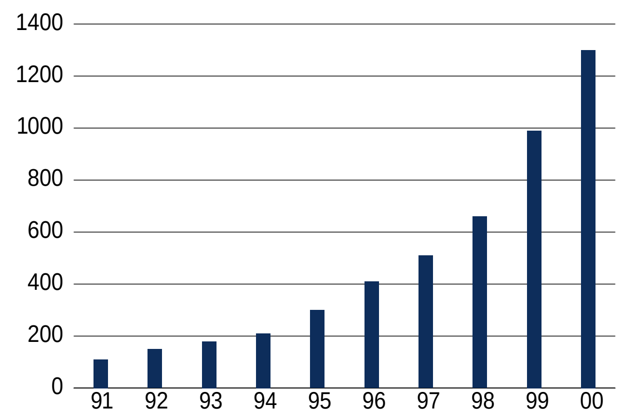
INVESTEC
GROUP LIMITED

Audited group results for the year ended 31 March 2000

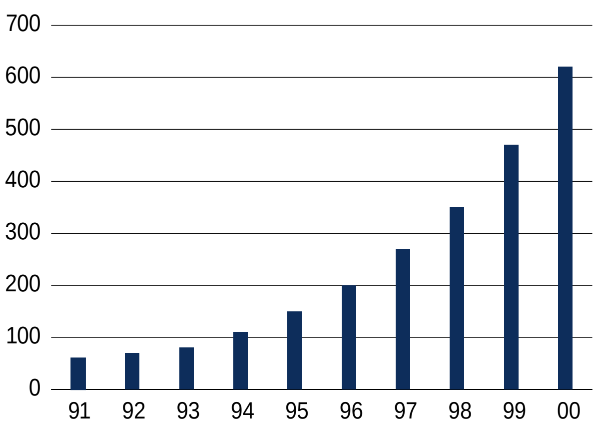
21st YEAR OF UNINTERRUPTED GROWTH
INCOME BEFORE TAXATION ↑37,6%
DILUTED HEADLINE EARNINGS PER SHARE ↑31,5%
10-YEAR COMPOUND GROWTH IN HEADLINE EPS 31,0%

Diluted headline earnings
(cents per share)



Ten-year compound growth in diluted headline earnings per share 31.0% per annum.

Dividends
(cents per share)



Ten-year compound growth in dividends per share 31.5% per annum.

Salient Features

	31 March 2000	31 March 1999	% Increase/ (decrease)
Headline earnings attributable to ordinary shareholders (R' millions)	1 047	787	33,0
Diluted headline earnings per share (cents)	1 300,6	989,1	31,5
Dividends per share (cents)	620	475	30,5
Net tangible asset value per share (R)	64,8	61,7	5,0
Capital adequacy ratio (%)	12,0	15,2	
Return on average shareholders funds (%)	24,2	18,7	
Return on average risk weighted assets (%)	2,8	2,5	
Total assets under management (R' billions)	477	345	38,3
Total number of ordinary shares in issue (millions)	80,6	80,4	

Consolidated Income Statement

(R' Millions)	31 March 2000	*31 March 1999	% Increase/ (decrease)
Interest received	9 038	9 449	(4,3)
Interest paid	7 608	8 246	(7,7)
	1 430	1 203	18,9
Provision for bad and doubtful debts	211	223	(5,4)
Net interest income	1 219	980	24,4
Other income	3 230	2 204	46,6
Total income	4 449	3 184	39,7
Operating expenses	2 791	2 064	35,2
Exceptional items	165	35	371,4
Income before taxation	1 493	1 085	37,6
Taxation	457	282	62,1
Operating income	1 036	803	29,0
Share of income of associated companies	106	78	35,9
Net income	1 142	881	29,6
Earnings attributable to minority shareholders	15	37	(59,5)
	1 127	844	33,5
Debenture interest	245	92	166,3
Earnings attributable to ordinary shareholders	882	752	17,3
Earnings per share (cents)	1 095,9	945,8	15,9
Diluted earnings per share (cents)	1 095,7	945,3	15,9

Calculation of Headline Earnings

(R' Millions)	31 March 2000	*31 March 1999
Headline earnings	1 047	787
Exceptional items	(165)	(35)
Net surplus on disposal of subsidiaries	–	63
Goodwill amortised	(195)	(189)
Discount on fair value of acquisitions	30	91
Attributable earnings	882	752

Consolidated Balance Sheet

(R' Millions)	31 March 2000	*31 March 1999
Assets		
Cash and short-term funds	73 127	36 711
Short-term negotiable securities	39 043	37 014
Investment and trading securities	8 924	7 837
Other assets	7 297	4 866
Advances and other accounts	33 034	21 700
Associated companies	413	618
Fixed assets	1 065	924
Intangible assets	2 443	2 147
	165 346	111 817
Equity and liabilities		
Capital and reserves		
Ordinary share capital	48	48
Compulsorily convertible debentures	1 710	1 715
Reserves	5 910	5 344
	7 668	7 107
Interest of minority shareholders in subsidiaries	291	560
Total shareholders' funds	7 959	7 667
Liabilities		
Deposits and other accounts	156 718	103 680
Taxation	361	229
Shareholders for ordinary dividends	308	241
	165 346	111 817
Acceptances, guarantees and letters of credit	3 972	7 288

* Restated for changes to accounting policies

Statement of Changes in Shareholders' Equity

(R' Millions)	31 March 2000	*31 March 1999
Balance at beginning of year	7 107	6 227
Issue of shares and debentures	12	2 338
Prior year adjustments	–	(1 076)
Movement in other reserves	166	(753)
Transfer from income statement	882	752
Dividends declared	(499)	(381)
	7 668	7 107

Commentary

Operating Achievements

Investec is pleased to announce that headline earnings for the year ended 31 March 2000 increased by 33% to R 1 047 million, marking the first year in which both headline earnings and operating income of the Group exceeded the R1 billion mark. Diluted headline earnings per share grew by 31.5% to 1 300.6 cents, representing a ten-year compound growth of 31% per annum.

The Group's 21st year of consecutive performance was characterised by sound performance all-round with particularly notable contributions coming from several of its businesses:

- Corporate Finance continued to perform strongly with exceptional results from Investec Henderson Crosthwaite in the UK which took advantage of buoyant conditions in the Technology, Media and Telecommunications sectors;
- Treasury and Structured Finance activities in South Africa continued to penetrate the corporate market and generate strong organic growth off the back of innovative product design;
- Brokerage and investment activities in the United Kingdom and United States profited from the high level of activity in the equity markets; and
- Portfolio management businesses worldwide registered solid performances which secured several new institutional mandates and contributed to the 38.3% hike in Investec's assets under management.

International Presence Consolidated

The integration of the foreign acquisitions concluded by Investec in the previous financial year is now substantially complete with strong profitability achieved in their first full year under Investec's ownership. Significant strengthening in management capability in the UK, coupled with the concerted focus on exploiting synergistic benefits with the Group's existing businesses, were major contributors to this performance.

Although the past year was one in which the Group concentrated its efforts on bedding down its international acquisitions, a number of small critical mass-enhancing acquisitions were made. Gandon Capital Markets in Ireland provided an entrée into corporate banking and specialised finance activities in those markets. Additionally, the acquisitions of the Private Client Book of over 10 000 clients from Kleinwort Benson in the UK; the professional lending book of Mercantile Bank and the Johannesburg retail client business from HSBC Simpson McKie in South Africa; and Royce Investment Group in the US, all served to bolster our private client activities around the world.

The extent of the Group's international presence is best represented by the fact that currently over 60% of the Group's income is generated in foreign currencies and over 75% of its assets reside offshore. A global rebranding to be launched later this year will reflect the successful consolidation of all Investec businesses worldwide and serve to raise the awareness of the Group's offshore profile.

Operating Environment

The financial year saw some recovery in global emerging markets, though volatility and uncertainty engendered poor business confidence in South Africa. High real rates of interest characterised the early months of the financial year, negatively affecting loan growth and the portfolio management business. Prime rates, however, dropped 10% by March 2000, falling to their lowest level since September 1994.

World trade during 1999 increased by 4,5%, and the UK and US equity markets achieved record trading volumes and valuations, providing fertile soil in which the northern hemisphere operations could flourish.

Substantial Increase in Income

Total income grew by 39.7% to R4 449 million, of which 29.7% is organic and the balance is attributable to the inclusion of acquisitions. Both interest received and interest paid declined as a direct consequence of South Africa's lower interest rate environment, resulting in a marginally reduced net interest margin, expressed as a percentage of average interest bearing assets excluding short dated wholesale assets, of 2.5% against the prior year's 2.8%. Notwithstanding this, net interest grew by 18.9%, driven by healthy, organic growth in advances of 33.5%. Bad and doubtful debt charges were flat due to the significantly improved quality of loan portfolios, as reflected by the reduction in the percentage of non-performing loans to advances from 3% last year to just over 2% this year. Balance Sheet provision levels exceed the anticipated Registrar of Bank's requirements, in terms of international regulatory norms, with the adequacy of provisions supported by a 117.3% total provision coverage of gross non-performing loans (1999 – 107.51%) while the ratio of total provisions to gross advances maintained a healthy level and currently stands at 2.42%.

Other income rose by 46.6%, comprising 69.3% of total income as opposed to 64.7% in the previous year. Despite this growth in other income, the annuity component of the Group's total income remains high at 71.7%.

Cost Control

The overall ratio of operating expenses to total income decreased from 60.6% to 59.9%. This reflects a marginal improvement over previous years, more as a consequence of revenue growth than cost control, but still remains high as an aftermath of the acquisition of international businesses which are typically characterised by high cost to income ratios.

The operating cost to income ratio in respect of the South African businesses has decreased to 50.6%, while that for businesses operating in higher cost jurisdictions is 62.7%, representing reasonable progress towards the attainment of the Group's targets of 45% and 55% for South African and other areas respectively.

Exceptional Items

The increase in the exceptional items relates to the increase in the amount of goodwill amortisation as a consequence of substantial acquisitions made in the 1999 financial year and the inclusion in that year of a surplus on disposal of subsidiaries, which did not take place in the current year.

Assets Under Management

On balance sheet assets recorded strong growth of 47.9%. This is primarily as a result of the increase in short-term money market activities in the UK as well as an additional R11.3 billion coming from the growth in advances. Third party assets under management increased by 22.4% to R287 billion, with significant growths registered by both private client assets under management of 42.9% totaling R109.3 billion and institutional funds under management of 27.0% amounting to in excess of R170 billion at 31 March 2000.

Shareholders' Funds

Shareholders' Funds increased by R292 million to R7 959 million, due principally to retained earnings and a net increase in revaluation reserves, offset by the decrease in minority interests of R269 million following the unbundling of Intrust.

The effective increase in the size of the asset base, with risk weighted assets increasing 20.4% to R40 688 million, resulted in capital adequacy declining to 12.0%, which remains comfortably over minimum international requirements and within the Group's target ratios.

In line with the Group's policy of improving the deployment of its capital, the return on average equity increased to 24.2% from 18.7% last year. This was largely as a result of increased earnings generated off a relatively consistent capital base in the absence of any capital issues undertaken during the course of the year.

Changes to Accounting Policies and Disclosure

Increased compliance with international accounting standards resulted in prior year comparative figures being restated, with little effect on earnings growth. The interest rate differential on foreign investments is no longer taken to income, but is included in foreign currency translation reserves, resulting in a R70 million decrease in 1999 earnings.

Associates are now disclosed at cost plus equity accounted earnings rather than at market value. This change reduced opening revaluation reserves by R743 million with no income statement effect. The amortisation of goodwill on associates reduced opening reserves by R97 million and both 1999 and current earnings by R13 million.

General bad debt provisions have been excluded from shareholders' funds and deducted from advances, which accounted for R236 million of the prior year adjustments.

E-Commerce

Investec embraced the New Economy not only by developing and investing in technology to enhance administrative functionality and improve overall operational efficiency, but also through the spectrum of products offered to our clients electronically.

The South African Private Bank now furnishes clients with a full range of Internet-based banking and stockbroking services, while Investec Clali is the first Israeli bank to offer comprehensive Internet banking facilities and online trading in both Israeli and Nasdaq stocks. The real time internet-based treasury system, Market Maker, was well received by the corporate market and future plans to broaden its scope are expected to yield positive results.

In other areas of business, further e-commerce initiatives have been implemented or are underway, all of which are designed to provide an alternative channel through which our clients, counter-parties and intermediaries can transact with the Group.

Prospects For the Year Ahead

The directors and management are of the opinion that the Group will continue to achieve strong growth in earnings and dividends.

On behalf of the board

HS Herman	S Koseff	B Kantor
Chairman	*Chief Executive*	*Managing Director*

Registered office:
100 Grayston Drive, Sandown, Sandton 2196.
Investec Group Limited ("Investec") (Registration number 1925/002833/06)

Transfer secretaries:
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Directors
H S Herman *(Chairman)*, S Koseff* *(Chief Executive)*, B Kantor* *(Managing)*, S E Abrahams, A I Basserabie, Dr H K Davies, G H Davin, D E Jowell, I R Kantor, D M Lawrence*, D H Mitchell, D R Motsepe, Dr M Z Nkosi, Dr F van Zyl Slabbert, B Tapnack*, P R S Thomas. ** Executive*

Dividend Announcement

A final dividend (No. 90) of 382,5 cents (1999: 300 cents) per share, making a total of 620 cents (1999: 475 cents) for the year ended 31 March 2000 has been declared payable to shareholders registered at the close of business on 9 June 2000. Dividend cheques will be posted on or about 21 June 2000.

The dividend is payable in the currency of the Republic of South Africa.

By order of the board

S Noik
Secretary 23 May 2000

Private Banking. Private Client Portfolio Management and Stockbroking. Asset Management. Corporate Finance. Institutional Broking and Research. Securities Trading. Specialised Finance. Treasury and Financial Markets.

Johannesburg, Cape Town, Durban, Pretoria, Port Elizabeth, Gabarone, Windhoek, London, Dublin, New York, Tel Aviv, Guernsey, Jersey, Zurich, Hong Kong, Mauritius, Sydney.

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