

# Investec Bank Limited

## Audited summarised consolidated SA GAAP financial results in Rands for the year ended 31 March 2005

### Consolidated income statement for the year ended 31 March

(R millions)	2005 Audited	2004 Audited
Interest received	6,762	6,551
Interest paid	(5,050)	(5,242)
<b>Net interest income</b>	<b>1,712</b>	<b>1,309</b>
Impairment of advances	(131)	(173)
<b>Other income</b>	<b>1,581</b>	<b>1,136</b>
	1,119	962
<b>Total income</b>	<b>2,700</b>	<b>2,098</b>
Operating expenses	(1,296)	(1,076)
<b>Operating profit before taxation</b>	<b>1,404</b>	<b>1,022</b>
Taxation	(249)	(131)
<b>Operating profit after taxation</b>	<b>1,155</b>	<b>891</b>
Earnings attributable to minority shareholders	(1)	(1)
<b>Earnings attributable to shareholders</b>	<b>1,154</b>	<b>890</b>
<b>Calculation of headline earnings</b>		
Earnings attributable to shareholders	1,154	890
Headline adjustments	14	(3)
Loss/(profit) on disposal of subsidiaries	2	(3)
Impairment of owner occupied property	12	-
<b>Headline earnings attributable to shareholders</b>	<b>1,168</b>	<b>887</b>
Compulsorily convertible debenture interest	(214)	(268)
Preference dividends declared	(131)	(22)
<b>Headline earnings attributable to ordinary shareholders</b>	<b>823</b>	<b>597</b>

### Consolidated balance sheet at 31 March

(R millions)	2005 Audited	2004* Audited
<b>Assets</b>		
Cash and short-term funds	13,221	11,764
Short-term negotiable securities	7,982	6,336
Investment and trading securities	14,929	15,807
Other assets	708	629
Advances	42,960	36,629
Intergroup	8,455	10,548
Property and equipment	121	686
	<b>88,376</b>	<b>82,399</b>
<b>Equity and liabilities</b>		
<b>Capital and reserves</b>		
Ordinary share capital	16	16
Perpetual preference shares	1,491	1,491
Compulsorily convertible debentures	681	1,938
Reserves	6,608	6,226
	<b>8,796</b>	<b>9,671</b>
Interest of minority shareholder's in subsidiaries	5	29
Total shareholders' funds	<b>8,801</b>	<b>9,700</b>
Subordinated debt	<b>2,961</b>	<b>2,961</b>
	<b>11,762</b>	<b>12,661</b>
<b>Liabilities</b>		
Redeemable preference shares	1,655	1,740
Deposits and other accounts	74,492	67,866
Taxation	467	132
	<b>88,376</b>	<b>82,399</b>

### Statement of changes in shareholders' funds for the year ended 31 March

(R millions)	2005 Audited	2004 Audited
<b>Balance at the beginning of the year</b>	<b>9,671</b>	<b>8,134</b>
Buyback of debentures	(1,257)	-
Net issue of perpetual preference shares	-	1,491
Earnings attributable to shareholders	1,154	890
Compulsorily convertible debenture interest	(214)	(268)
Preference dividends declared	(131)	(22)
Dividends declared	(395)	(500)
Movement in foreign currency translation reserves	(5)	(59)
(Decrease)/increase in cashflow hedge fair value adjustments	(27)	10
Net movement in investment revaluation reserves	-	(5)
<b>Balance at the end of the year</b>	<b>8,796</b>	<b>9,671</b>

### Abridged cash flow statement for the year ended 31 March

(R millions)	2005 Audited	2004* Audited
Cash inflow from operating activities	776	335
Cash outflow from banking operations	(628)	(4,354)
Cash inflow from investing activities	530	161
Cash inflow from financing activities	779	1,199
Net increase/(decrease) in cash and short-term funds	1,457	(2,659)
Cash and short-term funds at the beginning of the year	11,764	14,423
Cash and short-term funds at the end of the year	13,221	11,764

\* Restated for changes to accounting policies and disclosures as detailed in the paragraph headed "Restatements to comparative figures".

### Segmental information

#### For the year ended 31 March 2005

(R millions)	Private Client Activities	Treasury & Specialised Finance	Investment Banking	Other	Total
Total income	909	711	400	682	2,702
Operating expenses	(521)	(396)	(118)	(249)	(1,284)
<b>Operating profits before taxation and headline adjustments</b>	<b>388</b>	<b>315</b>	<b>282</b>	<b>433</b>	<b>1,418</b>
Headline adjustments	-	-	-	(14)	(14)
<b>Operating profit before taxation</b>	<b>388</b>	<b>315</b>	<b>282</b>	<b>419</b>	<b>1,404</b>
Cost to income ratio (%)	52.8	55.9	28.8	35.7	45.7

#### For the year ended 31 March 2004

(R millions)	Private Client Activities	Treasury & Specialised Finance	Investment Banking	Other	Total
Total income	628	669	372	426	2,095
Operating expenses	(415)	(353)	(92)	(216)	(1,076)
<b>Operating profits before taxation and headline adjustments</b>	<b>213</b>	<b>316</b>	<b>280</b>	<b>210</b>	<b>1,019</b>
Headline adjustments	-	-	-	3	3
<b>Operating profit before taxation</b>	<b>213</b>	<b>316</b>	<b>280</b>	<b>213</b>	<b>1,022</b>
Cost to income ratio (%)	58.4	51.6	24.7	43.2	47.5

### Commentary

#### Overview of results

We are pleased to announce that Investec Bank Limited, a subsidiary of Investec Limited, posted a solid increase in earnings attributable to shareholders of 29.7% from R890 million to R1,154 million. The bank has benefited from continued strict focus on driving profitable growth in its key businesses, supported by favourable economic conditions.

Salient operational features of the financial year include:

- The Private Banking division posted a significant increase in operating profit of 82.2% to R388 million, driven by solid growth in advances and non-interest income. Strong performances were recorded across the majority of Private Banking activities with notable performances from Specialised Lending, Property Finance, Growth Finance and Investment Management Activities. Since 31 March 2004, the private client lending book has grown by 30.2% to R29,0 billion and the division increased its retail deposit book by 30.6% to R13,5 billion.
- The Treasury and Specialised Finance division reported operating profit of R315 million, in line with that of the prior year. The division benefited from a relatively stable interest rate environment and an improvement in dealing profits following a disappointing performance reported in the prior period. The advisory and structuring businesses performed well with notable performances from the Project Finance, Resource Finance, Structured Finance and Financial Products divisions. These results were however offset by lower fair value adjustments in the current year.
- The Investment Banking division recorded operating profit of R282 million, in line with that of the prior year, benefitting from a good performance of the Direct Investments and Private Equity portfolios.
- The Group Services and Other Activities division posted a significant increase in operating profit from R210 million to R433 million, largely as a result of a solid performance by the Central Funding division which benefited from an improved capital structure and favourable capital market conditions.

For further information on the Investec group results, refer to the results of Investec plc (incorporating the results of Investec Limited).

#### Basis of preparation

The financial information has been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the South African Companies Act of 1973 and is consistent with that of the prior year.

#### Restatements to comparative figures

- Investments in preference shares amounting to R903 million were classified under investment and trading securities in the prior year. To achieve better disclosure, the comparatives have been adjusted to reflect these assets as advances.

- Following from the consolidation of the staff share scheme in the Investec Limited financial statements, to achieve fairer presentation, loans amounting to R780 million, to the staff share scheme have been reclassified from other assets to intergroup balances.

The above reclassifications have no effect on reserves.

On behalf of the board of Investec Bank Limited

**Hugh Herman**  
Chairman

**Stephen Koseff**  
Chief Executive Officer

**Bernard Kantor**  
Managing Director

Sandton  
19 May 2005

These financial results have been audited by KPMG Inc. and Ernst & Young and their unqualified audit opinion is available for inspection at the company's registered office.

#### Non-redeemable non-cumulative non-participating preference shares

##### Declaration of dividend number 4

Notice is hereby given that preference dividend number 4 amounting to 411.37 cents per share has been declared for the period 1 October 2004 to 31 March 2005. The dividend is payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on 1 July 2005.

The relevant dates relating to the payment of dividend number 4 are as follows:

Last day to trade cum dividend	Friday, 24 June 2005
Shares trade ex dividend	Monday, 27 June 2005
Record date	Friday, 1 July 2005
Payment date	Monday, 4 July 2005

Share certificates may not be dematerialised or rematerialised between Monday, 27 June 2005 and Friday, 1 July 2005, both days inclusive.

By order of the board

**S. Noik**  
Company Secretary

Sandton  
19 May 2005

#### Registered office

100 Grayston Drive  
Sandown  
Sandton  
2196

#### Transfer secretaries

Computershare Investor Services  
2004 (Pty) Ltd  
70 Marshall Street  
Johannesburg 2001

Investec Bank Limited  
(Registration number 1969/004763/06)

JSE Code: INLP ISIN: ZAE00048393

Directors: H S Herman (Chairman), D M Lawrence\* (Deputy Chairman), S Koseff\* (Chief Executive), B Kantor\* (Managing), S E Abrahams, G R Burger\*, D E Jewell, M P Malungani, D R Motsepe, Dr M Z Nkosi, B Tapack\*, P R S Thomas, F Tito, R A P Upton, \*Executive

Company secretary: S Noik

