	–	–	–	(7 853)	–	(7 853)
Issue of shares	6	–	–	–	–	–	6
Loss for the year	–	–	–	–	–	(11 528)	(11 528)
Actuarial loss	–	–	–	–	–	(1 294)	(1 294)
Transfers	–	–	150	–	–	(150)	–
<b>At 31 March 2004</b>	119	393 823	12 006	–	6 279	61 174	473 401

\*Restated (refer to accounting policies)

# Accounting policies

## Basis of preparation

The non-statutory summarised financial information for Investec plc includes the consolidated balance sheet and profit and loss account of Investec plc and its subsidiary undertakings ('Investec plc silo').

Under the Investec group's Dual Listed Companies structure, Investec plc and Investec Limited effectively form a single economic entity in which the economic and voting rights of shareholders are equalised. The statutory financial statements of the Investec plc group are prepared on this basis and incorporate the consolidated balance sheet and consolidated profit and loss account of Investec plc and Investec Limited in accordance with S227 (5) of the Companies Act 1985. The statutory financial statements of Investec plc are available to the public and may be obtained from Investec plc at 2 Gresham Street, London, EC2 7QP.

Although the Dual Listed Companies Structure creates an economic entity from a shareholder point of view there are no cross guarantees between Investec plc and Investec Limited and therefore creditors are ring-fenced to either entity. The purpose of the non-statutory summarised information for Investec plc is to show the consolidated financial position of the Investec plc silo, excluding Investec Limited.

Changes to accounting policies and comparative information  
The accounting policies adopted by the group are consistent with the prior year except as noted below.

The group has adopted the following new UK accounting standard during the year:

## FRS 17 - Retirement benefits

The group has fully adopted the requirements of FRS 17 in respect of retirement benefits. In line with the objective of the standard, the group reflects the fair value of assets and liabilities and any related funding arising from defined benefit schemes within the group.

The implementation of FRS 17 resulted in a reduction of net assets at 31 March 2003 of £9.1 million (£10.0 million representing FRS 17 deficit less SSAP 24 accrual of £0.9 million). This change in policy increased net assets at 31 March 2002 by £0.5 million (£0.4 million representing the FRS 17 deficit less the SSAP 24 accrual of £0.9 million). The charge to the consolidated statement of recognised gains and losses relating to FRS 17 for the 2003 financial year was £9.7 million, net of deferred taxation. The impact on the statement of recognised gains and losses for 2004 was a charge of £1.3 million, net of deferred taxation. FRS 17

resulted in interest income of £0.1 million in 2003 and interest payable of £0.9 million in 2004.

Restatement to prior year's consolidated profit and loss accounts

In the US business, certain directly attributable variable staff costs were netted against the dealing profits generated there from. In the current financial year these costs (£4.9 million) have been included under administrative expenses (staff costs) with a corresponding restatement to the prior year (£8.3 million).

## Basis of consolidation

The summarised financial information for Investec plc incorporates the financial results of the Investec plc silo ('the group'). All subsidiaries in which the group holds more than one half of the voting rights or over which it exercises control are consolidated from the effective dates of acquisition and up to the effective dates of disposal, except entities where they are held with a view to subsequent resale. In the case of Investec Bank (Israel) Limited, whose accounts are compiled to 31 December annually, the group uses interim management accounts, drawn up to 31 March annually.

Entities, other than subsidiary undertakings, in which the group has a participating interest and exercises significant influence over their operating and financial policies, are treated as associates. In the summarised financial information, associates are accounted for using the equity method. Other participating interests on which the group does not exercise significant influence are accounted for at the lower of cost and net realisable value.

The summarised financial information includes the attributable share of the results and reserves of associated undertakings. The group's interests in associated undertakings are included in the consolidated balance sheet at the group's share of net assets plus unamortised goodwill.

Positive goodwill arising on the acquisition of subsidiaries is amortised against income over its useful economic life, a period not exceeding 20 years. Negative goodwill arising on acquisitions is included within intangible fixed assets and released to profit and loss account initially over the period that non-monetary assets are recovered and then over the periods expected to benefit. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

## Accounting policies

The group operates various Employee Benefit Trusts. In terms of UITF 13, the assets and liabilities of the Employee Benefit Trusts are included within the summarised financial information.

### Foreign entities

The net assets of foreign subsidiaries are translated at closing rates of exchange and the translation differences arising are taken to reserves. The results of these companies are translated at weighted average rates of 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 differences on 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 translated at the closing exchange rate.

### Foreign currency transactions

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

### Debt securities and equity shares

Shares and securities intended for use on a continuing basis in the group's activities are classified as investment securities. Such shares and securities are stated at cost less provision for any impairment in value. The cost of dated investment securities is adjusted for the amortisation of premiums or discounts on a level yield basis over the period to maturity.

Debt securities held for the purpose of hedging are valued on the same basis as the liabilities which are being hedged.

Other debt securities and equity shares are included in the balance sheet at market value. Changes in the market value of such assets are recognised in the profit and loss account as 'Dealing profits' as they arise.

Where securities are sold subject to a commitment to repurchase them, they remain on the Balance Sheet.

Obligations for the repurchase of these securities are included under deposits by banks and customer accounts. Securities that are purchased under an agreement to resell the securities at a future date are not included in the Balance Sheet. The consideration paid is included in loans and advances to banks or loans and advances to customers.

Stock borrowing and lending transactions that are not cash collateralised are not included in the balance sheet. Stock lending and borrowing transactions which are cash collateralised are accounted for in the same way as securities sold or purchased subject to repurchase commitments.

### Financial instruments

Financial instruments in the trading book are measured at fair value, whereas financial instruments in the non-trading book, including loans and investment securities, are measured at amortised cost. Income and expenses on trading instruments are recognised in the profit and loss account in full in the current period, whereas income and expenses on non-trading instruments are amortised over the life of the instrument, with adjustments made to reflect changes in estimated premiums and discounts.

### Derivatives

Derivatives are used to hedge interest, exchange rate and equity exposures related to non-trading positions. Instruments used for hedging purposes include swaps, equity derivatives, credit derivatives, forward rate agreements, futures, options and combinations of these instruments. In addition, the use of derivatives and their sale to customers as risk management products is an integral part of the group's trading activities. Derivatives entered into for trading purposes include swaps, equity derivatives, credit derivatives, commodity derivatives, forward rate agreements, futures, options and combinations of these instruments.

Where the group has entered into legally binding netting agreements, positive and negative values of derivatives are offset within the balance sheet totals.

Exposure to market risks are limited through the use of hedging instruments. The criteria used for derivative instrument to be classified as a designated hedge include:

- the transaction must effectively reduce the price or interest rate or credit risk of the asset, liability or cash flow to which it is linked; and
- adequate evidence of the intention to link with the

# Accounting policies

underlying risk inherent in the asset, liability or cashflow; and

- the transaction must be designated as a hedge at the inception of the derivative contract.

The hedging instruments are accounted for on the same basis as the underlying asset, liability, position or cash flow being hedged with income and expenses being recognised in the profit and loss account. Hedging transactions which are superseded, cease to be effective or are terminated prior to the end of the life of the asset, liability or cashflow being hedged are measured at fair value. Any profit or loss arising is deferred and amortised into income or expense over the remaining life of the item previously hedged. When the underlying asset, liability, position or cashflow is terminated prior to the hedging transaction, the hedging transaction is measured at fair value and the resulting profit or loss is included in the category of income or expense relating to the previously hedged transaction.

## Instalment credit, leases and rental agreements

Amounts outstanding on these contracts, net of unearned finance charges, are included in loans and advances. Finance charges on finance leases and instalment credit transactions are credited to income in proportion to the capital balances outstanding. Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

## Specific and general provisions for bad and doubtful debts

Specific provisions represent the quantification of actual and expected losses from identified accounts and are deducted from loans and advances in the balance sheet. The amount of specific provision raised is the group's conservative estimate of the amount needed to reduce the carrying value of the asset to the expected ultimate realisable value, taking into account the financial status of the customer and any security for the loan. Included in the specific provisions are amounts in respect of interest that is not serviced. The charge for bad and doubtful debts in the profit and loss account includes the unserviced interest which has been transferred to specific provisions. Doubtful debts are written off against the balance sheet asset and provision in part, or in whole, when the extent of the loss incurred has been determined.

General provisions augment specific provisions and provide cover for loans which are impaired at the balance sheet date

but which will not be identified as such until some time in the future. The group's loan provision has been determined taking into account the structure and the risk characteristics of the group's loan portfolio. A number of complex and changing factors are collectively weighed by management in determining the adequacy of provisions. These factors include management's view of the extent of existing risks in the loan portfolio and prevailing economic conditions. General provisions are deducted from loans and advances to customers in the balance sheet.

## Tangible fixed assets

Tangible fixed assets are stated at original cost. Depreciation is provided on a straight-line basis over their anticipated useful lives. Leasehold improvements are amortised over the shorter of 20 years and the remaining period of the leases.

The annual rates used to depreciate assets are as follows:	
Computer equipment	33%
Motor vehicles	20% - 25%
Equipment	20%
Furniture and fittings	10 - 20%
Freehold properties	2%

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

## Dealing properties

Dealing properties are included in other assets and are stated at the lower of cost and net realisable value.

## Taxation

Corporation tax payable is provided on taxable profits at the current rate.

## Deferred taxation

The directors have implemented FRS 19 on deferred taxation. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in future or a right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing



## Accounting policies

differences can be deducted. Timing differences are the difference between the group's taxable profits and its results as stated in the financial statements, which are capable of reversal in one or more subsequent periods.

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.

Deferred tax is recognised in respect of future remittance of retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable (or a binding agreement to distribute past earnings in the future has been entered into by the subsidiary).

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

### Income recognition

Interest income is recognised in the profit and loss account as it accrues other than interest the collectibility of which is considered doubtful which is credited to a suspense account and excluded from interest income. The closing balance on the suspense account is netted in the balance sheet against accrued interest receivable or, as the case may be, the amount debited to the borrower. Suspended interest is written off when there is no longer any realistic prospect of it being recovered.

Dealing 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.

Commissions and fees include fees earned from providing advisory services, portfolio management and the arranging of

financing for clients. All such commissions and fees are recognised as revenue when the related services are performed. Fees and commissions charged in lieu of interest are taken to income on a level yield basis over the period of the loan. Equity investments received in lieu of corporate finance fees are included in trading securities and valued accordingly.

Other operating income includes realised profits and losses on disposal of investments, property rental income and dividends received.

### Retirement benefits

The group operates various defined contribution schemes and two closed defined benefit schemes.

In respect of the defined contribution scheme all employer contributions are charged to income, as they become payable in accordance with the rules of the scheme, and included under staff costs.

The assets of the defined benefit schemes are measured at their market value at the balance sheet date and the liabilities of the schemes are measured using the projected unit method. The discount rate used to measure the schemes' liabilities is the current rate of an AA corporate bond at the balance sheet date of equivalent term and currency to the liabilities. The extent to which the schemes' assets exceed or fall short of the schemes' liabilities is shown as a surplus or deficit in the balance sheet net of deferred taxation (to the extent that it is considered recoverable).

The movement in the scheme surplus/deficit is split between operating charges, financing items and, in the statement of total recognised gains and losses, actuarial gains and losses.

## Select notes to the financial information

For the year ended 31 March

(£'000)	Investment Banking	Private Client Activities	Treasury & Specialised Finance Management	Asset Management	Group Services & Other Activities	Discontinued Operations	Total group
<b>I. Segmental analysis</b>							
<b>Business analysis 2004</b>							
Net interest income	2 256	46 619	13 612	722	4 944	–	68 153
Dividend income	112	–	–	–	176	–	288
Net fees and commissions receivable	39 146	87 971	23 986	43 064	2 784	–	196 951
Dealing profits	396	730	21 772	1	9 081	–	31 980
Other operating income	3 120	174	105	66	2 028	–	5 493
<b>Operating income</b>	<b>45 030</b>	<b>135 494</b>	<b>59 475</b>	<b>43 853</b>	<b>19 013</b>	<b>–</b>	<b>302 865</b>
Administrative expenses	(34 025)	(93 503)	(41 275)	(41 606)	(26 987)	–	(237 396)
Depreciation	(433)	(2 461)	(886)	(376)	(2 390)	–	(6 546)
Provision for bad and doubtful debts	–	(5 278)	(396)	–	1 461	–	(4 213)
<b>Operating profit/(loss) before amortisation and impairment of goodwill</b>	<b>10 572</b>	<b>34 252</b>	<b>16 918</b>	<b>1 871</b>	<b>(8 903)</b>	<b>–</b>	<b>54 710</b>
Share of (loss)/income of associated undertakings	–	–	(300)	–	124	–	(176)
Amortisation and impairment of goodwill	(5 841)	(2 507)	(2 475)	(6 668)	(1 297)	–	(18 788)
Other exceptional items	–	–	–	–	(183)	(5 103)	(5 286)
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>4 731</b>	<b>31 745</b>	<b>14 143</b>	<b>(4 797)</b>	<b>(10 259)</b>	<b>(5 103)</b>	<b>30 460</b>
Net intercompany interest	(348)	48	(25 721)	–	26 021	–	–
Total assets (£ million)	153	2 404	2 624	82	960	–	6 223

## Select notes to the financial information

For the year ended 31 March

(£'000)	Investment Banking	Private Client Activities	Treasury & Specialised Finance Management	Asset Management	Group Services & Other Activities	Discontinued Operations	Total group
<b>I. Segmental analysis (continued)</b>							
<b>Business analysis 2003</b>							
Net interest income	4 882	42 830	6 273	200	20 802	4 059	79 046
Dividend income	39	–	–	–	475	–	514
Net fees and commissions receivable	25 768	73 710	13 630	40 253	3 875	26 483	183 719
Dealing profits	2 001	2 300	11 120	29	7 980	(961)	22 469
Other operating income	16 045	(123)	(9)	67	107	(994)	15 093
<b>Operating income</b>	<b>48 735</b>	<b>118 717</b>	<b>31 014</b>	<b>40 549</b>	<b>33 239</b>	<b>28 587</b>	<b>300 841</b>
Administrative expenses	(38 766)	(89 466)	(36 167)	(38 476)	(22 099)	(44 312)	(269 286)
Depreciation	(752)	(2 795)	(918)	(489)	(3 326)	(944)	(9 224)
Provision for bad and doubtful debts	(591)	(5 177)	(335)	(40)	725	–	(5 418)
<b>Operating profit/(loss) before amortisation and impairment of goodwill</b>	<b>8 626</b>	<b>21 279</b>	<b>(6 406)</b>	<b>1 544</b>	<b>8 539</b>	<b>(16 669)</b>	<b>16 913</b>
Share of (loss)/income of associated undertakings	(23)	(11)	(1)	(1)	53	–	17
Amortisation and impairment of goodwill	(6 795)	(12 009)	(2 431)	(6 669)	(1 347)	(5 703)	(34 954)
Other exceptional items	(3 066)	(595)	(1 445)	–	(247)	(27 910)	(33 263)
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>(1 258)</b>	<b>8 664</b>	<b>(10 283)</b>	<b>(5 126)</b>	<b>6 998</b>	<b>(50 282)</b>	<b>(51 287)</b>
Net intercompany interest	(125)	6 012	(24 970)	(41)	21 055	(1 931)	–
Total assets (£ million)	151	2 134	5 302	44	(736)	–	6 895

The group has implemented a policy of fully allocating central support costs to the business units. The 2003 segmental analysis by business unit has been restated for this change so as to be consistent with the presentation in the current year.

The Statement of Recommended Practice on Segmental Reporting by Banks recommends, inter alia, net assets to be disclosed by class of business and geographical segment. In the view of the directors it would not be meaningful to provide this information by class of business since economic capital of certain significant businesses of the group is not held in, or allocated to, these businesses, but is held centrally.

As the business of the group is mainly that of banking and insurance, no segmental analysis of turnover is given.

## Select notes to the financial information

For the year ended 31 March

(£'000)	UK & Europe	Australia	Israel	Discontinued USA Operations	Total group	
<b>I. Segmental analysis (continued)</b>						
<b>Geographical analysis 2004</b>						
Net interest income	43 597	13 210	10 874	472	–	68 153
Dividend income	249	12	27	–	–	288
Net fees and commissions receivable	172 334	12 571	10 026	2 020	–	196 951
Dealing profits	23 980	277	977	6 746	–	31 980
Other operating income	4 307	11	602	573	–	5 493
<b>Operating income</b>	<b>244 467</b>	<b>26 081</b>	<b>22 506</b>	<b>9 811</b>	<b>–</b>	<b>302 865</b>
Administration expenses	(197 436)	(15 824)	(14 911)	(9 225)	–	(237 396)
Depreciation	(5 200)	(259)	(934)	(153)	–	(6 546)
Provision for bad and doubtful debts	(3 098)	(372)	(743)	–	–	(4 213)
<b>Operating profit before amortisation and impairment of goodwill</b>	<b>38 733</b>	<b>9 626</b>	<b>5 918</b>	<b>433</b>	<b>–</b>	<b>54 710</b>
Share of income/(loss) of associated undertakings	–	(300)	(17)	141	–	(176)
Amortisation and impairment of goodwill	(12 736)	(6 052)	–	–	–	(18 788)
Other exceptional items	(183)	–	–	–	(5 103)	(5 286)
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>25 814</b>	<b>3 274</b>	<b>5 901</b>	<b>574</b>	<b>(5 103)</b>	<b>30 460</b>
Taxation	(6 299)	(2 833)	(3 474)	399	–	(12 207)
Minorities	(41)	–	(505)	–	–	(546)
<b>Profit/(loss) attributable to shareholders</b>	<b>19 474</b>	<b>441</b>	<b>1 922</b>	<b>973</b>	<b>(5 103)</b>	<b>17 707</b>
Net intercompany interest	1 472	(369)	–	(1 103)	–	–
Cash and balances at central banks	8	3	248	–	–	259
Treasury bills and other eligible bills	7	138	–	–	–	145
Loans and advances to banks	953	65	131	5	–	1 154
Loans and advances to customers	2 425	253	192	–	–	2 870
Debt securities	638	–	133	17	–	788
Equity shares	255	2	–	2	–	259
Interests in associated undertakings	1	1	–	1	–	3
Other participating interests	9	–	–	–	–	9
Intangible fixed assets	144	12	–	–	–	156
Tangible fixed assets	18	1	13	1	–	33
Other assets	526	5	11	5	–	547
<b>Total assets (£ million)</b>	<b>4 984</b>	<b>480</b>	<b>728</b>	<b>31</b>	<b>–</b>	<b>6 223</b>

## Select notes to the financial information

For the year ended 31 March

(£'000)	UK & Europe	Australia	Israel	Discontinued USA Operations	Total group	
<b>I. Segmental analysis (continued)</b>						
<b>Geographical analysis 2003</b>						
Net interest income	56 356	7 817	10 951	(137)	4 059	79 046
Dividend income	305	192	17	–	–	514
Net fees and commissions receivable	136 071	9 987	7 852	3 326	26 483	183 719
Dealing profits	11 294	(7)	1 958	10 185	(961)	22 469
Other operating income	15 988	64	(293)	328	(994)	15 093
<b>Operating income</b>	<b>220 014</b>	<b>18 053</b>	<b>20 485</b>	<b>13 702</b>	<b>28 587</b>	<b>300 841</b>
Administration expenses	(186 968)	(11 501)	(14 525)	(11 980)	(44 312)	(269 286)
Depreciation	(6 205)	(196)	(1 127)	(752)	(944)	(9 224)
Provision for bad and doubtful debts	(3 649)	(432)	(1 337)	–	–	(5 418)
<b>Operating profit/(loss) before amortisation and impairment of goodwill</b>	<b>23 192</b>	<b>5 924</b>	<b>3 496</b>	<b>970</b>	<b>(16 669)</b>	<b>16 913</b>
Share of income/(loss) of associated undertakings	–	–	(35)	52	–	17
Amortisation and impairment of goodwill	(24 023)	(5 195)	(33)	–	(5 703)	(34 954)
Other exceptional items	(5 353)	–	–	–	(27 910)	(33 263)
<b>(Loss)/profit on ordinary activities before taxation</b>	<b>(6 184)</b>	<b>729</b>	<b>3 428</b>	<b>1 022</b>	<b>(50 282)</b>	<b>(51 287)</b>
Taxation	13 683	(2 452)	(427)	–	(6 215)	4 589
Minorities	(1 033)	–	(460)	–	–	(1 493)
<b>Profit/(loss) attributable to shareholders</b>	<b>6 466</b>	<b>(1 723)</b>	<b>2 541</b>	<b>1 022</b>	<b>(56 497)</b>	<b>(48 191)</b>
Net intercompany interest	5 991	(902)	–	(3 158)	(1 931)	–
Cash and balances at central banks	13	2	243	–	–	258
Treasury bills and other eligible bills	–	68	–	–	–	68
Loans and advances to banks	2 143	31	153	31	–	2 358
Loans and advances to customers	1 825	174	236	1	–	2 236
Debt securities	1 077	–	141	11	–	1 229
Equity shares	68	1	–	3	–	72
Interests in associated undertakings	4	–	–	–	–	4
Other participating interests	–	–	–	–	–	–
Intangible fixed assets	165	16	–	–	–	181
Tangible fixed assets	20	1	16	1	–	38
Other assets	435	7	24	(15)	–	451
<b>Total assets (£ million)</b>	<b>5 750</b>	<b>300</b>	<b>813</b>	<b>32</b>	<b>–</b>	<b>6 895</b>

## Select notes to the financial information

### I. Segmental analysis (continued)

The Statement of Recommended Practice on Segmental Reporting by Banks recommends, inter alia, net assets to be disclosed by class of business and geographical segment. In the view of the directors it would not 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. Similarly, an analysis by geographical segment would not be meaningful, because of the way in which the group has been structured and funded historically.

The Statement of Recommended Practice on Segmental Reporting by Banks and the Companies Act recommends the disclosure by geographical segment of gross income, consisting of interest receivable, dividend income, fees and commissions receivable, dealing profits and other operating income. In the view of the directors, interest receivable and fees and commissions receivable are monitored on a net basis and aggregate split of fees and commissions receivable and payable by geographical segment would not provide meaningful disclosure. Consequently, gross income is not separately disclosed.

As the business of the group is mainly that of banking and insurance, no segmental analysis of turnover is given.

A geographical breakdown of business operating profit before goodwill amortisation is shown below:

For the year ended 31 March

(£'000)	UK & Europe	Australia	Israel	Discontinued USA Operations	Total group	
<b>2004</b>						
Investment Banking	2 939	4 312	3 066	255	–	10 572
Private Client Activities	30 627	3 025	600	–	–	34 252
Treasury and Specialised Finance	14 015	436	2 467	–	–	16 918
Asset Management	1 614	–	257	–	–	1 871
Group Services and Other Activities	(10 462)	1 853	(472)	178	–	(8 903)
Discontinued Operations	–	–	–	–	–	–
<b>Total group</b>	<b>38 733</b>	<b>9 626</b>	<b>5 918</b>	<b>433</b>	<b>–</b>	<b>54 710</b>
<b>2003</b>						
Investment Banking	4 297	2 532	1 797	–	–	8 626
Private Client Activities	18 884	930	1 465	–	–	21 279
Treasury and Specialised Finance	(5 659)	(865)	118	–	–	(6 406)
Asset Management	1 426	–	118	–	–	1 544
Group Services and Other Activities	4 244	3 327	(2)	970	–	8 539
Discontinued Operations	–	–	–	–	(16 669)	(16 669)
<b>Total group</b>	<b>23 192</b>	<b>5 924</b>	<b>3 496</b>	<b>970</b>	<b>(16 669)</b>	<b>16 913</b>

## Select notes to the financial information

For the year ended 31 March

(£'000)	2004	2003
<b>2. Loans and advances to customers</b>		
Remaining maturity:		
Repayable on demand or at short notice	1 046 750	197 766
Up to three months excluding on demand or at short notice	265 869	651 234
Three months to one year	411 246	499 932
One year to five years	779 739	759 804
Greater than five years	399 455	160 070
Provision for bad and doubtful debts	(33 641)	(33 080)
	2 869 418	2 235 726
<b>Included in loans and advances to customers are:</b>		
Core loans and advances to customers	2 113 255	1 761 558
Net investment in finance leases	17 554	39 169
Net investment in operating leases	5 226	666
<b>Non-performing loans</b>	22 757	30 423
Less : Security held against non-performing loans	(13 721)	(21 735)
Net non-performing loans	9 036	8 688

All of the net non-performing loans are covered by specific provisions.

## Select notes to the financial information

For the year ended 31 March

(£'000)	2004	2003
<b>3. Provisions for bad and doubtful debts</b>		
<b>Specific provisions</b>		
At beginning of year	11 122	9 737
Charged against income	2 891	2 699
Utilised	(2 453)	(621)
Exchange movements	(803)	(693)
At end of year	10 757	11 122
<b>General provisions</b>		
At beginning of year	21 958	19 335
Charged against income	1 322	2 719
Utilised	–	–
Exchange movements	(396)	(96)
At end of year	22 884	21 958
<b>Total provisions</b>		
At beginning of year	33 080	29 072
Charged against income	4 213	5 418
Utilised	(2 453)	(621)
Exchange movements	(1 199)	(789)
At end of year	33 641	33 080



## Select notes to the financial information

	Principal Activity	Country of Incorporation	Interest % 2004	Interest % 2003
<b>4. Principal subsidiary and associated companies</b>				
<b>Direct subsidiaries of Investec plc</b>				
Investec Holding Company Limited	Investment holding	England and Wales	100	100
<b>Indirect subsidiaries of Investec plc</b>				
Investec Bank (Australia) Ltd	Banking institution	Australia	100	100
Investec SA	Investment holding	Luxembourg	100	100
Investec Holdings (UK) Ltd	Holding company	England and Wales	100	100
Investec I Ltd	Investment holding	England and Wales	100	100
Investec Bank (UK) Ltd	Banking institution	England and Wales	100	100
Investec Group (UK) PLC	Holding company	England and Wales	100	100
Investec Asset Finance PLC	Leasing company	England and Wales	100	100
Investec Finance plc	Debt issuer	England and Wales	100	100
Investec Group Investments (UK) Ltd	Investment holding	England and Wales	100	100
Investec Investment Holdings AG	Investment holding	Switzerland	100	100
Guinness Mahon & Co Limited	Investment holding	England and Wales	100	100
Investec Bank (Channel Islands) Ltd	Banking institution	Guernsey	100	100
Investec Bank (Switzerland) AG	Banking institution	Switzerland	100	100
Investec Trust (Guernsey) Limited	Trust company	Guernsey	100	100
Investec Trust (Switzerland) S.A. (formerly Radcliffes Trustee Company S.A)	Trust company	Switzerland	100	100
Investec Trust (Jersey) Limited (formerly Theodores Trust & Law Group Limited)	Trust company	Jersey	100	100
Carr Sheppards Crosthwaite Ltd	Stockbroking and portfolio management	England and Wales	100	100
Investec Asset Management Limited	Asset management	England and Wales	100	100
Investec Ireland Ltd	Financial services	Ireland	100	100
Investec US Inc (formerly Investec Ernst and Company Inc)	Financial Services	USA	100	100
Investec Bank (Israel) Ltd	Banking institution	Israel	80	80
European Capital Company Ltd	Project finance	England and Wales	100	100