



Investec

Bank Limited

Investec Bank Limited
(Incorporated in the Republic of South Africa)
(Registration number 1969/004763/06)
Share code: INLP ISIN: ZAE00048393
("Investec Bank" or "the Bank" or "the Company")

PRE-LISTING STATEMENT

Prepared in terms of the Listings Requirements of the JSE Securities Exchange South Africa ("the JSE") relating to an offer for subscription of 5 000 000 non-redeemable non-cumulative non-participating Investec Bank preference shares.

Opening date of the offer for subscription (09:00)	Thursday, 17 July 2003
Closing date of the offer for subscription (16:00)	Friday, 8 August 2003
Proposed listing date (09:00)	Wednesday, 13 August 2003

Subscriptions can only be made at an acquisition cost, for a single addressee acting as principal, of not less than R100 000,00.

At the date of listing, the authorised share capital of Investec Bank will comprise 105 000 000 ordinary shares of R0,50 each ("the ordinary shares"), 4 000 000 variable rate redeemable cumulative preference shares of R1,00 each ("the VRRCP shares") and 15 000 000 non-redeemable non-cumulative non-participating preference shares of R0,01 each ("the preference shares"). The issued share capital of Investec Bank will comprise of 31 700 000 ordinary shares and 5 000 000 preference shares.

The preference shares when issued will rank *pari passu* with one another. The JSE has granted Investec Bank a listing of 5 000 000 preference shares, in the Specialist Securities – "Preference Shares" sector under the abbreviated name "INVESTEC-P", subject to the conditions referred to in paragraph 6.3 of this Pre-Listing Statement. It is anticipated that the listing will be effective as from the commencement of business on Wednesday, 13 August 2003.

Preference shares will only be traded in electronic form and accordingly all preference shareholders who elect to receive certificated preference shares will have to dematerialise their certificated preference shares should they wish to trade on the JSE.

All the directors of Investec Bank, whose names are set out herein, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts and that this Pre-Listing Statement contains all information required by law.

Each of the merchant bank, joint sponsor, legal adviser, lead sponsor, joint auditors and the transfer secretaries have consented in writing to act in the capacity stated and to its name being stated in this Pre-Listing Statement and has not withdrawn its consent prior to the publication of this Pre-Listing Statement.

An abridged version of this Pre-Listing Statement will be published in the press and on the Securities Exchange News Service on Thursday, 17 July 2003.

Merchant bank



Legal adviser



Lead sponsor



Joint auditors



Joint sponsor



CORPORATE INFORMATION RELATING TO INVESTEC BANK

Secretary and registered office

Selwyn Noik, CA(SA)
Investec Bank Limited
100 Grayston Drive
Sandown, Sandton, 2196
(PO Box 785700, Sandton, 2146)

Merchant bank

Investec Bank Limited
(Registration number 1969/004763/06)
c/o Investec Group Secretariat
4th Floor
100 Grayston Drive
Sandown, Sandton, 2196
(PO Box 785700, Sandton, 2146)

Legal adviser

Jowell Glyn & Marais Inc.
(Registration number 2001/020379/21)
4th Floor
Jowell Glyn & Marais House
72 Grayston Drive
Sandown, Sandton, 2196
(PO Box 652361, Benmore, 2010)

Joint sponsor

Investec Securities Limited
(Registration number 1972/008905/06)
c/o Investec Group Secretariat
4th Floor
100 Grayston Drive
Sandown, Sandton, 2196
(PO Box 785700, Sandton, 2146)

Transfer secretaries

Computershare Limited
(Registration number 2000/006082/06)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Joint auditors

Ernst & Young
(Chartered Accountants (SA))
Ernst & Young House, Wanderers Office Park
52 Corlett Drive
Illovo, 2196
(PO Box 2322, Johannesburg, 2000)

KPMG Inc.
(Registration number 1992/021543/21)
85 Empire Road
Parktown, 2193
(Private Bag X9, Parkview, 2122)

Lead sponsor

Nedcor Corporate – a division of Nedbank Limited
(Registration number 1951/000009/06)
1 Newtown Avenue
Killarney, 2193
(PO Box 582, Johannesburg, 2000)

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DEFINITIONS AND INTERPRETATIONS

In this Pre-Listing Statement and its annexures, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column and words in the singular shall include the plural and vice versa, words importing natural persons shall include corporations and associations of persons and an expression denoting any gender shall include the other genders.

“Act”	the Companies Act, 1973 (Act 61 of 1973), as amended;
“bank(s)”	public companies registered as bank(s) under the Banks Act;
“Banks Act”	the Banks Act, 1990 (Act 94 of 1990), as amended;
“CSDP”	Central Securities Depository Participant;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
“Computershare ” or “Transfer Secretaries”	Computershare Limited (Registration number 2000/006082/06), a company incorporated in South Africa and the transfer secretaries of Investec and Investec Bank;
“directors”	the directors of Investec Bank;
“face value”	the allotment and issue price of the preference shares, being an amount of R100,00 each, which is equivalent to a par value of R0,01 and premium of R99,99 per share;
“the Group”	Investec Bank and its subsidiaries;
“Income Tax Act”	the Income Tax Act, 1962 (Act 58 of 1962), as amended;
“JSE”	the JSE Securities Exchange South Africa;
“last practicable date”	the last practicable date before the finalisation of this Pre-Listing Statement, being Tuesday, 8 July 2003;
“listing”	the listing of the preference shares on the JSE in the Specialist Securities – “Preference Shares” sector under the abbreviated name INVESTEC-P, subject to the condition referred to in paragraph 6.3 of this Pre-Listing Statement;
“Investec”	Investec Limited (Registration number 1925/002833/06), a company incorporated in South Africa and listed on the JSE;
“Investec Bank” or “the Bank” or “the Company”	Investec Bank Limited (Registration number 1969/004763/06), a company incorporated in South Africa and whose entire ordinary share capital is held by Investec;
“Investec Bank ordinary shares” or “ordinary shares”	ordinary shares of R0,50 each in the issued share capital of Investec Bank;

“Investec Bank preference shares” or “preference shares”	non-redeemable, non-participating, non-cumulative preference shares of R0,01 each, the terms and conditions of which are set out in 4.3 of this Pre-Listing Statement;
“Investec group”	Investec and its subsidiaries;
“Investec ordinary dividend payment dates”	the dates on which Investec pays its dividends in respect of the periods ending on 31 March and 30 September of each year;
“Investec shareholders” or “shareholders”	the holders of Investec shares, from time to time;
“Investec shares”	ordinary shares of R0,001 each in the issued share capital of Investec;
“offer for subscription”	the offer for subscription contained in this Pre-Listing Statement, to subscribe for preference shares at a minimum subscription amount of R100 000,00, per single addressee acting as principal;
“preference shareholder”	the registered owner of preference shares, from time to time;
“this Pre-Listing Statement”	this Pre-Listing Statement and its annexures dated 17 July 2003;
“Prime”	the prime lending rate of Investec Bank from time to time;
“public shareholder”	the general public;
“Registrar”	the Registrar of Companies in South Africa;
“SARB”	South African Reserve Bank;
“SENS”	Securities Exchange News Service;
“shares”	collectively, ordinary shares and preference shares in the share capital of Investec Bank;
“South Africa”	the Republic of South Africa;
“STRATE”	STRATE Limited (Registration number 1998/022242/06), an electronic clearing and settlement system for transactions that take place on the JSE and off-market trades; and
“VRRCP shares”	variable rate redeemable cumulative preference shares of R1,00 each.

SALIENT FEATURES

1. INTRODUCTION AND PURPOSE

The Registrar of Banks has indicated that banks will be required to hold a minimum level of primary capital. Investec Bank believes that it is opportune to further increase its primary capital above the new regulatory minimums through the allotment and issue of the preference shares. In addition, the preference shares represent an attractive alternative investment opportunity for the greater investment community.

The purpose of this Pre-Listing Statement is to:

- provide investors and the market with information relating to Investec Bank, its operations and its directors and management;
- enable Investec Bank to undertake the offer for subscription of R500 000 000,00 and to bring about the listing of the preference shares;
- set out the salient dates, terms and times of the offer for subscription and the procedure for completing and returning the application form; and
- set out the historical financial information for Investec Bank for the three financial years ended 31 March 2003.

2. DETAILS OF THE OFFER FOR SUBSCRIPTION

2.1 Particulars of the offer for subscription

Issue and offer price per preference share (which equates to a premium of R99,99 per preference share)	R100,00
Minimum Rand value of subscription per subscriber acting as principal	R100 000,00
Number of preference shares offered	5 000 000
Amount raised in terms of the offer for subscription	R500 000 000,00

2.2 Time and date of the opening and closing of the offer for subscription

Opening date of the offer for subscription (09:00)	Thursday, 17 July 2003
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2.3 Condition to the listing

Application has been made to the JSE to list 5 000 000 preference shares in the Specialist Securities – “Preference Shares” sector. The listing is subject to the condition that Investec Bank meets the requirements of the JSE in respect of the requisite spread of preference shareholders, being a minimum of 50 (fifty) public shareholders, excluding employees and their associates.

3. SALIENT FEATURES OF THE PREFERENCE SHARES

The preference shares are non-redeemable, non-cumulative and non-participating. Preference dividends are payable semi-annually on at least 7 (seven) business days prior to the date on which Investec pays its ordinary dividends, if any, but shall be payable not later than 120 (one hundred and twenty) business days after 31 March and 30 September, respectively.

3.1 Voting rights

The preference shares are non-voting, save for the circumstances as prescribed under section 194 of the Act. Preference shareholders will only be entitled to vote during periods when a preference dividend (which has been declared) or any part of it remains unpaid for six months, and when resolutions are proposed which directly affect any rights attaching to the preference shares or which could prejudice the interests of preference shareholders.

3.2 Entitlements to dividends

Preference shareholders will receive, if declared, an annual dividend not less than 75% of Prime multiplied by the face value of the preference shares held by a preference shareholder payable in two semi-annual instalments. An ordinary dividend will not be declared by Investec Bank unless the preference share dividend has been declared.

4. FURTHER COPIES OF THE PRE-LISTING STATEMENT

Copies of the Pre-Listing Statement can be obtained during normal business hours prior to 16:00 on Friday, 8 August 2003 from Investec Bank, the sponsors and the transfer secretaries, the addresses of which are set out in the "Corporate information" section of the Pre-Listing Statement.



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- set out the salient dates, terms and times of the offer for subscription and the procedure for completing and returning the application form; and
- set out the historical financial information for Investec Bank for the three financial years ended 31 March 2003.

Potential investors' attention is drawn to the fact that offers for subscription are limited to a minimum acquisition cost, for a single addressee acting as principal, of R100 000,00.

2. INFORMATION RELATING TO INVESTEC BANK

2.1 Incorporation

Investec Bank, a wholly-owned subsidiary of Investec, was incorporated in South Africa on 31 March 1969. Investec Bank is the main operating subsidiary of Investec and is a bank, registered as such in terms of the Banks Act. Investec is listed on the JSE, in the Financials in South Africa – “Speciality and Other Finance” sector.

2.2 Background

Investec was founded as a leasing company in Johannesburg in 1974 and acquired a banking licence in 1980. Investec has subsequently expanded its activities into areas such as corporate and professional banking, treasury, corporate finance, project finance and asset management. Investec was listed on the JSE in 1986. Investec's goals and objectives initially focused on growing its capabilities within the South African market and building a strong foundation from which it could expand internationally.

In 1992, Investec made its first international acquisition when it acquired Allied Trust Bank Limited in London, which was later re-named Investec Bank (UK) Limited. Since 1992, Investec has made in excess of 25 acquisitions in over ten countries. These include the acquisition of Guinness Mahon, Carr Sheppards and Henderson Crosthwaite (all now integrated into Investec's operations), which broadened Investec's United Kingdom-based operations to include asset management, institutional and private client stockbroking, investment banking and private equity. In addition, during the 2001 financial year, Investec acquired Wentworth Associates (later re-named Investec Wentworth), an Australian corporate advisory business, and the insurance and financial services businesses of Fedsure Holdings Limited.

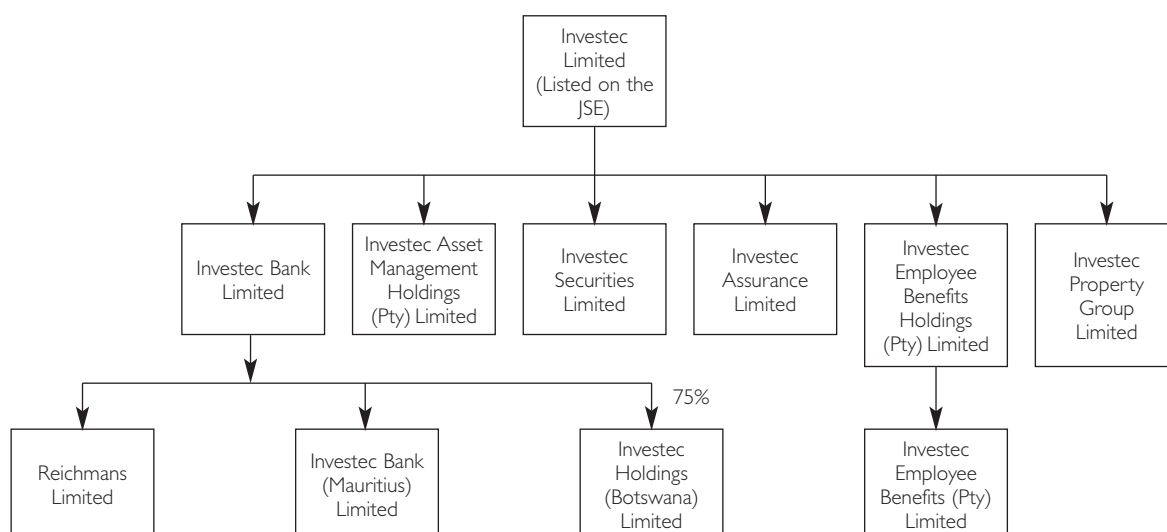
2.3 Group structure

During the 2001 financial year, with the consent of the South African Reserve Bank, Investec Bank was restructured. This resulted in the sale of its major subsidiaries (including the majority of its international subsidiaries) to its holding company, Investec Group Limited (now Investec) and to other fellow subsidiaries. Investec Bank remained the holding company of, among others, the group's South African banking operations (including private banking, treasury and specialised finance, and investment banking activities), Reichmans Limited, Investec Bank (Mauritius) Limited and Investec Holdings (Botswana) Limited.

Reflected in the earnings of Investec Bank during the 2001 financial year is a once off adjustment relating to the restructure. The earnings capability of the Investec Bank, however, was not diluted due to the restructure as none of the activities and operations of the business units were affected. As a result of the restructure, the regulatory capital of Investec Bank as reported to the South African Reserve Bank was substantially strengthened.

Furthermore, in July 2002, Investec implemented a Dual Listed Companies ("DLC") Structure with linked companies listed in London and Johannesburg. The implementation of the DLC Structure has not affected the activities or operations of Investec Bank, which has remained a wholly-owned subsidiary of Investec.

The current structure under which Investec Bank operates is as follows:



Note: All shareholdings are 100% unless otherwise indicated.

2.4 Nature of business

Investec Bank is a wholly-owned subsidiary of Investec, which is the fifth largest banking group in South Africa.

Investec Bank is a specialist banking group that provides a diverse range of financial products and services to a niche client base in South Africa, Botswana and Mauritius. The Bank is organised as a network comprising three principal business divisions, Private Banking, Investment Banking, and Treasury and Specialised Finance.

Activities of Investec Bank

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

Private Banking

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

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

As at 31 March 2003, the Bank's Private Banking operation had a loan portfolio of R17,2 billion. Investec Bank has received a number of accolades, including the PricewaterhouseCoopers' peer rating as the number one Private Bank in Southern Africa in the last three years.

Investment Banking

Investec Bank engages in a range of investment banking activities including Corporate Finance, Direct Investments and Private Equity.

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

Corporate Finance

Since 1999, there has been relatively little domestic capital market activity in South Africa. Accordingly, Investec Bank has focused on the development of its domestic financial advisory business, in particular with respect to public and private mergers and acquisitions, divestitures, restructurings, spin-offs, joint ventures, share buy-backs, and the provision of innovative and creative deal structures and advice. It has acted for approximately 20% of South Africa's top 40 JSE-listed corporations and in the 2003 financial year, concluded 55 corporate finance transactions and 45 sponsor transactions. The division was ranked by the most recent annual Ernst & Young mergers and acquisitions survey as having advised on the second highest volume and value of transactions undertaken during the 2002 calendar year. The division was also ranked first in the Dealmakers Magazine Survey (March 2003) for having advised on the highest volume and value of transactions undertaken.

Direct Investments

As a result of its in-depth market knowledge and local expertise, Investec Bank is well-positioned to evaluate direct investment opportunities that are primarily sourced by the Corporate Finance Division. When an appropriate investment case is presented, the Bank makes selective, opportunistic investments on an independent basis predominantly in JSE-listed, as well as unlisted, South African companies. These investments are made primarily on a passive basis, and the Bank's risk profile with respect to these investments is conservative.

Private Equity

Investec Bank also actively seeks out select, opportunistic investments as principal in unlisted South African companies. The Private Equity Division applies its extensive knowledge of the South African market, together with risk management techniques, to its investment analysis when making its investment decisions.

Treasury and Specialised Finance

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

The division has eight product areas that are divided equally between Banking Activities and Financial Market Activities. The division's Banking Activities comprise Structured Finance, Treasury, Financial Products, and Project and Resource Finance. The Financial Market Activities comprise Commodities Trading, Foreign Exchange Trading, Interest Rates Trading and Equity Derivatives. The Banking Activities are characterised by more predictable revenues, while the Financial Market Activities tend to be more volatile. Investec Bank has established itself as a leading player in South Africa in a number of these Banking and Financial Market Activities.

Group Services and Other Activities

Group Services and Other Activities consists primarily of three components comprising: Central Costs, the Central Funding of Investec and Other Activities.

Central Costs

Central Costs is made up of functional areas which provide services centrally across all of Investec's business operations. Consistent with Investec's philosophy of operating as a single organisation, Central Costs provides integrating mechanisms between the business operations. As these services do not form part of Investec's principal operating divisions, their costs are generally not allocated to any of those divisions.

Central Costs include Investec's head office, Group Risk Management, Internal Audit and Compliance, Group Information Technology, Group Finance, Investor Relations, Group Marketing, and other group support services, such as Legal, Human Resources, Organisational Development, Company Secretarial, Tax, Information Centre, Regulatory and Facilities.

Central Funding

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

Other Activities

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

International Trade Finance

Investec acquired its International Trade Finance business, Reichmans Limited, in South Africa in 1990. International Trade Finance offers trade and asset finance and factoring services to medium sized privately owned businesses involved mainly in manufacturing, trading and wholesale distribution, in order to provide working capital to fund the growth of these businesses. Services provided by International Trade Finance include import and export finance and receivables finance, as well as installment sale and rental facilities. International Trade Finance operates predominantly in South Africa and also has operations in Switzerland.

2.5 Historical financial information

Relevant financial information for Investec Bank, extracted from the annual financial statements of Investec Bank for the three financial years ended 31 March 2003, is set out in Annexure I.

3. DIRECTORS

3.1 Directors

The full names, ages, nationalities (if not South African), addresses, occupations and profiles of the directors as at the last practicable date are set out below:

3.1.1 **Hugh S Herman** (62) (Non-executive Chairman – appointed 1997)

Business address: Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton, 2196

Qualifications: BA LLB

Occupation: Consultant

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

3.1.2 **David M Lawrence** (52) (Deputy Chairman – appointed 1997)

Business address: Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton, 2196

Qualifications: BA(Econ) (Hons) MCom

Occupation: Banker

David joined Investec at the beginning of 1996 having previously been Managing Director and Chairman of Citibank South Africa and thereafter Managing Director of FirstCorp Merchant Bank. His directorships include a number of group companies, as well as being a Board Member of the Banking Council of South Africa.

3.1.3 **Stephen Koseff** (51) (Chief Executive Officer – appointed 1990)

Business address: Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton, 2196

Qualifications: BCom CA(SA) H Dip BDP MBA

Occupation: Banker

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

3.1.4 **Bernard Kantor** (53) (Managing Director – appointed 1990)

Business address: Investec plc, 2 Gresham Street, London, EC2V 7QP, United Kingdom

Qualifications: CTA

Occupation: Banker

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

3.1.5 Sam E Abrahams (64) (Non-executive Director – appointed 1997)

Business address: 43 Fifth Avenue, Illovo, Sandton, 2196

Qualifications: FCA CA(SA)

Occupation: Consultant

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

3.1.6 Glynn R Burger (46) (Executive Director – appointed 1990)

Business address: Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton, 2196

Qualifications: BAcc CA(SA) H Dip BDP MBL

Occupation: Banker

Glynn has diverse experience within Investec as Chief Accounting Officer, Group Risk Manager and Joint Managing Director for South Africa. His directorships include Investec Limited and Investec plc.

3.1.7 Donn E Jowell (62) (Non-executive Director – appointed 1990)

Business address: Jowell Glyn and Marais House, 72 Grayston Drive, Sandown, Sandton, 2196

Qualifications: BCom LLB

Occupation: Attorney

Donn is Chairman of and consultant to Jowell Glyn & Marais Inc. His current directorships include Anglovaal Mining Limited, Investec Limited, Investec plc and various other group companies.

3.1.8 Mangalani P Malungani (45) (Non-executive Director – appointed 2001)

Business address: Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton, 2196

Qualifications: BCom MAP LDP

Occupation: Businessman

Peter is Executive Chairman and founder of Peu Investment Group and Chairman of Phumelela Gaming and Leisure Limited. His current directorships include Super Group Limited, Investec Limited, Investec plc, SA Retail Commuter Corporation Limited (Deputy Chairman), Capital Alliance Holdings Limited and Capital Alliance Life Limited (Deputy Chairman).

3.1.9 Daphne R Motsepe (46) (Non-executive Director – appointed 2002)

Business address: SA Post Office, Postpark, 497 Schubart Street, Corner Schubart and Jacob Mare Streets, Pretoria

Qualifications: BR BCompt MBA

Occupation: Senior General Manager

Daphne is currently the Senior General Manager, Strategic Planning, for the South African Post Office. Her directorships include the Small Enterprise Foundation and Highveld Steel & Vanadium Corporation Limited.

3.1.10 Dr Morley Z Nkosi (68) (Non-executive Director – appointed 1997)

Business address: 4 Nerine Place, Kleve Hill Park, Sandton, 2199

Qualifications: BSc MBA PhD

Occupation: Consultant

Dr Morley is a former professor and university Administrator. His directorships include Anglovaal Mining Limited and Ferrostaal Southern Africa Limited.

3.1.11 Bradley Tapnack (56) (Executive Director – appointed 1997)

Business address: Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton, 2196

Qualifications: BCom CA(SA)

Occupation: Banker

Bradley is the Global Head of Corporate Governance, Compliance and Internal Audit. His directorships include various other group companies.

3.1.12 Peter R S Thomas (58) (Non-executive Director – appointed 1997)

Business address: 5 Peter Road, Houghton, 2196

Qualifications: CA(SA)

Occupation: Consultant

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

3.1.13 Fani Titi (41) (Non-executive Director – appointed 2002)

Business address: Fairway Office Park, Abcon House, 52 Grosvenor Road, Bryanston East, 2152

Qualifications: BSc (Hons) MA MBA

Occupation: Chairman, Tiso Capital (Pty) Limited

Fani is currently Chairman of Tiso Capital (Pty) Limited. His current directorships include Kumba Resources Limited, The Bidvest Group Limited and the Armaments Corporation of South Africa Limited (Armscor).

3.1.14 Russell A P Upton (68) (Non-executive Director – appointed 1997)

Business address: Monmouth Avenue, Claremont, Cape Town, 7700

Qualifications: CA(SA)

Occupation: Consultant

Russell is a chartered accountant and former director of Nampak Limited. His directorships include Frame Group Textiles and Chairman of Astropak Limited.

3.2 Qualifications, borrowing powers and appointment of directors

The relevant provisions of the Articles of Association of Investec Bank governing the appointment, qualification, remuneration and borrowing powers of directors are set out in Annexure 2 to this Pre-Listing Statement.

3.3 Remuneration of directors

The remuneration received by the directors is in respect of their directorships in Investec Bank and where applicable, Investec and Investec plc. Relevant extracts detailing directors' remuneration, as required by the JSE Listings Requirements, are set out in Annexure 3.

3.4 Directors' interests

The directors of Investec Bank had no direct, indirect, beneficial or non-beneficial interests in Investec Bank shares as at 31 March 2003. The directors had the following direct, indirect, beneficial and non-beneficial interests in Investec shares as at 31 March 2003. Further disclosure of directors' interests are detailed in Annexure 3:

Name	Beneficial and non-beneficial interest in Investec plc	Beneficial and non-beneficial interest in Investec Limited	Indirect beneficial and non-beneficial interest in Investec plc call options at a strike price of R145 per share	Indirect beneficial and non-beneficial interest in Investec Limited call options at a strike price of R145 per share
Executive directors				
G R Burger	404 275	143 465	126 000	74 000
B Kantor	370 267	792 795	315 000	185 000
S Koseff	782 401	341 987	315 000	185 000
D M Lawrence	132 794	19 260	–	–
B Tapnack	60 099	10 503	–	–
Non-executive directors				
H S Herman	214 833	67 442	–	–
S E Abrahams	–	–	–	–
D E Jowell	73 732	43 302	–	–
M P Malungani	–	–	–	–
D R Motsepe	–	–	–	–
Dr M Z Nkosi	–	–	–	–
P R S Thomas	137 064	51 133	–	–
F Titi	–	–	–	–
R A P Upton	–	–	–	–
Total number	2 175 465	1 469 887	756 000	444 000

3.5 No directors of Investec Bank had any material beneficial interest in transactions effected by Investec or Investec Bank during the current or immediately preceding year, or in an earlier financial year and which remain in any respect outstanding or unperformed, except for disclosure in the Investec Annual Financial Statements.

As announced in May 2003, Investec has entered into a Black Economic Empowerment transaction with, *inter alia*, Tiso Capital (Pty) Limited and Peu Investment Group (Pty) Limited of which Fani Titi and Mangalani Peter Malungani are directors respectively.

3.6 Corporate governance

During the year under review, the South African Reserve Bank initiated an independent review by Advocate Myburgh of the governance practices of the five largest banks (including Investec) in South Africa (the Myburgh Review). The recommendations of the Myburgh Review of governance practices in the South African banking industry as they specifically apply to Investec were accepted and the group addressed and will continue to address the matters raised and recommendations made. The review concluded that South African banks showed high standards of corporate governance. With reference to Investec Bank, the Myburgh Review considered the board of Investec Bank to be oversized. This matter was reviewed and the composition addressed with consideration of the skills, expertise and strategic focus of the Bank. As a result a number of the directors resigned and the revised board is set out above.

4. SHARE CAPITAL OF INVESTEC BANK

4.1 Authorised and issued share capital

The authorised and issued share capital of Investec Bank, before and after the offer for subscription, assuming that the preference shares of R500 000 000 are allotted and issued, are set out below:

	R'000
Before the offer for subscription	
<i>Authorised share capital</i>	
105 000 000 ordinary shares of R0,50 each	52 500
4 000 000 variable rate redeemable cumulative preference shares of R1,00 each	4 000
15 000 000 non-redeemable non-cumulative non-participating preference shares of R0,01 each	150
<i>Total authorised share capital</i>	56 650
<i>Issued share capital</i>	
31 700 000 ordinary shares of R0,50 each	15 850
<i>Total issued share capital</i>	15 850
After the offer for subscription	
<i>Authorised share capital</i>	
105 000 000 ordinary shares of R0,50 each	52 500
4 000 000 variable rate redeemable cumulative preference shares of R1,00 each	4 000
15 000 000 non-redeemable non-cumulative non-participating preference shares of R0,01 each	150
<i>Total authorised share capital</i>	56 650
<i>Issued share capital</i>	
31 700 000 ordinary shares of R0,50 each	15 850
5 000 000 non-redeemable non-cumulative non-participating preference shares of R0,01 each	50
<i>Total issued share capital</i>	15 900
	R'm
Compulsorily convertible debentures	
<i>Issued</i>	
3 573 994 (2002 – 3 573 994) (2001 – 3 573 994) unsecured subordinated compulsorily convertible debentures of R0,50 issued at a premium of R78,50 each.	282
Interest is payable six monthly in arrears on 31 January and 31 July of each year at a rate of 15,25%.	
The compulsorily convertible debentures will convert into Investec Bank 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 shares arising out of conversion have been sold forward by the holder thereof to Investec in exchange for 3 573 994 Investec ordinary shares..	
5 000 000 (2002 – 5 000 000) (2001 – 5 000 000) Class A unsecured subordinated compulsorily convertible debentures of R0,50 issued at a premium of R159,50 each, net of issue expenses.	797
1 000 000 (2002 – 1 000 000) (2001 – 1 000 000) Class A Series II unsecured subordinated compulsorily convertible debentures of R0,50 issued at a premium of R159,50 each, net of issue expenses.	160
1 500 000 (2002 – 1 500 000) (2001 – 1 500 000) Class B unsecured subordinated compulsorily convertible debentures of R0,50 issued at a premium of R199,50 each, net of issue expenses.	300
Interest is payable six monthly in arrears on 15 June and 15 December of each year at a rate of 15% for Class A and Class A Series II and 12% for Class B debentures.	

The Class A and Class A Series II debentures will convert into Investec Bank ordinary shares on a 3,5 for one basis on 15 December 2004. Class B debentures will convert on a 2,8 for one basis on the same day resulting in the issue of 2 250 714 Investec Bank shares.

2 000 000 (2002 – 2 000 000) (2001 – 2 000 000) Class C unsecured subordinated compulsorily convertible debentures of R0,50 issued at a premium of R199,50 each, net of issue expenses

399

Interest is payable six monthly in arrears on 30 September and 31 March of each year at a rate of 11% per annum for the Class C debentures.

7.A.25-7

The Class C debentures will convert into Investec Bank ordinary shares on a 2,3 for one basis on 31 March 2008.

All the convertible debentures are issued as part of the Group's employee share ownership initiatives and are exempt from the requirements of AC 125.

Total compulsorily convertible debentures

1 938

The shares have been created and issued in terms of the Articles of Association of Investec Bank, and the required authorising special resolutions have been registered with the Registrar of Companies.

4.2 Alterations to share capital

Unissued shares

The authorised but unissued preference shares, after the listing, will be under the control of the directors until Investec Bank's next annual general meeting, subject to the provisions of sections 221 and 222 of the Act. Investec Bank will from time to time seek to raise additional capital by issuing further preference shares, which will rank *pari passu* with existing preference shares. Such preference shares will be listed.

4.3 Rights attaching to preference shares

The preference shares are non-redeemable, non-cumulative and non-participating. Preference dividends are payable semi-annually at least 7 (seven) business days prior to the date on which Investec pays its ordinary dividends, if any, but shall be payable not later than 120 (one hundred and twenty) business days after 31 March and 30 September, respectively.

4.3.1 Voting rights

The preference shares are non-voting, save for those circumstances prescribed under section 194 of the Act. Preference shareholders will only be entitled to vote during those periods when a dividend (which has been declared) or any part of it remains unpaid for six months after the due date thereof, and when resolutions are proposed which directly affect any rights attached to the preference shares or the interests of the preference shareholders, including a resolution for the winding-up of the Company or for the reduction of its share capital.

4.3.2 Entitlements to dividends

Preference shareholders will be entitled to receive dividends out of profits of Investec Bank that it determines to distribute, in priority to any payment of dividends to the holders of any other class of shares in the capital of the Company not ranking prior to or *pari passu* with the preference shares, an annual dividend not less than 75% of Prime multiplied by the face value of the preference shares held by a preference shareholder payable in two semi-annual instalments. The dividend will not compound, and, if declared, will be payable in respect of the periods 1 October to 31 March and 1 April to 30 September; save that the first dividend in respect of the preference shares issued pursuant to the listing, shall be calculated in respect of the period from the date of issue, which will coincide with the date of listing to 30 September 2003. An ordinary dividend will not be declared by Investec Bank unless the preference dividend has been declared.

4.3.3 Changes to tax status

If there is a change to the Income Tax Act that results in dividends being taxable in the hands of the preference shareholders, and which results in the payment of a dividend becoming a deductible expense for the company paying the dividend, Investec Bank will increase the percentage of Prime. The aggregate increase will be limited to the aggregate benefit gained by Investec Bank pursuant to the change to the Income Tax Act. Preference shareholders will bear all other risk due to changes in laws or regulations.

The entire terms and conditions of the preference shares, as set out in the Articles of Association of Investec Bank, have been included in Annexure 2 to this Pre-Listing Statement.

5. CONTROLLING AND MAJOR SHAREHOLDERS

Investec's entire issued ordinary share capital is listed on the JSE. So far as Investec is aware, at the last practicable date, the following are the only shareholders holding more than 5% of Investec's issued share capital and accordingly there is no controlling shareholder:

Name	Number of shares held ('000)	Percentage shareholding (%)
Public Investment Commissioner	5 301	13,8
Old Mutual Life Assurance (SA)	2 782	7,3
Fintique III (BVI)*	2 111	5,5

* A small group of senior and executive management, including certain Investec Limited/Investec plc directors, who have or can have a significant impact on the business, have been granted participation in a leveraged equity plan known as Fintique III.

6. DETAILS OF THE OFFER FOR SUBSCRIPTION

6.1 Particulars of the offer for subscription

Issue and offer price per preference share (which equates to a premium of R99,99 per preference share)	R100,00
Minimum Rand value of subscription per subscriber acting as principal	R100 000,00
Number of preference shares offered	5 000 000
Amount raised in terms of the offer for subscription	R500 000 000,00

6.2 Time and date of the opening and closing of the offer for subscription

Opening date of the offer for subscription (09:00)	Thursday, 17 July 2003
Closing date of the offer for subscription (16:00)	Friday, 8 August 2003
Proposed listing date (09:00)	Wednesday, 13 August 2003

6.3 Condition to the listing

The JSE has granted Investec Bank a listing of 5 000 000 preference shares in the Specialist Securities – "Preference Shares" sector. The listing is subject to the condition that Investec Bank meets the requirements of the JSE in respect of the requisite spread of preference shareholders, being a minimum of 50 (fifty) public shareholders, excluding employees and their associates.

6.4 Applications

Applications to subscribe for preference shares in terms of the offer for subscription must be made in accordance with the application procedure set out below:

6.4.1 Application form

Applications for certificated preference shares may only be made on the application form (*blue*), which accompanies this Pre-Listing Statement, and in accordance with the requirements, terms and conditions set out in the application form and this Pre-Listing Statement. Applications for preference shares submitted through CSDPs or brokers, must be made in accordance with the agreement governing the relationship with the CSDP or broker.

Application forms and further copies of this Pre-Listing Statement can be obtained during normal business hours prior to the closing of the offer for subscription from Investec Bank, the sponsors and the transfer secretaries, the details of which are set out in the "Corporate information" section of this Pre-Listing Statement.

6.4.2 Minimum number and multiples

Applications must be for a minimum number of 1 000 preference shares per subscriber acting as principal.

6.4.3 Applications irrevocable

Applications will be irrevocable and may not be withdrawn once received by Investec Bank and/or the transfer secretaries.

6.4.4 Copies

Copies or reproductions of the application form will not be accepted.

6.4.5 Reservation of rights

The directors of Investec Bank reserve the right to accept or refuse any application(s), either in whole or in part in accordance with the procedure set out in 6.7 below, or to abate any or all application(s) (whether or not received timeously) in such manner as they may, in their sole and absolute discretion, determine.

6.4.6 Receipts

Receipts will not be issued for applications, application monies or supporting documents received.

6.4.7 Minors and deceased estates

Preference shares may not be applied for in the name of a deceased estate.

No documentary evidence of capacity to apply need accompany the application form, but Investec Bank reserves the right to call upon any applicant to submit such evidence for noting, which evidence will be held on file with the transfer secretaries or returned to the applicant at the applicant's risk.

6.4.8 Submission of application forms

6.4.8.1 Certificated preference shares

Submission of application forms may only be made either by hand delivery or postal delivery as set out below:

Hand delivery

Application forms must be delivered by hand in a sealed envelope, marked "Investec Bank: Offer for Subscription", together with the payment referred to below, to Computershare Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, so as to be received by no later than 16:00 on Friday, 8 August 2003.

Postal delivery

Application forms must be posted, at the risk of the applicant concerned, in a sealed envelope, marked "Investec Bank: Offer for Subscription" together with the payment referred to below, to Computershare Limited, PO Box 61051, Marshalltown, 2107, so as to be received by no later than 16:00 on Friday, 8 August 2003.

6.4.8.2 Dematerialised preference shares

In respect of those applicants opting for dematerialised preference shares, application forms must be sent to the addressees duly appointed CSDP or broker, in the manner and time stipulated in the agreement governing their relationship with such CSDP or broker, together with the method of payment as stipulated in such agreement. The CSDP or broker will then process such applications electronically with the transfer secretaries.

No late applications will be accepted, unless approved by the directors of Investec Bank.

6.4.9 Payment

6.4.9.1 Certificated preference shares

Each application form must be accompanied by payment of the total monetary value of the preference shares applied for by way of a cheque or banker's draft, crossed "not transferable" with the words "or bearer" deleted and drawn in favour of "Investec Bank – Offer for Subscription". Such cheques and/or banker's drafts will be deposited immediately for payment. Should any cheque or banker's draft be dishonoured, the directors of Investec Bank, in their absolute discretion, may regard the relevant application as revoked or take such other steps in regard thereto as they deem fit.

6.4.9.2 Dematerialised preference shares

Each application form must be made to the subscriber's CSDP or broker in terms of the relevant custody agreement. Payment of the total monetary value of the preference shares applied for will be made in terms of the existing agreement with the appointed CSDP or broker. The method of delivery versus payment will apply.

6.4.10 Application monies

The amount payable in respect of the application for preference shares in terms of the offer for subscription is payable in full in the currency of South Africa.

All monies received in respect of applications for materialised preference shares will be held by Investec Bank in a designated "trust" account with a registered South African bank. If the condition referred to in paragraph 6.3 of this Pre-Listing Statement is not met by the closing date of the offer for subscription, or if there are over-subscriptions, such monies will be refunded by cheque, posted at the risk of the subscriber, together with interest at the daily call deposit rate of Investec Bank less bank charges within seven business days of such date.

6.4.11 Issue of preference shares

Preference shares applied for and subscribed for in terms of this Pre-Listing Statement will be issued at the expense of Investec Bank.

All preference shares issued in terms of this Pre-Listing Statement will be allotted and issued subject to the provisions of the Articles of Association of Investec Bank.

6.4.12 Trading of preference shares

The JSE introduced STRATE, which was designed to eliminate the many risks inherent in the previous method of clearing and settling transactions executed on the JSE. The principal features of STRATE are as follows:

- trades executed on the JSE must be settled on a T+5 basis, being five days after the date of the trade;
- there will be penalties for late settlement;
- electronic record of ownership replaces share certificates and physical delivery thereof;
- all investors are required to appoint either a broker or CSDP to act on their behalf and to handle their settlement requirements; and
- preference shares will be listed on the listing date against receipt of application monies from a CSDP or broker.

However, should a preference shareholder require a certificate for his preference shares, the requisite certificate will be issued within five business days of Investec Bank receiving written notification of such request.

6.5 Exchange Control Regulations

The following summary is intended as a guide and is therefore not comprehensive. If you are in any doubt in regard hereto, please consult your professional adviser:

6.5.1 South African Exchange Control Regulations

In terms of the South African Exchange Control Regulations:

- 6.5.1.1 a former resident of the common monetary area who has emigrated may use emigrant blocked funds to subscribe for preference shares in terms of this Pre-Listing Statement;
- 6.5.1.2 all payments in respect of subscriptions for preference shares by an emigrant using emigrant blocked funds must be made through the authorised dealer in foreign exchange controlling the blocked assets;
- 6.5.1.3 any preference share certificates that might be issued pursuant to the use of emigrant blocked funds will be endorsed "non-resident" and will be sent to the authorised dealer in foreign exchange through whom the payment was made; and
- 6.5.1.4 if applicable, refund monies payable in respect of unsuccessful applications or partly successful applications, as the case may be, for preference shares in terms of this Pre-Listing Statement emanating from emigrant blocked accounts will be returned to the authorised dealer in foreign exchange through whom the payments were made, for credit to such applicants' blocked accounts. Applicants resident outside the common monetary area should note that, where preference share certificates are in fact issued, such preference share certificates will be endorsed "non-resident" in terms of the South African Exchange Control Regulations.

6.5.2 Applicants resident outside the common monetary area

- 6.5.2.1 A person who is not resident in the common monetary area should obtain advice as to whether any governmental and/or legal consent is required and/or whether any other formality must be observed to enable a subscription to be made in terms of the offer for subscription.
- 6.5.2.2 This Pre-Listing Statement is not an offer in any area of jurisdiction in which it is illegal to make such an offer. In such circumstances, this Pre-Listing Statement and application form are sent for information purposes only.

6.6 Underwriting and minimum subscription

The offer for subscription is not underwritten. The offer for subscription is not conditional on the placing of 5 000 000 preference shares. The listing will occur, regardless of the amount raised, subject only to the condition referred to in paragraph 6.3 above. Subscriptions can only be made at an acquisition cost, for a single addressee acting as principal, of not less than R100 000,00.

6.7 Over-subscriptions

The directors of Investec Bank reserve the right to accept all subscriptions, in whole or part up to a maximum of R1 billion.

If applicable, applications may be reduced on an equitable basis, as determined by the directors in their sole discretion, subject to the minimum subscription amount of R100 000,00, for a single addressee.

6.8 Brokerages and commissions

Commissions of 0,25% will be payable to brokers and/or agents who place preference shares. Save for the above, no commission or consideration has been paid by Investec Bank in respect of the allotment or issue of shares during the three years preceding the date of this Pre-Listing Statement.

7. EXPENSES OF THE OFFER FOR SUBSCRIPTION AND LISTING

The cash expenses of the offer for subscription and the listing are estimated to be R3 909 737 and relate, *inter alia*, to the printing, publication and distribution costs of this Pre-Listing Statement and other related announcements R300 000, fees payable to the professional advisers R2 200 000 and share issue duty on the shares to be issued in terms of the offer for subscription R1 250 000 and JSE documentation and listing fees of R51 975 and R107 762, all the above fees are excluding VAT.

8. ADVISERS' INTERESTS

None of the advisers of Investec Bank had an interest in the issued share capital of Investec Bank as at the last practicable date.

9. MATERIAL CHANGES

Other than in the ordinary course of business or as set out in this Pre-Listing Statement, there have been no material changes between the financial or trading position of Investec or Investec Bank since the release of Investec's audited results for the year ended 31 March 2003, and the last practicable date.

10. MATERIAL CONTRACTS, ACQUISITIONS OR DISPOSALS

All material contracts, acquisitions or disposals by Investec Bank in the past three years, appear in the financial statements of Investec for the period in question.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of Investec Bank, whose names and details are given in paragraph 3.1 of this Pre-Listing Statement, collectively and individually, accept full responsibility for the accuracy of the information contained in this Pre-Listing Statement and certify that, to the best of their knowledge and belief, there are no omissions of material facts or other considerations which would make any statement herein false or misleading and that they have made all reasonable enquiries in this regard and that this Pre-Listing Statement contains all information required by law.

12. LITIGATION STATEMENT

The directors of Investec Bank is not aware of any legal or arbitration proceedings (including any such proceedings that are pending or threatened), which may have or have had a significant impact on the financial position of Investec Bank during the 12 (twelve) months preceding the date of this circular.

13. EXPERTS' CONSENTS

Each of the merchant bank and joint sponsor; legal adviser; lead sponsor; joint auditors and transfer secretaries have consented in writing to act in the capacities stated and to their names being included in this Pre-Listing Statement and have not withdrawn their consent prior to the publication of this circular.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of Investec Bank during normal business hours (excluding Saturdays, Sundays and public holidays) from the date of issue of this Pre-Listing Statement up to and including Friday, 8 August 2003:

- 14.1** the Memorandum and Articles of Association of Investec Bank;
- 14.2** the audited annual financial statements of Investec Bank for the three financial years ended 31 March 2003;
- 14.3** the audited annual financial statements of Investec for the three financial years ended 31 March 2003;
- 14.4** written consents of the merchant bank and joint sponsor; legal adviser; lead sponsor; joint auditors and transfer secretaries to the inclusion of their names in this document in the context and form in which they appear; and
- 14.5** a signed copy of this Pre-Listing Statement.

SIGNED IN SANDTON BY OR ON BEHALF OF ALL THE DIRECTORS OF INVESTEC BANK LIMITED ON OR ABOUT 14 JULY 2003

HISTORICAL FINANCIAL INFORMATION ON INVESTEC BANK

The financial information for the years ended 31 March 2003, 31 March 2002 and 31 March 2001 set out below has been extracted from Investec Bank's annual financial statements for the years ended 31 March 2003, 31 March 2002 and 31 March 2001 respectively. Each of these financial statements were audited by Messrs KPMG Inc (Chartered Accountants (SA)) and Ernst & Young (Chartered Accountants (SA)), and were all issued without qualification.

at 31 March (R millions)	Notes	Group		
		2003	2002	2001
ASSETS				
Cash and short-term funds	2	10 429	9 116	9 561
Short-term negotiable securities	3	8 199	7 354	5 117
Investment and trading securities	4	9 531	11 394	10 402
Other assets	5	5 675	5 177	4 351
Advances	6	28 158	27 888	19 355
Loans to group companies	7	10 274	11 523	8 830
Associated companies	8	–	15	15
Property and equipment	9	816	860	617
Intangible assets	10	1	10	23
		73 083	73 337	58 271
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary share capital	11	16	16	16
Compulsorily convertible debentures	12	1 938	1 938	1 938
Redeemable cumulative preference shares	13	–	–	–
Reserves	14	6 020	6 695	6 102
		7 974	8 649	8 056
Interest of minority shareholders in subsidiaries		33	31	23
Total shareholders' funds		8 007	8 680	8 079
Subordinated debt	15	2 801	2 245	1 945
Redeemable preference shares		1 820	1 648	1 800
		12 628	12 573	11 824
Liabilities				
Deposits and other accounts	16	60 398	60 716	46 385
Taxation	17	57	48	62
		60 455	60 764	
		73 083	73 337	58 271

for the year ended 31 March (R millions)	Notes	2003	Group 2002	2001
INCOME STATEMENTS				
Interest received	18.1	7 226	5 031	11 343
Interest paid	18.2	(5 970)	(3 652)	(9 668)
Net interest income		1 256	1 379	1 675
Provision for bad and doubtful debts	6	(281)	(178)	(198)
		975	1 201	1 477
Other income	19	976	1 001	4 061
Total income		1 951	2 202	5 538
Operating expenses	19	(1 247)	(1 086)	(4 032)
Income before headline adjustments		704	1 116	1 506
Headline adjustments	19	(256)	9	(1 235)
Income before taxation		448	1 125	271
Taxation	20	(42)	(191)	(195)
Income after taxation		406	934	76
Earnings attributable to minority shareholders		(2)	(1)	(13)
		404	933	63
Compulsorily convertible debenture interest		(267)	(266)	(223)
Earnings/(loss) attributable to ordinary shareholders		137	667	(160)
Headline earnings attributable to ordinary shareholder				
Calculation of headline earnings				
Earnings attributable to ordinary shareholders		137	667	(160)
Headline adjustments		256	(9)	1 235
Goodwill amortised		10	13	264
Negative goodwill written off		–	–	(3)
Loss on disposal of subsidiaries and fixed assets		(17)	(22)	–
Losses on the impairment of non-trading loans		263	–	–
Reversal of equity income and foreign exchange currency gains and losses on disposal of subsidiaries		–	–	105
Foreign currency losses on realisation of foreign loans		–	–	869
Headline earnings		393	658	1 075

for the year ended 31 March (R millions)	Notes	2003	Group 2002	2001
CASH FLOW STATEMENTS				
Cash (utilised)/retained from operating activities				
Cash generated by operating activities	22.1	1 028	1 346	1 845
Taxation paid	22.2	(33)	(205)	(131)
Cash available from operating activities		995	1 141	1 714
Dividends paid	22.3	(800)	(47)	(289)
Compulsorily convertible debenture interest paid		(267)	(266)	(223)
Net cash (outflow)/inflow from operating activities		(72)	828	1 202
Cash generated/(utilised) in investing activities				
Net assets acquired/(disposed) on acquisitions/(disposal) of subsidiaries	22.4	2	469	(54 967)
Net proceeds on disposal/(investment) in associated companies		15	–	(10)
Net disposal/(investment) in fixed assets		1	(735)	(396)
Net cash inflow/(outflow) from investing activities		18	(266)	(55 373)
Cash flow from banking activities				
Movement in deposits and other accounts		(176)	14 222	19 385
Movement in income earning assets	22.5	10	(12 836)	(22 861)
Net cash (outflow)/inflow from banking activities		(166)	1 386	(3 476)
Cash flow from financing activities				
Proceeds on issue of ordinary shares and conversion of debentures		–	–	1 999
Net proceeds on issue of convertible debentures		–	–	399
Issue of bonds		556	300	1 445
Net decrease/(increase) in subsidiaries and loans to Group companies		977	(2 693)	(9 632)
Net cash inflow/(outflow) from financing activities		1 533	(2 393)	(5 789)
Net increase/(decrease) in cash and short-term funds		1 313	(445)	(63 436)
Cash and short-term funds at beginning of year		9 116	9 561	72 997
Cash and short-term funds at end of year		10 429	9 116	9 561

for the year ended 31 March (R millions)	Notes	2003	Group 2002	2001
STATEMENT OF CHANGES IN EQUITY				
Ordinary share capital				
Balance at beginning of year		16	16	14
Issue of shares		–	–	2
Balance at end of year	11	16	16	16
Compulsorily convertible debentures				
Balance at beginning of year		1 938	1 938	1 539
Issue of debentures		–	–	399
Balance at end of year	12	1 938	1 938	1 938
Share premium				
Balance at beginning of year		4 732	4 732	2 735
Issue of shares – net of issue expenses		–	–	1 997
Balance at end of year	14	4 732	4 732	4 732
General reserves				
Balance at beginning of year		1 933	1 313	1 762
Earnings attributable to ordinary shareholders		137	667	(160)
Dividends	21	(800)	(47)	(289)
Balance at end of year	14	1 270	1 933	1 313
Other reserves				
Balance at beginning of year		30	57	922
Movement in foreign currency translation reserve		(53)	41	(423)
Goodwill write-off		–	–	58
Movement in equity revaluations		41	(68)	(500)
Balance at end of year	14	18	30	57
Total		7 974	8 649	8 056

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

ACCOUNTING POLICIES

Basis of preparation

The annual financial statements have been prepared on the historical cost basis, unless otherwise indicated, in conformity with South African Statements of Generally Accepted Accounting Practice and the South African Companies Act of 1973. In preparation of the consolidated financial statements uniform accounting policies have been applied throughout the Group. The following are the principal accounting policies, which are consistent with those of the previous year. The presentation currency is in Rand millions, unless otherwise indicated.

Basis of consolidation

The annual financial statements incorporate the consolidated financial results of Investec Bank Limited and its subsidiaries. All entities in which the Group holds more than one half of the voting rights or over which the Group has the ability to control are consolidated from the effective dates of acquisition and up to the effective dates of disposal.

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

The results of operating subsidiaries and associates have been equity accounted in the company's financial statements. The carrying amounts of these investments are reviewed annually for impairment.

Accounting for associates

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

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the subsidiary or associate at date of acquisition.

Goodwill is carried at cost less accumulated amortisation and impairments. The carrying amount is reviewed annually for impairment.

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

Foreign entities

Foreign entities are subsidiaries, the activities of which are not an integral part of those of the reporting entity.

The assets and liabilities of foreign entities are translated at rates of exchange ruling at the balance sheet date. The translation differences arising are taken to reserves. The results of foreign entities are translated at weighted average rates of exchange for the relevant period. The difference between the profit and loss translated at an average rate and the closing rate is recorded as a movement in reserves. Any exchange differences for foreign currency loans which are used to hedge the net investment in foreign subsidiaries are also taken to reserves.

Foreign operations

Foreign operations are subsidiaries, the activities of which are an integral part of those of the reporting entity.

The monetary assets and liabilities of foreign operations are translated at rates of exchange ruling at balance sheet date. The results of foreign operations are translated at weighted average rates of exchange for the relevant period. The translation differences arising are included in income for the period.

Foreign currency transactions

All foreign currency transactions are translated at the exchange rates ruling at the time of the transactions. Any profit or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange profit or loss in the income statement.

Interest bearing securities

Except for instruments held to maturity, interest bearing securities are marked to market and profits and losses recognised in the income statement. Interest bearing securities held to maturity are carried at amortised cost, net of any impairment.

Securities sold subject to repurchase agreements are recorded as assets. Obligations for the repurchase of these securities are included under deposits and other accounts.

Securities purchased under an agreement to resell the securities at a future date are reflected in the balance sheet as cash and short-term funds.

Stock borrowing and lending transactions that are not cash collateralised are not included in the balance sheet, but are disclosed as assets under administration.

Derivatives

Derivatives entered into for trading purposes are measured at fair value. Profits and losses arising on the mark to market of trading derivatives are recognised in the income statement in the period in which they arise, whereas income and expenses on hedging instruments are amortised over the life of the instrument, with adjustments made to reflect changes in estimated premiums and discounts. Where the Group has entered into legally binding netting agreements, related positive and negative values of derivatives are offset within the balance sheet totals.

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

- the transaction must effectively reduce the price or interest rate risk of the asset, liability or cashflow to which it is linked; and
- adequate evidence of the intention to link with the underlying risk inherent in the asset, liability or cashflow; and
- must be designated as a hedge at the inception of the derivative contract.

Hedging instruments are accounted for on the same basis as the underlying asset, liability or cash flow being hedged. Hedging transactions that are superceded, cease to be effective or are terminated prior to maturity of the asset, liability, or cashflow being hedged are measured at fair value. Any profit or loss arising from re-measurement is deferred and amortised to income over the remaining life of the item previously hedged. When the underlying asset, liability or cashflow is terminated prior to the hedging transaction, the hedging instrument is re-measured at fair value and the resulting profit or loss is included in the category of income or expense relating to the previously hedged transaction.

Equity investments

Equity investments are held either for trading or long-term investment purposes.

Trading investments

Listed equity investments are stated at market value. Unlisted equity investments are stated at fair value. Where there is no reliable basis to determine fair value, unlisted equity investments are stated at the lower of cost or directors' valuation.

Profits and losses arising from the revaluation of trading investments are included in income.

Long-term investments

The excess of market value of long-term investments over cost, determined on a portfolio basis, is taken to reserves, whilst any deficit arising is reflected in the income statement. On disposal of such investments, the revaluation is reversed and the full difference between cost and the amount realised is shown in the income statement.

Other investments

Other investments are valued at market value where a formal market exists or in the case of investments such as insurance policies or equity funds at the value of the underlying investments. Where no formal market exists, investments are valued at the lower of cost or directors' valuation.

Instalment credit, lease and rental agreements

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

Amounts outstanding on these contracts, net of unearned finance charges, are included in advances. Finance charges on instalment sale transactions are credited to income in proportion to the capital balances outstanding. Finance lease income is credited to interest income according to the effective interest method.

Specific and general provisions for bad and doubtful debts

Advances are stated after the deduction of specific and general provisions for bad and doubtful debts.

Specific provisions represent the quantification of actual and expected losses from identified accounts and are deducted from advances in the balance sheet. The amount of specific provision raised is the amount needed to reduce the carrying value of the asset to the expected ultimate net realisable value, taking into account the financial status of the customer and any security for the loan. Included in the specific provisions are amounts in respect of interest that is not serviced. The charge for provision for bad and doubtful debts in the income statement includes the unserviced interest which has been transferred to specific provisions.

General provisions augment specific provisions and provide cover for loans which are impaired at the balance sheet date but which will not be identified as such until some time in the future. The Group's general provision has been determined taking into account the structure and the risk characteristics of the Group's loan portfolio and meets the minimum requirements of the banking regulations in the jurisdictions in which it operates. General provisions are deducted from advances in the balance sheet but, unlike specific provisions, are included in tier 2 capital when calculating the Group's capital base for regulatory purposes.

Property and equipment

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

The annual rates used to depreciate assets are as follows:

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

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

Trading properties

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

Deferred taxation

Deferred taxation is provided using the balance sheet method on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax assets or liabilities are measured using the tax rates that have been enacted or substantively enacted by the balance sheet date.

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

Impairments

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

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

Trust and fiduciary activities

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

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

Income

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

Interest income

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

Included in interest income is the accrual of unserviced interest which is fully provided for in the charge for bad and doubtful debts in the income statement. Net interest margin is determined after taking into account the bad and doubtful debts charge. Suspended interest is written off when there is no longer any realistic prospect of it being recovered.

Other income

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

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

Fees and commissions include fees earned from providing advisory services, portfolio management and the arranging of financing for clients. All commissions and fees are recognised as income when the related services are performed. Equity investments received in lieu of corporate finance fees are included in trading securities and valued accordingly.

Investment income includes realised profits and losses on disposal of investments and dividends received.

Retirement benefits

In South Africa the Group provides a defined contribution pension fund, governed by the Pension Fund Act, 1956 and a disability fund for the benefit of employees. The Group pension fund is structured as a money purchase scheme and accordingly can have no funding deficit. The scheme provides that at all times an employee will receive from the fund the amount that has been contributed together with the Group's contribution plus interest and capital appreciation. Life cover is incorporated in the fund.

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

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

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

Segmental reporting

A segment is a distinguishable component of the Bank and its subsidiaries 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 primary segmental reporting is presented on page 43 in the form of a business analysis (primary segment).

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

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

Comparative figures

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

at 31 March (R millions)	2003	Group 2002	2001
2. CASH AND SHORT-TERM FUNDS			
Balances with Central bank	1 055	1 070	1 882
Balances with other banks	4 482	3 467	4 116
Other short-term funds	4 892	4 579	3 563
	10 429	9 116	9 561
3. SHORT-TERM NEGOTIABLE SECURITIES			
Balances with Central bank	527	1 954	–
Bills	1 659	568	2 504
Commercial paper	3 471	2 525	2 574
Promissory notes	2 542	2 307	39
	8 199	7 354	5 117

at 31 March (R millions)	2003	Group 2002	2001
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4. INVESTMENT AND TRADING SECURITIES

Category analysis

Government and government guaranteed	1 622	2 131	7 112
Listed securities	419	1 373	1 068
Unlisted securities and investments*	2 536	2 670	1 852
Positive fair value of trading derivatives	4 954	5 220	370
	9 531	11 394	10 402

Analysis by portfolio

Trading	7 352	8 275	7 817
Investment	2 179	3 119	2 585
	9 531	11 394	10 402

* This includes R272 000 000 (2002 – nil) (2001 – nil) deposits placed with Group banks, relating to trading activities.

5. OTHER ASSETS

Settlement debtors	3 994	3 315	2 032
Staff share scheme loan	991	1 067	854
Deferred tax asset	3	–	–
Other debtors and prepayments	687	795	1 465
	5 675	5 177	4 351

6. ADVANCES

Category analysis

Commercial property loans	5 734	4 883	4 107
Residential mortgages	5 896	4 581	3 171
Leases and instalment debtors	1 882	1 808	1 559
Corporate and public sector loans and advances	10 643	13 117	9 097
Other private bank lending	3 775	2 751	1 650
Other loans and advances	955	1 258	296
	28 885	28 398	19 880
Specific provisions against doubtful debts	(352)	(253)	(347)
General provisions against doubtful debts	(375)	(257)	(178)
	28 158	27 888	19 355

Specific and general provisions

Reconciliation of movements in group specific and general provisions for bad and doubtful debts.

Specific provision*

Balance at beginning of year	253	347	
Income statement charge	98	63	
Bad debts written off against provisions	(35)	(229)	
Provisions purchased on acquisitions	–	–	
Transfer to general provision	41	72	
Arising on exchange adjustments	(5)	–	
Balance at end of year	352	253	

*Information for 2001 not available.

at 31 March (R millions)	2003	Group 2002	2001
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6. ADVANCES (continued)

General provision*

Balance at beginning of year	257	241	
Income statement charge	183	115	
Bad debts written off against provisions	(33)	(1)	
Provisions purchased on acquisition	-	(22)	
Transfer to specific provision	(41)	(72)	
Arising on exchange adjustments	9	(4)	
Balance at end of year	375	257	

Maturity analysis

On demand to one month	2 654	2 156	1 872
One month to six months	1 797	4 027	1 721
Six months to one year	1 928	1 499	2 578
One year to five years	10 348	11 450	7 659
Greater than five years	12 158	9 266	6 050
	28 885	28 398	19 880

7. LOANS TO GROUP COMPANIES

Loans to holding company – Investec Limited	3 728	6 763	6 710
Loans to fellow subsidiaries	6 546	4 760	2 120
	10 274	11 523	8 830

8. ASSOCIATED COMPANIES

Listed shares at cost	-	15	15
Book value at end of year	-	15	15

*Information for 2001 not available.

at 31 March (R millions)	Cost or valuation	Accumulated depreciation	Carrying amount			
9. PROPERTY AND EQUIPMENT						
2003						
Operational properties	17	–	17			
Leasehold improvements	3	(1)	2			
Investment properties	656	–	656			
Furniture and vehicles	121	(59)	62			
Equipment	232	(153)	79			
	1 029	(213)	816			
2002						
Operational properties	17	–	17			
Leasehold improvements	–	–	–			
Investment property	697	–	697			
Furniture and vehicles	121	(50)	71			
Equipment	238	(163)	75			
	1 073	(213)	860			
	Operational properties	Leasehold improvements	Investment properties	Furniture and vehicles	Equipment	Total
2003						
Carrying amount at the beginning of year	17	–	697	71	75	860
Additions	–	3	–	18	36	57
Disposals	–	–	(41)	(16)	(1)	(58)
Depreciation	–	(1)	–	(11)	(31)	(43)
Carrying amount at end of year	17	2	656	62	79	816
2002						
Carrying amount at the beginning of year	451	–	3	85	78	617
Reclassifications	(434)	–	434	–	–	–
Additions	–	–	260	27	36	323
Disposals	–	–	–	(25)	(2)	(27)
Business combinations	–	–	–	–	(1)	(1)
Depreciation	–	–	–	(16)	(36)	(52)
Carrying amount at end of year	17	–	697	71	75	860

at 31 March (R millions)	2003	Group 2002	2001
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10. INTANGIBLE ASSETS

10.1 Goodwill reconciliation

Balance at beginning of year	10	23	2 421
Net amount on acquisitions/(disposals)	1	–	(2 137)
Negative goodwill written off	–	–	3
Goodwill amortised	(10)	(13)	(264)
Balance at end of year*	1	10	23

*There is no negative goodwill balance in the current year.

Goodwill arising on the acquisition of subsidiaries is amortised over periods of between 3 and 20 years, reflecting its expected useful life. For the majority of acquisitions, the goodwill is amortised over 3 to 10 years.

11. ORDINARY SHARE CAPITAL

Authorised

105 000 000 (2002 – 105 000 000) (2001 – 105 000 000) ordinary shares of 50 cents each.	53	53	53
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Issued

31 700 000 (2002 – 31 700 000) (2001 – 31 700 000) ordinary shares of 50 cents each.	16	16	16
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The unissued shares are under the control of the directors until the next annual general meeting.

12. COMPULSORILY CONVERTIBLE DEBENTURES

Issued

3 573 994 (2002 – 3 573 994) (2001 – 3 573 994) unsecured subordinated compulsorily convertible debentures of R0,50 issued at a premium of R78,50 each.	282	282	282
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Interest is payable six monthly in arrears on 31 January and 31 July of each year at a rate of 15,25%.

The compulsorily convertible debentures will convert into Investec Bank 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 shares arising out of conversion have been sold forward by the holder thereof to Investec in exchange for 3 573 994 Investec ordinary shares.

5 000 000 (2002 – 5 000 000) (2001 – 5 000 000) Class A unsecured subordinated compulsorily convertible debentures of R0,50 issued at a premium of R159,50 each, net of issue expenses.	797	797	797
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1 000 000 (2002 – 1 000 000) (2001 – 1 000 000) Class A Series II unsecured subordinated compulsorily convertible debentures of R0,50 issued at a premium of R159,50 each, net of issue expenses.	160	160	160
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at 31 March (R millions)	2003	Group 2002	2001
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12. COMPULSORILY CONVERTIBLE DEBENTURES (continued)

1 500 000 (2002 – 1 500 000) (2001 – 1 500 000) Class B unsecured subordinated compulsorily convertible debentures of R0,50 issued at a premium of R199,50 each, net of issue expenses.	300	300	300
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Interest is payable six monthly in arrears on 15 June and 15 December of each year at a rate of 15% per annum for Class A and Class A Series II and 12% per annum for B debentures.

The Class A and Class A Series II debentures will convert into Investec Bank ordinary shares at a 3,5 for one basis on 15 December 2004. Class B debentures will convert on a 2,8 for one basis on the same day resulting in the issue of 2 250 714 Investec Bank shares.

The 2 250 714 Investec Bank shares arising out of the conversion have been sold forward by the holders thereof to Investec in exchange for Investec ordinary shares.

2 000 000 (2002 – 2 000 000) (2001 – 2 000 000) Class C unsecured subordinated compulsorily convertible debentures of R0,50 issued at a premium of R199,50 each, net of issue expenses	399	399	399
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Interest is payable six monthly in arrears on 30 September and 31 March of each year at a rate of 11% per annum for the Class C debentures.

The Class C debentures will convert into Investec Bank ordinary shares on a 2,3 for one basis on 31 March 2008.

All the convertible debentures are issued as part of the Group's employee share ownership initiatives and are exempt from the requirements of AC 125.

Total compulsorily convertible debentures	1 938	1 938	1 938
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13. REDEEMABLE CUMULATIVE PREFERENCE SHARES

4 000 000 (2002 – 4 000 000) (2001 – 4 000 000) authorised and unissued preference shares of R1,00 each.

14. RESERVES

Share premium	4 732	4 732	4 732
General reserves	1 270	1 933	1 313
Other reserves	18	30	57
	6 020	6 695	6 102
Other reserves comprise:			
Revaluation reserves	109	68	136
Foreign currency revaluation	78	131	90
Goodwill written off	(169)	(169)	(169)
	18	30	57

at 31 March (R millions)	2003	Group 2002	2001
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15. SUBORDINATED DEBT

R1 961 million (2002 – R1 961 million) (2001 – R1 945 million)
Investec Bank Limited 16% local registered unsecured subordinated
bonds due 2012. Interest is paid six monthly in arrears
on 31 March and 30 September at a rate of 16% per
annum. The settlement date of the bonds is 31 March 2012.

1 961	1 961	1 945
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R284 million (2002 – R284 million) (2001 – nil) Investec Bank
Limited Class "E" 15% unsecured redeemable
debentures due 2014. From the date of issue to the
period ended 31 March 2007, interest is paid six monthly
in arrears on 31 March and 30 September at a rate of
15% (nominal annual compounded). Thereafter to
31 March 2014, the interest is the floating rate of
ZAR – JIBAR – SAFEX plus 250 basis points, payable quarterly on
31 March, 30 June, 30 September and 31 December.

284	284	–
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R556 million (2002 – nil) (2001 – nil) 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.

556	–	–
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2 801	2 245	1 945
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The only event of default in relation to the subordinated
debt is the non-payment of principle 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.

16. DEPOSITS AND OTHER ACCOUNTS

Category analysis

Deposits and loans from banks	4 505	4 754	4 258
Demand and saving deposits	10 382	10 417	7 750
Fixed and notice deposits	32 260	29 077	16 500
Negotiable certificates of deposit	1 623	2 018	8 072
Client savings accounts	793	619	674
Liabilities in respect of repurchase agreements	1 917	–	–
Negative fair value of trading derivatives	3 954	7 076	941
Settlement liabilities	3 505	3 480	6 395
Creditors and other accounts	1 459	3 275	1 795
	60 398	60 716	46 385

Maturity analysis

On demand to one month	30 894	36 153	24 419
One month to six months	19 546	14 882	14 051
Six months to one year	5 142	4 055	2 750
Greater than one year	4 816	5 626	5 165
	60 398	60 716	46 385

at 31 March (R millions)	2003	Group 2002	2001
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17. TAXATION

Taxation payable	17	9	23
Deferred taxation liability	40	39	39
	57	48	62

18. INTEREST

18.1 Interest received

Cash and short-term funds	858	773	6 204
Short-term negotiable securities	550	337	2 285
Investment and trading securities	154	115	144
Advances	4 136	2 716	2 230
Intergroup/intercompany loans	1 531	654	419
	7 229	4 595	11 282
Foreign currency gains	261	445	284
Foreign currency losses	(264)	(9)	(223)
	7 226	5 031	11 343

18.2 Interest paid

Demand and saving deposits	1 197	672	249
Fixed and notice deposits	3 814	2 090	1 763
Negotiable certificates of deposit	154	380	763
Repurchase agreements	3	1	6 106
Other deposits and loan accounts	747	494	536
Loans to group companies	55	15	251
	5 970	3 652	9 668

19. OTHER INCOME, HEADLINE ADJUSTMENTS AND OPERATING EXPENSES

Other income comprises

Commissions and fees – annuity	350	263	2 372
Principal transactions and trading income	385	408	735
Commissions and fees – deal	208	288	919
Dividends received	33	42	36
Equity accounted loss of associates	–	–	(1)
	976	1 001	4 061

at 31 March (R millions)	2003	Group 2002	2001
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19. OTHER INCOME, EXCEPTIONAL ITEMS AND OPERATING EXPENSES (continued)

Operating expenses comprise

Personnel remuneration	648	546	2 419
Pension and provident fund contributions [^]	53	44	123
Auditors remuneration	17	10	22
audit fees	17	10	20
fees for other services	–	–	2
Directors' emoluments paid by subsidiary	35	29	27
Executive directors' remuneration	33	26	24
Non-executive directors' remuneration	2	3	3
Depreciation	43	52	141
Premises	101	65	233
Equipment	70	57	299
Business expenses	202	221	583
Marketing expenses	78	62	185
	1 247	1 086	4 032

Headline adjustments comprise:

Disposal of subsidiaries	(17)	(22)	(105)
Goodwill amortised	10	13	(264)
Losses on the impairment of non-trading loans	263	–	(869)
Negative goodwill written off	–	–	3
	256	(9)	(1 235)

20. TAXATION

Normal taxation	31	189	195
South Africa	16	186	26
– current tax	15	186	32
– deferred tax	1	–	(6)
Foreign taxation	15	3	169
Secondary taxation on companies	11	2	–
Total tax charge for the period	42	191	195
Tax rate reconciliation			
Income before taxation as per income statement	448	1 125	271
Less: Debenture and bond interest	(267)	(266)	(223)
	181	859	48
Total taxation charge in income statement	42	191	195
Less: secondary taxation on companies	(11)	(2)	–
Total taxation on income	31	189	195

at 31 March (R millions)	2003	Group 2002	2001
20. TAXATION (continued)			
Effective rate of taxation	17,1%	22,0%	406,0%
The standard rate of South African normal taxation has been affected by:			
– exceptional items – goodwill	(1,7%)	1,0%	(164%)
– exceptional items – sale of subsidiaries	–	–	(66%)
– dividend income	(5,5%)	1,0%	236%
– foreign earnings*	31,7%	22,0%	353%
– other permanent differences	(11,6%)	(16,0%)	(735%)
	30%	30%	30%

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

21. ORDINARY DIVIDENDS

on fully paid ordinary shares

Declared and paid	800	47	289
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22. CASH FLOW INFORMATION

22.1 Cash generated by operations

Net income before taxation	448	1 125	271
Depreciation	43	52	141
Provision for bad and doubtful debts	281	178	198
Headline adjustments (see note 19)	256	(9)	1 235
	1 028	1 346	1 845

22.2 Taxation paid

Taxation balances at beginning of year	(48)	(62)	(295)
Deferred tax asset raised on acquisitions	–	–	31
Amounts charged to income statement	(42)	(191)	(195)
Reduction in liability due to disposal of subsidiaries	–	–	266
Taxation balances at end of year	57	48	62
	(33)	(205)	(131)

22.3 Dividends paid

Current year dividend paid	(800)	(47)	(289)
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22.4 Net funds arising/(utilised) on acquisitions

Foreign currency translation	–	–	(366)
Advances and other assets	–	–	68 303
Loans to group companies	–	–	336
Deferred tax on acquisitions	–	–	(31)
Deposits and other accounts	3	–	(127 704)
Property and equipment	–	440	588
Goodwill	(1)	–	2 137
Investment and trading securities	–	–	3 291
Minority shareholders on acquisitions	–	7	(281)
Income statement charge on disposal of subsidiaries	–	–	(974)
Taxation	–	22	(266)
	2	469	(54 967)
Net issue of shares	–	–	–
Net cash inflow/(outflow)	2	469	(54 967)

at 31 March (R millions)	2003	Group 2002	2001
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22. CASH FLOW INFORMATION (continued)

22.5 Movement in income earning assets

Short-term negotiable securities	(845)	(2 237)	(11 923)
Investment and trading securities	2 178	(1 062)	(4 459)
Advances	(825)	(8 711)	(4 447)
Other assets	(498)	(826)	(2 032)
	10	(12 836)	(22 861)

23. CONTINGENT LIABILITIES AND COMMITMENTS

Guarantees and letters of credit	1 636	1 807	2 297
Acceptances on behalf of clients	1 509	2 227	658
Forward repurchase agreements	–	–	40
Other	3	–	–
	3 148	4 034	2 995

Operating lease commitments

Annual commitments in respect of non-cancellable operating leases

Leasehold properties

Within one year	1	–	*
Between one and five years	3	–	–
	4	–	–

*Information for 2001 not available.

24. RELATED PARTY TRANSACTIONS

Transactions, arrangements and agreements involving directors and others:

Particulars of transactions, arrangements and agreements entered into by the Group with directors and connected persons and companies controlled by them and with officers of the company.

At year end, 5 directors had outstanding loans from Investec Bank Limited.

For loans to related parties, normal credit parameters are applied.

Loans – Investec Bank Limited	73	39	13
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H. Herman has a 17% and 13% holding in Picbel Parkade Shareblock (Proprietary) Limited and Taaibos Square (Proprietary) Limited respectively. Loans were provided to these entities by Investec Bank Limited on arm's length, fully secured basis as follows:

Picbel Parkade Shareblock (Proprietary) Limited	–	22	24
Taaibos Square (Proprietary) Limited	77	83	85

The loan provided for Picbel Parkade Shareblock (Proprietary) Limited was settled by H Herman on 3 February 2003.

S Koseff, G R Burger, B Kantor, B Tapnack, D M Lawrence, H S Herman, R Forlee, S Hackner, A Leith, M Mason, D Nurek, J Wainwright, P R S Thomas and D E Jowell have an interest in Spurwing P Investments Limited and Spurwing L Investments Limited, which jointly amount to a holding of 47,05% and 22,95% respectively. Loans were provided to these entities by Investec Bank (Mauritius) on an arm's length basis, fully secured basis as follows:

Spurwing P Investments Limited	96	–	–
Spurwing L Investments Limited	27	–	–

at 31 March (R millions)	2003	Group 2002	2001
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24. RELATED PARTY TRANSACTIONS (continued)

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

The Group's personal account trading policy requires all employees who participate in securities transactions to deal on an arm's length basis through Investec Securities Limited. This has no material effect on either Investec Securities Limited or the Group's earnings. Directors' portfolios are subject to management fees on an arm's length basis. Particulars of directors' dealings in Investec shares are recorded in a register held at the Registered Office of the Company which is available for inspection.

Transactions with other Related Parties of the Group

On 30 September 2001, Investec Bank sold certain property loans to the policyholder assets of Investec Employee Benefits for a total consideration of:

-	547	-
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The balance was settled at 31 March 2002

25. EMPLOYEE BENEFITS – GROUP

25.1 Pension costs

Defined contributions	53	44	123
Pension and provident fund contributions	53	44	123

26. CHANGES IN ACCOUNTING POLICIES AND OTHER PRIOR YEAR ADJUSTMENTS

26.1 Accounting for debt instruments

The Group changes its accounting policy in relation to debt instruments from settlement date accounting to trade date accounting. The adoption of trade date was made to align the SA and UK Gaap treatment of these instruments as trade date accounting is permitted under both standards.

The effect of the change at 31 March 2002 and 2001 is as follows:

- Increase in bond assets (investment and trading securities)	-	166	4 363
- Increase in settlement debtors (other assets)	-	3 314	2 032
- Increase in short bond positions (deposits and other accounts)	-	1 276	-
- Increase in settlement creditors (deposits and other accounts)	-	2 204	6 395

There is no effect on the income statement or reserves.

Restatements

- Classification of the loans to the staff share scheme

The loan to the staff share scheme has been reclassified from advances to other assets and is separately disclosed under the other asset note (refer to note 5). There is no effect on income.

- Trading income disclosure

Investec's accounting policy is to disclose trading profits net of the funding costs of the underlying positions. During the year the Group conducted a thorough evaluation of the funding costs of trading desks as a result of which interest charges were reallocated between trading and funding desks within the Treasury Division.

at 31 March (R millions)	2003	Group 2002	2001
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26. CHANGES IN ACCOUNTING POLICIES AND OTHER PRIOR YEAR ADJUSTMENTS (continued)

Comparative figures have been restated to be consistent with this. There is no effect on net income or reserves.

– EVA

In prior years payments made to employees as a result of contractual obligations relating directly to income generation were directly allocated against income. This policy has been changed to include these costs and personnel remuneration.

CAPITAL ADEQUACY STATEMENT

at 31 March (R millions)	2003	Group 2002	2001
The regulatory capital of the Bank as reported to the South African Reserve Bank is detailed below:			
Primary capital (tier 1)	5 925	6 332	4 900
Secondary capital (tier 2)	5 048	4 525	3 848
Total	10 973	10 857	8 748
Less: Impairments	1 360	753	1 147
Net qualifying capital	9 613	10 104	7 601
Risk weighted assets (banking and trading assets)	49 463	51 551	39 900
Capital adequacy ratio	19,43%	19,60%	19,05%

GROUP DERIVATIVE INSTRUMENTS

Financial instruments, including derivatives and risk disclosure

Fair values

The fair value of a financial instrument represents the present value of the positive or negative cash flows which would have occurred if the rights and obligations arising from that instrument were closed out by the Group in an orderly market transaction at year end. The Group's trading book comprises treasury bills, settlement accounts, debt securities, equity shares, short positions in securities, and derivatives as well as secured customer loans and deposits. All amounts are included in the balance sheet at fair value.

The fair values of listed and publicly traded securities held for investment purposes (comprising debt securities and equity shares) are disclosed under the relevant balance sheet note. The fair values of other non-trading securities approximate to their carrying value in the balance sheet.

Derivatives

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

Notional principal

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

GROUP DERIVATIVE INSTRUMENTS

at 31 March (R millions)	Notional principal	2003 Positive fair value	Negative fair value	Notional principal	2002 Positive fair value	Negative fair value
Trading derivatives						
Foreign exchange derivatives						
Forward foreign exchange	53 738	3 419	3 557	193 362	13 369	13 107
Currency swaps	7 071	889	534	9 527	832	2 643
OTC options bought and sold	7 404	844	351	8 445	135	478
OTC derivatives	68 213	5 152	4 442	211 334	14 336	16 228
Exchange traded futures	–	–	–	118 808	21	34
Total	68 213	5 152	4 442	330 142	14 357	16 262
Interest rate contracts						
Caps and floors	15 489	47	59	53 993	71	87
Swaps	389 627	5 717	5 264	280 095	3 986	3 970
Forward rate agreements	1 335 697	713	723	364 114	802	752
OTC options bought and sold	20 752	97	105	23 362	268	384
Other interest rate contracts	595	–	3	–	–	–
OTC derivatives	1 762 160	6 574	6 154	721 564	5 127	5 193
Exchange traded futures	225 414	29	7	322	1	–
Exchange traded options	8 014	–	5	1 300	1	1
Total	1 995 588	6 603	6 166	723 186	5 129	5 194
Equity and stock index derivatives						
OTC options bought and sold	2 381	639	329	10 889	723	698
Equity swaps and forwards	3 986	333	781	–	–	–
OTC derivatives	6 367	972	1 110	10 889	723	698
Exchange traded futures	56	6	11	29	–	2
Exchange traded options	3 220	22	22	2 102	42	40
Warrants	–	–	–	776	112	49
Total	9 643	1 000	1 143	13 796	877	789
Commodity derivatives						
OTC options bought and sold	11 452	546	546	17 133	674	674
Commodity swaps and forwards	1 627	41	45	1 055	55	29
Total	13 079	587	591	18 188	729	703
Total trading derivatives	2 086 523	13 342	12 342	1 085 312	21 092	22 948
Effect of netting	–	(8 388)	(8 388)	–	(15 872)	(15 872)
Trading derivatives included in assets/liabilities	2 086 523	4 954	3 954	1 085 312	5 220	7 076

SEGMENTAL INFORMATION

For the year ended 31 March 2003 (R million)

	Private Client Activities	Treasury and Specialised Finance	Investment Banking	Other	Investec Bank Limited
Total income	545	812	138	456	1 951
Operating expenses	(360)	(354)	(62)	(471)	(1 247)
Operating profits/(loss) before headline adjustments and taxation	185	458	76	(15)	704
Total assets	17 464	42 580	784	12 255	73 083
Cost to Income Ratio*	55,4%	40,6%	45,2%	82,1%	55,8%

For the year ended 31 March 2003 (R million)

	Private client activities	Treasury and specialised finance	Investment Banking	Other	Investec Bank Limited
Total income	417	819	332	634	2 202
Operating expenses	(295)	(261)	(56)	(474)	(1 086)
Operating profits/(loss) before headline adjustments and taxation	122	558	276	160	1 116
Total assets	13 913	43 258	714	15 452	73 337
Cost to Income Ratio*	59,4%	30,7%	16,8%	55,8%	45,6%

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

*Cost to income ratio is calculated as operating expenses expressed as a percentage of total income, before deducting provision for bad and doubtful debts

at 31 March (R millions)

Group
2003 **2002**

ASSET QUALITY

Asset quality, specific and general provisions

Total loans and advances to customers (gross of provisions)	28 885	28 398
Managed book	(589)	(500)
Net loans and advances to customers	28 296	27 898
Income statement provision charge	(281)	(178)
Specific provisions	352	253
General provisions	375	257
Total provisions	727	510
Gross non-performing loans	379	411
Security	(125)	(78)
Net non-performing loans	254	333
Adequacy of provisions		
Specific provisions as a % of total loans and advances to customers	1,22%	0,89%
General provisions as a % of net loans and advances to customers	1,33%	0,92%
Total provisions as a % of total loans and advances to customers	2,52%	1,80%
Total provisions as a % of gross non-performing loans	191,82%	124,09%
Total provisions as a % of net non-performing loans	286,22%	153,15%

GROUP CURRENCY PROFILE

For the year ended 31 March 2003

(R millions)	ZAR	GBP	USD	NIS	EURO	OTHER	TOTAL
Assets							
Cash and short-term funds	6 908	79	3 375	–	9	58	10 429
Short-term negotiable securities	7 973	–	40	–	46	140	8 199
Investment in trading securities	12 645	(128)	(2 412)	–	100	(674)	9 531
Other assets	5 465	–	204	–	3	3	5 675
Advances	25 703	130	1 975	–	6	344	28 158
Loans to group companies	8 680	(176)	1 775	(3)	(9)	7	10 274
Fixed assets	814	–	–	–	–	2	816
Goodwill	1	–	–	–	–	–	1
	68 189	(95)	4 957	(3)	155	(120)	73 083
Equity and liabilities							
Share capital and reserves	6 492	(262)	335	(3)	7	(533)	6 036
Compulsorily convertible debentures	1 938	–	–	–	–	–	1 938
Redeemable preference shares	1 820	–	–	–	–	–	1 820
Subordinated debt	2 801	–	–	–	–	–	2 801
Interest of minority shareholders in subsidiaries	–	–	–	–	–	33	33
Deposits and other accounts	55 082	167	4 622	–	148	379	60 398
Taxation	56	–	–	–	–	1	57
	68 189	(95)	4 957	(3)	155	(120)	73 083

The Group currency profile analyses the consolidated assets and liabilities in terms of their originating currencies.

These totals are then expressed in South African Rands. Consequently this profile does not reflect any off-balance sheet hedges entered into by the Group. The following exchange rates were used for conversion of assets and liabilities at 31 March 2003:

US Dollar \$1 = R7,93 British Pound £1 = R 12,51 Euro €1 = R8,63 Israeli Shekel NISI = R1,69

EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF INVESTEC BANK

I. BORROWING POWERS

52. "That the Directors of the Company shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries, so as to secure that subject always to the provisions of the Banks Act 1965 the aggregate amount at any one time owing by the Company in respect of moneys borrowed by it other than –

- (i) inter-company loans;
- (ii) loans obtained from banks in the ordinary course of banking business;
- (iii) call or term deposits accepted in the ordinary course of banking business;
- (iv) any borrowings effected in the ordinary course of banking business;

shall not without the previous sanction of the Company in General Meeting exceed the aggregate of the issued and paid-up Capital for the time being of the Company – (subject to any variations therein from the date of the last audited Accounts of the Company) – plus the aggregate of the amounts standing to the credit of all Capital and Revenue Reserve Accounts – (other than reserves created by the writing up of any assets of the Company, or of any of its subsidiaries after acquisition thereof by the Company, or any provision for taxation) – and any share premium accounts and profit and loss accounts as set out in the Balance Sheet of the Company, certified by the Company's Auditors, and as attached to or forming part of the last Accounts of the Company which shall have been drawn up to be laid before the Company in General Meeting at the relevant time, provided that no such sanction shall be required to the borrowing of any moneys intended to be applied and actually applied within one hundred and eighty days in the repayment – (with or without any premium) – of any moneys then already borrowed and outstanding, and notwithstanding that the new borrowing may result in the abovementioned limit being exceeded.

No debt incurred or security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the limit hereby imposed had been or was thereby exceeded, and no lender or other person dealing with the Company shall be concerned to see or enquire whether this limit has been observed.

53. The Directors may secure the payment of moneys borrowed or raised upon such terms and conditions in all respects as they think fit; provided that no special privileges as to allotment of shares in the Company, attending and voting at General Meetings, appointment of directors or otherwise, shall be given to the holders of debentures of the Company save with the Sanction of the Company in General Meeting".

2. NUMBER OF DIRECTORS

80. Unless otherwise determined by the Company in general meeting, the number of directors shall not be less than 6 (six) and not more than 40 (forty).

3. FILLING OF CASUAL VACANCIES ON AND ADDITIONS TO BOARD OF DIRECTORS

81. The Directors shall have power at any time and from time to time to appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board, but so that the total number of the Directors shall not at any time exceed the maximum number fixed. Any Director so appointed shall retain office only until the next Annual General Meeting of the Company and shall then be eligible for re-election. Any Director so appointed shall not be taken into account in determining the Directors who are to retire by rotation under Article 89 hereof.

82. The continuing Directors may act notwithstanding any casual vacancy in their body, but if the number of Directors elected by the Company in General Meeting is reduced below the number fixed by Article 100 as the quorum of Directors, the continuing Directors may act for the purpose of summoning a general meeting of the Company, but for no other purpose.

4. QUALIFICATION OF DIRECTORS

83. It shall not be necessary for a Director to hold any shares in the share capital of the Company.

5. REMUNERATION OF DIRECTORS

84. The remuneration of the Directors shall from time to time be determined by the Company in General Meeting, which remuneration shall be divided among the Directors in such proportion as they may agree, or, in default of such agreement, equally, except that in such event any Director holding office for less than a year shall only rank in such division in proportion to the period during which he has held office during the year.

85. The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company, and in attending Meetings of the Directors or of Committees thereof, and if any Director shall be required to perform extra services, or to go or to reside abroad, or shall otherwise be specifically occupied about the Company's business, he shall be entitled to receive a remuneration to be fixed by the Directors, and such remuneration may be either in addition to or in substitution for his remuneration as provided for in the last preceding Article.

6. DISQUALIFICATION OF DIRECTORS

86. The office of Director shall be vacated:

- (a) If he becomes insolvent or assigns his estate for the benefit of his creditors, or files a petition for the liquidation of his affairs, or compounds with his creditors.
- (b) If he becomes of unsound mind.
- (c) If he is absent from four consecutive Meetings of the Board without special leave of absence from the Directors, provided such four meetings are not held within a period of thirty days and provided further that the Directors so resolve. The provisions of this sub-clause shall not apply to a Director who shall have been represented at one or more of such meetings by an Alternate.
- (d) If by notice in writing to the Company he resigns his office.
- (e) If he is removed under Article 94 of these presents.
- (f) If he shall, pursuant to the provisions of the Statutes, be prohibited from acting as a Director.
- (g) If he is requested in writing by all his co-directors to resign.
- (h) If he is an Executive Director and he reaches the age of 65 (sixty five) years and if he is a Non-Executive Director and he reaches the age of 70 (seventy) years.

87. No Director, or Alternate Director or Managing Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser; or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any company or firm of or in which any Director shall be a Director or member, or any contract or arrangement in which any Director shall be in any way interested be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relations thereby established, but it is declared that the nature of his interest must be disclosed by him at the meeting of the Board at which the Contract or arrangement is determined on if his interest then exists, or in any other case at the first meeting of the Board after acquisition of his interest. A Director shall not as a Director vote in respect of any contract or arrangement in which he is so interested as aforesaid, but this prohibition shall not apply to any contract or dealing with a company of which the Directors of the Company or any of them may be directors or members. A general notice that a Director is a member of any specified company or firm and is to be regarded as interested in all transactions with that company or firm shall be a sufficient disclosure under this Article as regards such Director and the said transaction, and after such general notice it shall not be necessary for such Director to give a special notice of any particular transaction with that Company or firm.

If any Director is interested, whether directly or indirectly, in any contract or proposed contract which is placed before the Company at any Meeting thereof for confirmation or authorisation, the notice convening such Meeting shall include information of the nature and extent of the interest in such contract of the Director

concerned. Nothing herein contained shall be taken or construed to prevent or debar any Director, as a shareholder, from taking part in and voting upon all questions submitted to a Shareholders' Meeting, whether such Director shall be personally interested or concerned in such question or not. A Director may also hold office as director or manager of any other company in which the Company is a shareholder or is otherwise interested, and shall not be liable to account to the Company for any remuneration or other benefits receivable by him from such other company, provided that the appointment of a Director of the Company as a Director or employee in any company subsidiary to the Company, and his remuneration in respect thereof shall be determined by a disinterested quorum of Directors.

88. In connection with the appointment of its Directors or any of them, the Company shall comply with the provisions of the Statutes.

7. ROTATION OF DIRECTORS

89. At each Annual Meeting one-third ($\frac{1}{3}$) of the Directors, or if their number is not a multiple of three, then the number nearest thereto, but not less than one-third shall retire from office. The Directors so to retire at each such Annual Meeting shall, subject to any provisions to the contrary in these presents, be the Directors who have been longest in office. As between two or more Directors who have been in office an equal length of time, the Directors to retire shall, in default of agreement between them, be determined by lot. The length of time a Director has been in office shall, subject to the provisions of Articles 81 and 94 of these presents, be computed from the date of his last election or appointment. A retiring Director shall hold office until the conclusion of the Meeting at which he retires.
90. Retiring Directors shall be eligible for re-election, but no person not being a retiring Director shall be eligible for election to the office of Director at any Annual Meeting unless he, or some member intending to propose him has at least seven (7) clear days before the Meeting left at the Registered Office of the Company a notice in writing duly signed, signifying his candidature for the office or the intention of such member to propose him. The power to elect Directors at General Meetings other than Annual General Meetings shall be exercisable only when special notice has been given of the intended resolution exercising such power.
91. Subject to the preceding Article, the Company in General Meeting at which any Directors retire in manner aforesaid may, subject to any Resolution reducing the number of Directors, fill up the vacated offices by electing a like number of persons to be Directors and may fill up any other vacancies.
92. If at any General Meeting at which an election of Directors ought to take place the place of any retiring Director is not filled up, he shall continue in office until the dissolution of the Annual Meeting in the next year; and so on from year to year until his place is filled up, unless it shall be determined at such Meeting to reduce the number of Directors.
93. The Company in General Meeting may from time to time increase or reduce (but not below 6) the number of Directors and may also determine in what rotation such increased or reduced number is to go out of office. Whenever such increase is made the members at the said Meeting, or failing them the Directors, may fill up the new seats so created.
94. Subject to the provisions of the Statutes, the Company may, by Ordinary Resolution, remove any Director before the expiration of his period of office, and by an Ordinary Resolution appoint another person in his stead and the person so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. Special notice shall be required of any Resolution to remove a Director under this Article or to appoint somebody instead of a Director so removed at the Meeting at which he is removed, and on receipt of notice of an intended Resolution to remove a Director under this Article the Company shall forthwith send a copy thereof to the Director concerned, and the Director shall be entitled to be heard on the Resolution at the Meeting.

8. MANAGING AND EXECUTIVE DIRECTORS

95. The directors may from time to time appoint one or more of their body to be Managing Director, Assistant Managing Director, Executive Chairman, Deputy Executive Chairman, or Executive Director (with or without specific designation), of the Company or to other executive office with the Company as the directors shall think fit, for a period not exceeding five years, and may from time to time remove or dismiss him or them from office and appoint another or others in his or their place or places.

96. Subject to any provisions in the contract under which he is appointed a Director so appointed in accordance with Article 95 shall not whilst holding that office be subject to retirement by rotation or be taken into account in determining the retirement of Directors but subject to the terms of any such agreement his appointment shall be automatically determined if he ceases from any cause to be a Director.
97. The remuneration payable by the Company to a director appointed to any position or executive office under article 95 shall be in addition to or in substitution for any ordinary remuneration as a Director of the Company and shall from time to time be fixed by the Directors or by the Company in General Meeting, and may be by way of salary or commission or both.
98. The Directors may from time to time entrust to and confer upon a Director appointed to any position or executive office under Article 95 being such of the powers excisable under these presents by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

9. TERMS OF NON-REDEEMABLE, NON-CUMULATIVE, NON-PARTICIPATING PREFERENCE SHARES

150.1 For purposes of this Article 150 –

- 150.1.1 “**business days**” means all days, excluding Saturdays, Sundays and officially designated public holidays in South Africa;
- 150.1.2 “**deemed value**” means the deemed value of each preference share for purposes of calculation of the preference dividend, being an amount of R100,00 (one hundred Rand), notwithstanding the actual issue price of a preference share (that is the nominal value of a preference share plus the premium thereon at which a preference share is issued and allotted) which may vary because of a difference in the premium at which the preference shares may be issued from time to time;
- 150.1.3 “**Income Tax Act**” means the Income Tax Act (Act 58 of 1962), as amended;
- 150.1.4 “**Investec**” means Investec Limited (Registration Number 1925/002833/06);
- 150.1.5 “**prime rate**” means the publicly quoted basic rate of interest (per cent, *per annum*), compounded monthly in arrear and calculated on a 365 (three hundred and sixty five) day year factor (irrespective of whether or not the year is a leap year) from time to time quoted by the Company as being its prime overdraft rate as certified by any manager of the Company whose appointment and/or designation need not be proved;
- 150.1.6 “**preference dividend**” means a non-cumulative, non-participating, preference cash dividend;
- 150.1.7 “**preference dividend accrual date**” means 31 March and 30 September each year;
- 150.1.8 “**preference dividend payment date**” means a date at least 7 (seven) business days prior to the date on which Investec pays its ordinary dividend, if any, in respect of the same period, but in any event, if declared, shall be payable not later than 120 (one hundred and twenty) business days after 31 March and 30 September, respectively;
- 150.1.9 “**preference dividend rate**” means, subject to article 150.2.7, a rate that will not exceed 75% (seventy five per cent) of the prime rate, the latter rate being used as a rate of reference; and
- 150.1.10 “**preference shares**” means the non-redeemable, non-cumulative, non-participating, preference shares in the capital of the Company.

150.2 The following are the rights, privileges, restrictions and conditions which attach to the preference shares:

- 150.2.1 The issue price for each tranche of preference shares to be issued will be determined by the Directors.
- 150.2.2 Each preference share will rank as regards to dividends and a repayment of capital on the winding-up of the Company prior to the ordinary shares and any other class of shares in the capital of the Company not ranking prior to or *pari passu* with the preference shares. The preference shares shall confer on the holders on a per preference share and equal basis the right of a return of capital on the winding-up of the Company an amount equal to the aggregate of the nominal value and premium in respect of preference shares issued divided by the number of preference shares in issue, in priority to any payment in respect of any other class of shares in the capital of the Company not ranking prior to or *pari passu* with the preference shares.

- 150.2.3 Each preference share will confer upon the holder thereof the right to receive out of the profits of the Company which it shall determine to distribute, 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 to or *pari passu* with the preference shares, the preference dividend calculated in terms of article 150.2.4.
- 150.2.4 The preference dividend shall be calculated:
- 150.2.4.1 by multiplying the deemed value of the preference shares by the applicable preference dividend rate (determined on a 365 day year factor; irrespective of whether the year is a leap year or not), on a daily basis, in arrear; but never compounded, for the appropriate period referred to in article 150.2.4.2; and
- 150.2.4.2 from the date following a preference dividend accrual date until and including the preference dividend accrual date immediately following, provided that the first dividend payment, in respect of the first tranche of preference shares issued, shall be calculated from the issue date up to and including the first preference dividend accrual date.
- 150.2.5 The preference dividends shall, if declared –
- 150.2.5.1 accrue on the preference dividend accrual date, calculated in accordance with article 150.2.4.2;
- 150.2.5.2 be payable on the preference dividend payment date; and
- 150.2.5.3 failing payment by the relevant preference dividend payment date, be considered to be in arrear.
- 150.2.6 If a preference dividend is not declared by the Company in respect of the period to which such preference dividend accrual date relates, the preference dividend will not accumulate and will accordingly never become payable by the Company whether in preference to payments to any other class of shares in the Company or otherwise. Notwithstanding the foregoing, the Company shall, if it elects not to declare a preference dividend in respect of any applicable period, be obliged to retain in reserve an amount equivalent to the aggregate amount of profits generated by the Company during such applicable period.
- 150.2.7 If there is an amendment or amendments to the Income Tax Act that results in the preference dividends being taxable in the hands of the preference shareholders and which results in payment of the preference dividends becoming a deductible expense for the Company, provided such amendment is uniformly applicable to all corporate tax payers and not only because of the particular circumstances of the Company or any preference shareholder; the percentage of the prime rate referred to in article 150.1.9 will be increased by the Company. Such increase will be limited to the extent that the Company incurs less cost in servicing the preference shares, which cost savings it would not have obtained but for such amendments to the Income Tax Act. If such amendments to the Income Tax Act do not result in the Company incurring lesser costs in servicing the preference shares, then, notwithstanding that such amendment may result in a decrease in the after tax returns of any preference shareholder on its holding of preference shares, no change shall be made to the percentage of the prime rate contemplated in article 150.1.9. The Company shall require its auditors to verify whether it is obliged to increase the percentage of the prime rate referred to in article 150.1.9 in accordance with this article 150.2.7. The auditors, in deciding whether such increase is required in terms of this article 150.2.7, shall act as experts and not as arbitrators and their decision shall be final and binding on the Company and all preference shareholders. The costs of such auditors shall be borne and paid by the Company.
- 150.2.8 Save as set out in articles 150.2.2, 150.2.3, 150.2.6 and 150.2.7, the preference shares shall not be entitled to any further participation in the profits or assets of the Company nor on a winding-up to any surplus assets of the Company.
- 150.2.9 The holders of the preference shares shall not be entitled to be present or to vote, either in person or by proxy, at any meeting of the Company, by virtue of or in respect of the preference shares, unless either or both of the following circumstances prevail at the date of the meeting –
- 150.2.9.1 the preference dividend, or any part thereof remains in arrear and unpaid as determined in accordance with article 150.2.5.3 after 6 (six) months from the due date thereof; and
- 150.2.9.2 a resolution of the Company is proposed which resolution directly affects the rights attached to the preference shares or the interests of the holders thereof, including a resolution for the winding-up of the Company or for the reduction of its capital, in which event the preference shareholders shall be entitled to vote only on such resolution.

- 150.2.10 At every general meeting of the Company at which holders of preference shares as well as other classes of shares are present and entitled to vote, a preference shareholder shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by him bear to the aggregate amount of the nominal value of all shares issued by the Company.
- 150.2.11 Notwithstanding the provisions of article 150.2.2, no shares in the capital of the Company ranking, as regards rights to dividends or, on a winding-up as regards return of capital, in priority to the preference shares, shall be created or issued, without the prior sanction of a resolution passed at a separate class meeting of the holders of the preference shares in the same manner *mutatis mutandis* as a special resolution. At every meeting of the holders of the preference shares, the provisions of these articles relating to general meetings of ordinary members shall apply, *mutatis mutandis*, except that a quorum at any such general meeting shall be any person or person holding or representing by proxy at least 2 (two) of the preference shares, provided that if at any adjournment of such meeting a quorum is not so present, the provisions of the articles relating to adjourned general meetings shall apply, *mutatis mutandis*.

DETAILS OF INVESTEC BANK DIRECTORS' REMUNERATION

DIRECTORS' REMUNERATION

The remuneration of executive directors comprises both current reward and future entitlements. For the year under review directors did not have service contracts. Remuneration elements are detailed below:

- Executive directors in the group receive a salary and economic value added driven rewards based on corporate and individual performance. Their remuneration packages are designed so that a substantial portion is performance related. Salaries are reviewed annually by reference to performance and the market.
- Executive directors participate in various share incentive schemes.
- Executive directors participate in the defined contribution pension fund and provident fund schemes.
- Non-executive directors receive fees for their services as directors and for service on the various board sub-committees and, where applicable, subsidiary boards and ancillary trusts. The policy on the remuneration packages for the non-executive directors is agreed to by the directors as a whole.

Directors' annual remuneration

The following table shows a breakdown of the annual remuneration in respect of their directorships in both Investec and Investec Bank (excluding equity awards) of directors as at the last practicable date for the year ended 31 March 2003:

Name	Salaries, directors' fees and other remuneration ¹	Performance related remuneration ³	Other benefits ⁴	Total remuneration expense	Total remuneration expense ²
	2003 GBP	2003 GBP	2003 GBP	2003 GBP	2002 GBP
Executive directors					
S Koseff (<i>Chief Executive Director</i>)	248 253	300 000	31 747	580 000	583 434
B Kantor (<i>Managing Director</i>)	252 434	350 000	27 566	630 000	699 743
G R Burger	143 834	350 000	23 736	517 570	525 502
D M Lawrence	110 489	174 849	20 385	305 723	320 696
B Tapnack	114 182	168 124	16 693	298 999	309 105
Total Pounds	869 192	1 342 973	120 127	2 332 292	2 438 480
Non-executive directors					
H S Herman (<i>Chairman</i>) ⁵	169 137	–	17 174	186 311	390 244
S E Abrahams	59 332	–	–	59 332	45 741
D E Jowell	127 760	–	–	127 760	106 583
M P Malungani	23 750	–	–	23 750	–
D R Motsepe	1 009	–	–	1 009	2 318
Dr M Z Nkosi	2 851	–	–	2 851	6 167
P R S Thomas	57 785	–	–	57 785	44 530
F Titi	1 009	–	–	1 009	–
RA P Upton	2 592	–	–	2 592	2 552
Total Pounds	445 225	–	17 174	462 399	598 135
Total Pounds	1 314 417	1 342 973	137 301	2 794 680	3 036 615

- The non-executive directors' remuneration comprises a basic retainer; other directors fees (including fees from subsidiary companies) and in certain instances consulting fees. S E Abrahams, D E Jowell and P R S Thomas received consulting fees of £35,582, £99,010 and £34,035 respectively. The basic retainer and other directors fees paid have been apportioned according to the period served as directors during the financial year.
- A breakdown of the components of the reward packages for the executive directors in the 2002 financial year is as follows:

Name	Salaries, directors' fees and other remuneration GBP	Annual bonus GBP	Other benefits GBP	Total remuneration expense GBP
Executive directors				
S Koseff (<i>Chief Executive Officer</i>)	175 316	370 925	37 193	583 434
B Kantor (<i>Managing Director</i>)	254 253	425 018	20 472	699 743
G R Burger	104 709	386 399	34 394	525 502
B Tapnack	91 329	193 190	24 585	309 105
D M Lawrence	93 139	204 782	22 776	320 696
Total Pounds	718 746	1 580 314	139 420	2 438 480

- Annual bonuses are determined with reference to a range of qualitative and quantitative factors. The past year has been an extremely challenging one for the group, and generally for all investment banks and the investment management industry world-wide. Notwithstanding, the group made significant strategic advances, the most important of which are as follows:
 - The implementation of the group's DLC structure – a process that lasted approximately four years.
 - The group successfully adjusted its cost base to compensate for the decline in revenues and streamlined and rationalised many of its operations, particularly in the US and UK.
 - The group continued to restructure and rationalise the life assurance activities acquired from Fedsure Holdings Limited, including implementation of two further transactions. The group is satisfied that the Fedsure acquisition has now been completed.
 - The Australian business was successfully turned around from successive years of losses and showed a pre-tax profit of £6,0 million.
 - A significant step was made in the group's empowerment strategy in South Africa.

The executive directors played an integral role in the achievement of these initiatives. Furthermore, from a qualitative point of view, the directors continue to play an important role in entrenching the culture, values and philosophies of the group.
- The Chairman and the executive directors receive other benefits which may include pension schemes; life, disability and personal accident insurance; and medical cover, on similar terms to other senior executives.
- In line with recommended market practice, it was decided not to pay the Chairman an annual incentive payment during the 2003 financial year. The Chairman's annual fee was accordingly adjusted, although his overall package is substantially less than the previous year. As indicated in this report, the Committee has agreed that the Chairman will receive a total fee of £250,000 during the 2004 financial year for his services as director.

Retirement benefits

None of the executive directors belong to a defined benefit pension scheme and all are members of one of the group's defined contribution schemes. The total contribution to these schemes, payable by the company, included in the total salary of the director or included in benefits paid as highlighted in the table above, is as follows:

Name	GBP
Executive directors	
S Koseff (<i>Chief Executive Officer</i>)	22 697
B Kantor (<i>Managing Director</i>)	23 261
G R Burger (<i>Group Risk and Finance Director</i>)	18 157
B Tapnack	11 096
D M Lawrence	15 131
Total Pounds	90 342

Directors' shareholdings and options

The Company's register of directors' interests contains full details of directors' shareholdings and options.

The tables that follow provide information on the directors' shareholdings and options.

Directors' shareholdings in Investec plc and Investec Limited shares as at 31 March 2003

Name	Beneficial and non-beneficial interest in Investec plc	Beneficial and non-beneficial interest in Investec Limited	Indirect beneficial and non-beneficial interest in Investec plc call options at a strike price of R145 per share	Indirect beneficial and non-beneficial interest in Investec Limited call options at a strike price of R145 per share
Executive directors				
S Koseff	782 401	341 987	315 000	185 000
B Kantor	370 267	792 795	315 000	185 000
G R Burger	404 275	143 465	126 000	74 000
B Tapnack	60 099	10 503	–	–
D M Lawrence	132 794	19 260	–	–
Non-executive directors				
H S Herman	214 833	67 442	–	–
S E Abrahams	–	–	–	–
D E Jowell	73 732	43 302	–	–
M P Malungani	–	–	–	–
D R Motsepe	–	–	–	–
Dr M Z Nkosi	–	–	–	–
P R S Thomas	137 064	51 133	–	–
F Titi	–	–	–	–
R A P Upton	–	–	–	–
Total number	2 175 465	1 469 887	756 000	444 000

Directors' interest in the Investec Limited security purchase and option scheme trust as at 31 March 2003

Name	Investec plc shares	Investec Limited shares	Period exercisable
Executive directors			
G R Burger	20 046	11 774	1 April 2003 to 1 May 2005
B Tapnack	4 391	2 579	30 June 2003 to 20 June 2010
Non-executive directors			
H S Herman	13 714	8 054	1 April 2003 to 1 May 2005
Total number	38 151	22 407	

Note: The shares are held in terms of the Investec Limited share purchase scheme, for which the directors have a liability for any related scheme debt. No shares were granted in terms of this scheme during the year. As at 31 March 2003, all the shares were fully vested.

Directors' attributable interest in Investec plc and Investec Limited shares through a leveraged equity plan called Fintique II as at 31 March 2003

Name	Entitlement to Investec plc shares	Entitlement to Investec Limited shares	Period exercisable
Executive directors			
S Koseff	78 145	45 895	1 April 2003 to 31 July 2008
B Kantor	78 145	45 895	1 April 2003 to 31 July 2008
G R Burger	67 680	39 748	1 April 2003 to 31 July 2008
B Tapnack	50 236	29 504	1 April 2003 to 31 July 2008
D M Lawrence	33 491	19 669	1 April 2003 to 31 July 2008
Non-executive directors			
H S Herman	78 145	45 895	1 April 2003 to 31 July 2008
Total number	385 842	226 606	

Note: There were no grants in Fintique II during the year. All the shares the directors are entitled to in terms of the Fintique II scheme are fully vested and can be taken up at a price of R74,63, based on the valuation of the sinking fund as at 31 March 2003. The directors are at risk for any shortfall on maturity of the scheme.

Directors' attributable interest in Investec plc and Investec Limited shares through a leveraged equity plan called Fintique III as at 31 March 2003

Name	Investec plc	Investec Limited	Investec plc	Investec Limited	Investec plc	Investec Limited	Investec plc	Investec Limited
	Shares	Shares	Indirect beneficial and non- beneficial interest in call options at a strike price of R145 per share	Indirect beneficial and non- beneficial interest in call options at a strike price of R145 per share	Indirect beneficial and non- beneficial interest in Investec PLC call options at a strike price of R170 per share	Indirect beneficial and non- beneficial interest in Investec Limited call options at a strike price of R170 per share	Indirect beneficial and non- beneficial interest in Investec Limited call options at a strike price of R300 per share	Indirect beneficial and non- beneficial interest in Investec Limited call options at a strike price of R300 per share
Executive directors								
S Koseff	193 310	113 531	55 705	32 716	48 410	28 432	16 943	9 951
B Kantor	193 310	113 531	55 705	32 716	48 410	28 432	16 943	9 951
G R Burger	144 254	84 721	41 696	24 488	36 142	21 226	12 650	7 429
B Tapnack	91 692	53 851	23 244	13 651	22 547	13 242	7 891	4 635
D M Lawrence	79 060	46 433	18 436	10 827	19 231	11 295	6 731	3 953
Non-executive directors								
H S Herman	147 166	86 432	42 028	24 683	36 805	21 616	12 882	7 565
S E Abrahams	11 651	6 843	1 326	779	2 653	1 558	929	545
D E Jowell	17 477	10 264	1 990	1 168	3 979	2 337	1 393	818
P R S Thomas	14 564	8 554	1 658	974	3 316	1 947	1 160	682
Total number	892 484	524 160	241 788	142 002	221 493	130 085	77 522	45 529

In terms of the scheme structure, 45% of the shares are free or vested with a further 25% becoming vested on 15 December 2003 and the remaining 30% vesting on 15 December 2004. The shares through the Fintique III scheme can be taken up on maturity (15 December 2004) of the scheme for a consideration of R96 to R102,38 per share for Rand denominated units and £5,45 for pound denominated units based on the current leverage position of the scheme. The directors are at risk for any shortfalls on maturity of the scheme. All of the options mature on 15 December 2004.

Directors' interest in options _ Investec plc shares as at 31 March 2003

Name	Date of grant	Exercise price	Number of Investec plc	Balance at 31 March 2003	Period exercisable
Executive directors					
S Koseff	20 December 2002	R111,96	33 000	33 000	20 Dec 2004 to 20 Mar 2008
B Kantor	20 December 2002	£7,93	50 000	50 000	20 Dec 2004 to 20 Mar 2008
G R Burger	20 June 2002 20 December 2002	R164,50 R111,96	63 000 33 000	96 000	20 Jun 2004 to 20 Mar 2008
B Tapnack	20 June 2002 20 December 2002	R164,50 R111,96	31 500 23 100	54 600	20 Jun 2004 to 20 Mar 2008
D M Lawrence	20 June 2002 20 December 2002	R164,50 R111,96	31 500 23 100	54 600	20 Jun 2004 to 20 Mar 2008

Directors' interest in options - Investec Limited shares as at 31 March 2003

Name	Date of grant	Exercise price	Number of Investec Limited	Balance at 31 March 2003	Period exercisable
Executive directors					
S Koseff	20 December 2002	R111,32	17 000	17 000	20 Dec 2004 to 20 Mar 2008
G R Burger	20 June 2002 20 December 2002	R164,50 R111,32	37 000 17 000	54 000	20 Jun 2004 to 20 Mar 2008
B Tapnack	20 June 2002 20 December 2002	R164,50 R111,32	18 500 11 900	30 400	20 Jun 2004 to 20 Mar 2008
D M Lawrence	20 June 2002 20 December 2002	R164,50 R111,32	18 500 11 900	30 400	20 Jun 2004 to 20 Mar 2008

Notes:

- S Koseff and G R Burger were granted options in terms of the Investec Limited share option and purchase scheme trust 2002.
- B Kantor was granted options in terms of the Investec plc share option plan 2002.
- Options granted on 20 December 2002 were based on the weighted average market value of the preceding five days.
- The options granted on 20 June 2002 and 20 December 2002 were made for no consideration.
- The options granted on 20 December 2002 had certain performance conditions attached and there were no performance conditions attached to the options granted on 20 June 2002.

Directors' interest in derivatives covering Investec plc shares

Name	Call options written at a strike price of £7,93 maturing on 20 December 2004	Call options written at a strike price of £7,93 maturing on 20 December 2005	Call options written at a strike price of £7,93 maturing on 20 December 2006	Call options written at a strike price of £7,93 maturing on 20 December 2007	Call options written at a strike price of £10,52 maturing on 20 December 2007
Executive directors					
S Koseff	7 493	29 444	24 008	23 991	27 564
B Kantor	7 493	29 444	24 008	23 991	27 564
G R Burger	5 994	23 555	19 206	19 193	22 051
B Tapnack	1 499	5 889	4 802	4 798	5 513
D M Lawrence	2 997	11 778	9 603	9 596	11 026
Non-executive directors					
H S Herman	2 997	11 778	9 603	9 596	11 026
P R S Thomas	1 499	5 889	4 802	4 798	5 513
Total number	29 972	117 777	96 032	95 963	110 257



Investec

Bank Limited

Investec Bank Limited
(Incorporated in the Republic of South Africa)
(Registration number 1969/004763/06)
Share code: INLP ISIN: ZAE000048393
("Investec Bank")

APPLICATION FORM

An offer for subscription of Investec Bank non-redeemable non-cumulative non-participating preference shares ("preference shares") at an issue price of R100,00 per preference share subject to a minimum subscription of R100 000,00 per single addressee acting as principal

Please refer to the instructions overleaf before completing this application form. This application form, when completed, should be sent to the relevant addresses below.

Certificated preference shares:

In respect of those placees opting for certificated preference shares, to Computershare Limited in an envelope marked "**Investec Bank Offer for Subscription**" together with a cheque (crossed ""not transferable" with the words "or bearer" deleted) or banker's draft in South African currency and drawn in favour of "**Investec Bank Limited – Offer for Subscription**" either by post (PO Box 61051, Marshalltown, 2107), or by hand marked "**Investec Bank Offer for Subscription**" (Ground Floor, 70 Marshall Street, Johannesburg, 2001) to be received by no later than 16:00 on Friday, 8 August 2003.

Dematerialised preference shares:

In respect of those placees opting for dematerialised preference shares, to their duly appointed CSDP or broker; in the manner and time stipulated in the agreement governing their relationship with their CSDP or broker; together with the method of payment required in terms of the relevant agreement with such CSDP or broker.

Each application submitted must be in one name only and show only one address. The directors of Investec Bank reserve the right to accept any application, in whole or in part (in accordance with the procedure set out in paragraph 6.7 of the Pre-Listing Statement), particularly if the instructions overleaf and as set out in the Pre-Listing Statement are not properly complied with.

The offer for subscription is for a minimum subscription amount of R100 000,00, per single addressee acting as principal. Investec Bank will reject any application that does not comply with this condition.

To the directors:

Investec Bank Limited

I/We, the undersigned, confirm that I/we have full legal capacity to contract and, having read the Pre-Listing Statement, hereby irrevocably apply for and request you to accept my/our application for the undermentioned number of preference shares in Investec Bank or any lesser number that may, in accordance with the procedure set out in paragraph 6.7 of the Pre-Listing Statement, be allotted to me/us subject to the Articles of Association of Investec Bank.

I/We enclose a crossed cheque/banker's draft made out in favour of "**Investec Bank Limited – Offer for Subscription**", for the appropriate amount due in terms of this application.

I/We understand that the issue of preference shares in terms of the Pre-Listing Statement is conditional on the granting of a listing, by Wednesday, 13 August 2003, or such later date as the directors may determine, in the Specialist Securities – "Preference Shares" sector of the JSE Securities Exchange South Africa ("the JSE") lists, of the preference shares of Investec Bank, as more fully set out in the Pre-Listing Statement.

Dated _____

2003

Telephone number (office hours) (_____)

Signature _____

Assisted by _____

(where applicable)

Surname of individual or Name of corporate body	Mr Mrs Miss Other title
First names in full (if an individual)	
Postal address (preferably PO Box address) Refund cheque (if any) and preference share certificate (if applicable) will be sent to this address	Postal code:
Total number of preference shares applied for SUBSCRIPTIONS MUST BE FOR AT LEAST 1000 PREFERENCE SHARES	(Enter figures only – not words)
Total amount of cheque or banker's draft to cover the number of preference shares applied for herein at R100,00 per preference share	R (Enter figures only – not words)

Please note the preference shares that will be allocated relative to this application will be in certificated form. Subscribers who wish to receive dematerialised shares must contact their CSDP or broker.

Subscribers who wish to receive uncertificated shares must contact their chosen CSDP or broker. The CSDP or broker will add their confirmation that they hold a securities account in their books in your name and forward an application, duly authenticated, in terms of STRATE for processing the issue. Payment will be effected on a delivery versus payment basis.

If you do not wish to receive the allocated preference shares in uncertificated form kindly insert your details in the space provided and the preference share certificate will be sent to you, per registered post at your own risk.

N.B. Preference shares will only be traded on the JSE in electronic form and, as such, all preference shareholders who elect to receive certificated preference shares will have to dematerialise their certificated preference shares should they wish to trade therein.

SUBSCRIBERS WISHING TO RECEIVE CERTIFICATED SHARES

	I wish to receive my preference shares in certificated form and I acknowledge that these preference shares will not be tradeable on the JSE until dematerialised. Kindly post the preference share certificate to the following address:
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Name: _____

Address: _____

Broker's stamp

SUBSCRIBERS WANTING TO RECEIVE UNCERTIFICATED SHARES MUST CONTACT THEIR CSDP OR BROKER

INSTRUCTIONS:

1. Applications may be made on this application form only. Copies or reproductions of the application form will not be accepted.
2. Applications are irrevocable and may not be withdrawn once submitted to the transfer secretaries.
3. Please refer to the terms and conditions of the offer for subscription set out in paragraph 6 of the Pre-Listing Statement. Applicants should consult their stockbroker, banker or other professional adviser in case of doubt as to the correct completion of this application form.
4. Applicants must submit only one application form and one cheque or banker's draft in respect of each application.
5. Receipts will be issued for application forms, application monies or any supporting documentation.
6. If any cheque or banker's draft is dishonoured, Investec Bank may, in its sole discretion, regard the relevant application as invalid or take such other steps in regard thereto as it may deem fit.
7. All alterations on this application form must be authenticated by a full signature.
8. Blocked Rand may be used by former residents of the common monetary area (comprising the Republics of South Africa and Namibia and the Kingdoms of Swaziland and Lesotho) for payment in terms of this offer and reference should be made to paragraph 6.5 of the Pre-Listing Statement which deals with South African Exchange Control Regulations.
9. If the condition referred to in paragraph 6.3 is not met, all monies will be appropriately refunded within seven business days of such date.

