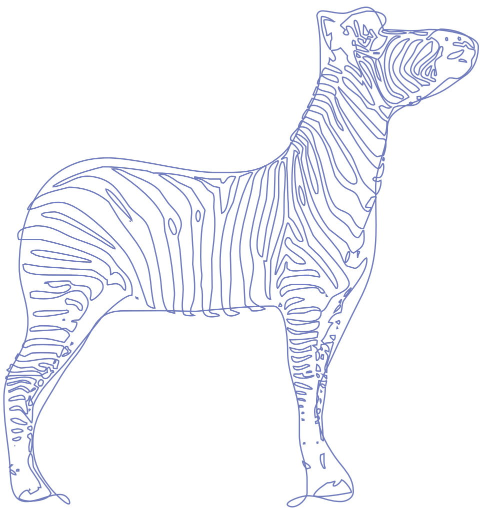
2007 Investec Bank Limited Group and Company Annual Financial Statements



Investec

Corporate information

Investec Bank Limited

Secretary and Registered Office

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Internet address

www.investec.com

Registration number

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

Auditors

Ernst & Young Inc.
KPMG Inc.

Investec directors

Refer to page 28.

Transfer Secretaries in South Africa

Computershare Investor Services 2004 (Pty) Limited
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PO Box 61051 Marshalltown 2107
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Investec offices - contact details

Refer to page 90.

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Investec in perspective

Overview of the Investec group

Who we are

Investec (comprising Investec plc and Investec Limited) is an international, specialist banking group that provides a diverse range of financial products and services to a select client base.

Founded as a leasing company in Johannesburg in 1974, we acquired a banking licence in 1980 and were listed on the JSE Limited South Africa in 1986.

In July 2002, we implemented a Dual Listed Companies (DLC) structure with linked companies listed in London and Johannesburg. A year later, we concluded a significant empowerment transaction in which our empowerment partners collectively acquired a 25.1% stake in the issued share capital of Investec Limited.

Since inception, we have expanded through a combination of substantial organic growth and a series of strategic acquisitions. Today, we have an efficient integrated international business platform, offering all our core activities in the UK and South Africa and select activities in Australia.

What we do

We are organised as a network comprising five business divisions: Private Client Activities, Capital Markets, Investment Banking, Asset Management and Property Activities. Our head office provides certain group-wide integrating functions and is also responsible for our central funding and the Trade Finance business.

Our strategic goals and objectives are based on the aspiration to be recognised as a distinctive specialist banking group. This distinction is embodied in our entrepreneurial culture, which is balanced by a strong risk management discipline, client-centric approach and ability to be nimble, flexible and innovative. We do not seek to be all things to all people and aim to build well-defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.

Mission statement

We strive to be a distinctive specialist banking group, driven by commitment to our core philosophies and values.

Values

Distinctive Performance

- Outstanding talent - empowered, enabled and inspired
- Meritocracy
- Passion, energy, stamina, tenacity
- Entrepreneurial spirit

Dedicated Partnerships

- Respect for others
- Embrace diversity
- Open and honest dialogue
- Unselfish contribution to colleagues, clients and society

Client Focus

- Distinctive offering
- Leverage resources
- Break china for the client

Cast-iron Integrity

- Moral strength
- Risk consciousness
- Highest ethical standards

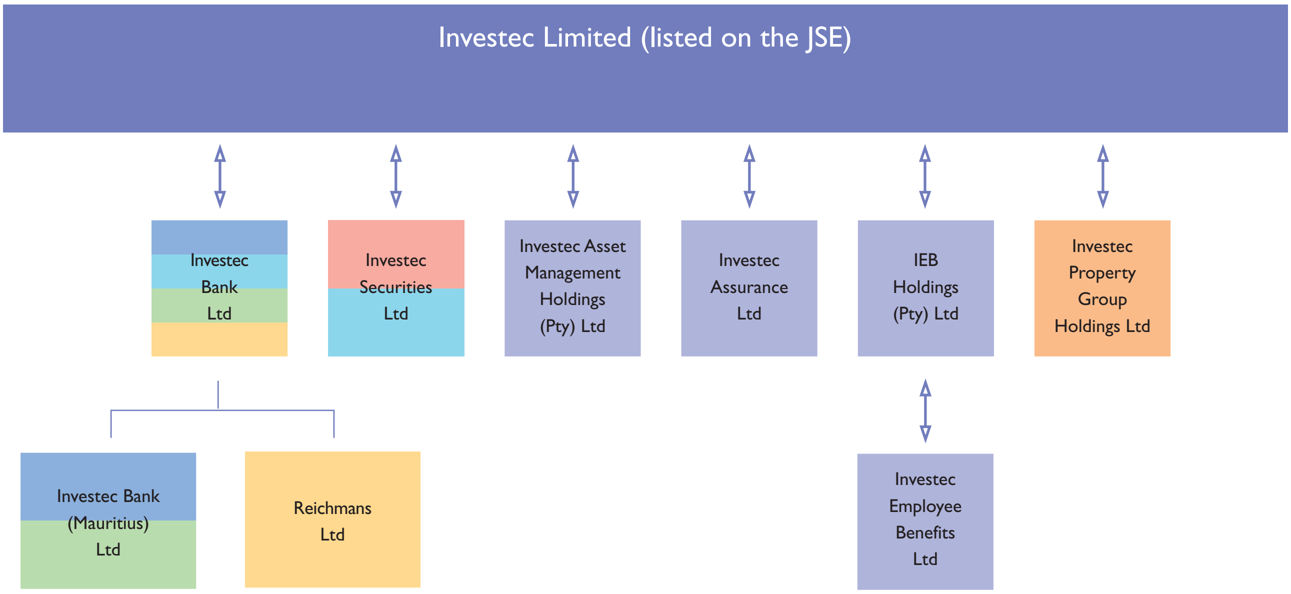
Philosophies

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

Investec Bank Limited organisational structure

In terms of the implementation of the DLC structure (refer to page 4) Investec Limited is the controlling company of our businesses in Southern Africa and Mauritius. Investec Limited is listed on the JSE Limited South Africa. Investec Bank Limited (referred to in this report as the bank) is a subsidiary of Investec Limited.

As at 31 March 2007



Key: activities conducted

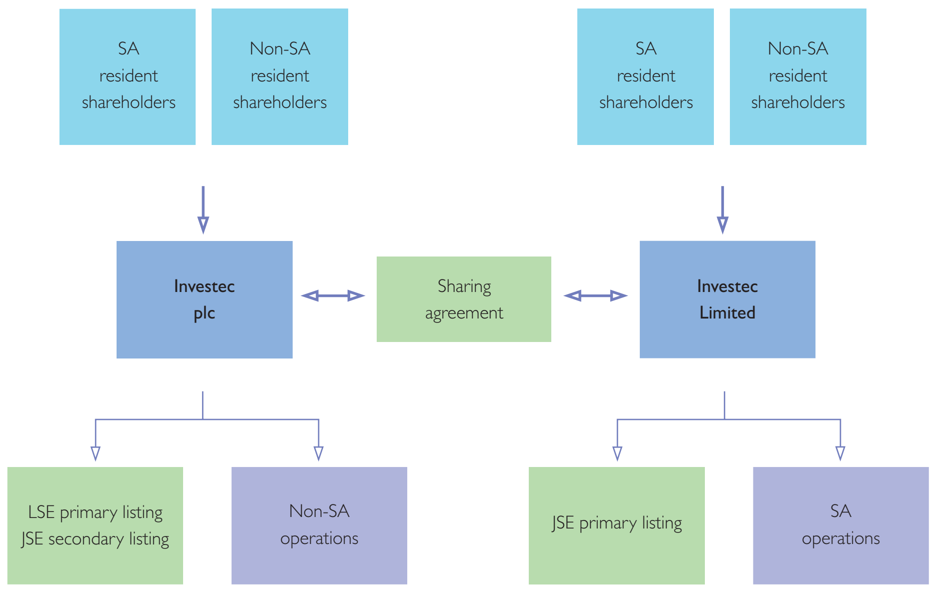
- Private Banking
- Private Client Portfolio Management and Stockbroking
- Capital Markets
- Investment Banking
- Asset Management and Assurance Activities
- Property Activities
- Other Activities

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

Overview of Investec's Dual Listed Companies Structure

During July 2002 Investec Group Limited (since renamed Investec Limited), implemented a Dual Listed Companies (DLC) structure and listed its offshore business on the London Stock Exchange. A circular on the establishment of our DLC structure was issued on 20 June 2002.

DLC structure



Salient features:

- Investec plc and Investec Limited are separate legal entities and listings, but are bound together by contractual agreements and mechanisms.
- Investec operates as if it is a single unified economic enterprise.
- Shareholders have common economic and voting interests as if Investec plc and Investec Limited were a single company.
- Creditors, however, are ring-fenced to either Investec plc or Investec Limited as there are no cross guarantees between the companies.

Further information on our DLC structure is available 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 our website.

Overview of the activities of Investec Bank Limited

Introduction

The bank's structure comprises three principal business units: Private Banking, Capital Markets and Investment Banking. Each division provides specialised products and services to defined target markets. Our head office also provides certain group-wide integrating functions including Risk Management, Information Technology, Finance, Investor Relations, Marketing, Human Resources and Organisational Development. The office is also responsible for our central funding as well as other activities such as trade finance.

Private Banking

Investec Private Bank provides a range of private banking services, targeting select high income and net worth individuals in chosen niche markets. These services include:

- Banking.
- Structured Property Finance.
- Growth and Acquisition Finance.
- Investment Management and Advisory.
- Trust and Fiduciary.

We position ourselves as "an investment bank for private clients" in the high value advisory market, striving to "out think" not "out muscle" our competitors.

The division's distinctive focus is on wealth creation through gearing, driven by the predominance of active over passive high net worth individuals in South Africa. These individuals gain access to structured property and growth and acquisition finance. Ultra high net worth clients receive these products and services, as well as a comprehensive wealth management, advisory and trust and fiduciary service. In addition, we provide banking products and services to high income earning clients.

This unique offering has a strong franchise among successful entrepreneurs, high earning employees and self-directed internationally mobile clients. Our principal private banking products and services are described in further detail below.

One of our key strengths is the ability to originate new business by leveraging off our strong client relationships, which we establish through our lending activities. This sets us apart from other private banks that are dependent on the more traditional asset-gathering model.

Finally, not only do we have a presence in each of the major centres of South Africa, but we are strongly integrated with the group's UK and Australian operations.

Banking

This offering comprises a wide range of onshore and offshore banking services from a range of jurisdictions in multiple currencies. These include lending, foreign exchange, daily transactional banking, short-term insurance and treasury. The treasury area spans currency deposits, money market deposits, structured deposits and cash management services.

Structured Property Finance

Structured property finance, a key part of our business, provides senior debt, mezzanine and equity to high net worth individuals involved in residential and commercial property markets.

Growth and Acquisition Finance

We provide private empowerment consortia, family businesses, entrepreneurs and management teams with senior, mezzanine or composite debt funding and minority equity investment solutions. Flexible and bespoke finance is available for implanting acquisition and organic growth strategies for South African based, privately owned, mid-market companies with a net asset value of less than R125 million.

Investment Management and Advisory

We offer ultra high net worth private clients an independent wealth management service. Driven by an individual's specific requirements, the offering represents a bespoke strategic asset allocation where a dedicated investment practitioner proactively partners clients in line with their changing needs.

Through an open architecture, this highly disciplined yet personal service encapsulates a wide range of asset types, blending both traditional and alternative investments in accordance with the targeted risk profile and agreed objectives.

Our investment methodology, detailed qualitative and quantitative due diligence processes and access to the expertise of some of the world's leading financial institutions enable us to offer clients products and services that are often exclusive and institutional in nature.

Trust and Fiduciary Services

Critical to our offering is the ability to implement appropriate structures on behalf of clients. Investec Trust operates in a unique space in the fiduciary market, as a bank owned trust company with the independence to work with partners best suited to client needs. Working alongside these partners, the focus is on the delivery and administration of complex and effective international financial structures.

Capital Markets

Our Capital Markets division provides a wide range of specialist products, services and solutions to select corporate clients, public sector bodies and institutions. The division undertakes the bulk of our wholesale debt, structuring, proprietary trading, capital markets and derivatives business.

We focus on the following activities:

Asset and liability management

Treasury provides South African Rand, Sterling, Euro and US Dollar funding to the group and manages liquidity and interest rate risk for the group.

Corporate treasury

Corporate treasury offers corporate and commercial clients a direct dealing capability with a single point of contact for both foreign exchange requirements, and short term international and domestic money market products.

Financial Products

The four businesses comprising Financial Products offer derivative hedging solutions to clients in the interest rate and foreign exchange environment, provide scrip lending services on an agency basis, structure and distribute investment products to individuals and institutions, manage the bank's preference share investments and funding thereof as well as structure equity solutions for individuals, corporates and BEE consortia.

Structured and Asset Finance

This area focuses on structured and conventional lending and debt capital markets, including securitisation, bond origination and principal finance across various asset classes. Structured lending includes asset finance and leasing, preference share finance, LBO's, MBO's and financing solutions for corporate, government and public sector clients.

Project and Infrastructure Finance

We provide advisory services, debt arranging and underwriting and equity raising in the infrastructure, power and industrial sectors with a focus on healthcare, defence projects, transport and power.

Commodities and Resource Finance

We are active in the precious and base metals, minerals, oil and gas sectors. The business operates across the debt-equity spectrum and includes advisory services, debt arranging and underwriting, structuring and providing hedging solutions.

Interest Rate Trading

Products include forward rate agreements, interest rate swaps, money market instruments, government and certain public sector bonds, interest rate options and repurchase agreements. We act as market makers and trade as principal.

Foreign Exchange Trading

We are a market maker in the spot, forward exchange, currency swaps and currency derivatives markets (options and futures), principally in Rand and G7 currencies.

Equity Derivatives Trading

We trade major equity index options, certain single stock options, equity structured products, futures index arbitrage and equity warrants. We provide hedging and structuring services directly to financial intermediaries and institutions and indirectly via the Financial Products area to companies and individuals.

Investment Banking

We engage in a range of investment banking activities, including corporate finance, direct investments and private equity.

We are established as one of South Africa's leading domestic corporate finance houses, focusing on the provision of corporate advisory services to large and mid-capitalisation companies. In addition, as a result of our local knowledge and expertise, we are well placed to take advantage of opportunistic, direct investments in connection with corporate advisory transactions in which we have been involved.

Corporate Finance

We focus on the development of our domestic financial advisory business, in particular regarding black economic empowerment transactions, mergers and acquisitions, divestitures, restructurings and the provision of innovative and creative deal structures and advice. In addition, since 2006 we have started to focus on initial public offerings and capital raisings as the domestic capital market activity in South Africa has improved.

Direct Investments

As a result of our in-depth market knowledge and local expertise, we are well positioned to take direct positions in predominantly JSE listed shares where we believe that the market is mispricing the value of underlying portfolio of assets. These investment positions will be carefully researched with the intent to stimulate corporate activity. We also continue to pursue opportunities to help to create and grow black owned and controlled companies.

Private Equity

We actively seek and select expansion and buy-out investments as principal in unlisted South African companies. Investments are selected based on the track record of the management, the attractiveness of the industry and the ability to build value for the existing business by implementing an agreed strategy.

Group Services and Other Activities

Central Services

Central Services is made up of functional areas that provide services centrally across all our business operations. Consistent with our philosophy of operating as a single organisation, Central Services provides integrating mechanisms between the business operations. While these services do not form part of the operating divisions, we have a policy in place whereby a portion of these costs are allocated to the divisions.

Our principal Central Services, relating to the operations and control of our business, are Group Risk Management, Group Information Technology, Group Finance, Investor Relations, Group Marketing and Organisation Development. Other group support services include: Head Office, Internal Audit and Compliance, Legal, Company Secretarial, Tax, Information and Business Intelligence Centre, Regulatory and Facilities. There are certain costs that are strategic in nature and which have not been allocated to the operating divisions.

Central Funding

Our business model involves maintaining a central pool of capital, with the aim of obtaining economies of scale for corporate investments, funding and overall management. We use various sources of funding, depending on the specific financial and strategic requirements we face at the time. The funds raised are applied towards making acquisitions, funding central services and debt obligations, and purchasing corporate assets and investments not allocated to our principal operating divisions.

Other Activities

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

International Trade Finance

We acquired our International Trade Finance business, ReichmansCapital, in South Africa in 1990. Clients are small to medium-sized owner managed businesses. We offer trade, asset and debtor finance to provide clients with working capital and funding for the acquisition of assets, and to facilitate growth.

Financial review

Commentary on the results of Investec Bank Limited for the year ended 31 March 2007

Unless the context indicates otherwise, all income statement comparatives in the review below, relate to the results for the year ended 31 March 2006.

Introduction

The bank increased headline earnings attributable to ordinary shareholders by 31.8% from R1 054 million to R1 389 million. Our strategy of maintaining a balanced business model continues to support the operating fundamentals of the bank. We have benefited from the strong performance by the majority of our business.

Financial highlights

	31 March 2007	31 March 2006	% Change
Profit before taxation (R'million)	2 124	1 513	40.4%
Headline earnings attributable to ordinary shareholders (R'million)	1 389	1 054	31.8%
Cost to income ratio	49.9%	54.3%	-
Total capital resources (including subordinated liabilities) (R'million)	13 122	11 952	9.8%
Total shareholders' equity (excluding minority interests) (R'million)	10 056	8 804	14.2%
Total assets (R'million)	142 764	112 547	26.8%
Capital adequacy ratio	14.1%	16.1%	-
Tier 1 ratio	9.3%	10.4%	-

Segmental information

For the year ended 31 March 2007 R'million	Private Client Activities	Capital Markets	Investment Banking	Group Services & Other Activities	Total
Net operating income after headline adjustments	1 550	1 448	584	704	4 286
Operating expenses	(995)	(608)	(204)	(394)	(2 201)
Operating profit before taxation and after headline adjustments	**555**	**840**	**380**	**310**	**2 085**
Headline adjustments	-	-	-	39	39
Operating profit before taxation	**555**	**840**	**380**	**349**	**2 124**
Cost to income ratio (%)	61.7	40.3	34.9	(56.2)	49.9

For the year ended 31 March 2006 R'million	Private Client Activities	Capital Markets	Investment Banking	Group Services & Other Activities	Total
Net operating income after headline adjustments	1 111	909	643	610	3 272
Operating expenses	(730)	(468)	(159)	(403)	(1 760)
Operating profit before taxation and after headline adjustments	**380**	**441**	**484**	**207**	**1 512**
Headline adjustments	1	-	-	-	1
Operating profit before taxation	**381**	**441**	**484**	**207**	**1 513**
Cost to income ratio (%)	66.1	48.0	25.0	76.0	54.3

Business unit review

An analysis of the performance of each business unit is provided. "Operating profit" in the business unit review below, refers to profit before taxation and after headline adjustments.

Private Banking

Overview of performance

Operating profit of our Private Banking division increased by 45.7% to R555 million (2006: R381 million) driven by strong growth in advances and non-interest income. The division continues to penetrate its core markets and recorded strong performances across its areas of specialisation.

Since 31 March 2006, the Private Bank has shown good growth in all of its key earnings drivers:

- Loans and advances have increased 36.9% to R55.8 billion.
- The deposit book has grown 48.6% to R26.3 billion.
- Funds under advice have increased by 67.9% to R18.1 billion.

Developments

- The Structured Property Finance and Growth and Acquisition Finance teams completed 29 transactions, providing R2.7 billion in funding for black economic empowerment initiatives.
- The Wealth Management team's increased focus on the ultra-wealthy South African private client led to a significant increase in assets under advice.
- The pricing strategy for transactional banking was revised from being transaction based, to a consolidated monthly fee. The change has had a materially favourable impact on client behaviour and client acquisition, with notable progress being made with clients engaging Investec as their primary banking partner.
- Significant investment in information technology, relating to the Banking specialisation, was undertaken as a result of the considerable increase in volumes of online banking transactions resulting from client acquisition and client usage.
- We securitised R1.4 billion of our commercial loans under the first multi-borrower commercial securitisation undertaken in South Africa.

Outlook

- On the assumption that current market conditions prevail, the earnings outlook is positive, with good deal pipelines in place.
- There are planned growth strategies, which include the expansion of distribution capability together with new strategic initiatives.

Capital Markets

Overview of performance

Capital Markets (formerly known as Treasury and Specialised Finance) posted a significant increase in operating profit of 90.5% to R840 million (2006: R441 million). Growth was underpinned by a solid performance from the division's advisory, structuring, asset creation, trading and distribution activities. Advances increased by 2.1% to R20.3 billion (2006: R19.9 billion).

Developments

- Deal activity in most of our lending areas was strong but we were negatively affected by unexpected repayments, resulting in a lower than anticipated closing advances book.
- We increased our market share significantly in the equity derivative listed products market through an ongoing focus on innovation and service levels.
- The central Derivative Sales and Structuring team continued to be successful, reflected by increased levels of client flows and profitability on the trading desks.
- Our focus in the debt capital markets area was rewarded with numerous successful securitisations concluded in the financial year and significant mandates received for deals yet to close. We continue to concentrate on establishing platforms to provide securitisable assets.
- The division holds numerous equity related positions, which are linked to underlying advances. The results were positively affected both through realisation of certain of these and through the increase in valuation of the positions held at year end.

Outlook

- The strategy has not changed. We continue to remain a focused specialist business targeting markets where we can be distinctive and competitive focusing on our core value drivers.
- We will continue to strive for depth and greater penetration.
- Securitisation and capital markets are a key focus in particular we will look to originate assets in higher margin niche areas to be funded through securitisation in the capital markets.

- We will continue to pursue our strategy around specialist funds.
- Momentum in the business is good.

Investment Banking

Overview of performance

Our Investment Banking division recorded a 21.5% decline in operating profit to R380 million (2006: R484 million). The Corporate Finance division benefited from a high level of activity. The results of the Private Equity division are not comparable to the previous period as certain of the recent Private Equity investments have been acquired by other subsidiaries of Investec Limited. The entrepreneurial investment component of the Direct Investment division generated less revenue than in prior years.

Developments

Corporate Finance

- We maintained our strong positioning with a good level of activity.
- Our focus was on M&As, corporate restructuring activities, IPOs and black economic empowerment transactions.
- We retained all our major clients and gained several new mandates during the period, particularly for black economic empowerment transactions and IPOs.
- Corporate Finance transactions during the period increased to 140 (2006: 119), with a value of R52 billion (2006: R31.2 billion).
- Sponsor broker deals completed during the period increased to 161 (2006: 128), with the value increasing substantially to R70.1 billion (2006: R28.6 billion).
- The Corporate Finance division was ranked first in volume of M&A transactions and second in general corporate finance by volume in the Dealmakers Magazine Survey for Corporate Finance (2006 calendar year).
- The Sponsor division was ranked first in volume of M&A transactions and in general corporate finance in the Dealmakers Magazine Survey for Sponsors (2006 calendar year).
- The Sponsor and Corporate Finance divisions were also ranked first and second respectively in volume of M&A transactions in the Ernst & Young review for M&A (2006 calendar year).

Direct Investments and Private Equity

- The Direct Investments portfolio increased significantly from R697 million at 31 March 2006 to R1 012 million at 31 March 2007. This was driven by a good performance from the underlying investments and further investment acquisitions. The entrepreneurial investment side of Direct Investments was not as active this year compared to previous years because opportunities in this part of the business tend to arise in weaker stock market conditions.
- We continued to expand the capacity of our Private Equity investments through acquisitions and capital expenditure. The Private Equity portfolio was approximately R1 266 million at 31 March 2007 (March 2006: R922 million).

Outlook

Corporate Finance

- Black economic empowerment, IPOs and M&A transactions are expected to continue to drive activity.
- The pipeline looks positive and we continue to build our client base.

Direct Investments and Private Equity

- We remain active in seeking direct investment opportunities, while continuing to unlock further value from the portfolio and building quality black economic empowerment platforms.
- The companies in our Private Equity portfolio are all trading in line with expectations and the outlook remains positive.

Group Services and Other Activities

Overview of performance

Group Services and Other Activities posted a 49.8% increase in operating profit from R207 million to R310 million, largely as a result of a stronger performance from some of the investments within the Central Funding portfolio.

Risk management and corporate governance

Risk Management

Philosophy and approach

The group recognises that an effective risk management function is fundamental to its business. Taking international best practice into account, our comprehensive risk management process, involves identifying, understanding and managing the risks associated with each of our businesses.

Risk awareness, control and compliance are embedded in our day-to-day activities.

Group Risk Management (part of Group Services) independently monitors, manages and reports on our risk as mandated by the board of directors through the Board Risk Review Committee. Business units are ultimately responsible for managing risks that arise.

We monitor and control risk exposure through credit, market, liquidity, operational and legal risk reporting teams. This approach is core to assuming a tolerable risk and reward profile, helping us to pursue growth across our business.

Group Risk Management operates within an integrated geographical and divisional structure, in line with our management approach, ensuring that the appropriate processes are used to address all risks across the group. Group Risk Management has specialist divisions in the UK and South Africa and smaller risk divisions in other regions, to promote sound risk management practices.

Group Risk Management divisions with international responsibility are locally responsive yet globally aware. This helps to ensure that all initiatives and businesses operate within our defined risk parameters and objectives.

Group Risk Management continually seeks new ways to enhance its techniques. However, no bank can completely or accurately predict or fully assure the effectiveness of its policies and procedures for managing risk.

In our ordinary course of business, we are exposed to various risks, including credit, market, interest rate and liquidity, operational, legal and reputational risks.

This section provides an overview of these types of risks and related developments that occurred during the period under review. Further detail on our risk management framework, committees and forums as well as our risk management and measurement techniques can be found in the Investec group's 2007 Annual Report.

Credit risk management

Credit risk represents the potential loss to the group as a result of:
- A counterparty being unable or unwilling to meet its obligations.
- A deterioration in the credit quality of third parties to whom we are exposed.

Credit risk arises from two types of transactions:
- Lending transactions and positions in debt instruments (the risk that a counterparty to a transaction will be unable or unwilling to repay capital and interest on loans and advances as they fall due).
- Derivative transactions giving rise to settlement and replacement risk. Settlement risk is the risk that the settlement of a transaction does not take place as expected, with us effecting required settlements as they fall due but not receiving settlements to which we are entitled. Continuous linked settlement and exchange settlement reduce the level of settlement risk in the banking system. Replacement risk is the risk that a derivative instrument needs to be replaced following default by the original counterparty and that such replacement is done at a cost which equates to the mark-to-market of the trade at the date of replacement.

The nature and degree of credit risk vary depending on the type of business transactions entered.

Credit risk is assumed mainly through our Private Banking, Capital Markets, and Asset Finance activities (ReichmansCapital).

Private Banking

Our lending product, offered through our structured property and growth and acquisition finance activities, supports the needs of our clients. Central to our credit philosophy is the concept of sustainability of income through the cycle. As such, the client base has been defined to include high net worth clients (who through diversification of income streams will reduce income volatility) and individuals with a profession which has historically supported a high and sustainable income stream irrespective of stage in the economic cycle. The combination of low probability of default clients (due to our niche focus) and low and decreasing loan to value ratios results in a low level of expected loss, which has been borne out by historical experience of actual losses.

Residential mortgages and commercial property make up the bulk of our lending exposure. Exposure to commercial, retail and industrial properties are generally at conservative loan to value ratios. Income producing assets are generally substantially let with good quality anchor tenants.

Exposure to the South African property market is well spread among the regions in which we mainly operate (Pretoria, Johannesburg, Cape Town, Durban and Port Elizabeth). This risk is mitigated by reviewing all properties offered as security prior to advancing funds. Our internal valuers or a bank approved panel of external valuers also regularly review commercial property values. Furthermore, serviceability of a loan advanced against property is a primary consideration in the credit assessment process and not only asset value. Clients have used and are increasingly using fixed rate funding, which should mitigate potential upward shifts in interest rates and increased interest rate volatility.

Capital Markets

Investec Corporate Treasury provides money market and foreign exchange products to corporates and investors. We are an active market maker in the spot and forward US Dollar/Rand interbank markets. Trading transactions giving rise to issuer, settlement and replacement risk were among the primary areas of potential credit risk in the year under review. Scenario analyses were performed regularly for clients whose exposures showed a material level of volatility as a result of these factors.

The Specialised Finance, Project Finance and Resource Finance businesses lend money on a structured basis to corporates, government and institutions, with full recourse, to either a suitable asset or to the balance sheet of the entity to which the funds are advanced.

Typical assets that are funded include property, plant and equipment, infrastructure and movable assets. Credit limits are set for each counterparty and monitored to ensure risk is mitigated. The credit appetite for each counterparty is based on the financial strength of the principal borrower, underlying security, cash flow and, in the case of trading products, the nature of the underlying security traded.

The Resource Finance business may be exposed to countries presenting complex legal and political risks. Extensive knowledge of Africa (which represents the bulk of the exposure in this business unit), good technical and financial skills, and strong adherence to prudent country risk limits ensure that concentration risks are well managed. Exposures are monitored continuously and assets provided as security in support of borrowing facilities are generally easily realisable. Most of the Resource Finance business activities form part of the corporate asset class (as defined by Basel II), since recourse in the event of default will be to the total assets of the corporate and not merely the resources being financed. Transactions are structured so that scenarios resulting in increased exposure coincide with increased profitability of the entity being financed and thus a relatively stable expected loss.

ReichmansCapital

ReichmansCapital is an asset finance business which operates on a premium margin business model for small and medium sized corporates. The business is a relatively small component of the overall credit risk we accept.

Asset quality and impairments

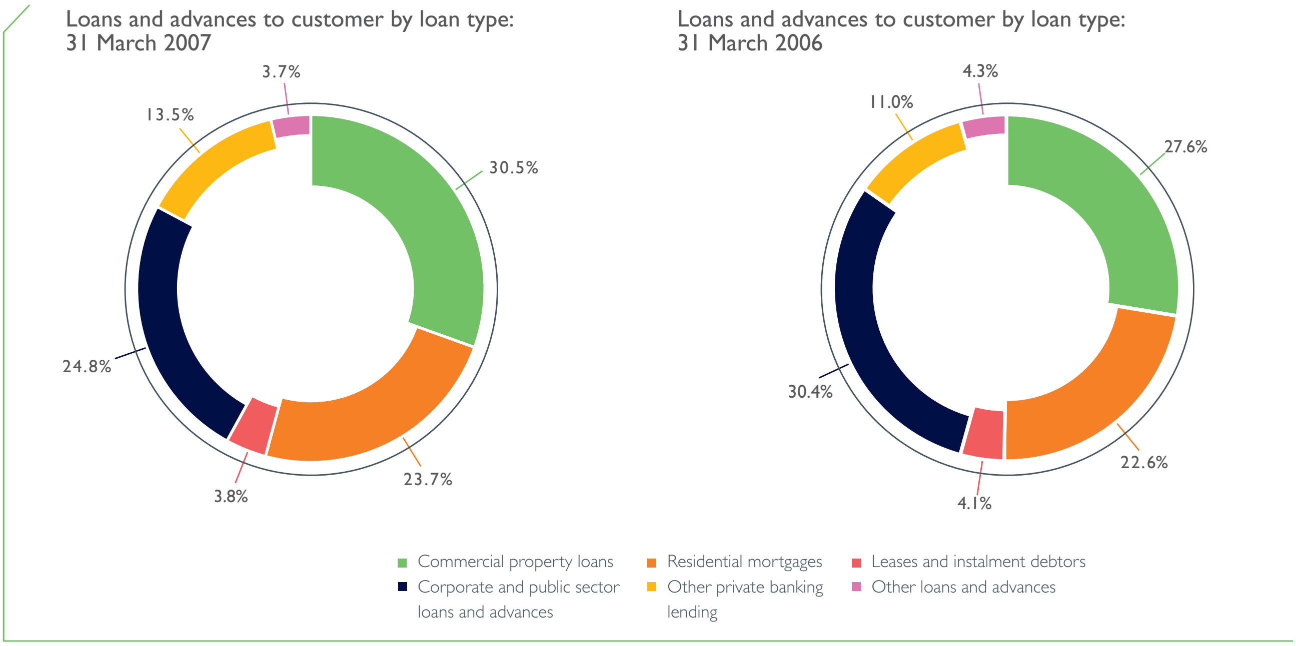
R'million	31 March 2007	31 March 2006
Total loans and advances to customers (gross of impairments)	78 900	63 213
Specific impairments	237	237
Portfolio impairments	75	91
Total impairments	**312**	**328**
Gross default loans	1 004	745
Sub-standard	404	211
Doubtful	573	512
Loss	27	22
Less: security	837	550
Net default loans (pre impairments held against these loans)	**167**	**195**
Adequacy of impairments		
Specific impairments as a % of loans and advances to customers	0.30%	0.37%
Portfolio impairments as a % of net loans and advances to customers	0.10%	0.14%
Total impairments as a % of loans and advances to customers	0.40%	0.52%
Total impairments as a % gross default loans	31.08%	44.00%
Total impairments as a % of net default loans	186.83%	168.21%
Specific impairments as a % of gross default loans	23.61%	31.80%
Specific impairments as a % of net default loans	141.92%	121.54%
Gross default loans as a % of loans and advances to customers	1.27%	1.18%

Note:

As part of our Basel process we have revisited the definitions applied in terms of our asset quality information and refined these across divisions and geographies. These have been some minor changes as a result, and the 2006 information as depicted above has been restated accordingly.

Loans and advances to customers by loan type

At 31 March R'million	2007	2006
Category analysis		
Commercial property loans	24 067	17 455
Residential mortgages	18 735	14 280
Leases and instalment debtors	2 982	2 617
Corporate and public sector loans and advances	19 575	19 241
Other private bank lending	10 627	6 928
Other loans and advances	2 914	2 692
	78 900	**63 213**
Specific impairment	(237)	(237)
Portfolio impairment	(75)	(91)
	78 588	**62 885**



Credit risk year in review

Basel II

From a credit risk perspective there has been significant investment in people and technology in order to re-engineer existing credit process in such a way as to meet additional requirements of the jurisdictional regulators which are in the process of being aligned to the International Convergence of Capital Measurement and Capital Standards issued by the Bank of International Settlements. This re-engineering of credit processes is being conducted within the context of Investec's core credit philosophy.

Overview

The loan portfolio increased by 25.0% to R78.6 billion.

Over the past financial year, a number of financial market trends had an impact on the assessment of our credit risk. These trends include:

- Upward pressure on interest rates (the prime lending rate increased from 10.5% at 31 March 2006 to 12.5% at 31 March 2007) but a negative yield curve, indicating an expectation of future interest rate cuts.
- Moderate levels of Rand volatility and a substantial depreciation in the Rand against the US Dollar.
- Highly volatile and high real prices of oil and metals (both base and precious).
- Strong equity markets and a slowdown in the real growth of residential and commercial property.
- Upward pressure on food prices as a result of the effects of the drought on the agricultural sector.

While the South African property market has been more resilient than that of the more established first world economies, we are conscious of the potential effect of the combination of a slowdown of growth in the property market (both global and local) and upward pressure on interest rates. For this reason, we constantly monitor property exposures by stress testing the property portfolio. This is undertaken by assuming a sharp fall in property values and assessing the resultant loan to value ratios, changes in the ability of the borrower to service or repay from independent means and interest rate shocks resulting in rental income falling below interest expenses.

The high net worth and/or stable income streams shown by our target market clients provide a level of protection from decreases in property values, should a declining trend occur in the future. Over the past few years, as property values increased, these clients built an effective equity buffer, resulting in lower average loan to value ratios, which have reduced potential losses on depreciation of values.

As a result of the early realisation of profits in respect of precious metal hedges (mainly gold) subsequent to corporate action in the mining sector, our exposure to corporate commodity producers is significantly lower than in the prior year.

As detailed above, the Rand has devalued significantly against the US Dollar over the past year and has shown higher levels of volatility compared to the prior year. An increase in client flow, together with greater hedging activity (due to higher levels of volatility), has resulted in increased profitability and exposure in the Treasury Foreign Exchange business.

For both interest rate and foreign exchange products, we have advanced exposure simulation methodologies, which enable us to identify more accurately the level of potential exposures to counterparties for these trading activities. These simulation methodologies recognise volume of trading, volatility of products traded, deal tenor and credit mitigants in deriving granular counterparty exposure profiles (and, in so doing, allow for roll-off risk assessments).

The quality of the overall loan portfolio remains satisfactory with gross default loans as a percentage of total loans of 1.27%.

Market risk management

Market risk is a measure of potential change in the value of a portfolio of instruments as a result of changes in the financial environment (resulting in changes in underlying market risk factors such as interest rates, equity markets, bond markets, commodity markets, exchange rates and volatilities) between now and a future point in time. The Market Risk Management team identifies, quantifies and manages the effects of these potential changes in accordance with Basel II and policies determined by the board.

Within our trading activities, we act as principal with clients or the market. Market risk, therefore, exists where we have taken on principal positions, resulting from proprietary trading, market making, arbitrage, underwriting and investments in the commodity, foreign exchange, equity, capital and money markets. The focus of these businesses is on supporting client activity. Our philosophy is that trading should be conducted largely to facilitate clients in deal execution.

Measurement techniques used to quantify the market risk arising from our trading activities include sensitivity analysis, Value at Risk (VaR) and Expected Tail Loss (ETL). Stress testing and scenario analysis are also used to simulate extreme conditions to supplement these core measures.

VaR numbers are monitored at the 95%, 99% and 100% (maximum loss) confidence intervals. ETLs are monitored at the 95% and 99% levels.

Scenario analysis considers the impact of a significant market event on our current trading portfolios. We consider the impact for the 10 days after the event, not merely the instantaneous shock to the markets. The following scenarios are analysed: October 1987, Black Monday, 11 September 2001 and the December Rand crisis in 2001.

All VaR models, while forward-looking, are based on past events and depend on the quality of available market data. The accuracy of the VaR model as a predictor of potential loss is continuously monitored through back testing. This involves comparing the actual trading revenues arising from the previous day's closing positions with the one-day VaR calculated for the previous day on these same positions. If the revenue is negative and exceeds the one-day VaR, a "back testing breach" is considered to have occurred.

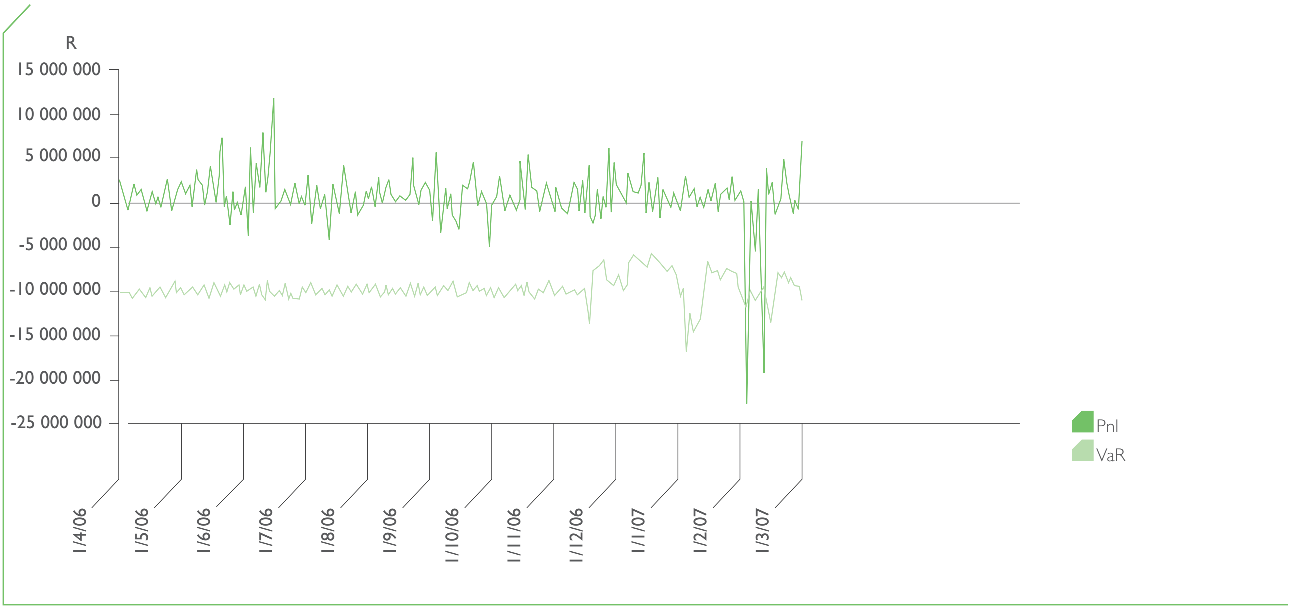
VaR 95% (one-day)

31 March 2007 R'million	
Commodities	0.4
Equity derivatives	5.9
Foreign exchange	0.9
Interest rates	0.6
Consolidated*	**6.1**

* The consolidated VaR for each desk is lower than the sum of the individual VaRs. This arises from the correlation offset between the various asset classes.

The graph below shows total daily VaR and profit and loss figures for the trading activities of Investec Bank Limited over the reporting period. The values are for the 99% one-day VaR i.e. 99% of the time, the total trading activities will not lose more than the values depicted below. Based on these graphs, we can gauge the accuracy of the VaR figures.

Investec Bank Limited daily profit and losses (pnl) vs 99% VaR



The VaR numbers show two exceptions for the period under review as a result of losses on the Interest Rates desk due to adverse moves in South African consumer price inflation.

ETL 95% (one-day)

31 March 2007 R'million	
Commodities	0.7
Equity derivatives	8.3
Foreign exchange	2.4
Interest rates	0.8
Consolidated*	**8.9**

* The consolidated ETL for each desk is lower than the sum of the individual ETLs. This arises from the correlation offset between the various asset classes.

Market risk year in review

We obtained approval of our internal model for market risk from the South African Reserve Bank, which has put us at the level of the advanced approach for Basel II. In terms of this model, trading capital is calculated as a function of VaR at the 99% confidence level and back testing results will be submitted to the regulator monthly.

The past year was characterised by strong, albeit volatile, growth in the equity, commodity and bond markets. These market conditions, coupled with good client flows and product sales, resulted in a strong performance from the South African Equity Derivatives desk.

Balance sheet risk management

Balance sheet risk management encompasses the financial risks relating to our asset and liability portfolios, comprising liquidity, funding, concentration and non-trading interest rate risks on balance sheet.

Non-trading interest rate risk description

Non-trading interest rate risk is the impact on net interest earnings and sensitivity to economic value, as a result of increases or decreases in interest rates arising from the execution of our core business strategies and the delivery of products and services to our customers.

Sources of interest rate risk include volatility and changes in interest rate levels, yield curves and spreads. These affect the interest rate margin realised between lending income and borrowing costs, when applied to our rate sensitive asset and liability portfolios. We are also exposed to basis risk, which is the difference in repricing characteristics of two floating-rate indices, such as the South African prime rate and three-month Jibar.

The table below shows our non-trading interest rate mismatch. These exposures affect the interest rate margin realised between lending income and borrowing costs.

Interest rate sensitivity gap

At 31 March 2007 R'million	Not > 3 months	> 3 months but < 6 months	> 6 months but < 1 year	> 1 year but < 5 years	> 5 years	Non-rate	Total non-trading
Assets							
Cash and short-term funds (banks and non-banks)	33 494	-	-	-	-	-	33 494
Negotiable securities	10 797	2 048	2 664	706	452	1 362	18 029
Loans and advances to customers	59 832	677	1 070	9 470	3 285	185	74 519
All other assets	-	132	600	206	653	2 013	3 604
Total	**104 123**	**2 857**	**4 334**	**10 382**	**4 390**	**3 560**	**129 647**
Funding							
Deposits	(70 250)	(5 930)	(4 663)	(1 296)	(756)	(146)	(83 041)
All other liabilities	(23 525)	(4 906)	(3 995)	(3 066)	(1 908)	(9 206)	(46 606)
Total	**(93 775)**	**(10 836)**	**(8 658)**	**(4 362)**	**(2 664)**	**(9 352)**	**(129 647)**
Economic hedges	3 471	2 775	1 110	(3 955)	(3 400)	-	-
Interest rate repricing gap	**13 819**	**(5 204)**	**(3 214)**	**2 065**	**(1 674)**	**(5 792)**	**-**
Cumulative repricing gap	**13 819**	**8 615**	**5 401**	**7 466**	**5 792**	**-**	**-**

Liquidity risk

Liquidity risk is the risk that we do not have sufficient cash to meet our financial obligations, especially in the short term, at acceptable costs.

Sources of liquidity risk include unforeseen withdrawals of demand deposits, restricted access to new funding with appropriate maturity and interest rate characteristics, inability to liquidate a marketable asset timeously with minimal risk of capital loss, unpredicted customer non-payment of a loan obligation and a sudden increased demand for loans.

The table on the following pages shows our liquidity mismatch, which represents our contractual cash obligations and commercial commitments.

Liquidity view

At 31 March 2007 R'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 5 years	>5 years	Total
Assets								
Cash and balances at central banks	851	-	-	-	-	-	-	851
Loans and advances to banks	(105)	17 260	1 674	1 939	15	-	-	20 783
Cash equivalent advances to customers	7 214	-	-	-	-	-	-	7 214
Reverse repurchase agreements and cash collateral on securities borrowed	2 916	-	-	-	-	-	-	2 916
Trading securities	12 333	672	75	1 326	995	-	-	15 401
Derivative financial instruments	5 278	-	-	-	-	401	14	5 693
Investment securities	27	1	-	-	-	1	-	29
Loans and advances to customers	980	1 916	2 779	4 219	6 907	31 201	30 586	78 588
Other assets*	332	135	148	38	83	9 886	667	11 289
	29 826	**19 984**	**4 676**	**7 522**	**8 000**	**41 489**	**31 267**	**142 764**
Funding								
Deposits by banks	356	4 987	704	59	595	6 113	145	12 959
Derivative financial instruments	5 101	9	-	-	2	464	-	5 576
Repurchase agreements and cash collateral on securities lent	2 378	-	-	-	-	-	-	2 378
Customer accounts	39 109	6 688	13 669	6 003	5 794	1 269	542	73 074
Debt securities in issue	-	3 804	7 180	5 631	6 702	7 464	89	30 870
Other liabilities**	1 321	268	486	792	273	1 055	590	4 785
	48 265	15 756	22 039	12 485	13 366	16 365	1 366	129 642
Subordinated liabilities (including convertible debt)	-	-	-	-	-	3 066	-	3 066
Equity						229	9 827	10 056
	48 265	**15 756**	**22 039**	**12 485**	**13 366**	**19 660**	**11 193**	**142 764**
Liquidity gap	(18 439)	4 228	(17 363)	(4 963)	(5 366)	21 829	20 074	-
Cumulative liquidity gap	**(18 439)**	**(14 211)**	**(31 574)**	**(36 537)**	**(41 903)**	**(20 074)**	**-**	**-**

* Includes other assets, loans and advances to group companies, deferred tax assets, property and equipment, investment properties, intangible assets and investment in associates.

** Includes other trading liabilities, current taxation liabilities, deferred tax liabilities and other liabilities.

Balance sheet risk year in review

The last financial year was characterised by a rising global interest rate environment.

We successfully embarked on several term debt funding initiatives. This allowed us to maintain liquidity well above internal and external liquidity targets, while growing our profitable lending portfolios. These initiatives were designed to further diversify sources of funding and maintain surplus medium-term liquidity at low rates to facilitate asset growth. Key initiatives included the following:

- We raised a $340 million five-year syndicated loan at LIBOR plus 35 basis points in January 2007. This was done to diversify support for the Rand balance sheet across term and geography and to exploit improved investor sentiment towards emerging markets. We also set up a $1.5 billion EMTN programme, which is listed in Luxembourg, for similar reasons.
- On the funding side, there was rapid growth in balance sheet, deposit and surplus cash sizes. The three are linked as we respond appropriately to rapid asset growth and increases in Private Bank call funding. Risks to income increased as the prime-Jibar gap narrowed. This was largely due to pressures from banks competing to raise term deposits to fund high asset creation. Income pressures were exacerbated by the increasing opportunity cost of holding liquid assets as banks fought to balance rising needs with limited supply.

Operational risk management

Operational risk is defined as the risk of loss or earnings volatility arising from failed or inadequate internal processes, people and technology, or from external events.

We recognise operational risk as a significant risk category, and strive to manage this within acceptable levels through the promotion of sound operational risk management practices.

Operational risk year in review

Operational risk exposure continued to be addressed and reported.

During the year, we continued to embed our operational risk practices across the group. Our strategy provides for continuous development to ensure that our framework and practices are appropriate and adequate for our business, and in line with regulatory requirements. In addition, we continue to develop and enhance our policies, practices and processes in line with leading practice. Industry developments are monitored through active participation in industry forums.

A number of engagements with regulators took place during the year as part of our Basel II programme. The Standardised Approach application requirements are being met. An internal assessment of our operational risk practices has been undertaken to evaluate compliance with Basel II requirements, and we are of the view that we are substantially meeting these requirements.

During the year, the processes around the gathering of internal data were refined. Risks above our threshold were reported to the Board Risk Review Committee and are being appropriately treated.

Certain key risk indicators are tracked and continue to be an area of focus.

Business continuity risk was a focus for regulators during the year. Participation in regulatory initiatives confirmed that our business continuity practices are appropriate and adequate. Certain minor incidents were effectively responded to without disruption to the business, but highlighted the need for ongoing attention to operations resilience and partial disruption recoverability. The management of this risk remains a focus.

Information security training was rolled out to all staff to increase the awareness of information security risk.

Financial crime remains a concern. During the year, various internal and external incidents were identified and responded to, in order to minimise losses and recover assets or to report suspicious transactions to the authorities.

Legal risk management

Legal risk is the risk of loss resulting from any of our rights not being fully enforceable or from our obligations not being properly performed. This includes our rights and obligations under contracts entered into with counterparties. Such risk is especially applicable where the counterparty defaults and the relevant documentation may not give rise to the rights and remedies anticipated when the transaction was entered.

Our objective is to identify, manage, monitor and mitigate legal risks throughout the group. We seek to actively mitigate these risks by identifying them, setting minimum standards for their management and allocating clear responsibility for such management to legal risk managers, as well as ensuring compliance through proactive monitoring.

Reputational risk management

Reputational risk is the risk caused by damage to an organisation's reputation, name or brand. Such damage may result from a breakdown of trust, confidence or business relationships. Reputational risk may also arise as a result of other risks manifesting and not being mitigated.

We have various policies and practices to mitigate reputational risk, including a strong values statement that is regularly and proactively reinforced. We also subscribe to sound corporate governance practices, which require that activities, processes and decisions are based on carefully considered principles.

We are acutely aware of the impact of practices that may result in a breakdown of trust and confidence in the organisation. We regularly reinforce our policies and practices through transparent communication, accurate reporting, continuous group culture and values assessment, internal audit and regulatory compliance review, and risk management practices.

Capital management

The management of the capital at our disposal is paramount to our success. Strategically, we focus on ensuring that we only enter business activities that are expected to earn appropriate returns on our capital and satisfy the demands of our shareholders. Our objective is to increase shareholder value through a group-wide discipline that links capital allocation and structuring, performance measurement, investment decisions, risk management and capital-based incentive compensation into one integrated framework.

The Investec plc and Investec Limited boards of directors are ultimately responsible for the respective silo's capital management. At the highest level, the boards have delegated direct responsibility for capital management to the DLC Capital Committee to oversee the components contributing to effective control and use of capital. This forum was constituted in June 2002 and its roles and responsibilities are discussed in the Investec group's 2007 Annual Report.

Basel II

We intend to implement the Basel II Standardised approaches for credit and operational risk across our divisions and geographies from January 2008, moving to the Advanced approaches over time. For market risk in the trading book, we currently adopt a combination of the EU CAD I model approach and internal value-at-risk models and we intend to move to the latter in the near future. The Basel II implementation is taking account of our long-term sustainability and strategic view. The evaluation extends to the entire risk and operational environment, including the infrastructure and data framework to ultimately support the advanced approach.

While the adoption of the Basel II framework may have a significant impact on the capital management process, the process will allow greater flexibility for us to manage our capital requirements through a better understanding of risk and reward. From a philosophical standpoint however, the use of risk to manage the business will not change. The reason is that the acute sensitivity of transactions to capital use is already embedded in our deal/credit approval and performance measurement ethos (as detailed above).

The underlying process for determining capital adequacy relative to our chosen risk profile will remain essentially the same. However, under Basel II, the basis for quantification of required capital will become more sophisticated.

In terms of the current process, the following features exist:

- Board and senior management oversight in relation to the nature and level of risk taken and how this risk relates to capital adequacy. Strategic plans outline our capital needs, anticipated capital expenditure, target capital level and structure and external capital sources.
- Sound capital assessment through the establishment of capital adequacy goals supported by a process of internal controls, reviews and audits to ensure the integrity of the overall management process.
- Comprehensive assessment of risks by a number of governance committees guided by methodologies and policies, supported by sophisticated systems which ensure the adequacy and completeness of information on which decisions are based. To this end, detailed reports are prepared regularly on our risk profile and capital needs.

The adoption of Pillar II through our internal capital model allows us to manage risk more effectively and to target performance accurately on the basis of risk. This will enable an extension to the current internal capital model by allowing for a greater understanding of the sources of all risk capital at a transactional level.

Internal Audit

Internal Audit provides objective and independent assurance to the board that management processes are adequate for identifying the significant risks to which we are exposed and that the control environment is effective enough to manage these risks. Internal Audit recommends enhancements to risk management, control and governance processes where weaknesses are identified.

An Internal Audit charter, approved by the Group Audit Committees and reviewed annually, governs our internal audit activity. The charter defines the role, objectives, authority and responsibilities of the function.

Further details on the internal audit function can be found in the Investec group's 2007 Annual Report.

Compliance

Compliance risk is the risk that we fail to comply with the letter and spirit of all statutes, regulations, supervisory requirements and industry codes of conduct which apply to our businesses. We seek to bring the highest standard of compliance best practice to all our jurisdictions. In keeping with our core values, we also endeavour to comply with the highest professional standards of integrity and behaviour, which builds trust.

Further details on the compliance function can be found in the Investec group's 2007 Annual Report.

South Africa - year in review

Implementation of Financial Intelligence Centre Act and Protection of Constitutional Democracy against Terrorist and Related Activities Act

The implementation of the Financial Intelligence Centre Act and Protection of Constitutional Democracy against Terrorist and Related Activities is ongoing. As required by the legislation, new clients are required to undergo a significant process at the take-on stage to ensure that they are adequately identified and verified prior to transacting. The allocated time periods set by the South African Reserve Bank for the re-identification of existing clients expired during 2006. Accordingly and, as required by legislation, all existing Investec clients who have not been adequately identified or verified have had their accounts frozen, subject to our receipt of the outstanding information and documentation.

The focus during the year was on ongoing implementation of international best practice standards of anti-money laundering and anti-terror financing in the banking environment. These standards include:

- Risk weighting of clients according to the money laundering and/or terror financing risks they pose.
- An enhancement of the Client Acceptance Policy to accommodate this risk weighting.
- A comparison of client lists to databases of adverse client information (including persons named on the United Nations lists).
- The ongoing maintenance of a client's identification and verification and risk weighting.

Implementation of the National Credit Act 34 of 2005

The National Credit Act, 2005 (NCA) governs the granting and management of credit and comes into operation on 1 June 2007. The NCA applies to all categories of credit agreements we enter with affected parties, at arm's length. It focuses on consumer protection, specifically the prevention of reckless credit behaviour, combating over-indebtedness and curbing discriminatory lending practices. The Act imposes strict requirements on credit providers including disclosure to consumers, advertising and marketing practices, complaints and pricing.

Affected entities within the group have successfully applied to the National Credit Regulator for registration as credit providers. A project plan has been implemented to ensure that the affected entities will be compliant with the provisions of the NCA by the effective date.

Compliance monitoring

A project was initiated to align the existing compliance monitoring process with the operational risk processes. The project entails the adoption of the Enterprise Risk Assessor risk based methodology used by the Operational Risk division

The first phase of the project involved a comprehensive analysis of all acts, regulations, rules, guidance notes and codes of conduct affecting each of the operating units, the performance of a risk assessment of each underlying regulatory risk, and the identification and recording of all controls the operating units use to mitigate such risks.

The second phase of the project involves a review of the compliance monitoring programmes used within the operating units and the design and migration of a fully comprehensive risk based monitoring programme onto the Enterprise Risk Assessor software.

Mauritius - year in review

Following the significant legislative changes that were introduced in the previous year, the regulatory environment remained stable. Investec Bank (Mauritius) Limited adopted, and is an active participant in, the compliance projects initiated by the South African Compliance function.

Group processes implemented to address conflicts of interest

It has become increasingly important to ensure that actual or potential conflicts of interest are managed appropriately. A project has been initiated across the group to identify areas where conflicts of interest may arise and to ensure that appropriate processes are implemented to either avoid or manage these. To facilitate this process, a conflicts of interest control room is being established to manage conflicts of interest within the group.

Credit ratings

In general, we were assigned strong ratings for credit quality, capacity for timely repayment and financial strength. In terms of our Dual Listed Companies structure, Investec plc and Investec Limited 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 (UK) Limited, Investec Bank Limited and Investec Bank (Australia) Limited. Certain rating agencies have assigned ratings to the holding companies, namely, Investec plc and Investec Limited.

Ratings for Investec Limited

CA Ratings

Local currency short-term rating	(za) A1+
Local currency long-term rating	(za) AA-

Fitch

Individual rating	B/C
Support rating	5
Foreign currency short-term rating	F3 (positive outlook)
Foreign currency long-term rating	BBB (positive outlook)

Ratings for Investec Bank Limited - a subsidiary of Investec Limited

CA Ratings

Local currency short-term rating	(za) A1+
Local currency long-term rating	(za) AA-

Capital Intelligence Ratings

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

Fitch

Individual rating	B/C
Support rating	2
Foreign currency short-term rating	F3 (positive outlook)
Foreign currency long-term rating	BBB (positive outlook)
Local currency short-term rating	F1 (zaf)
Local currency long-term rating	A+ (zaf)

Global Credit Rating Co.

Local currency short-term rating	A1+ (za)
Local currency long-term rating	AA- (za)

Moody's

Financial strength rating	C
Global local currency deposit long-term rating	A2
Foreign currency deposit long-term rating	Baa1 (positive outlook)
Foreign currency deposit short-term rating	Prime-2
National scale long-term rating	Aa2.za
National scale short-term rating	P1.za

Corporate governance

This section provides a summary of our corporate governance philosophy and practices. A more detailed review is provided in the Investec group's 2007 Annual Report.

Our values and philosophies are the framework against which we measure behaviour, practices and activities, to assess the characteristics of good governance. Our values require directors and employees to behave with integrity, consistently and uncompromisingly displaying moral strength and conduct which promotes trust.

Sound corporate governance is implicit in our values, culture, processes, functions and organisational structure and the structures designed to formalise oversight of and to ensure that the values remain embedded in all businesses and processes. We continue to refine these structures, and a written Statement of Values, which serves as our Code of Ethics.

Board statement

The board is of the opinion that Investec complied with King II, during the period under review, except as outlined below.

King II - Independence of the Chairman

Since 2005, the Chairman of the board is not considered to be independent but continues to enhance his status as a non-executive director.

Financial reporting and going concern

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

Our financial statements were prepared on the going concern basis.

The board is of the opinion, based on its knowledge of the group, key processes in operation and specific enquiries, that there are adequate resources to support the group on a going concern basis over the next year.

Board of directors

The composition of the board of Investec Bank Limited is set out on page 28.

The majority of the board members are non-executive directors.

The board is accountable for the performance and affairs of Investec, it is responsible for the adoption of strategic plans, monitoring of operational performance and management, ensuring an effective risk management strategy and our compliance with applicable legislation.

The board meets its objectives by reviewing and guiding corporate strategy, approving key policies and objectives, understanding the key risks we face, and determining our risk tolerance and approving and reviewing the processes in operation to mitigate them.

The board has defined the limits of delegated authority. It is responsible for assessing and managing risk policies and philosophies; overseeing major capital expenditure, acquisitions and disposals; approving the establishment of businesses; and approving the introduction of new products and services.

In fulfilling its responsibilities, the board is supported by management, which is required to implement the plans and strategies approved by the board. The board monitors management's progress on an ongoing basis.

The board seeks to exercise leadership, integrity and judgement in pursuit of our strategic goals and objectives, to achieve long-term sustainable growth and prosperity.

Board committees

The board is supported by key committees, as follows:

- Audit Committee
  - Audit Sub-Committees
  - Audit and Compliance Implementation Forums
- Board Risk Review Committee
  - Executive Risk Review Forum
  - Various specialist risk committees and forums as described in the risk management section of the Investec group's 2007 Annual Report
- Directors' Affairs Committee
- Nomination Committee
- Remuneration Committee
- Capital 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 necessary.

Directors' Affairs Committee

Investec Bank Limited has established a Directors' Affairs Committee, as required by the South African Banks Act. This will be elevated to Investec Limited once the Proposed Banks Act Amendment Bill has been passed.

The role of the committee is to assist the board:

- Through regular interaction with the board and management in the determination and evaluation of the adequacy, efficiency and appropriateness of corporate governance structures and practices of the bank on an ongoing basis.

- To ensure that the bank and its subsidiaries (the group) are complying with the applicable laws and regulations as well as codes of conduct.
- To ensure that the board operates effectively by regularly reviewing the composition of skills and experience of all directors.
- To establish and maintain a continuity programme to regularly review the succession plan for all directors and senior management.
- By updating the board on any emerging issues relating to corporate governance.
- To assess annually the effectiveness of the board and the contribution of each director. Where necessary, advise the board whether the employment of any director should be terminated.
- By reviewing policies, procedures and matters that the board may refer to the committee.
- To review and ensure that any conflicts of interest relating to directors have been dealt with appropriately.
- By reviewing all corporate governance related documents which need board approval (e.g. Annual Report disclosures, Regulation 38 and 39 of the Banks Act).
- To ensure that adequate succession plans are in place for the key positions of the bank.

Membership	
Chairman	Hugh Herman
Members	**Non-executive directors** DE Jowell KXT Socikwa F Titi
Meeting frequency	No less than twice a year

Management and succession planning

Global business unit heads, geographic management, and the 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. Our management structure, reporting lines and the division of responsibilities are built around a geographic, divisional and functional network.

Each strategic business unit has an 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

We have 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 revised in 2005), and continued to embed the principles throughout the group during the year under review. Cognisance has also been taken of the King II Code requirements in South Africa.

Risks and controls are reviewed and monitored regularly for relevance and effectiveness. The Board Risk Review Committee and Audit Committee assist the board in this regard. Sound 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 overall system of internal control is designed to mitigate, not eliminate, significant risks we face and was in place for the year under review. It is recognised that such a system provides reasonable, but not absolute, assurance against material error, omission, misstatement or loss. This is achieved within the group through a combination of risk identification, evaluation and monitoring processes, appropriate decision and oversight forums, and assurance and control functions such as Group Risk Management, Internal Audit and Compliance. These ongoing processes were in place throughout the year under review.

The process, which includes risk and control identification, is completed and assessed at business unit level. Each business unit is empowered with the responsibility and accountability for management of its own risk. Each business unit follows a consistent risk assessment process as contained in the risk assessment framework, which is facilitated by Group Operational Risk Management. Risks to shareholder value are identified, and controls and mitigants 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.

Internal Audit reports any control recommendations to senior management, Group Risk Management and the relevant Audit Committee. Appropriate processes, including review by the Audit and Compliance Implementation Forums, 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. Material incidents and losses and significant breaches of systems and controls are reported to the Board Risk Review Committee and the Audit Committee. Reports from the Audit Committees, Board Risk Review Committee and Risk and Control functions are reviewed at each board meeting.

Internal financial controls

Internal financial controls are based on established policies and procedures. Management is responsible for implementing internal financial controls, ensuring that personnel are suitably qualified and that an appropriate segregation exists between duties and independent review. These areas are monitored by the board through the Audit Committees, reviewed by Group Risk Management and independently assessed by Internal Audit and Compliance.

External audit

Our external auditors are Ernst & Young Inc. and KPMG Inc. The independence of the external auditors is recognised and reviewed with the auditors by the Audit Committee each year.

The Audit Committees meet with the external auditors to review the scope of the external audit, budgets and any audit matters arising.

The external auditors attend Audit Committee meetings and have access to the Chairman of the Audit Committee. Recommendations on the rotation of auditors, as laid out in circular 16/2004 of the South African Banks Act, were adhered to during the period under review.

Non-audit services are dealt with in terms of an agreed policy.

Regulation and supervision

We are subject to external regulation and supervision by various supervisory authorities, the main one being the South African Reserve Bank (SARB). Some of our businesses are subject to supervision by the South African Financial Services Board.

Communication, public disclosure obligations and stakeholder relations

The board recognises that effective communication is integral in building stakeholder value and is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to primary stakeholders, which are defined below. The purpose is to help these stakeholders make meaningful assessments and informed investment decisions about the group.

We endeavour to present a balanced and understandable assessment of our position by addressing material matters of significant interest and concern. We also seek to highlight the key risks to which we consider ourselves exposed and our responses to minimise the impact of these risks. Another objective is to show a balance between the positive and negative aspects of our activities, in order to achieve a comprehensive and fair account of our performance.

Values and code of conduct

We have a strong organisational culture of entrenched values, which forms the cornerstone of our behaviour towards all stakeholders. These values are embodied in a written Statement of Values, which serves as our Code of Ethics and is continually reinforced.

We view all employees as the custodians of ethical behaviour, which is reinforced through internal processes, policies and procedures. As such, all new employees are invited and strongly encouraged to attend an induction process at which our philosophies, values, culture, risk management and compliance procedures are explained and discussed.

Our Organisation Development team plays an important role in facilitating the understanding and ongoing practice of our values, philosophies and culture. In addition to our values, acceptable business practices are communicated through the Human Resources practices manual, which is available on our intranet.

We continually strive to conduct our business with uncompromising integrity and fairness, so as to promote trust and confidence in the banking industry.

Sustainable business practices

We have an acute awareness of the need for longevity and durability, across all our businesses, and an ingrained understanding of the practices that underpin sustainability. Further detail can be found on our website at www.investec.com/grouplinks/obr

Directorate

Hugh S Herman (66)*
BA LLB LLD (hc)
Non-Executive Chairman

David M Lawrence (56)
BA(Econ) (Hons) MCom
Deputy Chairman

Sam E Abrahams (68)
FCA CA(SA)

Glynn R Burger (50)
BAcc CA(SA) H Dip BDP MBL

Donn E Jowell (65)
BCom LLB

Bernard Kantor (57)
CTA

Stephen Koseff (55)
BCom CA(SA) H Dip BDP MBA

M Peter Malungani (49)
BCom MAP LDP

Karl-Bart XT Socikwa (38)
BCom LLB MAP IPBM

Bradley Tapnack (60)
BCom CA(SA)

Peter R S Thomas (62)
CA(SA)

Fani Titi (44)**
BSc (Hons) MA MBA

Christina B Tshili (43)
CA (SA)

* Resigned 1 June 2007.
** Appointed as non-executive Chairman 1 June 2007.

Remuneration report

The remuneration committee of the bank's parent, Investec Limited, comprises non-executive directors and is responsible for determining the overall reward packages of executive directors. The policy on remuneration packages for non-executive directors is agreed and determined by the board.

Policy on executive directors' and employees' remuneration

Our philosophy is to employ the highest calibre individuals, who are characterised by integrity, intellect and innovation and who adhere and subscribe to our culture, values and philosophies. We strive to inspire entrepreneurship by providing a working environment that stimulates extraordinary performance, so that executive directors and employees may be positive contributors to our clients, their communities and us.

We reward executive directors and employees 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 are considered as important as our core values of work content (greater responsibility, variety of work and high level of challenge) and work affiliation (entrepreneurial feel to the company and unique culture) in the attraction, retention and motivation of employees.

We have a strong entrepreneurial, merit and values-based culture, characterised by passion, energy and stamina. The ability to live and perpetuate our values, culture and philosophies in the pursuit of excellence is considered paramount in determining overall reward levels.

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

The key principles of our remuneration policy for executive directors and employees, which were consistently applied during the financial year, are as follows:

- Reward programmes are designed and administered to align directors' and employees' interests with those of stakeholders.
- Reward programmes are clear and transparent, in order to retain individual interest in, and identification with, our short and long-term success.
- Total rewards comprise a fixed and variable component.
- Total compensation (base salary, pension, benefits and incentives) is targeted to the relevant competitive market (see below) at upper quartile levels for superior performance.
- A significant proportion of rewards, including annual and long-term incentive components, are explicitly linked to the performance of the business and the individual business units. We recognise the performance of the business and the individual. As indicated above, qualitative and quantitative issues form an integral part of the determination of reward levels.
- Reward levels are targeted to be commercially competitive, on the following basis:
  - The most relevant competitive reference points for reward levels are based on the scope of responsibility and individual contributions made.
  - Appropriate benchmark, industry and comparable organisations' remuneration practices are reviewed regularly.
    - For executive directors, the FTSE 350 General Finance firms provide the most appropriate benchmark.
    - For employees, a combination of firms from the JSE Financial 15 and the FTSE 350 General Finance sector offer the most appropriate benchmark.
    - The committee also reviews on an individual basis data on other international banks with whom we compete.
    - The committee recognises that we operate an international business and compete with both local and international competitors in each of our markets.
    - In order to avoid disproportionate packages across areas of the group and between executives, adjustments are made at any extremes to ensure broad internal consistency. Adjustments may also be made to the competitive positioning of pay components for individuals, in cases where a higher level of investment is needed in order to build or grow either a business unit or our capability in a geography.

Policies on the components of remuneration and employment

The reward package for executive directors and employees comprises:

- Base salary and benefits.
- Annual bonuses.
- Long-term share incentive plans.

The remuneration committee reviews the elements of the reward package relative to appropriate benchmarks and other comparable organisations, the contribution by the individual and the business as a whole, the value of individuals in perpetuating our values and culture, and the possible replacement cost of such individuals.

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

Base salary and benefits

Salaries are reviewed annually and reflect the relative skills and experience of, and contribution made by, the individual.

Benefits are targeted at competitive levels and are delivered through flexible and tailored packages. Benefits include pension schemes; life, disability and personal accident insurance; medical cover; and other benefits, as dictated by competitive local market practices. Only salaries are pensionable, the annual bonuses paid are not pensionable.

It is the company's policy to seek to set base salaries (including benefits) at median market levels. However, base salaries have in many instances dropped below this level as annual increases in the recent past have largely been in line with prevailing inflation rates and have not been increased to median market levels due to a desire, in current circumstances, to maintain a low level of fixed costs.

Annual bonus

Annual bonuses are closely linked to business performance, based on target business unit performance goals determined in the main by Economic Value Added (EVA) profit performance against pre-determined targets. These targets have been in force, and unchanged, for the past few years and are subject to periodic review, with varying levels of return required for each business unit reflecting the state of market maturity, country of operation, risk, capital invested (capital intensive businesses) or expected expense base (fee based businesses). Individual annual incentive levels are allocated from the EVA pool, based on individual performance, as determined by the committee. Furthermore, as discussed previously, qualitative issues are integral in the determination of annual bonuses.

In this regard, if business and individual performance goals are achieved or bettered, the variable element of the total reward package is likely to be substantially higher than the relevant target market given that base salaries are currently below median market levels. This is to ensure that overall reward levels are positioned at the upper quartile level for superior performance, in line with our overriding remuneration policy.

Executive remuneration structure - assessing the balance between fixed and variable remuneration

As explained in the prior year's report, the committee undertook a thorough assessment of the executive remuneration structure which resulted in the removal of the annual bonus limit. This practice was maintained during the 2007 financial year.

The following points are worth noting in this regard:
- The committee remains reluctant to significantly increase the fixed component of the executives' remuneration package, due to a desire to maintain a low level of fixed costs and to ensure that fixed cost increases for executives remain in line with other employees across the group.
- In conjunction with this view, and based on the committee's belief of delivering a significant proportion of rewards linked to the performance of the business, the objective of upper quartile levels of total compensation for superior performance will still be achieved through higher performance linked variable pay.
- The committee thus still believes that an upper limit on the bonus award is inappropriate given the remuneration practices within the group and in similar financial services businesses.

The remuneration packages of the executive directors for the 2007 financial year have been determined in accordance with this philosophy. Our policy remains to target at median salaries and upper quartile for total compensation in order to limit the increase in fixed costs.

Share option and long-term share incentive plans

We have a number of share option and long-term share incentive plans that are designed to link the interests of directors and employees with those of shareholders and long-term organisational interests, through performance and risk-based equity grants.

Details with respect to the share option and long-term share incentive plans in operation, and in which the directors are eligible to participate are provided on our website.

Leveraged equity plans

A group of senior and executive managers, including certain Investec plc/Investec Limited directors, who have or can have a significant impact on the business, were granted participation (prior to the implementation of the DLC structure) in a leveraged equity plan known as Fintique II, which was established in 1996. Further details on Fintique II are provided in tables accompanying this report and on our website.

Policy on non-executive director's remuneration

Non-executive directors receive fees for being a member of the Investec Bank Limited board and fees are also payable for any additional time committed to the group including attendance at certain meetings. Furthermore, non-executive directors may not participate in our share option plans or our long-term share incentive and pension plans. Prior to the implementation of our Dual Listed Companies (DLC) structure in July 2002, certain non-executive directors did participate in Investec Group Limited's (now Investec Limited's) leveraged equity plans.

Directors' annual remuneration

The following table shows a breakdown of the annual remuneration (excluding share based payments and equity awards) of directors for the year ended 31 March 2007:

Name	Salaries, directors fees and other remun-eration 2007	Annual bonus 2007	Total remun-eration expense 2007	Salaries, directors fees and other remun-eration 2006	Annual bonus 2006	Total remun-eration expense 2006
Executive directors						
S Koseff (Chief Executive Officer)	1 528 801	9 201 913	10 730 714	1 242 787	7 661 672	8 904 459
B Kantor (Managing Director)	972 474	5 353 840	6 326 314	641 283	4 286 250	4 927 533
GR Burger (Group Risk and Finance Director)	1 312 500	9 703 835	11 016 335	1 250 000	6 686 550	7 936 550
DM Lawrence (Deputy Chairman)	1 780 000	4 436 309	6 216 309	1 663 898	3 212 093	4 875 991
B Tapnack	1 184 250	2 472 554	3 656 804	1 093 249	2 393 221	3 486 470
Total in Rands	**6 778 025**	**31 168 451**	**37 946 476**	**5 891 217**	**24 239 786**	**30 131 003**
Non-executive directors						
HS Herman (Chairman)	1 820 306	-	1 820 306	1 371 600	-	1 371 600
SE Abrahams	1 428 538	-	1 428 538	1 027 565	-	1 027 565
DE Jowell	1 117 315	-	1 117 315	997 425	-	997 425
MP Malungani	650 076	-	650 076	478 980	-	478 980
DR Motsepe	-	-	-	33 000		33 000
Dr. MZ Nkosi	20 000	-	20 000	171 000	-	171 000
KXT Socikwa	92 000	-	92 000	-	-	-
PRS Thomas	942 107	-	942 107	1 091 013	-	1 091 013
F Titi	650 076	-	650 076	465 476	-	465 476
B Tshili	80 000	-	80 000	-	-	-
Total in Rands	**6 800 418**	**-**	**6 800 418**	**5 636 059**	**-**	**5 636 059**
Total in Rands	**13 578 443**	**31 168 451**	**44 746 894**	**11 527 276**	**24 239 786**	**35 767 062**

Note:

DR Motsepe resigned from the board on 30 September 2005. KXT Socikwa and B Tshili were appointed to the board on 18 July 2006.

Directors' shareholdings in Investec plc and Investec Limited shares as at 31 March 2007

Name	Beneficial and non-beneficial interest Investec plc[2]		% of shares in issue[1] Investec plc	Beneficial and non-beneficial interest Investec Limited[3]		% of shares in issue[1] Investec Limited
	1 April 2006[6]	31 March 2007	31 March 2007	1 April 2006[6]	31 March 2007	31 March 2007
Executive directors						
S Koseff (Chief Executive Officer)	5 287 865	4 845 383	1.3%	928 180	420 265	0.2%
B Kantor (Managing Director)[4]	1 500	1 500	-	8 330 220	6 336 200	2.8%
GR Burger (Group Risk and Finance Director)	2 753 290	2 410 095	0.6%	432 385	432 385	0.2%
DM Lawrence (Deputy Chairman)	1 130 845	959 255	0.3%	200 590	200 590	0.1%
B Tapnack	460 540	340 045	0.1%	-	-	-
Total number	**9 634 040**	**8 556 278**	**2.3%**	**9 891 375**	**7 389 440**	**3.3%**
Non-executive directors						
HS Herman (Chairman)	1 541 505	1 369 915	0.4%	44 525	44 525	-
SE Abrahams	30 000	30 000	-	-	-	-
DE Jowell	311 700	11 700	-	-	-	-
MP Malungani[5]	-	-	-	7 728 890	7 728 890	3.4%
Dr. MZ Nkosi	-	-	-	-	-	-
KXT Socikwa	-	-	-	-	250	-
PRS Thomas	501 650	415 855	0.1%	255 955	255 955	0.1%
F Titi[5]	-	-	-	1 540 000	1 540 000	0.7%
B Tshili	-	-	-	-	-	-
Total number	**2 384 855**	**1 827 470**	**0.5%**	**9 569 370**	**9 569 620**	**4.2%**
Total number	**12 018 895**	**10 383 748**	**2.8%**	**19 460 745**	**16 959 060**	**7.5%**

Notes:

[1] The total number of Investec plc and Investec Limited shares in issue as at 31 March 2007 was 381.6 million and 227.7 million, respectively.

[2] The market price of an Investec plc share as at 31 March 2007 was £6.58 (2006: £5.88), ranging from a low of £4.95 to a high of £6.76 during the financial year.

[3] The market price of an Investec Limited share as at 31 March 2007 was R93.30 (2006: R62.60), ranging from a low of R59.06 to a high of R94.60 during the financial year.

[4] In addition to his shareholdings reflected in the table above, B Kantor has an interest in options over Investec Limited shares, the details of which are as follows:

- B Kantor sold 1 250 000 call options at a strike price of R84.00 per option expiring on 21 August 2007.
- B Kantor purchased 500 000 call options at a strike price of R84.00 per option expiring on 21 August 2007.
- B Kantor sold 500 000 call options at a strike price of R94.00 per option expiring on 21 August 2007.
- B Kantor purchased 750 000 put options at a strike price of R82.00 per option expiring on 15 August 2007.
- B Kantor purchased 750 000 put options at a strike price of R66.00 per option expiring on 21 August 2007.
- B Kantor sold 750 000 put options at a strike price of R66.00 per option expiring on 15 August 2007.

[5] In November 2003, Investec Limited concluded an empowerment transaction with Tiso Group (Tiso), Peu Group (Proprietary) Limited (Peu), a broad-based Entrepeneurship Development Trust and an Employee Share Trust in terms of which they acquired a 25.1% stake in the issued share capital of Investec Limited. MP Malungani is the Chairman of Peu and F Titi is the Chief Executive Officer of Tiso.

[6] On 4 September 2006 the group implemented a 5:1 share split of Investec plc and Investec Limited shares. The information as at 1 April 2006 has been restated accordingly.

Directors' interest in preference shares as at 31 March 2007

Name	Investec Limited		Investec Bank Limited		Investec plc	
	1 April 2006	31 March 2007	1 April 2006	31 March 2007	1 April 2006	31 March 2007
Executive directors						
S Koseff	-	-	3 000	3 000	-	21 379
D Lawrence	5 400	5 400	4 000	4 000	-	-
B Tapnack	3 800	3 800	1 000	2 000	-	9 058
Non-executive directors						
HS Herman	-	-	1 135	1 135	-	-

Notes:

- The market price of an Investec Bank Limited preference share as at 31 March 2007 was R103.10 (2006: R123.01).
- The market price of an Investec Limited preference share as at 31 March 2007 was R95.00 (2006: R115.00).
- The market price of an Investec plc preference share as at 31 March 2007 was R124.99 (2006: n/a, only issued in August 2006).

Directors' attributable interest in Investec plc and Investec Limited shares through a leveraged equity plan called Fintique II as at 31 March 2007

Name	Entitlement to Investec plc shares		Entitlement to Investec Limited shares		Settlement period	Total entitlement (i.e. Investec plc and Investec Limited shares) -% interest in scheme
	1 April 2006[2]	31 March 2007	1 April 2006[2]	31 March 2007		31 March 2007
Executive directors						
S Koseff	918 420	918 420	539 395	539 395	1 April 2007 to 31 July 2008	8.2%
B Kantor	-	-	221 500	221 500	1 April 2007 to 31 July 2008	1.2%
GR Burger	629 520	629 515	369 715	369 715	1 April 2007 to 31 July 2008	5.6%
DM Lawrence	-	-	-	-	1 April 2007 to 31 July 2008	-
B Tapnack [1]	167 455	27 909	98 345	16 391	1 April 2007 to 31 July 2008	0.5%
Non-executive directors						
HS Herman	451 045	451 045	264 900	264 900	1 April 2007 to 31 July 2008	4.0%
Total number	2 166 440	2 026 889	1 493 855	1 411 901		19.5%

Notes:

- Fintique II was constituted on 31 July 1996, via a special purpose vehicle (SPV), initially available to 235 selected executives, senior managers and directors. Participants acquired units in the SPV, where the underlying instruments are compulsory convertible debentures, which convert into 4 430 Investec shares for every 1 000 units in Fintique II. The scheme was funded through cash contributions from participants and the upfront sale of the income stream on the debentures and the right to the redemption proceeds. A total of 4.0 million units were issued in terms of the scheme, converting into approximately 17.8 million shares.
- All the shares to which the directors are entitled in terms of the Fintique II scheme are fully tradeable and so "fully vested" as the term is understood in the UK, and can be taken up at a price of R8.33 per share, based on the valuation of the scheme as at 31 March 2007. The market price of an Investec plc share and an Investec Limited share as at 31 March 2007 was £6.58 and R93.30, respectively. While the combined Investec plc and Investec Limited share entitlement will remain unchanged, the mix of Investec plc and Investec Limited shares may vary from time to time. The directors are at risk for any shortfall on maturity of the scheme.

[1] In terms of the scheme B Tapnack disposed of his entitlements in respect of 55 818 Investec plc shares at a market price of R70.00 per share and 32 782 Investec Limited shares at a market price of R66.00 per share on 15 September 2006. In addition, entitlements of 55 818 Investec plc shares at a market price of R83.50 and 32 782 Investec Limited shares at a market price of R86.00 were disposed of on 15 December 2006. Furthermore, entitlements of 27 909 Investec plc shares at a market price of R87.30 and 16 391 Investec Limited shares at a market price of R86.01 were disposed of on 15 March 2007. The outstanding liability in respect of the shares disposed was settled from the proceeds on the sale of shares.

[2] On 4 September 2006 the group implemented a 5:1 share split of Investec plc and Investec Limited shares. The information as at 1 April 2006 has been restated accordingly.

Directors' interest in options as at 31 March 2007

Investec plc shares

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2006[2]	Exercised during the year[1]	Options granted/ lapsed during the year	Balance at 31 March 2007	Market price at date of exercise[1]	Gross gains made on date of exercise[1]	Period exercisable
Executive directors									
S Koseff	20 Dec 2002	R22.39	82 500	41 250	-	41 250	R89.80	R2 780 663	Vesting scale in terms of the scheme rules. Vesting ends 20 Mar 2008
B Kantor	20 Dec 2002	£1.59	130 675	57 770	-	72 905	£6.24	£268 631	Vesting scale in terms of the scheme rules. Vesting ends 20 Mar 2012
GR Burger	20 June 2002	R32.90	157 500	78 750	-	78 750	R70.32	R2 946 825	Vesting scale in terms of the scheme rules. Vesting ends 20 Mar 2008
	20 Dec 2002	R22.39	82 500	41 250	-	41 250	R92.31	R2 884 200	
DM Lawrence	20 June 2002	R32.90	78 750	39 375	-	39 375	R67.87	R1 376 944	Vesting scale in terms of the scheme rules. Vesting ends 20 Mar 2008
	20 Dec 2002	R22.39	57 750	28 875	-	28 875	R86.05	R1 838 182	
B Tapnack	20 June 2002	R32.90	78 750	39 375	-	39 375	R66.00	R1 303 312	Vesting scale in terms of the scheme rules. Vesting ends 20 Mar 2008
	20 Dec 2002	R22.39	57 750	28 875	-	28 875	R89.67	R1 942 710	

Directors' interest in options as at 31 March 2007 (continued)

Investec Limited shares

Name	Date of grant	Exercise price	Number of Investec Limited shares at 1 April 2006[2]	Exercised during the year[1]	Options granted/ lapsed during the year	Balance at 31 March 2007	Market price at date of exercise[1]	Gross gains made on date of exercise[1]	Period exercisable
Executive directors									
S Koseff	20 Dec 2002	R22.26	42 500	21 250	-	21 250	R87.75	R1 391 663	Vesting scale in terms of the scheme rules. Vesting ends 20 Mar 2008
GR Burger	20 June 2002	R32.90	92 500	46 250	-	46 250	R66.21	R1 540 588	Vesting scale in terms of the scheme rules. Vesting ends 20 Mar 2008
	20 Dec 2002	R22.26	42 500	21 250	-	21 250	R88.91	R1 416 313	
DM Lawrence	20 June 2002	R32.90	46 250	23 125	-	23 125	R64.95	R741 156	Vesting scale in terms of the scheme rules. Vesting ends 20 Mar 2008
	20 Dec 2002	R22.26	29 750	14 875	-	14 875	R83.23	R906 929	
B Tapnack	20 June 2002	R32.90	46 250	23 125	-	23 125	R64.90	R740 000	Vesting scale in terms of the scheme rules. Vesting ends 20 Mar 2008
	20 Dec 2002	R22.26	29 750	14 875	-	14 875	R87.25	R966 726	

Notes:

No new grants were made to executive directors during the financial year The market price of an Investec plc share as at 31 March 2007 was £6.58 (2006: £5.88), ranging from a low of £4.95 to a high of £6.76 during the financial year. A total of 381.6 million Investec plc shares were in issue as at 31 March 2007. The market price of an Investec Limited share as at 31 March 2007 was R93.30 (2006: R62.60), ranging from a low of R59.06 to a high of R94.60 during the financial year. A total of 227.7 million Investec Limited shares were in issue as at 31 March 2007.

[1] Details with respect to options exercised:

- S Koseff exercised his options and sold 41 250 Investec plc shares and 21 250 Investec Limited shares on 27 December 2006, when the share price was R89.80 and R87.75 per Investec plc and Investec Limited share, respectively. The performance conditions with respect to these options were met.
- B Kantor exercised his options and sold 57 770 Investec plc shares on 20 December 2006, when the share price was £6.24 per Investec plc share. The performance conditions with respect to these options were met.
- GR Burger exercised his options and sold 78 750 Investec plc shares and 46 250 Investec Limited shares on 14 September 2006, when the share price was R70.32 and R66.21 per Investec plc and Investec Limited share, respectively. The performance conditions with respect to these options were met. Furthermore, GR Burger exercised his options and sold 41 250 Investec plc shares and 21 250 Investec Limited shares on 15 January 2007, when the share price was R92.31 and R88.91 per Investec plc and Investec Limited share, respectively. The performance conditions with respect to these options were met.
- DM Lawrence exercised his options and sold 39 375 Investec plc shares and 23 125 Investec Limited shares on 11 August 2006, when the share price was R67.87 and R64.95 respectively. The performance conditions with respect to these options were met. Furthermore, DM Lawrence exercised and sold 28 875 Investec plc shares and 14 875 Investec Limited shares on 20 December 2006, when the share price was R86.05 and R83.23 respectively. The performance conditions with respect to these options were met.
- B Tapnack exercised his options and sold 39 375 Investec plc shares and 23 125 Investec Limited shares on 20 June 2006, when the share price was R66.00 and R64.90 respectively. The performance conditions with respect to these options were met. Furthermore, B Tapnack exercised and sold 28 875 Investec plc shares and 14 875 Investec Limited shares on 27 December 2006, when the share price was R89.67 and R87.25 respectively. The performance conditions with respect to these options were met.

[2] On 4 September 2006 the group implemented a 5:1 share split of Investec plc and Investec Limited shares. The information as at 1 April 2006 has been restated accordingly.

Directors' interest in the Share Matching Plan 2005 as at 31 March 2007

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2006[1]	Balance at 31 March 2007	Period exercisable
Executive directors					
S Koseff	21 Nov 05	nil	750 000	750 000	75% of the matching award will vest on 30 June 2009 and 25% on 30 June 2010
B Kantor	21 Nov 05	nil	750 000	750 000	75% of the matching award will vest on 30 June 2009 and 25% on 30 June 2010
GR Burger	21 Nov 05	nil	600 000	600 000	75% of the matching award will vest on 30 June 2009 and 25% on 30 June 2010

Notes:

This plan was approved by shareholders at an extraordinary general meeting held on 14 November 2005.The plan is considered essential in improving our long-term prospects for recruitment and retention of key individuals.The plan also provides further alignment of the interests of shareholders and management as the committee believes that a significant element of remuneration should be linked to our ability to deliver sustainable results to shareholders, and at the same time enable management to share in these results. Further details on the plan are available on our website.

[1] On 4 September 2006 the group implemented a 5:1 share split of Investec plc and Investec Limited shares.The information as at 1 April 2006 has been restated accordingly.

Directors' interest in long-term share incentive plans as at 31 March 2007

Name	Date of grant	Exercise price	Number of Investec limited shares at 1 April 2006[1]	Balance at 31 March 2007	Period exercisable
Executive directors					
DM Lawrence	20 Jun 05	nil	150 000	150 000	75% in June 2009 and 25% in June 2010
B Tapnack	20 Jun 05	nil	150 000	150 000	75% in June 2009 and 25% in June 2010

DM Lawrence and B Tapnack were granted nil cost options of 150 000 Investec Limited shares on 20 June 2005, in terms of the Investec Limited Share Incentive Plan.The options are not subject to any performance conditions.

Financial statements

Directors' responsibility statement

The company's directors are responsible for the preparation and fair presentation of the group annual financial statements and separate parent annual financial statements, comprising the balance sheets at 31 March 2007, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the group and company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

The joint auditors are responsible for reporting on whether the group annual financial statements and separate parent annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of group annual financial statements and company annual financial statements

The group annual financial statements and company annual financial statements were approved by the board of directors on 15 June 2007 and signed on its behalf by

Hugh Herman
Chairman

Stephen Koseff
Chief Executive Officer

Furthermore, the group's external auditors have audited the financial statements and their unqualified report appears on page 40.

Declaration by the company secretary

In terms of Section 268G (d) of the Companies Act, 1973, as amended, I hereby certify that to the best of my knowledge, the company has lodged with the Registrar of Companies, for the financial year ended 31 March 2007, all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Benita Coetsee
Group Secretary

15 June 2007

Independent auditors' report to the members of Investec Bank Limited

We have audited the group annual financial statements and the annual financial statements of Investec Bank Limited, which comprise the directors' report, the balance sheets at 31 March 2007, the income statements, the statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 89.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the group and company as at 31 March 2007, and of the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.

KPMG Inc.
Registered Auditor

Per VT Yuill
Chartered Accountant (SA)
Registered Auditor
Director
Sandton
15 June 2007

KPMG Crescent
85 Empire Road, Parktown
Johannesburg

Policy Board:
RM Kgosana (Chairman), TW Grieve (Chief Executive), TH Bashall, BG Bauer, DC Duffield, J Geel, A Hari, TH Hoole, D Jackson, GI Maile, AM Mokgabudi, CM Read, YGH Suleman, D van Heerden, JM Vice

A list of directors' names is available for inspection on request.

Ernst & Young Inc.

Ernst & Young Inc.
Registered Auditor

Per JP Quinn
Chartered Accountant (SA)
Registered Auditor
Director
Sandton
15 June 2007

Wanderers Office Park
52 Corlett Drive, Illovo
Johannesburg

Chief Executive:
Phillip Hourquebie

A list of directors' names is available for inspection on request.

Directors' report

Nature of business

Investec Bank Limited is a specialised bank providing a diverse range of financial products and services, including Private Banking, Treasury and Specialised Finance and Investment Banking, to a niche client base in South Africa and Mauritius.

Group results

The results of Investec Bank Limited are set out in the financial statements and accompanying notes for the year ended 31 March 2007.

A review of the operations for the year can be found on pages 9 to 12.

Authorised and issued share capital

Details of the share capital are set out in note 29 to the financial statements.

Ordinary dividends

A dividend of R190 000 000 was declared on 12 December 2006 and paid on 15 December 2006.

Preference dividends

Non-redeemable non-cumulative non-participating preference shares

Preference dividend number 6 for the six months ended 31 March 2006 amounting to 392.67 cents per share was declared on 18 May 2006 to members holding preference shares registered on 30 June 2006 and was paid on 3 July 2006.

Preference dividend number 7 for the six months ended 30 September 2006 amounting to 412.50 cents per share was declared on 16 November 2006 to members holding preference shares registered on 8 December 2006 and was paid on 11 December 2006.

Preference dividend number 8 for the six months ended 31 March 2007 amounting to 459.04 cents per share was declared on 17 May 2007 to members holding preference shares registered on 29 June 2007 and will be paid on 2 July 2007.

Directors

Details of the directors are reflected on page 28.

Mr KXT Socikwa and Ms CB Tshili were appointed to the board as directors on 18 July 2006.

Messrs KXT Socikwa, SE Abrahams, S Koseff and Ms CB Tshili retire by rotation in terms of the Articles of Association and being eligible, offer themselves for re-election.

Directors' shareholdings

No director holds any ordinary shares in Investec Bank Limited.

Directors' shareholdings in Investec Limited and Investec plc and in Investec Bank Limited preference shares are set out on pages 33 and 34.

Directors' remuneration

Directors' remuneration is disclosed on pages 29 to 37.

Directors' report (continued)

Company Secretary and registered office

The company secretary is Benita Coetsee.

The registered office is c/o Company Secretarial, Investec Limited, 100 Grayston Drive, Sandown, Sandton, 2196

Audit committee

An Audit Committee comprising non-executive directors meets regularly with senior management, the external auditors, Operational Risk, Internal Audit, Group Compliance and the Group's Finance and Accounting division, to consider the nature and scope of the audit reviews and the effectiveness of the group's risk and control systems. Further details on the role and responsibilities of the Audit Committee are set out in the Investec group's Annual Report for the year ended 31 March 2007.

Auditors

Ernst & Young Inc. and KPMG Inc. have expressed their willingness to continue in office as joint auditors. A resolution to re-appoint Ernst & Young Inc. and KPMG Inc. as joint auditors, will be proposed at the Annual General Meeting.

Holding company

The bank's holding company is Investec Limited.

Subsidiary and associated companies

Details of principal companies are reflected on page 78 and the associate company on page 74.

The interest of the company in the aggregate profits after tax of its subsidiary companies is R342 million (2006: R194 million) and its share in aggregate losses is R22 million (2006: R432 million).

Major shareholders

Investec Limited owns 100% of the issued ordinary shares.

Special resolutions

At the general meeting of members held on 7 August 2006, a special resolution was passed in terms of which a general approval was granted for the acquisition by Investec Bank Limited or its subsidiaries of ordinary shares and non-redeemable, non-cumulative, non-participating preference shares issued by Investec Bank Limited.

Accounting policies and disclosure

Accounting policies are set having regard to commercial practice and comply with the applicable accounting standards. These policies are set out on pages 49 to 56.

Creditor payment policy

The group's standard practice is to agree the terms of payment with suppliers at the time of contract and make payments within the agreed credit terms subject to satisfactory performance.

Directors' report (continued)

Basel II

Basel II is designed to differentiate minimum regulatory capital requirements in a risk sensitive manner and incentivise and recognise sound risk management, internal control and governance practices. Management have actively concentrated on ensuring that they will be ready for the implementation of Basel II in its activities around the world.

Employees

The group's policy is to recruit and promote on the basis of aptitude and ability, without discrimination of any kind. Applications for employment by disabled people are always considered bearing in mind the qualifications and abilities of the applicants. In the event of employees becoming disabled, every effort is made to ensure their continued employment. The group's policy is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of the group's operations, and motivating staff involvement in the group's performance by means of Employee Share Schemes.

Empowerment and transformation

In South Africa transformation and black economic empowerment remain high on the corporate agenda. Our approach is to utilise our own entrepreneurial expertise to foster the creation of new black entrepreneurial platforms, and continue to be one of the prime sources of empowerment financing. We also recognise the need for our own internal transformation and are bringing about greater representation within our work place by creating black entrepreneurs within the organisation. From a reporting perspective, we submitted our second financial sector report to the Charter Council in March 2007 which included a comprehensive analysis of our positioning in this regard. The report was verified by KPMG according to guidelines issued by the Charter Council. We are pleased to report that we maintained our "A" rating.

Environment

Investec Bank Limited is committed to pursuing sound environmental policies in all aspects of its business and seeks to encourage and promote good environmental practice among its employees and within the communities in which it operates.

Subsequent events

There are no material facts or circumstances which occurred between the accounting date and the date of this report that would require adjustment or disclosure in the financial statements.

Consolidated Income statements

For the year to 31 March R'million	Notes	Group 2007	Group 2006	Company 2007	Company 2006
Interest receivable		10 339	7 827	8 703	6 824
Interest payable		(7 785)	(5 827)	(6 417)	(5 071)
Net interest income		**2 554**	**2 000**	**2 286**	**1 753**
Fees and commissions receivable		910	647	856	560
Fees and commissions payable		(46)	(28)	(42)	(27)
Principal transactions	3	1 000	637	913	1 098
Operating loss from associate		(10)	-	-	-
Other income		**1 854**	**1 256**	**1 727**	**1 631**
Total operating income before impairment losses on loans and advances		**4 408**	**3 256**	**4 013**	**3 384**
Impairment losses on loans and advances		(122)	17	(119)	29
Operating income		**4 286**	**3 273**	**3 894**	**3 413**
Administrative expenses	4	(2 150)	(1 722)	(2 037)	(1 640)
Depreciation, amortisation and impairment of property, equipment and software	18/20	(51)	(38)	(49)	(37)
Operating profit		**2 085**	**1 513**	**1 808**	**1 736**
Profit on disposal of subsidiary	21	39	-	47	-
Profit before taxation		**2 124**	**1 513**	**1 855**	**1 736**
Taxation	6	(572)	(305)	(521)	(290)
Profit after taxation		**1 552**	**1 208**	**1 334**	**1 446**
Earnings attributable to minority shareholders		3	32	-	-
Earnings attributable to shareholders		1 549	1 176	1 334	1 446
		1 552	**1 208**	**1 334**	**1 446**

Consolidated balance sheet

At 31 March R'million	Notes	Group 2007	Group 2006	Company 2007	Company 2006
Assets					
Cash and balances at central banks		851	1 930	844	1 926
Loans and advances to banks		20 783	12 473	20 296	12 411
Cash equivalent advances to customers		7 214	5 217	7 214	5 217
Reverse repurchase agreements and cash collateral on securities borrowed		2 916	1 224	2 916	1 224
Trading securities	11	15 401	12 208	12 908	10 057
Derivative financial instruments	12	5 693	9 032	5 365	8 839
Investment securities	13	29	31	27	30
Loans and advances to customers	14	78 588	62 885	69 526	53 906
Interest in associated undertakings	15	221	-	-	-
Deferred taxation assets	16	263	241	249	229
Other assets	17	884	682	914	479
Property and equipment	18	104	83	96	75
Investment properties	19	3	7	1	5
Intangible assets	20	61	26	58	26
Loans to group companies	22	9 753	6 508	9 508	6 286
Investment in subsidiaries	23	-	-	1 805	2 305
		142 764	**112 547**	**131 727**	**103 015**
Liabilities					
Deposits by banks		12 959	7 776	12 018	6 966
Derivative financial instruments	12	5 576	7 138	5 401	6 871
Other trading liabilities	24	255	266	255	266
Repurchase agreements and cash collateral on securities lent		2 378	919	2 361	899
Customer accounts		73 074	56 201	71 105	55 237
Debt securities in issue	25	30 870	23 502	19 520	16 682
Current taxation liabilities	26	307	422	294	405
Deferred taxation liabilities	16	284	164	240	147
Other liabilities	27	3 939	4 207	8 181	4 140
		129 642	100 595	119 375	91 613
Subordinated liabilities (including convertible debt)	28	3 066	3 140	3 066	3 140
		132 708	**103 735**	**122 441**	**94 753**
Equity					
Ordinary share capital	29	16	16	16	16
Share premium		4 732	4 732	4 732	4 732
Equity portion of convertible debentures		229	229	229	229
Perpetual preference shares	30	1 491	1 491	1 491	1 491
Other reserves		738	512	648	472
Retained income		2 850	1 824	2 170	1 322
Shareholders' equity excluding minority interest		**10 056**	**8 804**	**9 286**	**8 262**
Minority interest	31	-	8	-	-
Total equity		**10 056**	**8 812**	**9 286**	**8 262**
Total liabilities and equity		**142 764**	**112 547**	**131 727**	**103 015**

Statement of changes in equity

R'million	Ordinary share capital	Share premium	Compulsory convertible debentures
Group			
At 1 April 2005	16	4 732	229
Movement in reserves 1 April 2005 - 31 March 2006			
Foreign currency adjustments	-	-	-
Profit after taxation	-	-	-
Dividends paid to ordinary shareholders	-	-	-
Dividends paid to perpetual preference shareholders	-	-	-
Transfer to regulatory general risk reserve	-	-	-
Decrease in minorities on disposals	-	-	-
Release of cash flow hedging reserve to income statement	-	-	-
At 31 March 2006	16	4 732	229
Movement in reserves 1 April 2006 - 31 March 2007			
Foreign currency adjustments	-	-	-
Profit after taxation	-	-	-
Dividends paid to ordinary shareholders	-	-	-
Dividends paid to perpetual preference shareholders	-	-	-
Transfer to regulatory general risk reserve	-	-	-
Fair value movements on available for sale assets	-	-	-
Decrease in minorities on disposals	-	-	-
Dividends paid to minority shareholders	-	-	-
At 31 March 2007	16	4 732	229
Company			
At 1 April 2005	16	4 732	229
Movement in reserves 1 April 2005 - 31 March 2006			
Foreign currency adjustments	-	-	-
Profit after taxation	-	-	-
Dividends paid to ordinary shareholders	-	-	-
Dividends paid to perpetual preference shareholders	-	-	-
Transfer to regulatory general risk reserve	-	-	-
Release of cash flow hedging reserve to income statement	-	-	-
At 31 March 2006	16	4 732	229
Movement in reserves 1 April 2006 - 31 March 2007			
Foreign currency adjustments	-	-	-
Profit after taxation	-	-	-
Dividends paid to ordinary shareholders	-	-	-
Dividends paid to perpetual preference shareholders	-	-	-
Transfer to regulatory general risk reserve	-	-	-
At 31 March 2007	16	4 732	229

Perpetual preference shares	Other Reserves				Retained income	Minority interests	Total equity
	Cash flow hedging reserve	Regulatory general risk reserve	Available for sale reserve	Foreign currency reserves			
1 491	(16)	305	-	(2)	1 624	80	8 459
-	-	-	-	(6)	-	-	(6)
-	-	-	-	-	1 176	32	1 208
-	-	-	-	-	(640)	-	(640)
-	-	-	-	-	(121)	-	(121)
-	-	215	-	-	(215)	-	-
-	-	-	-	-	-	(104)	(104)
-	16	-	-	-	-	-	16
1 491	-	520	-	(8)	1 824	8	8 812
-	-	-	-	12	-	-	12
-	-	-	-	-	1 549	3	1 552
-	-	-	-	-	(190)	-	(190)
-	-	-	-	-	(121)	-	(121)
-	-	212	-	-	(212)	-	-
-	-	-	2	-	-	-	2
-	-	-	-	-	-	(5)	(5)
-	-	-	-	-	-	(6)	(6)
1 491	-	732	2	4	2 850	-	10 056
1 491	(17)	282	-	(3)	829	-	7 559
-	-	-	-	1	-	-	1
-	-	-	-	-	1 446	-	1 446
-	-	-	-	-	(640)	-	(640)
-	-	-	-	-	(121)	-	(121)
-	-	192	-	-	(192)	-	-
-	17	-	-	-	-	-	17
1 491	-	474	-	(2)	1 322	-	8 262
-	-	-	-	1	-	-	1
-	-	-	-	-	1 334	-	1 334
-	-	-	-	-	(190)	-	(190)
-	-	-	-	-	(121)	-	(121)
-	-	175	-	-	(175)	-	-
1 491	-	649	-	(2)	2 170	-	9 286

Cash flow statements

At 31 March R'million	Notes	Group 2007	 2006	Company 2007	 2006
Cash flows from operating activities					
Cash generated by operating activities	33	2 194	1 470	1 902	1 680
Taxation paid	33	(588)	(239)	(559)	(228)
Cash available from operating activities		1 606	1 231	1 343	1 452
Dividends paid		(311)	(761)	(311)	(761)
Net cash inflow from operating activities		**1 295**	**470**	**1 032**	**691**
Cash flows from banking activities					
Increase in operating liabilities	33	29 058	23 411	27 562	19 518
Increase in operating assets	33	(26 537)	(23 489)	(25 557)	(21 696)
Net cash inflow/(outflow) from banking activities		**2 521**	**(78)**	**2 005**	**(2 178)**
Cash flows from investing activities					
Net investment in fixed assets		(103)	(34)	(97)	(34)
Proceeds on disposal of subsidiary	21	50	-	50	-
Acquisition of associate company		(231)	-	-	-
Net cash outflow from investing activities		**(284)**	**(34)**	**(47)**	**(34)**
Cash flows from financing activities					
Payments to minorities		(6)	-	-	-
Net (increase)/ decrease in subsidiaries and loans to group companies		(3 245)	1 963	(2 725)	3 924
Net cash (outflow)/ inflow from financing activities		**(3 251)**	**1 963**	**(2 725)**	**3 924**
Net increase in cash and cash equivalents		**281**	**2 321**	**265**	**2 403**
Cash and cash equivalents at beginning of year		7 679	5 358	7 612	5 209
Cash and cash equivalents at end of year		**7 960**	**7 679**	**7 877**	**7 612**
Cash and cash equivalents is defined as including					
Cash and balances at central banks		851	1 930	844	1 926
On demand loans and advances to banks		(105)	532	(181)	469
Cash equivalent advances to customers		7 214	5 217	7 214	5 217
Cash and cash equivalents at the end of the year		**7 960**	**7 679**	**7 877**	**7 612**

Note:

(cash and cash equivalents have a maturity profile of less than 3 months).

Investec Bank Limited - accounting policies

Basis of presentation

The group and company financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act of South Africa.

The financial statements are presented in South African Rand, rounded to the nearest million. They are prepared on the historical cost basis except where indicated otherwise.

Accounting policies applied are consistent with those of the prior year.

Basis of consolidation

All subsidiaries in which the group holds more than one half of the voting rights or over which it has the ability to control are consolidated from the effective dates of acquisition (that is from when control exists) and up to the effective dates of loss of control, except entities which are classified as non-current assets held for sale. Subsidiaries classified as non-current assets held for sale are consolidated as discontinued operations.

Entities, other than subsidiary undertakings, in which the group exercises significant influence over operating and financial policies, are treated as associates. In the group accounts, associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases, except as noted below.

The consolidated financial statements include 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 of the associate plus goodwill arising on acquisition, less any impairment recognised.

In circumstances where associates or joint venture holdings arise in which the group has no strategic intention, these investments are classified as "venture capital" holdings and are designated as held at fair value through profit and loss.

All intergroup balances, transactions and unrealised gains and losses within the group are eliminated to the extent that they do not reflect an impairment to the asset.

Segmental reporting

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

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

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

No geographical analysis is presented for the group as Investec Bank Limited mainly operates within the Southern African region.

Goodwill

Goodwill represents the net excess of the purchase consideration over the fair value of net identifiable assets of entities acquired. Goodwill is capitalised and tested for impairment at balance sheet dates or when there is an indication of impairment. Goodwill is allocated to cash generating units for the purposes of testing impairment based on the synergies expected in the business combination, with any impairments arising being recognised immediately in the income statement. Impairments recognised are not reversed in subsequent periods.

In circumstances where the group acquires an interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the acquisition, the group reassesses the identification and measurement of all assets and liabilities (including contingent liabilities) following which any remaining excess is recognised immediately in profit and loss.

Goodwill arising is denominated in the functional currency of the foreign operation and is translated to the presentation currency of the group at the applicable closing rate.

Share based payments to employees

The group engages in equity settled share-based payments and in certain limited circumstances cash-settled share-based payments in respect of services received from employees.

The fair value of the services received in respect of equity settled share-based payments is determined by reference to the fair value of the shares or share options on the date of grant to the employee. The cost of the share based payment is recognised over the vesting period of the grant in the income statement on a straight-line basis, based on an estimate of the amount of instruments that will eventually vest.

A liability and expense in respect of cash settled share based payments is recognised over the vesting period of the grant in the income statement on a straight-line basis, based on the fair value of the instrument that will eventually vest. The liability is recognised at the current fair value at each balance sheet date, based on an estimate of the number of instruments that will eventually vest. Subsequent to vesting the liability is measured at fair value, with gains and losses recognised in the income statement until such time as the liability is settled.

Fair value measurements are based on option pricing models, taking into account the risk-free interest rate, volatility of the underlying equity instrument, expected dividends and current share prices.

Foreign currency transactions and foreign operations

The presentation and functional currency of the group is South African Rand, being the currency in which the group mainly operates.

Foreign operations are subsidiaries, associates, joint ventures or branches of the group, the activities of which are based in a functional currency other than that of the reporting entity. The functional currency of group entities is determined based on the primary economic environment in which the entity operates.

On consolidation, the results and financial position of foreign operations are translated into the presentation currency of the group as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet.
- Income and expense items are translated at exchange rates ruling at the date of the transaction.
- All resulting exchange differences are recognised in equity (foreign currency translation reserve), which is recognised in the income statement on disposal of the foreign operation.
- Cash flow items are translated at the exchange rates ruling at the date of the transaction.

Foreign currency transactions are translated into the functional currency of the entity in which the transaction arises based on rates of exchange ruling at the date of the transaction. At each balance sheet date foreign currency items are translated as follows:

- Foreign currency monetary items (other than monetary items that form part of the net investment in a foreign operation) are translated using closing rates, with gains and losses recognised in the income statement.
- Exchange differences arising on monetary items that form part of the net investment in a foreign operation are determined using closing rates and recognised as a separate component of equity (foreign currency translation reserve) upon consolidation, and is recognised in the income statement upon disposal of the net investment.
- Non-monetary items that are measured at historical costs are translated using the exchange rates ruling at the date of the transaction.

Revenue recognition

Interest income is recognised in the income statement using the effective interest method. Fees charged on lending transactions are included in the effective yield calculation to the extent that they form an integral part of the effective interest yield, but excludes those fees earned for a separately identifiable significant act, which are recognised upon completion of the act. Fees and commissions charged in lieu of interest are recognised as income as part of the effective interest rate on the underlying loan.

The effective interest method is based on the estimated life of the underlying instrument, and, where this estimate is not readily available, the contractual life.

Commissions and fees include fees earned from providing advisory services as well as portfolio management. All such commissions and fees are recognised as revenue when the related services are performed. Fee and commission income is only recognised when it can be estimated reliably.

Principal transaction income includes trading profits, gains and losses on financial assets and liabilities designated as held at fair value through profit and loss and fair value gains and losses on investment properties.

Trading profits are shown net of the funding cost of the underlying positions and includes the unrealised profits on trading portfolios, which are marked to market daily. Equity investments received in lieu of corporate finance fees are included in trading securities and valued accordingly. Trading profits gross of funding costs are disclosed in note 3.

Financial instruments

Financial instruments are initially recognised at their fair value, plus in the case of financial assets or financial liabilities not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

Regular way purchase and sales transactions in respect of financial assets that require delivery of a financial instrument within the time frame established by market convention are recorded at settlement date.

Financial assets and liabilities held at fair value through profit and loss

Financial instruments held at fair value through profit and loss include all instruments classified as held for trading and those instruments designated as held at fair value through profit and loss.

Financial instruments classified as held for trading or designated as held at fair value through profit and loss are recorded at fair value on the balance sheet with changes in fair value recognised in the income statement. Financial instruments are classified as trading when they are held with the intention of short-term disposal, held with intention of generating short-term profits, or are derivatives which are not designated as part of effective hedges. Financial instruments designated as held at fair value through profit and loss are designated as such on initial recognition of the instrument and remain in this classification until derecognition. In certain instances debt instruments which contain equity features are designated as held at fair value through profit and loss.

A financial asset or a financial liability is designated as held at fair value through profit and loss only if:

- It eliminates or significantly reduces an inconsistent measurement or recognition that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the group's key management personnel; and
- If a contract contains one or more embedded derivatives (which significantly modifies the cash flows that would be required by the contract and is not clearly prohibited from separation from the host contract) and the group has designated the entire hybrid contract as a financial instrument at fair value through profit and loss.

Held-to-maturity assets

Held-to-maturity assets are non-derivative financial instruments with fixed or determinable payments and maturity dates. Financial assets that the group has the positive intent and ability to hold to maturity are classified as held-to-maturity and are measured at amortised cost using the effective interest method, less impairment losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and exclude the following:

- Those that the group intends to trade in, which are classified as held for trading, and those that the group designates as at fair value through profit and loss.
- Those that the group designates as available for sale.
- Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which are accounted for at fair value through profit and loss.

Loans and receivables are measured at amortised cost, using the effective interest method, less impairment losses subsequent to initial recognition.

Available for sale assets

Financial assets classified as available for sale are measured at fair value on the balance sheet, with unrealised gains and losses recognised in equity. Realised gains and losses are recognised in income in the period in which the asset is realised.

If an available for sale instrument is determined to be impaired, the respective cumulative unrealised losses previously recognised in equity are included in the income statement in the period in which the impairment is identified.

Impairments on available for sale equity instruments are not reversed once recognised in the income statement.

Financial liabilities

Financial liabilities are classified as non-trading, held for trading or designated as held at fair value through profit and loss.

Non-trading liabilities are recorded at amortised cost applying the effective interest method.

Held for trading liabilities or liabilities designated as held at fair value through profit and loss, are accounted for as indicated above.

Valuation of financial instruments

The following financial instruments are held at fair value:

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

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

Impairments of financial assets held at amortised cost

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

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

Derecognition of financial assets and liabilities

A financial asset or a portion thereof, is derecognised when the group's rights to cash flows have expired; or when the group has transferred its rights to cash flows relating to the financial assets, including the transfer of substantially all the risks and rewards associated with the financial assets or when control over the financial assets has passed.

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

Derivative instruments

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

Derivative positions are entered into either for trading purposes or as part of the group's asset and liability management activities to manage exposures to interest rate and foreign currency risks. Both realised and unrealised profits and losses arising on derivatives are recognised in the income statement as part of trading income (other than circumstances in which hedge accounting is applied as detailed below).

Hedge accounting

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

- At inception of the hedge the group formally documents the relationship between the hedging instrument(s) and hedged item(s) including the risk management objectives and the strategy in undertaking the hedge transaction.
- The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistent with the originally documented risk management strategy for that particular hedging relationship.
- For cash flow hedges, a forecasted transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit and loss.
- The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured.

- The hedge effectiveness is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

Hedge accounting is discontinued when it is determined that the instrument ceases to be highly effective as a hedge; the derivative expires, or is sold, terminated or exercised; when the hedge item matures or is sold or repaid; or when a forecasted transaction is no longer deemed highly probable.

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

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

For qualifying cash flow hedges in respect of financial assets and liabilities, the change in fair value of the hedging instrument, which represents an effective hedge, is initially recognised in equity and is released to the income statement in the same period during which the relevant financial asset or liability affects the income statement. Any ineffective portion of the hedge is immediately recognised in the income statement.

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

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

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset when there is both an intention to settle on a net basis (or simultaneously) and a legal right to offset exists.

Issued debt and equity financial instruments

Financial instruments issued by the group are classified as liabilities if they contain an obligation to transfer economic benefits. Financial instruments issued by the group are classified as equity where they confer on the holder a residual interest in the group. The components of compound financial instruments are accounted for separately with the liability component separated first and any residual amount being allocated to the equity component.

Equity instruments are initially measured net of directly attributable issue costs.

Treasury shares represent issued equity repurchased by the group which has not been cancelled. Treasury shares are deducted from shareholders' equity and represent the purchase consideration, including directly attributable costs. Where treasury shares are subsequently sold or reissued, net proceeds received are included in shareholders' equity.

Dividends on ordinary shares are recognised as a deduction from equity at the earlier of payment date or the date that it is approved by the board of directors.

Sale and repurchase agreements (including securities borrowing and lending)

Where securities are sold subject to a commitment to repurchase them, they remain on balance sheet. Proceeds received are recorded as a liability on balance sheet under "repurchase agreements and cash collateral on securities lent". Securities that are purchased under a commitment to resell the securities at a future date are not recognised on the balance sheet. The consideration paid is recognised as an asset under "reverse repurchase agreements and cash collateral on securities borrowed".

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

Financial guarantees

Financial guarantees are initially recognised at fair value, being the premium received. Subsequent to initial recognition, the liability under each guarantee is measured at the higher of the amortised premium and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee. Subsequent to initial measurement all changes in the balance sheet carrying value are recognised in the income statement.

Instalment credit, leases and rental agreements

Where classified as a finance lease, amounts outstanding on these contracts, net of unearned finance charges, are included in loans and advances where the entity is the lessor and included in liabilities where the entity is the lessee. Finance charges on finance leases and instalment credit transactions are credited or debited to income in proportion to the capital balances outstanding at the rate implicit in the agreement.

Where classified as operating leases, rentals payable/receivable are charged/credited to the income statement on a straight line basis over the lease term. Contingent rentals (if any) are accrued to the income statement when incurred.

Property and equipment

Property and equipment is recorded at cost less accumulated depreciation and impairments.

Depreciation is provided on the depreciable amount of each component on a straight-line basis over the anticipated useful life of the asset. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs that the group would currently obtain from the disposal of an asset in similar age and condition as expected at the end of its useful life.

The current annual depreciation rates for each class of property and equipment is as follows:

• Computer and related equipment	20-33%
• Motor vehicles	20-25%
• Furniture and fittings	10-20%
• Freehold buildings	2%
• Leasehold improvements*	

* Depreciation rates are determined by reference to the appropriate useful life of its separate components, limited to the period of the lease.

No depreciation is provided on freehold land, however, similar to other property related assets, it is subject to impairment testing when deemed necessary.

Routine servicing and maintenance of assets are expensed as incurred. Subsequent expenditure is only capitalised if it is probable that future economic benefits associated with the item will flow to the group.

Investment property

Properties held by the group which are held for capital appreciation or rental yield are classified as investment properties. Investment properties are carried on balance sheet at fair value, with fair value gains and losses recognised in the income statement under "principal transactions".

Fair value of investment property is calculated by capitalising the budgeted annual net income of a property at the market related yield applicable at the time and is supported by market evidence.

Impairment of non-financial assets

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

Impairment losses are recognised as an expense in the income statement in the period in which they are identified. Reversal of impairment losses is recognised in income in the period in which the reversal is identified, to the extent that the asset is not revalued to a carrying value that would have been calculated without impairment.

Trust and fiduciary activities

The group acts as a trustee or in other fiduciary capacities that result in the holding, placing or managing of assets for the account of and at the risk of clients.

As these are not assets of the group, they are not reflected on the balance sheet but are included at market value as part of assets under administration.

Taxation and deferred taxation

Current tax payable is provided on taxable profits at rates that are enacted and applicable to the relevant period.

Deferred taxation is provided using the balance sheet method on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base, except where such temporary differences arise from:

- The initial recognition of goodwill.
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction has no effect on profit or loss.
- In respect of taxable temporary differences associated with the investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets or liabilities are measured using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the asset can be utilised.

Items recognised directly in equity are net of related taxation and deferred taxation.

Employee benefits

The group operates various defined contribution schemes. In respect of the defined contribution scheme all employer contributions are charged to income, as incurred in accordance with the rules of the scheme, and included under staff costs.

The group has no liabilities for other post retirement benefits.

Intangible assets

Intangible assets are recorded at cost less accumulated amortisation and impairments.

For intangible assets with a finite life, amortisation is provided on the depreciable amount of each intangible asset on a straight-line basis over the anticipated useful life of the asset (currently 3 to 8 years). The depreciable amount related to each intangible asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs, which the group would currently obtain from the disposal of an intangible asset in similar age and condition as expected at the end of its useful life.

Intangible assets with an indefinite life are not amortised, however they are tested for impairment on an annual basis.

Borrowing costs

Borrowing costs in respect of property developments that take a substantial period of time to develop for sale are capitalised.

Provisions, contingent liabilities and contingent assets

Provisions are liabilities of uncertain timing or amount, and are recognised as soon as the group has created a legal or constructive obligation which will lead to an outflow of economic resources to settle the obligation as a result of a past event. Contingent assets and contingent liabilities are not recognised on balance sheet.

Standards and interpretations not yet effective

The following standards and interpretations, which have been issued but are not yet effective, are applicable to the group. These standards and interpretations have not been applied in these financial statements. The group intends to comply with these standards from the effective dates.

IFRS 7 – Financial Instruments: Disclosures (including amendments to IAS 1, Presentation of Financial Instruments: Capital Disclosures) (effective for the financial year beginning 1 April 2007)

The standard relates to disclosure requirements for financial instruments and replaces IAS 30 (Disclosures in the Financial Statements of Bank and Similar Financial Institutions) and elements of IAS 32 (Financial Instruments: Disclosure and Presentation). Adoption of the standard will change the format of disclosure presented but will not affect recognition or measurement criteria as currently applied.

The requirements of and amendments to the following standards and interpretations are not expected to have a significant impact on the group's results as they are consistent with existing accounting policies:

IFRS 8 - operating segments (effective for the financial year beginning on or after 1 January 2009).

AC 503 - Accounting for Black Economic Empowerment Transactions (effective for the financial year beginning on or after 1 May 2006).

IFRIC 9 - Reassessment of Embedded Derivatives (effective for the financial year beginning on or after 1 June 2006).

IFRIC 10 - Interim Financial Reporting and Impairment (effective for the financial year beginning on or after 1 November 2006).

Key management assumptions

In preparation of the financial statements the group makes estimations and applies judgment that could affect the reported amount of assets and liabilities within the next financial year. Key areas in which judgment is applied include:

- Valuation of unlisted investments in the private equity and direct investments portfolios. Key valuation inputs are based on observable market inputs, adjusted for factors that specifically apply to the individual investments and recognising market volatility.
- Valuation of investment properties is performed twice annually by directors that are qualified valuators. The valuation is performed by capitalising the budgeted net income of a property at the market related yield applicable at the time.

For the year to 31 March R'million	Private Client Activities	Capital Markets	Investment Banking	Group Services & Other Activities	Total
2. Segmental analysis					
Group					
Business analysis 2007					
Interest receivable	9 041	10 059	34	(8 795)	10 339
Interest payable	(7 766)	(9 438)	(3)	9 422	(7 785)
Net interest income	**1 275**	**621**	**31**	**627**	**2 554**
Fees and commissions receivable	253	376	250	31	910
Fees and commissions payable	(25)	(19)	(2)	-	(46)
Principal transactions	110	532	305	53	1 000
Operating loss from associates	-	-	-	(10)	(10)
Other income	**338**	**889**	**553**	**74**	**1 854**
Total operating income before impairment losses on loans and advances	**1 613**	**1 510**	**584**	**701**	**4 408**
Impairment losses on loans and advances	(63)	(62)	-	3	(122)
Operating income	**1 550**	**1 448**	**584**	**704**	**4 286**
Administrative expenses	(977)	(606)	(204)	(363)	(2 150)
Depreciation, amortisation and impairment of property, equipment and software	(18)	(2)	-	(31)	(51)
Operating profit	**555**	**840**	**380**	**310**	**2 085**
Profit on disposal of subsidiary	-	-	-	39	39
Profit before tax	**555**	**840**	**380**	**349**	**2 124**
Cost to income ratio	61.7%	40.3%	34.9%	56.2%	49.9%
Total assets (excluding intergroup)	57 442	71 109	1 386	3 074	133 011
Business analysis 2006					
Interest receivable	6 028	7 959	31	(6 191)	7 827
Interest payable	(5 115)	(7 494)	(2)	6 784	(5 827)
Net interest income	**913**	**465**	**29**	**593**	**2 000**
Fees and commissions receivable	192	291	107	57	647
Fees and commissions payable	(6)	(22)	-	-	(28)
Principal transactions	18	240	499	(120)	637
Other income	**204**	**509**	**606**	**(63)**	**1 256**
Total operating income	**1 117**	**974**	**635**	**530**	**3 256**
Impairment losses on loans and advances	(6)	(65)	8	80	17
Operating income	**1 111**	**909**	**643**	**610**	**3 273**
Administrative expenses	(717)	(466)	(159)	(380)	(1 722)
Depreciation, amortisation and impairment of property, equipment and software	(13)	(2)	-	(23)	(38)
Profit before tax	**381**	**441**	**484**	**207**	**1 513**
Cost to income ratio	65.4%	48.0%	25.0%	76.0%	54.1%
Total assets (excluding intergroup)	41 866	59 527	1 176	3 470	106 039

For the year to 31 March R'million	Private Client Activities	Capital Markets	Investment Banking	Group Services & Other Activities	Total
2. Segmental analysis (continued)					
Company					
Business analysis 2007					
Interest receivable	8 243	8 921	36	(8 497)	8 703
Interest payable	(7 044)	(8 375)	(1)	9 003	(6 417)
Net interest income	**1 199**	**546**	**35**	**506**	**2 286**
Fees and commissions receivable	235	370	250	1	856
Fees and commissions payable	(23)	(17)	(2)	-	(42)
Principal transactions	110	435	276	92	913
Other operating income	-	-	-	-	-
Other income	**322**	**788**	**524**	**93**	**1 727**
Total operating income before impairment losses on loans and advances	**1 521**	**1 334**	**559**	**599**	**4 013**
Impairment losses on loans and advances	(64)	(63)	-	8	(119)
Operating income	**1 457**	**1 271**	**559**	**607**	**3 894**
Administrative expenses	(942)	(587)	(204)	(304)	(2 037)
Depreciation, amortisation and impairment of property, equipment and software	(17)	(2)	-	(30)	(49)
Operating profit	**498**	**682**	**355**	**273**	**1 808**
Profit on disposal of subsidiaries	-	-	-	47	47
Profit before tax	**498**	**682**	**355**	**320**	**1 855**
Cost to income ratio	63.1%	44.2%	36.5%	55.8%	52.0%
Total assets (excluding intergroup)	53 516	64 339	1 345	3 019	122 219
Business analysis 2006					
Interest receivable	5 720	6 957	31	(5 884)	6 824
Interest payable	(4 840)	(6 574)	(2)	6 345	(5 071)
Net interest income	**880**	**383**	**29**	**461**	**1 753**
Fees and commissions receivable	174	274	107	5	560
Fees and commissions payable	(6)	(22)	-	1	(27)
Principal transactions	18	251	473	356	1 098
Other income	**186**	**503**	**580**	**362**	**1 631**
Total operating income	**1 066**	**886**	**609**	**823**	**3 384**
Impairment losses on loans and advances	4	(62)	8	79	29
Operating income	**1 070**	**824**	**617**	**902**	**3 413**
Administrative expenses	(697)	(450)	(159)	(334)	(1 640)
Depreciation, amortisation and impairment of property, equipment and software	(13)	(2)	-	(22)	(37)
Profit before tax	**360**	**372**	**458**	**546**	**1 736**
Cost to income ratio	66.6%	51.0%	26.1%	43.3%	49.6%
Total assets (excluding intergroup)	35 881	53 367	1 173	8 080	98 501

For the year to 31 March R'million	Group 2007	 2006	Company 2007	 2006
2. Segmental analysis (continued)				
Further breakdowns of business line operating profit before non-operating items and taxation are shown below:				
Private Client Activities				
Private Banking	**555**	**381**	**498**	**360**
Capital Markets	**840**	**441**	**682**	**372**
Investment Banking				
Corporate Finance	136	48	136	48
Direct Investments	146	258	121	232
Private Equity	98	178	98	178
	380	**484**	**355**	**458**
Group Services and Other Activities				
International Trade Finance	34	26	-	-
Central Funding	603	535	594	893
Central Costs	(327)	(354)	(321)	(347)
	310	**207**	**273**	**546**
	2 085	**1 513**	**1 808**	**1 736**

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

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

3. Principal transactions

For the year to 31 March R'million	Group 2007	Group 2006	Company 2007	Company 2006
Principal transaction income includes:				
Gross trading income	467	231	415	273
Funding cost set-off against trading income	(309)	(189)	(273)	(189)
Net trading income	158	42	142	84
Net income from financial instruments designated at fair value through profit or loss	819	545	698	542
Dividend income	23	50	73	472
	1 000	**637**	**913**	**1 098**
Net income from financial instruments designated as at fair value through profit and loss includes:				
Fair value gain on designated equity positions	633	492	527	488
Fair value gain/(loss) on designated loans and receivables net of associated derivative instruments	27	(1)	26	-
Fair value gain on designated securities	14	-	-	-
Fair value gain on designated liabilities	145	54	145	54
	819	**545**	**698**	**542**

For the year to 31 March R'million	Group 2007	Group 2006	Company 2007	Company 2006
4. Administrative expenses				
Staff costs	1 446	1 130	1 384	1 081
- Salaries and wages (including directors' remuneration)	1 254	983	1 197	936
- Share based payments expense	124	95	121	93
- Social security costs	9	5	9	5
- Pensions and provident fund contributions	59	47	57	47
Premises (excluding depreciation)	194	201	187	195
Equipment (excluding depreciation)	135	86	127	80
Business expenses*	266	224	235	207
Marketing expenses	109	81	104	77
	2 150	**1 722**	**2 037**	**1 640**
The following amounts were paid to the auditors				
Audit fees	33	28	30	27
Audit related fees	1	1	1	1
Other services	4	4	4	4
	38	**33**	**35**	**32**
Audit fees by audit firm				
Ernst & Young Inc	21	22	19	21
KPMG Inc	16	10	15	10
Other	1	1	1	1
	38	**33**	**35**	**32**
Minimum operating lease payments recognised in administrative expenses	**203**	**199**	**202**	**198**

Details of the directors' emoluments, pensions and their interests are disclosed in the directors' remuneration report on pages 29 to 37.

* Business expenses is mainly comprised of insurance costs, consulting and professional fees, travel expenses and subscription costs.

For the year to 31 March R'million	Group 2007	Group 2006	Company 2007	Company 2006
5. Share based payments				
The group operates share option and share purchase schemes for employees, which are on an equity settled basis. The purpose of the staff share schemes is to promote an 'esprit de corps' within the organisation, create an awareness of Investec's performance and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group. Further information on the group share options and long-term incentive plans is provided in the remuneration report.				
Expense charged to the income statement	124	95	121	93
Fair value of options granted in the year	334	133	324	129

	Group				Company			
	2007		2006^		2007		2006^	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Details of options outstanding during the year								
Outstanding at the beginning of the year	28 636 450	21.76	35 451 025	24.44	27 840 215	21.76	34 465 311	24.44
Granted during the year	4 576 341	-	2 711 425	18.52	4 447 401	-	2 636 034	18.52
Exercised during the year*	(6 184 840)	30.41	(7 467 665)	30.31	(6 051 495)	30.33	(7 260 027)	30.31
Expired during the year	(4 280 603)	26.27	(2 058 335)	32.68	(4 050 968)	26.16	(2 001 103)	32.68
Outstanding at the end of the year	**22 747 348**	**14.18**	**28 636 450**	**21.76**	**22 185 153**	**14.25**	**27 840 215**	**21.76**
Exercisable at the end of the year	**2 671 796**	**39.15**	**3 573 160**	**41.04**	**2 663 871**	**39.13**	**3 473 808**	**41.04**

* Weighted average share price during the year.

The exercise price range and weighted average remaining contractual life for the options outstanding at 31 March 2007, were as follows:

	2007	2006^
Exercise price range	R0 - R57.60	
Weighted average remaining contractual life	3.13 years	
The fair values of options granted where calculated using a Black-Scholes option pricing model. For options granted during the year, the inputs into the model were as follows:		
- Share price at date of grant	R64 - R81	R33.46 - R54.82
- Exercise price	R nil	R33.46 - R54.41
- Expected volatility	35%-39%	28% -30%
- Option life	5 years	5 - 5.75 years
- Expected dividend yields	3.94% - 4%	3.36% - 4.67%
- Risk-free rate	8.82% - 8.94%	6.74% - 7.78%

Expected volatility was determined based on the historical volatility of the respective share price over 6 months. (The expected attrition rates used were determined based on historical group data).

^ Restated for the share subdivision of Investec Limited shares of 5 shares for 1 that took place on 4 September 2006.

For more information on the share options granted, refer to the remuneration report on pages 29 to 37.

For the year to 31 March R'million	Group 2007	Group 2006	Company 2007	Company 2006
6. Taxation				
Taxation on income	**475**	**302**	**424**	**287**
South Africa	462	288	424	287
- current taxation	460	369	447	362
- deferred taxation	2	(81)	(23)	(75)
Foreign taxation	13	14	-	-
- Mauritius	13	6	-	-
- Botswana	-	8	-	-
Secondary taxation on companies	**97**	**3**	**97**	**3**
Total tax charge for the year	**572**	**305**	**521**	**290**
Tax rate reconciliation				
Profit before taxation as per income statement	2 124	1 513	1 855	1 736
Total taxation charge in income statement	572	305	521	290
Less: secondary taxation on companies	(97)	(3)	(97)	(3)
Total taxation on income	**475**	**302**	**424**	**287**
Effective rate of taxation	22.4%	20.0%	22.9%	16.5%
The standard rate of South African normal taxation has been affected by:				
- dividend income	0.3%	1.0%	1.1%	7.9%
- foreign earnings*	3.9%	2.8%	-	-
- other permanent differences	2.4%	5.2%	5.0%	4.6%
	29.0%	**29.0%**	**29.0%**	**29.0%**

* Includes the effect of cumulative tax losses and other permanent differences relating to foreign subsidiaries.

For the year to 31 March R'million	Group 2007	Group 2006	Company 2007	Company 2006
7. Dividends				
Ordinary dividend				
Final dividend in previous year	-	440	-	440
Interim dividend for current year	190	200	190	200
Total dividend attributable to ordinary shareholders recognised in current financial year	**190**	**640**	**190**	**640**

Perpetual preference dividend

	Group 2007 Cents per share	Group 2007 R'million	Group 2006 Cents per share	Group 2006 R'million	Company 2007 Cents per share	Company 2007 R'million	Company 2006 Cents per share	Company 2006 R'million
Final dividend in previous year	392.67	59	411.37	62	392.67	59	411.37	62
Interim dividend for current year	412.50	62	396.99	59	412.50	62	396.99	59
Total dividend attributable to perpetual preference shareholders recognised in current financial year	**805.17**	**121**	**808.36**	**121**	**805.17**	**121**	**808.36**	**121**

The directors have declared a final dividend in respect of the financial year ended 31 March 2007 of 459.04 cents (2006: 392. 67 cents) per perpetual preference share.

The final dividend on perpetual preference shares will be payable on 4 July 2007 to shareholders on the register at the close of business on 29 June 2007.

For the year to 31 March R'million	Group 2007	Group 2006	Company 2007	Company 2006
8. Headline earnings				
Headline earnings attributable to ordinary shareholders				
Calculation of headline earnings				
Earnings attributable to shareholders	1 549	1 176	1 334	1 446
Headline adjustments	(39)	(1)	(47)	(1)
Realisation of available for sale instruments	-	(1)	-	(1)
Profit on disposal of subsidiaries	(39)	-	(47)	-
Headline earnings attributable to shareholders	**1 510**	**1 175**	**1 287**	**1 445**
Preference dividends payable	(121)	(121)	(121)	(121)
Headline earnings attributable to ordinary shareholders	**1 389**	**1 054**	**1 166**	**1 324**

At 31 March 2007 at R'million	At fair value through profit and loss Trading	 Designated at inception	Loans and receivables	Available for sale	Financial liabilities at amortised cost	Non-financial instru-ments	Total
9. Analysis of assets and liabilities by financial instrument classification							
Group							
Assets							
Cash and balances at central banks	-	-	851	-	-	-	851
Loans and advances to banks	13	-	20 770	-	-	-	20 783
Cash equivalent advances to customers	441	-	6 773	-	-	-	7 214
Reverse repurchase agreements and cash collateral on securities borrowed	2 916	-	-	-	-	-	2 916
Trading securities	7 436	7 965	-	-	-	-	15 401
Derivative financial instruments	5 693	-	-	-	-	-	5 693
Investment securities	-	27	-	2	-	-	29
Loans and advances to customers	-	13 007	65 166	415	-	-	78 588
Interest in associated undertakings	-	-	-	-	-	221	221
Deferred taxation assets	-	-	-	-	-	263	263
Other assets	177	67	598	-	-	42	884
Property and equipment	-	-	-	-	-	104	104
Investment properties	-	-	-	-	-	3	3
Intangible assets	-	-	-	-	-	61	61
Loans to group companies	-	-	9 753	-	-	-	9 753
	16 676	**21 066**	**103 911**	**417**	**-**	**694**	**142 764**
Liabilities							
Deposits by banks	-	-	-	-	12 959	-	12 959
Derivative financial instruments	5 576	-	-	-	-	-	5 576
Other trading liabilities	255	-	-	-	-	-	255
Repurchase agreements and cash collateral on securities lent	2 378	-	-	-	-	-	2 378
Customer accounts	18	8 503	-	-	64 553	-	73 074
Debt securities in issue	4 611	4 500	-	-	21 759	-	30 870
Current taxation liabilities	-	-	-	-	307	-	307
Deferred taxation liabilities	-	-	-	-	-	284	284
Other liabilities	291	63	-	-	3 438	147	3 939
Subordinated liabilities (including convertible debt)	-	-	-	-	3 066	-	3 066
	13 129	**13 066**	**-**	**-**	**106 082**	**431**	**132 708**

At 31 March 2006 at R'million	At fair value through profit and loss Trading	 Designated at inception	Loans and receivables	Available for sale	Financial liabilities at amortised cost	Non-financial instru-ments	Total
9. Analysis of assets and liabilities by financial instrument classification (continued)							
Group							
Assets							
Cash and balances at central banks	1 930	-	-	-	-	-	1 930
Loans and advances to banks	-	-	12 473	-	-	-	12 473
Cash equivalent advances to customers	405	-	4 812	-	-	-	5 217
Reverse repurchase agreements and cash collateral on securities borrowed	1 224	-	-	-	-	-	1 224
Trading securities	9 149	3 059	-	-	-	-	12 208
Derivative financial instruments	9 032	-	-	-	-	-	9 032
Investment securities	-	30	-	1	-	-	31
Loans and advances to customers	-	12 935	46 619	331	-	-	62 885
Deferred taxation assets	-	-	-	-	-	241	241
Other assets	-	46	636	-	-	-	682
Property and equipment	-	-	-	-	-	83	83
Investment properties	-	-	-	-	-	7	7
Intangible assets	-	-	-	-	-	26	26
Loans to group companies	-	-	6 508	-	-	-	6 508
	21 740	**16 070**	**74 048**	**332**	**-**	**357**	**112 547**
Liabilities							
Deposits by banks	-	-	-	-	7 776	-	7 776
Derivative financial instruments	7 138	-	-	-	-	-	7 138
Other trading liabilities	266	-	-	-	-	-	266
Repurchase agreements and cash collateral on securities lent	919	-	-	-	-	-	919
Customer accounts	16	3 918	-	-	52 267	-	56 201
Debt securities in issue	4 602	6 702	-	-	12 198	-	23 502
Current taxation liabilities	-	-	-	-	-	422	422
Deferred taxation liabilities	-	-	-	-	-	164	164
Other liabilities	520	-	-	-	3 687	-	4 207
Subordinated liabilities (including convertible debt)	-	-	-	-	3 140	-	3 140
	13 461	**10 620**	**-**	**-**	**79 068**	**586**	**103 735**

At 31 March 2007 at R'million	At fair value through profit and loss Trading	 Designated at inception	Loans and receivables	Financial liabilities at amortised cost	Non-financial instru-ments	Total
9. Analysis of assets and liabilities by financial instrument classification (continued)						
Company						
Assets						
Cash and balances at central banks	-	-	844	-	-	844
Loans and advances to banks	13	-	20 283	-	-	20 296
Cash equivalent advances to customers	441	-	6 773	-	-	7 214
Reverse repurchase agreements and cash collateral on securities borrowed	2 916	-	-	-	-	2 916
Trading securities	5 445	7 463	-	-	-	12 908
Derivative financial instruments	5 365	-	-	-	-	5 365
Investment securities	-	27	-	-	-	27
Loans and advances to customers	-	13 007	56 519	-	-	69 526
Deferred taxation assets	-	-	-	-	249	249
Other assets	173	45	661	-	35	914
Property and equipment	-	-	-	-	96	96
Investment properties	-	-	-	-	1	1
Intangible assets	-	-	-	-	58	58
Loans to group companies	-	-	9 508	-	-	9 508
Investment in subsidiaries	-	-	-	-	1 805	1 805
	14 353	**20 542**	**94 588**	**-**	**2 244**	**131 727**
Liabilities						
Deposits by banks	-	-	-	12 018	-	12 018
Derivative financial instruments	5 401	-	-	-	-	5 401
Other trading liabilities	255	-	-	-	-	255
Repurchase agreements and cash collateral on securities lent	2 361	-	-	-	-	2 361
Customer accounts	18	8 503	-	62 584	-	71 105
Debt securities in issue	-	4 500	-	15 020	-	19 520
Current taxation liabilities	-	-	-	294	-	294
Deferred taxation liabilities	-	-	-	-	240	240
Other liabilities	287	63	-	7 713	118	8 181
Subordinated liabilities (including convertible debt)	-	-	-	3 066	-	3 066
	8 322	**13 066**	**-**	**100 695**	**358**	**122 441**

At 31 March 2006 at R'million	At fair value through profit and loss Trading	 Designated at inception	Loans and receivables	Financial liabilities at amortised cost	Non-financial instru-ments	Total
9. Analysis of assets and liabilities by financial instrument classification (continued)						
Company						
Assets						
Cash and balances at central banks	1 926	-	-	-	-	1 926
Loans and advances to banks	-	-	12 411	-	-	12 411
Cash equivalent advances to customers	405	-	4 812	-	-	5 217
Reverse repurchase agreements and cash collateral on securities borrowed	1 224	-	-	-	-	1 224
Trading securities	8 832	1 225	-	-	-	10 057
Derivative financial instruments	8 839	-	-	-	-	8 839
Investment securities	-	30	-	-	-	30
Loans and advances to customers	-	12 935	40 971	-	-	53 906
Deferred taxation assets	-	-	-	-	229	229
Other assets	-	-	479	-	-	479
Property and equipment	-	-	-	-	75	75
Investment properties	-	-	-	-	5	5
Intangible assets	-	-	-	-	26	26
Loans to group companies	-	-	6 286	-	-	6 286
Investment in subsidiaries	-	-	-	-	2 305	2 305
	21 226	**14 190**	**64 959**	**-**	**2 640**	**103 015**
Liabilities						
Deposits by banks	-	-	-	6 966	-	6 966
Derivative financial instruments	6 871	-	-	-	-	6 871
Other trading liabilities	266	-	-	-	-	266
Repurchase agreements and cash collateral on securities lent	899	-	-	-	-	899
Customer accounts	16	3 918	-	51 303	-	55 237
Debt securities in issue	-	4 484	-	12 198	-	16 682
Current taxation liabilities	-	-	-	-	405	405
Deferred taxation liabilities	-	-	-	-	147	147
Other liabilities	330	-	-	3 810	-	4 140
Subordinated liabilities (including convertible debt)	-	-	-	3 140	-	3 140
	8 382	**8 402**	**-**	**77 417**	**552**	**94 753**

At 31 March R'million	Carrying value	Fair value adjustment Life to date	 Year to date
10. Financial assets and liabilities designated at fair value			
Group			
31 March 2007			
Investment securities	27	2	2
Loans and advances to customers	13 007	(15)	(390)
Trading securities	7 965	1 127	919
Other assets	67	30	(6)
	21 066	**1 144**	**525**
Customer accounts	8 503	146	(140)
Debt securities in issue	4 500	(6)	(6)
Other liabilities	63	63	112
	13 066	**203**	**(34)**
31 March 2006			
Investment securities	30	4	4
Loans and advances to customers	12 935	904	17
Trading securities	3 059	561	144
Other assets	46	(9)	(5)
	16 070	**1 460**	**160**
Customer accounts	3 918	285	53
Debt securities in issue	6 702	(1)	-
	10 620	**284**	**53**
Company			
31 March 2007			
Investment securities	27	2	2
Loans and advances to customers	13 007	(15)	(390)
Trading securities	7 463	1 195	945
Other assets	45	45	-
	20 542	**1 227**	**557**
Customer accounts	8 503	146	(140)
Debt securities in issue	4 500	(6)	(6)
Other liabilities	63	63	112
	13 066	**203**	**(34)**
31 March 2006			
Investment securities	30	4	4
Loans and advances to customers	12 935	904	125
Trading securities	1 225	572	36
	14 190	**1 480**	**165**
Customer accounts	3 918	285	53
Debt securities in issue	4 484	(1)	-
	8 402	**284**	**53**

At 31 March R'million	Group				Company			
	2007		2006		2007		2006	
	Fair value	Unrealised gains/ losses	Fair value	Unrealised gains/ losses	Fair value	Unrealised gains/ losses	Fair value	Unrealised gains/ losses
11. Trading Securities								
Listed equities	672	122	497	175	573	182	412	187
Unlisted equities	1 326	919	814	385	1 286	923	811	415
Promissory notes	569	19	799	213	569	19	799	213
Liquid asset bills	3 844	39	3 779	30	3 844	39	3 779	30
Debentures	4 963	60	4 223	63	4 538	78	3 778	59
Bonds	4 027	56	2 096	245	2 098	56	478	245
	15 401	**1 215**	**12 208**	**1 111**	**12 908**	**1 297**	**10 057**	**1 149**

12. Derivative financial instruments

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

In the table below, notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The fair value of a derivative financial instrument represents the positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the bank in an orderly market transaction at balance sheet date.

	Group					
At 31 March R'million	Notional principal amount 2007	Positive fair value 2007	Negative fair value 2007	Notional principal amount 2006	Positive fair value 2006	Negative fair value 2006
Foreign exchange derivatives						
Forward foreign exchange	68 249	851	1 131	55 522	1 561	-
Currency swaps	5 208	175	-	4 989	678	159
OTC options	3 651	16	21	4 422	90	96
	77 108	**1 042**	**1 152**	**64 933**	**2 329**	**255**
Interest rate derivatives						
Caps and floors	16 076	19	21	13 726	21	112
Swaps	258 812	1 807	1 935	317 300	3 681	4 144
Forward rate agreements	548 653	288	370	606 259	180	192
OTC options	25 371	13	5	19 540	10	9
Other interest rate contracts	-	-	-	13 185	-	57
OTC derivatives	848 912	2 127	2 331	970 010	3 892	4 514
Exchange traded futures	4 752	-	3	16 022	5	5
	853 664	**2 127**	**2 334**	**986 032**	**3 897**	**4 519**
Equity and stock index derivatives						
Equity swaps and forwards	112	36	-	-	-	-
OTC options	963	663	641	92	1 254	1 069
OTC derivatives	1 075	699	641	92	1 254	1 069
Exchange traded futures	3 198	1	-	28	-	12
Exchange traded options	575	3	-	1	3	-
	4 848	**703**	**641**	**121**	**1 257**	**1 081**
Commodity derivatives						
OTC options	2 758	1 337	1 343	4 701	1 100	1 073
Commodity swaps and forwards	3 240	156	106	1 882	242	210
	5 998	**1 493**	**1 449**	**6 583**	**1 342**	**1 283**
Credit derivatives						
Credit linked notes bought and sold	-	-	-	40	-	-
	-	**-**	**-**	**40**	**-**	**-**
Embedded Derivatives	**-**	**328**	**-**	**-**	**207**	**-**
Derivatives per balance sheet		**5 693**	**5 576**		**9 032**	**7 138**

Company					
Notional principal amount 2007	Positive fair value 2007	Negative fair value 2007	Notional principal amount 2006	Positive fair value 2006	Negative fair value 2006
68 148	851	1 095	55 355	1 625	-
5 171	151	-	4 857	646	159
3 651	16	21	4 422	90	96
76 970	**1 018**	**1 116**	**64 634**	**2 361**	**255**
16 076	19	21	13 726	21	112
250 402	1 808	1 944	317 114	3 616	4 076
548 653	288	370	606 259	180	192
25 371	13	5	19 540	10	9
-	-	-	13 185	-	57
840 502	2 128	2 340	969 824	3 827	4 446
4 752	-	3	16 022	5	5
845 254	**2 128**	**2 343**	**985 846**	**3 832**	**4 451**
112	36	-	-	-	-
872	663	493	1	1 252	996
984	699	493	1	1 252	996
3 198	1	-	28	-	12
575	3	-	1	3	-
4 757	**703**	**493**	**30**	**1 255**	**1 008**
2 758	1 337	1 343	4 701	1 100	1 072
3 015	42	106	1 178	168	85
5 773	**1 379**	**1 449**	**5 879**	**1 268**	**1 157**
-	-	-	40	-	-
-	**-**	**-**	**40**	**-**	**-**
-	**137**	**-**	**-**	**123**	**-**
	5 365	**5 401**		**8 839**	**6 871**

At 31 March R'million	Group 2007	Group 2006	Company 2007	Company 2006
13. Investment securities				
Listed equities	1	1	-	-
Unlisted equities	-	1	-	1
Bonds	28	29	27	29
	29	**31**	**27**	**30**

At 31 March R'million	Group 2007	Group 2006	Company 2007	Company 2006
14. Loans and advances to customers				
Category analysis				
Commercial property loans	24 067	17 455	23 786	19 141
Residential mortgages	18 735	14 280	15 980	9 345
Leases and instalment debtors	2 982	2 617	2 635	2 330
Corporate and public sector loans and advances	19 575	19 241	15 901	15 532
Other private bank lending	10 627	6 928	10 627	6 862
Other loans and advances	2 914	2 692	846	941
	78 899	**63 213**	**69 775**	**54 151**
Specific impairments	(237)	(237)	(211)	(190)
Portfolio impairment	(75)	(91)	(38)	(55)
	78 588	**62 885**	**69 526**	**53 906**
Specific and portfolio impairments				
Reconciliation of movements in allowances for specific and portfolio impairments for bad and doubtful debts.				
Specific impairments				
Balance at beginning of year	237	245	190	195
Charge to the income statement	134	(18)	130	(27)
Acquired	(2)	-	-	-
Utilised (net of recoveries)	(134)	10	(109)	22
Foreign currency movement	2	-	-	-
Balance at end of year	**237**	**237**	**211**	**190**
Portfolio Impairment				
Balance at beginning of year	91	90	55	57
Charge to the income statement	(12)	1	(10)	(2)
Utilised	(4)	-	(7)	-
Balance at end of year	**75**	**91**	**38**	**55**

Securitisations

Investec Bank Limited enters into securitisation transactions in the normal course of business by which it transfers financial assets directly to third parties or to special purpose entities. These transfers may give rise to the full or partial derecognition of the financial assets concerned. The table below reflects securitised assets and related liabilities that continue to be recognised.

	Group		Company	
	Carrying amount of transferred asset	Carrying amount of associated liabilities	Carrying amount of transferred asset	Carrying amount of associated liabilities
Nature of transactions				
2007				
Residential mortgages	6 377	6 377	4 072	4 072
Auto loans	992	992	992	992
Commercial mortgages	1 208	1 208	1 208	1 208
Corporate term loan	-	-	218	218
	8 577	**8 577**	**6 490**	**6 490**
2006				
Residential mortgages	**4 538**	**4 700**	**2 210**	**2 300**

At to 31 March R'million	Group 2007	Group 2006
15. Interest in associated undertakings		
Interests in associated undertakings consist of:		
Net asset value	221	-
Investments in associated undertakings	**221**	**-**
Analysis of the movement in our share of net assets:		
At beginning of year	-	-
Acquisitions	83	-
Loan to associate	148	-
Share of associate losses	(10)	-
Share of net asset value at end of year	**221**	**-**
Associated undertakings:		
Unlisted	221	-
	221	**-**

During the year, the group acquired a 21.4% in Global Ethanol Holdings Limited for an amount of R231 million, being R83 million for the acquisition of share capital and the advance of a shareholders loan of R148 million. Global Ethanol's principal activity is holding investments in various Ethanol plants.

2007	Country of Incorporation	Assets	Liabilities
Global Ethanol Holdings Limited	Australia	2 231	826

At 31 March R'million	Group 2007	Group 2006	Company 2007	Company 2006
16. Deferred taxation				
16.1 Deferred taxation asset				
Income and expenditure accruals	263	145	249	133
Arising on STC credits	-	96	-	96
	263	**241**	**249**	**229**
16.2 Deferred taxation liability				
Unrealised fair value adjustments on financial instruments	284	145	240	147
Other temporary differences	-	19	-	-
	284	**164**	**240**	**147**
Net deferred taxation (liability)/asset	**(21)**	**77**	**9**	**82**
Reconciliation of net deferred taxation asset/(liability)				
Opening balance	77	(4)	82	7
Charge to the income statement	(2)	81	23	75
STC credits utilised	(96)	-	(96)	-
Closing balance	**(21)**	**77**	**9**	**82**

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

At 31 March R'million	Group 2007	Group 2006	Company 2007	Company 2006
17. Other assets				
Settlement debtors	86	34	86	34
Accruals and prepayments	451	523	292	306
Other debtors	347	125	536	139
	884	**682**	**914**	**479**

At 31 March R'million	Freehold properties	Leasehold improvements	Furniture & vehicles	Equipment	Total
18. Property and equipment					
Group					
2007					
Cost					
At beginning of year	5	4	107	156	272
Additions	-	17	16	26	59
Disposals	-	(3)	(7)	(10)	(20)
At end of year	**5**	**18**	**116**	**172**	**311**
Accumulated depreciation and impairment					
At beginning of year	-	(3)	(65)	(119)	(187)
Disposals	-	3	-	2	5
Depreciation	-	(2)	(8)	(15)	(25)
At end of year	**-**	**(2)**	**(73)**	**(132)**	**(207)**
Net book value	**5**	**16**	**43**	**40**	**104**
2006					
Cost					
At beginning of year	5	4	113	148	270
Additions	-	-	9	15	24
Disposals	-	-	(15)	(7)	(22)
At end of year	**5**	**4**	**107**	**156**	**272**
Accumulated depreciation and impairment					
At beginning of year	-	(2)	(69)	(108)	(179)
Disposals	-	-	7	9	16
Depreciation	-	(1)	(3)	(22)	(26)
At end of year	**-**	**(3)**	**(65)**	**(121)**	**(189)**
Net book value	**5**	**1**	**42**	**35**	**83**

At 31 March R'million	Leasehold	Furniture improvements	Equipment & vehicles	Total
18. Property and equipment (continued)				
Company				
2007				
Cost				
At beginning of year	4	103	151	258
Additions	17	16	26	59
Disposals	(3)	(7)	(10)	(20)
At end of year	**18**	**112**	**167**	**297**
Accumulated depreciation and impairment				
At beginning of year	(3)	(62)	(118)	(183)
Disposals	3	-	3	6
Depreciation	(2)	(7)	(15)	(24)
At end of year	**(2)**	**(69)**	**(130)**	**(201)**
Net book value	**16**	**43**	**37**	**96**
2006				
Cost				
At beginning of year	4	109	141	254
Additions	-	7	15	22
Disposals	-	(13)	(5)	(18)
At end of year	**4**	**103**	**151**	**258**
Accumulated depreciation and impairment				
At beginning of year	(2)	(66)	(105)	(173)
Disposals	-	7	8	15
Depreciation	(1)	(3)	(21)	(25)
At end of year	**(3)**	**(62)**	**(118)**	**(183)**
Net book value	**1**	**41**	**33**	**75**

19. Investment properties

At 31 March R'million	Group 2007	Group 2006	Company 2007	Company 2006
At fair value				
At the beginning of year	7	13	5	11
Disposals	(4)	(6)	(4)	(6)
At the end of year	**3**	**7**	**1**	**5**

The company values its investment properties twice annually. The properties were valued by directors who are sworn valuers of the company concerned. The valuation is performed by capitalising the budgeted annual net income of a property at the market related yield applicable at the time. Investment properties are carried at fair value. No investment properties are occupied by group entities.

At 31 March R'million	Group Acquired software	Group Internally generated software	Group Total	Company Acquired software	Company Internally generated software	Company Total
20. Intangible assets						
2007						
Cost						
At beginning of year	91	13	104	89	13	102
Additions	39	22	61	35	22	57
At end of year	**130**	**35**	**165**	**124**	**35**	**159**
Accumulated amortisation and impairment						
At beginning of year	(72)	(6)	(78)	(70)	(6)	(76)
Amortisation	(7)	(19)	(26)	(6)	(19)	(25)
At end of year	**(79)**	**(25)**	**(104)**	**(76)**	**(25)**	**(101)**
Net book value	**51**	**10**	**61**	**48**	**10**	**58**
2006						
Cost						
At beginning of year	77	7	84	75	6	81
Additions	15	6	21	15	7	22
Disposals	(1)	-	(1)	(1)	-	(1)
At end of year	**91**	**13**	**104**	**89**	**13**	**102**
Accumulated amortisation and impairment						
At beginning of year	(65)	(2)	(67)	(62)	(2)	(64)
Disposals	1	-	1	-	-	-
Impairment	1	-	1	-	-	-
Amortisation	(9)	(4)	(13)	(8)	(4)	(12)
At end of year	**(72)**	**(6)**	**(78)**	**(70)**	**(6)**	**(76)**
Net book value	**19**	**7**	**26**	**19**	**7**	**26**

21. Disposal of subsidiary

2007

During the current financial year, the group disposed of its shareholding in Investec Holdings (Botswana) Ltd, a subsidiary incorporated in Botswana to another group company.
The net assets of Investec Holdings (Botswana) Ltd at the date of disposal were as follows:

Loans and advances to banks	16
Other assets	3
Total assets	**19**
Current tax liabilities	1
Other liabilities	2
Total liabilities	**3**
Minority	5
Net assets disposed of	**11**
Profit on disposal	39
Total consideration paid (satisfied by cash)	**50**

2006

Certain immaterial subsidiaries were disposed of during the year at net asset value.

At 31 March R'million	Group 2007	Group 2006	Company 2007	Company 2006
22. Loans to group companies				
Loans from holding company - Investec Limited	(185)	(13)	(193)	(20)
Loans to fellow subsidiaries	5 697	2 558	7 615	4 374
Preference share investment in Investec Limited	751	728	-	-
Preference share investment in fellow subsidiaries	3 490	3 235	2 086	1 932
	9 753	**6 508**	**9 508**	**6 286**

Loans to group companies are unsecured interest bearing, with no fixed terms of repayment. Included in the loans to group companies are subordinated loans to the value of R67 million (2006: R67 million).

23. Investment in subsidiaries

	Nature of business	Issued Ordinary Capital	Holding %	Shares at book value R'million 2007	Shares at book value R'million 2006	Net Indebtness R'million 2007	Net Indebtness R'million 2006
Principal subsidiaries companies							
Direct subsidiaries of Investec Bank Limited							
Investec Bank (Mauritius) Limited ^	Banking institution	R281 630 447	100	280	280	770	871
Grayinvest Limited	Investment holding	R 1 000	100	-	1	-	-
Reichmans Holdings Limited	Trade financing	R 10	100	112	112	494	348
Investec Holdings (Botswana) Ltd •	Investment holding	Pula360	**	-	3	-	-
Sibvest Limited	Investment holding	R 1 485	100	*	*	-	-
Sechold Finance Services (Pty) Ltd	Investment holding	R 1 000	100	*	*	336	320
KWJ Investments (Pty) Ltd	Investment holding	R 100	100	*	*	776	644
AEL Investment Holdings (Pty) Ltd	Investment holding	R 1 000	100	*	*	(406)	(599)
Investpref Ltd	Investment holding	R 1 000	100	*	*	(63)	(15)
Private Mortgages 1 (Pty) Ltd	Securitised vehicles	R 1	#	-	-	(34)	-
Private Mortgages 2 (Pty) Ltd	Securitised vehicles	R 1	#	-	98	(28)	(71)
Private Mortgages 3 (Pty) Ltd	Securitised vehicles	R 2	#	*	*	(129)	-
Private Residential Mortgages (Pty) Ltd	Securitised vehicles	R 100	#	63	-	(75)	-
Private Commercial Mortgages (Pty) Ltd	Securitised vehicles	R 100	#	125	-	(497)	-
Grayston Conduit 1 (Pty) Ltd	Securitised vehicles	R 1	#	26	-	(14)	-
Other				1	*	68	313
				607	**494**	**1 198**	**1 811**

Details of subsidiary and associated companies which are not material to the financial position of the group are not stated above. Loans to/(from) group companies are unsecured interest bearing, with no fixed terms of repayment.

Investec Bank Limited has no equity interest in the following special purpose vehicles, but they are consolidated on the basis of the group sharing in the majority of the risks and rewards associated with the entities:

- Private Mortgages 1 (Pty) Ltd
- Private Mortgages 2 (Pty) Ltd
- Private Mortgages 3 (Pty) Ltd
- Private Residential Mortgages (Pty) Ltd
- Private Commercial Mortgages (Pty) Ltd
- Grayston Conduit 1 (Pty) Ltd

^ Mauritius
• Botswana
* Less than R1 million
** Investec Holdings (Botswana) Ltd was sold to Investec Asset Management (Pty) Ltd in the current year.

At 31 March R'million	Group 2007	Group 2006	Company 2007	Company 2006
24. Other trading liabilities				
Short positions				
- gilts	255	266	255	266
	255	**266**	**255**	**266**
25. Debt securities in issue				
Bonds and medium term notes repayable:				
Up to one year	4 522	3 218	-	-
Greater than one year but less than five years	6 957	3 602	-	-
Greater than five years	89	-	-	-
	11 568	6 820	-	-
Other unlisted debt securities in issue repayable:				
Not more than three months	6 662	5 959	6 880	5 959
Over three months but not more than one year	12 133	10 463	12 133	10 463
Over one year but not more than five years	507	260	507	260
	19 302	16 682	19 520	16 682
	30 870	**23 502**	**19 520**	**16 682**

Bonds that are listed on the Bond Exchange of South Africa have maturity dates as noted below:

R1.4 billion

Final legal maturity of 20 April 2024.
The group, subject to certain conditions being met, may at its discretion redeem these bonds at an earlier date but not before 20 April 2011.

R1.3 billion

Final legal maturity of 15 November 2029.
The group, subject to certain conditions being met, may at its discretion redeem these bonds at an earlier date but not before 15 November 2007.

R2.3 billion

Final legal maturity of 15 October 2031.
The group, subject to certain conditions being met, may at its discretion redeem these bonds at an earlier date but not before 15 July 2009.

R2 billion

Final legal maturity of 15 November 2032.
The group, subject to certain conditions being met, may at its discretion redeem these bonds at an earlier date but not before 15 November 2010.

	Group 2007	Group 2006	Company 2007	Company 2006
26. Taxation				
Income taxation payable	296	407	283	390
Indirect taxes payable	11	15	11	15
	307	**422**	**294**	**405**
27. Other liabilities				
Settlement liabilities	285	711	285	711
Cumulative redeemable preference shares including accrued dividends	1 801	2 123	-	-
Other non-interest bearing liabilities	544	352	4 372	262
Liabilities associated with securitisations*	-	-	2 300	2 209
Other creditors and accruals	1 309	1 021	1 224	958
	3 939	**4 207**	**8 181**	**4 140**

* Liabilities associated with securitisations were classified in loans to group companies in the prior year. They have been reclassified to other liabilities in the current year.

At 31 March R'million	Group 2007	Group 2006	Company 2007	Company 2006
28. Subordinated liabilities				
Issued by Investec Bank Limited				
Unsecured subordinated CCDs	68	108	68	108
Class "C" Unsecured subordinated CCDs	37	71	37	71
16% subordinated bonds 2012	526	1 961	526	1 961
IV02 12.55% Subordinated unsecured callable bonds	1 000	1 000	1 000	1 000
IV03 16% Subordinated bonds 2017	1 435	-	1 435	-
	3 066	**3 140**	**3 066**	**3 140**
All subordinated debt issued by Investec Bank Limited and its subsidiaries is denominated in South African Rand				
Remaining maturity:				
In one year or less, or on demand	37	71	37	71
In more than one year, but not more than two years	68	108	68	108
In more than two years, but not more than five years	526	2 961	526	2 961
In more than five years	2 435	-	2 435	-
	3 066	**3 140**	**3 066**	**3 140**

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

The compulsorily convertible debentures issued by Investec Bank Limited were split at issue into their debt and equity components. The equity components were sold to employee share trusts. The debt components were sold to third parties, represented by the amounts above.

Unsecured subordinated compulsorily converted debentures ("CCDs")

The CCDs will convert into Investec Bank Limited ordinary shares, on a one for one basis, on 31 July 2008. The company at its discretion, may at the request of the holder convert at an earlier date.

The Investec Bank Limited shares arising out of the conversion have been sold forward by the holder thereof to Investec Limited in exchange for 3 573 994 Investec Limited ordinary shares.

Class A unsecured, Class A Series II, Class B and Class C unsecured CCDs

The 5 000 000 Class A unsecured, 1 000 000 Class A Series II, 1 500 000 Class B and 2 000 000 Class C unsecured subordinated compulsorily convertible debentures were acquired by Investec Limited on 18 June 2002 in exchange for the issue of 9 500 000 Investec Limited shares.

16% subordinated bonds 2012

R1 961 million (2006 - R1 961 million) Investec Bank Limited 16% local registered unsecured subordinated bonds are due in 2012. Interest is paid six monthly in arrears on 31 March and 30 September at a rate of 16% per annum. The settlement date of the bonds is 31 March 2012.

IV02 12.55% Subordinated unsecured callable bonds

R1 000 million (2006 - R1 000 million) Investec Bank Limited IV02 subordinated 12.55% unsecured callable bonds. The bonds redemption date is 31 March 2013 but the company has the option to call the bond on 31 March 2008. If not called, the bonds will switch to a floating rate of 3 month Jibar plus 300 basis points payable quarterly in arrears until maturity.

IV03 16% subordinated bonds 2017

R1 435 million (2006: nil) Investec Bank Limited local registered unsecured subordinated bonds are due in 2017. Interest is paid at a rate of 16% per annum until 31 March 2012, whereafter the interest rate will change to a floating rate of 3-month Jibar plus 200 basis points until maturity. Interest is paid monthly in arrears on 31 March and 30 September at a rate of 16% per annum. The settlement date of the bonds is 31 March 2017.

At 31 March R'million	Group 2007	 2006	Company 2007	 2006
29. Ordinary share capital				
Authorised				
105 000 000 (2006: 105 000 000) ordinary shares of 50 cents each.				
Issued				
31 700 000 (2006: 31 700 000) ordinary shares of 50 cents each.	16	16	16	16
The unissued shares are under the control of the directors until the next annual general meeting.				
30. Perpetual preference shares				
Authorised				
70 000 000 (2006: 70 000 000) non-redeemable, non-cumulative, non-participating preference shares of one cent each.				
Issued				
15 000 000 (2006: 15 000 000) non-redeemable, non-cumulative, non-participating preference shares of one cent each, issued at a premium of R99.99 per share.	1 491	1 491	1 491	1 491

Preference shareholders will be entitled to receive dividends, if declared, at a rate of 75% of the South African prime interest rate, of the face value of the preference shares held. Preference shareholders receive dividends in priority to any payment of dividends to the holder of any other class of shares in the capital of the company not ranking prior or pari passu with the preference shares.

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

31. Minority interest

For the year to 31 March R'million	Group 2007	 2006
Minority interest attributable to holders of ordinary shares in subsidiaries	-	8

The minority interest related to the group's investment in Investec Holdings (Botswana) Ltd, which was disposed of in the current year. Refer to note 21 for more detail.

At 31 March R'million	Group 2007 Total future minimum payments	Group 2007 Present value	Group 2006 Total future minimum payments	Group 2006 Present value	Company 2007 Total future minimum payments	Company 2007 Present value	Company 2006 Total future minimum payments	Company 2006 Present value
32. Miscellaneous balance sheet disclosure								
Finance lease receivables included in loans and advances to customers								
Receivable in:								
Less than 1 year	302	252	253	193	116	107	92	74
1-5 years	248	204	271	242	7	5	86	77
	550	**456**	**524**	**435**	**123**	**112**	**178**	**151**
Unearned finance income	**94**		**89**		**11**		**27**	

At 31 March 2007 and 31 March 2006, there were no unguaranteed residual values.

33. Notes to cash flow statement

For the year to 31 March R'million	Group 2007	Group 2006	Company 2007	Company 2006
Cash generated from operating activities is derived as follow:				
Profit before taxation	2 124	1 513	1 855	1 736
Adjustments for:				
Interests expense on subordinated debt (including convertible debt)	(74)	(64)	(74)	(64)
Depreciation and impairment of property and equipment	51	38	49	37
Impairment of loans and advances	122	(17)	119	(29)
Operating loss from associate	10	-	-	-
Profit on disposal of subsidiary	(39)	-	(47)	-
Cash generated by operating activities	**2 194**	**1 470**	**1 902**	**1 680**
Taxation paid				
Opening balance on net taxation liability	(345)	(279)	(323)	(261)
Current year normal taxation charge	(572)	(305)	(521)	(290)
Taxation balance for group companies disposed of	1	-	-	-
Closing balance on net taxation liability	328	345	285	323
Taxation paid	**(588)**	**(239)**	**(559)**	**(228)**
Increase in operating assets				
Loans and advances to banks	8 963	(6 151)	8 535	(6 152)
Reverse repurchase agreements and cash collateral on securities borrowed	1 692	924	1 692	924
Trading securities	3 193	(1 893)	2 851	(1 804)
Derivative financial instruments	(3 339)	382	(3 474)	410
Investment securities	(2)	164	(3)	1
Loans and advances to customers	15 825	(16 885)	15 521	(15 039)
Other assets	204	(30)	435	(36)
	26 536	**(23 489)**	**25 557**	**(21 696)**
Increase in operating liabilities				
Deposits by banks	5 183	3 768	5 052	3 043
Derivative financial instruments	(1 562)	(1 587)	(1 470)	(1 687)
Other trading liabilities	(11)	4	(11)	4
Repurchase agreements and cash collateral on securities lent	1 459	(1 086)	1 462	(1 082)
Customer accounts	16 873	11 540	15 868	11 765
Debt securities in issue	7 368	10 767	2 620	7 699
Other liabilities	(252)	5	4 041	(224)
	29 058	**23 411**	**27 562**	**19 518**

At 31 March R'million	Group 2007	Group 2006	Company 2007	Company 2006
34. Commitments				
Undrawn facilities	7 566	4 050	7 272	2 096
Other commitments	530	114	530	113
	8 096	**4 164**	**7 802**	**2 209**
The group has entered into forward foreign exchange contracts and loan commitments in the normal course of its banking business for which the fair value is recorded on balance sheet.				
Operating lease commitments				
Future minimum lease payments under non-cancellable operating leases:				
Less than 1 year	207	133	207	133
1-5 years	1 014	635	1 014	635
Later than 5 years	2 090	2 911	2 090	2 911
	3 311	**3 679**	**3 311**	**3 679**
At 31 March 2007, Investec is obligated under a number of operating leases for properties, computer equipment and office equipment for which the future minimum lease payments extend over a number of years. The annual escalation clauses range between 8% and 13.5% percent per annum. The majority of the leases have renewal options. Contingent rent represents payments made to landlords for operating, tax and other escalation expenses.				
35. Contingent liabilities				
Guarantees and assets pledged as collateral security:				
- guarantees and irrevocable letters of credit	4 606	3 246	4 237	3 099
	4 606	**3 246**	**4 237**	**3 099**

The amounts shown above are intended only to provide an indication of the volume of business outstanding at the balance sheet date.

Guarantees are issued by Investec Bank Limited on behalf of third parties and other group companies. The guarantees are issued as part of the banking business. Included in the guarantees issued is a guarantee issued by Investec Bank Limited in favour of The South African Insurance Association for an amount of R67 million (2006: R43 million).

Legal proceedings

Investec is party to various legal proceedings, the ultimate resolution of which is not expected to have a material adverse effect on the financial position of the group.

For the year to 31 March R'million	Group 2007	Group 2006	Company 2007	Company 2006
36. Related party transactions				
Compensation to the Board of Directors and other key management personnel*				
Short-term employee benefits	68	51	68	51
Share-based payments	18	11	18	11
	86	**62**	**86**	**62**

* Key management personnel are board directors and members of the Global Operations Forum.

R'million	Group				Company			
	2007		2006		2007		2006	
	Highest balance during the year#	Balance at end of year#	Highest balance during the year#	Balance at end of year#	Highest balance during the year#	Balance at end of year#	Highest balance during the year#	Balance at end of year#
Transactions, arrangements and agreements involving directors and others:								
Particulars of transactions, arrangements and agreements entered into by the bank with directors and connected persons and companies controlled by them, and with officers of the company, were as follows:								
Directors, key management and connected persons and companies controlled by them								
Loans	238	228	140	134	238	228	140	134
Guarantees	15	15	21	21	15	15	21	21
Other	(182)	(120)	(106)	(70)	(182)	(120)	(106)	(70)
	71	**123**	**55**	**85**	**71**	**123**	**55**	**85**

The above transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing or, where applicable, with other employees. The transactions did not involve more than the normal risk of repayment. None of these loans have been impaired.

The disclosure of the year-end balance and highest balance during the year is considered the most meaningful to represent transactions during the year.

For the year to 31 March R'million	Group 2007 Highest balance during the year#	Group 2007 Balance at end of year#	Group 2006 Highest balance during the year#	Group 2006 Balance at end of year#	Company 2007 Highest balance during the year#	Company 2007 Balance at end of year#	Company 2006 Highest balance during the year#	Company 2006 Balance at end of year#
36. Related party transactions (continued)								
Transactions with other related parties								
F Titi has a 11% holding in Tiso Group. At 31 March Investec Bank Limited group had the following total investments in Tiso Group and its affiliate companies.	319	286	83	83	319	286	83	83
S Koseff, G Burger, B Kantor, B Tapnack, H Herman, D Jowell and DM Lawrence have an interest in Spurwing-P Investments Limited and Spurwing-L Investments Limited, which jointly amount to a holding of 40.7% and 15.3% respectively. Loans are provided to these entities by Investec Bank (Mauritius) Limited on an arm's length, fully secured basis as follows: Spurwing-P Investments Limited	40	-	44	40				
Spurwing-L Investments Limited	11	-	12	11				

During the current financial year, Spurwing-P Investments Limited and Spurwing-L Investments Limited repaid their loans outstanding with Investec Bank (Mauritius) Limited.

The above outstanding balances arose from the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with third party counterparties.

The disclosure of the year-end balance and highest balance during the year is considered the most meaningful to represent transactions during the year.

Refer to note 22 for loans to group companies and note 23 for loans to subsidiary companies.

Refer to note 21 for details of the disposal of a subsidiary to a group company.

Other transactions relating to directors, refer to pages 29 to 37 in the directors's remuneration report.

37. Hedges

The group uses derivatives for the management of financial risks relating to its asset and liability portfolios, mainly associated with non-trading interest rate risks and exposures to foreign currency risk. Most non-trading interest rate risk is transferred from the originating business to the central Treasury in the Capital Markets business. Once aggregated and netted, Treasury, as the sole interface to the wholesale market for cash and derivative transactions, actively manages the liquidity mismatch and non-trading interest rate risk from our asset and liability portfolios. In this regard, Treasury is required to exercise tight control of funding, liquidity, concentration and non-trading interest rate risk within defined parameters.

The accounting treatment of hedges is dependant on the classification between fair value hedges, cash flow hedges and in particular, require the identification of a direct relationship between a hedged item and hedging instrument. This relationship is established in limited circumstances based on the manner in which the group manages its risk exposure. Below is a description of each category of accounting hedge achieved by the group.

Fair value hedges

Fair value hedges are entered into mainly to hedge the exposure of changes in fair value of fixed rate financial instruments attributable to interest rates.

At 31 March R'million	Description of financial instrument being hedged	Fair value of hedging instrument	Cumulative gains/ (losses) on hedging instrument	Current year gains/ (losses) on hedging instrument	Cumulative gains/ (losses) on hedged item	Current year gains/ (losses) on hedged item
2007						
Interest rate swaps						
- liabilities	Subordinated bonds	162	73	118	(63)	(112)
		162	**73**	**118**	**(63)**	**(112)**
2006						
Interest rate swaps						
- liabilities	Subordinated bonds	175	(45)	17	49	(16)
		175	**(45)**	**17**	**49**	**(16)**

There were no cash flow hedges at year end.

At 31 March R'million	Group 2007	 2006
38. Asset quality, specific and portfolio impairments		
Total loans and advances to customers (gross of impairments)	78 900	63 213
Specific impairments	237	237
Portfolio impairment	75	91
Total impairments	**312**	**328**
Gross default loans	1 004	745
Sub-standard	404	211
Doubtful	573	512
Loss	27	22
Less: security	(837)	(550)
Net default loans	**167**	**195**
Adequacy of impairments		
Specific impairments as a % of loans and advances to customers	0.30%	0.37%
Portfolio impairments as a % of net loans and advances to customers	0.10%	0.14%
Total impairments as a % of loans and advances to customers	0.40%	0.52%
Total impairments as a % of gross default loans	31.08%	44.03%
Total impairments as a % of net default loans	186.83%	168.21%
Specific impairments as a % of gross default loans	23.61%	31.80%
Specific impairments as a % of net default loans	141.92%	121.54%
Gross default loans as a % of loans and advances to customers	1.27%	1.18%

39. Capital adequacy

R'million	Group 2007	 2006
The regulatory capital of the bank as reported to the South African Reserve Bank is detailed below:		
Primary capital (Tier 1)	9 055	8 157
Secondary capital (Tier 2)	4 404	4 291
Total	13 459	12 448
Less : Impairments	(670)	(472)
Net qualifying capital	**12 789**	**11 976**
Risk weighted assets (banking and trading assets)	**90 426**	**74 309**
Capital adequacy ratio	**14.1%**	**16.1%**
Tier 1 ratio	**9.3%**	**10.4%**

At 31 March 2007 R'million	Demand	Up to one month	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
40. Maturity analysis								
Group								
Assets								
Cash and balances at central banks	851	-	-	-	-	-	-	851
Loans and advances to banks	(105)	17 260	1 674	1 939	15	-	-	20 783
Cash equivalent advances to customers	7 214	-	-	-	-	-	-	7 214
Reverse repurchase agreements and cash collateral on securities borrowed	2 916	-	-	-	-	-	-	2 916
Trading securities	12 333	672	75	1 326	995	-	-	15 401
Derivative financial instruments	5 278	-	-	-	-	401	14	5 693
Investment securities	27	1	-	-	-	1	-	29
Loans and advances to customers	980	1 916	2 779	4 219	6 907	31 201	30 586	78 588
Other assets *	332	135	148	38	83	9 886	667	11 289
	29 826	**19 984**	**4 676**	**7 522**	**8 000**	**41 489**	**31 267**	**142 764**
Liabilities								
Deposits by banks	356	4 987	704	59	595	6 113	145	12 959
Derivative financial instruments	5 101	9	-	-	2	464	-	5 576
Repurchase agreements and cash collateral on securities lent	2 378	-	-	-	-	-	-	2 378
Customer accounts	39 109	6 688	13 669	6 003	5 794	1 269	542	73 074
Debt securities in issue	-	3 804	7 180	5 631	6 702	7 464	89	30 870
Other liabilities**	1 321	268	486	792	273	1 055	590	4 785
	48 265	15 756	22 039	12 485	13 366	16 365	1 366	129 642
Subordinated liabilities (including convertible debt)	-	-	-	-	-	3 066	-	3 066
Equity						229	9 827	10 056
	48 265	**15 756**	**22 039**	**12 485**	**13 366**	**19 660**	**11 193**	**142 764**
Liquidity gap	(18 439)	4 228	(17 363)	(4 963)	(5 366)	21 829	20 074	-
Cumulative liquidity gap	(18 439)	(14 211)	(31 574)	(36 537)	(41 903)	(20 074)	-	-

* Includes other assets, loans and advances to group companies, deferred tax assets, property and equipment, investment properties, intangible assets and investment in associates.

** Includes other trading liabilities, current taxation liabilities, deferred tax liabilities and other liabilities.

At 31 March 2006 R'million	Demand	Up to one month	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
40. Maturity analysis (continued)								
Group								
Assets								
Cash and balances at central banks	1 930	-	-	-	-	-	-	1 930
Loans and advances to banks	532	11 941	-	-	-	-	-	12 473
Cash equivalent advances to customers	5 217	-	-	-	-	-	-	5 217
Reverse repurchase agreements and cash collateral on securities borrowed	1 224	-	-	-	-	-	-	1 224
Trading securities	5 834	1 814	2 977	-	1 583	-	-	12 208
Derivative financial instruments	8 496	12	13	15	30	342	124	9 032
Investment securities	1	-	-	-	-	30	-	31
Loans and advances to customers	510	1 098	1 789	2 189	6 236	31 591	19 472	62 885
Other assets*	245	136	91	13	438	6 508	116	7 547
	23 989	**15 001**	**4 870**	**2 217**	**8 287**	**38 471**	**19 712**	**112 547**
Liabilities								
Deposits by banks	116	2 440	478	593	867	3 282	-	7 776
Derivative financial instruments	6 247	-	195	2	312	151	231	7 138
Repurchase agreements and cash collateral on securities lent	919	-	-	-	-	-	-	919
Customer accounts	12 107	21 499	11 496	4 833	4 075	1 629	562	56 201
Debt securities in issue	-	2 228	5 948	3 430	8 033	3 863	-	23 502
Other liabilities**	1 126	186	553	738	931	1 190	335	5 059
	20 515	26 353	18 670	9 596	14 218	10 115	1 128	100 595
Subordinated liabilities (including convertible debt)	-	-	-	-	-	179	2 961	3 140
Equity	-	-	-	-	-	229	8 583	8 812
	20 515	**26 353**	**18 670**	**9 596**	**14 218**	**10 523**	**12 672**	**112 547**
Liquidity gap	3 474	(11 352)	(13 800)	(7 379)	(5 931)	27 948	7 040	-
Cumulative liquidity gap	3 474	(7 878)	(21 678)	(29 057)	(34 988)	(7 040)	-	-

* Includes other assets, loans and advances to group companies, deferred tax assets, property and equipment, investment properties and intangible assets.

** Includes other trading liabilities, current taxation liabilities, deferred tax liabilities and other liabilities.

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Investec Bank Limited

Registration number: 1969/004763/06

Notice is hereby given that the annual general meeting of Investec Bank Limited will be held at 14:00 on Wednesday, 8 August 2007 in the boardroom, 2nd floor, 100 Grayston Drive, Sandown, Sandton to transact the following business:

1. To receive and adopt the audited financial statements for the year ended 31 March 2007.
2. To re-appoint Ernst & Young Inc. and KPMG Inc. as joint auditors for the ensuing year and fix their remuneration.
3. To sanction the dividends paid on the ordinary and preference shares for the year ended 31 March 2007.

4.1 To re-elect the directors by way of a single resolution.

4.2 To elect directors. Messrs SE Abrahams, S Koseff, KXT Socikwa and CB Tshili retire by rotation in terms of the articles of association and being eligible, offer themselves for re-election.
For brief biographical details of the directors to be re-elected, please refer to page 28 of the annual report.

5. To approve the remuneration of the directors for the year ended 31 March 2007.
6. To place all the un-issued ordinary and preference shares under the control of the directors as a general authority in terms of section 221 of the Companies Act, 1973, who are authorised to allot and issue such shares in their discretion until the next annual general meeting, subject to the provisions of the Companies Act, No 61 of 1973, the Banks Act, No 94 of 1990, and the Listings Requirements of the JSE Limited.
7. To consider and, if deemed fit, to pass with or without modification the following resolution as a special resolution of the company:

Special Resolution No. 1

- Resolved that in terms of Article 4(a)(i) of the articles of association and with effect from 7 August 2006, Investec Bank Limited hereby approves, as a general approval contemplated in sections 85 and 89 of the Companies Act No 61 of 1973, the acquisition by Investec Bank Limited or its subsidiaries from time to time, of the issued ordinary shares and non-redeemable non-cumulative non-participating preference shares of Investec Bank Limited, upon such terms and conditions and in such amounts as the directors of Investec Bank Limited or its subsidiaries may from time to time decide, but subject to the provisions of the Companies Act, No 61 of 1973, the Banks Act, No 94 of 1990 and the Listings Requirements of the JSE Limited, provided that this general authority shall be valid until the next annual general meeting, and shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution.
- The reason for this special resolution is to grant a renewable general authority to Investec Bank Limited to acquire ordinary shares and non-redeemable non-cumulative non-participating preference shares which are in issue from time to time. The effect of the Special Resolution No 1 is that Investec Bank Limited and its subsidiaries will be able to acquire ordinary shares and non-redeemable non-cumulative non-participating shares of Investec Bank Limited.

The directors of Investec Bank Limited have no present intention of making any purchases, but believe that Investec Bank Limited should retain the flexibility to take action if future purchases were considered desirable and in the best interests of its shareholder.

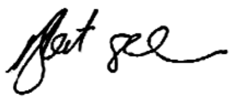
Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names appear on page 28 of the Annual Report of which this notice forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12, (twelve) months, a material effect on the group's financial position.

Voting and proxies

Holders of the non-redeemable non-cumulative non-participating preference shares, debentures, IV01 bonds and IV02 Class A notes shall be entitled to attend the meeting, but not to vote on any of the resolutions. Accordingly a proxy form is not included with this notice.

By order of the Board.



Benita Coetsee
Company Secretary
Sandown

15 June 2007

Registered office:
100 Grayston Drive
Sandown
Sandton 2196

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