NEDCOR
INVESTMENT BANK

- Headline earnings up 21% to R743 million
- Headline earnings per share up 20%
- Return on average equity 23%
- Expense-to-income ratio down to 33%
- 33% of total capital deployed offshore

Audited results for the year ended 31 December 2001

CHAIRPERSON'S REVIEW

The Nedcor Investment Bank Group ('NIB') has achieved sound financial results since the formation of the merged group in 1997, achieving annual compound headline earnings growth of 25,5% and an average annual return on equity ('ROE') of 23%.

Through its ongoing focus on core activities and key strategic objectives, NIB achieved headline earnings of R742,8 million (2000: R614,7 million) and headline earnings per share of 46,1 cents (2000: 38,6 cents) for the year ended 31 December 2001, despite challenging market conditions.

The environment

The past year has been particularly difficult. The economic downturn in the United States has spread and has had a global impact. Declining consumer confidence was aggravated by the events of 11 September, which had far-reaching consequences. All of this resulted in volatility in the international financial markets. Germany and Japan's own economic downturns led to the first global synchronised downturn since the mid-1970s, and global equity and commodity markets came under pressure. These circumstances prompted policy responses in the form of lower interest rates and fiscal stimulation, and international markets staged a recovery towards year-end.

Domestically, the year started with promise as lower interest rates and good export growth boosted economic activity. However, as the year progressed, export demand started to falter as world economic prospects worsened. The weaker rand offset the negative revenue implications for local exporters but failed to boost volumes. The rand's volatility and vulnerability dominated for much of the year, but particularly in the final quarter following the 11 September events, as a variety of factors impacted on sentiment. These included weaker commodity prices, the worsening conditions in Zimbabwe, and emerging-market difficulties in Argentina and elsewhere. During the short period from mid-November to late December the currency fell by over 30% on a trade-weighted basis.

Financial markets were inevitably affected by the currency's depreciation. The focus in the equity market was firmly on rand hedge stocks, with resource shares rising by over 85% in 2001 despite declining dollar commodity prices. Financial shares fared badly, falling by 12,2% as interest rate fears began to surface late in the year. The industrial sector fell by 4%, mainly due to large declines in IT and telecommunications shares. The bond market initially ignored the rand's plight, with long-term yields falling to 20-year lows on reduced government borrowing and hopes of lower inflation and short-term interest rates. However, yields reversed significantly as the rand plummeted in December. Merger and acquisition activity was sharply reduced, which is naturally adverse for the business of investment banking.

Strategy

Objectives

Since its formation, NIB has consistently pursued a strategy in terms of which it will:

- enhance the quality of its portfolio and underlying assets, and secure a diverse income flow, both divisionally and geographically, on a sustainable basis;
- create a generalised risk framework, which will be applied throughout the organisation and underpin all existing and new operational initiatives and products. This framework provides the organisation with a disciplined approach to the assessment of pricing and risk;
- focus its core businesses on the wholesale and institutional segments of the market;
- enter into joint ventures with partners, both domestically and internationally, who offer complementary skills, distribution and products;
- seek actively to manage businesses requiring intellectual 'value-add'. Systems and administratively intensive businesses are not a core focus; and
- ringfence its shareholders' funds, ie not blend free funding into its operations and only apply these funds either on a relatively risk-free basis or in pursuit of value-added growth opportunities and offshore expansion. NIB aims to achieve a capital adequacy ratio of at least 12,5% inclusive of primary and secondary capital, and sustain an ROE in excess of 20%.

Initiatives

During the year NIB:

- bedded down the Franklin Templeton NIB Investments ('FTNIBI') merger between the South African operations of Franklin Templeton Inc and NIB Asset Management, and completed the transfer of related support systems to FinSource (Pty) Limited, in which NIB has a 20% stake;
- continued to improve the quality of its property loan book, which has resulted in its properties in possession ('PIPs') reducing from a level of R437 million in 2000 to its current level of R301 million. During 2001 a total of R311 million of PIPs were disposed of. Further developments over the period have been the disposal of the residual transactional (small balance) property book of some R400 million subject to regulatory approvals;
- disposed of its 20% shareholding in Galaxy Portfolio Services Limited, an administratively intensive linked-product service provider;
- transferred a major portion of its private equity portfolio to new funds managed in partnerships with specialist managers;
- investigated various acquisition opportunities and entered into preliminary discussions with a number of potential joint-venture partners;
- bolstered its offshore multimanager operations and extended its treasury presence offshore. These initiatives have, inter alia, resulted in 33% of shareholders' funds being deployed offshore;
- continued to integrate, where appropriate, the traditional corporate finance services with Edward Nathan & Friedland ('ENF'); and
- introduced throughout the group a system of 'operational risk' committees reporting to the Audit Committee. NIB's risk management systems have been supplemented by the employment of daily third-party verification of treasury risk positions.

This focused strategy has resulted in the realisation of continued efficiencies, with NIB's cost-to-income ratio having improved from 45,4% in 1997 to 32,6%, and NIB generating a consistently satisfactory ROE over the period, which currently stands at 23,1%.

Liquidity of Nedcor Investment Bank Holdings Limited ('NIBH') shares

Information from market analysts over some time has indicated that there is a concern about the lack of a free float, which has resulted in illiquidity in the shares in NIBH. To address this matter, while at the same time taking cognisance of the group's capital adequacy, which has reduced over the course of the financial year from 13,5% to 11,1%, the board has adopted a programme with the objectives of achieving:

- a capital adequacy ratio, inclusive of primary and secondary capital, at a level of at least 12,5%; and
- the JSE's minimum public free-float requirement.

To achieve these objectives a cash dividend of 15,4 cents per share payable in April 2002 has been declared, which is consistent with the cash dividend policy adopted in the previous financial year. Shareholders will be able to elect to utilise the cash proceeds to subscribe for additional shares in NIBH. Nedcor will elect to exercise this right and has undertaken to place the resulting shares, subject to market conditions permitting, with institutional investors so as to reduce its shareholding in the company from some 84% to 80%.

This is the first phase in the continuing process of addressing the liquidity of NIB shares.

Corporate consciousness and social responsibility

NIB's social investment is regarded as an integral part of its business and the group remains committed to creating, developing and maintaining an equitable, non-discriminatory culture in an environment that promotes and values openness and human dignity for, and superior performance of, all its people.

During the year NIB introduced a diversity workshop programme for all staff in terms of which the issues of diversity in South Africa, specifically in the workplace, and their attitude towards social, racial and religious differences were explored. The feedback from staff in this regard has been extremely positive.

Our external monetary social-responsibility contributions have been effected through the Nedcor Foundation. Through the Nedcor Foundation NIB is affiliated with government, the non-government sector and other corporate, business and development agencies, and contributes funding towards various black management and business organisations. NIB contributed R8,1 million to the Nedcor Foundation, these contributions being used primarily on educational projects and initiatives conducted under the NIB brand.

NIB is represented on the boards of several empowerment companies and plays an active role in providing strategic direction and counsel.

Credit rating

During the year NIB received further endorsements from independent rating agencies. CA – Ratings, an affiliate of Standard and Poor, has given NIB its highest possible short-term rating of zaA1 and a long-term rating of zaA, indicating a strong capacity to pay interest and repay capital relative to other South African obligators. Fitch IBCA has also given NIB its highest possible short-term rating of F1 as well as a long-term rating of A+, which also is its maximum long-term rating.

Board members

The NIB Board has been extended by the appointment to the board, as non-executive directors, of Mr Rick Cottrell (effective January 2001), Mr Phuthuma Nhleko (effective January 2002) and more recently Mr Nick Dennis, whose appointment to the board becomes effective after 1 March 2002.

Mr George Bulterman reached the mandatory retirement age as a non-executive director in terms of the articles of association and the board thanks him for his service and for his astute contribution over the years since the formation of NIB.

Corporate governance

Effective corporate governance and risk management are given priority by the board and management of NIB, and constitute an integral part of the development of NIB's strategy. Sound governance and risk management are of fundamental importance in the context of banking businesses.

During the year Rick Cottrell was appointed as chairman of NIB's Audit Committee, taking over from Mr Peter Joubert. Due to Mr Joubert's current responsibility as chairman of the Nedcor Group Audit Committee, he has decided to vacate the chairmanship of the NIB Audit Committee, but remains a member thereof. The board extends its appreciation to Mr Joubert for his excellent input and leadership of this committee over the years. The board of NIB was expanded to comply with the King Committee recommendations. The management of 'operational risk' referred to under the strategy section above forms a cornerstone of the governance of the business.

Outlook

For the economy

With a sensible combination of appropriate fiscal and monetary policies, South Africa has unique opportunities to advance its economy and promote the wellbeing of its peoples by concentrating on at least the following areas:

- tourism – South Africa is becoming an internationally favoured tourist destination and important events such as the Earth Summit, the Conference of the International Bar Association and the World Cricket Cup to be hosted in the near future should be fully exploited;
- the construction and delivery of housing;
- the enhancement of infrastructure; and
- privatisation

Job creation will significantly benefit from these activities.

For the company

With the continued difficult economic environment in South Africa and further expected regulatory changes, 2002 will be a challenging year for the banking industry. We continue to pursue our immediate strategic objectives, detailed previously, with specific emphasis on improving the liquidity of the NIB share, developing our offshore operations and making complementary acquisitions. NIB's advisory services are well-positioned to play a meaningful role in the growth areas of the economy as identified above.

Acknowledgements

My sincere gratitude is extended to my colleagues on the NIB Board for their great contributions over the past year. We are also most grateful to Nedcor for all the assistance and cooperation we continue to receive. NIB's success over the past year can be attributed to the commitment, enthusiasm and professionalism of Izak Botha, Chief Executive, his executive colleagues and all the employees of NIB. We are truly grateful to all of them for their commitment to NIB's activities.

Prof MM Katz
Chairperson

Johannesburg
6 February 2002

CHIEF EXECUTIVE'S REVIEW

Earnings and balance sheet profile

Our earnings and continued growth in 2001 were based on diverse income sources that have been strategically developed and shielded NIB from severe market volatility over the second half of the year.

The return on average equity achieved was 23,1% (2000: 23,4%). Expenses were well-contained and operating margins continued to strengthen, resulting in an expense-to-income ratio of 32,6% (2000: 35,4%). Offshore earnings continued to deliver good returns, increasing to 46,2% of total earnings (2000: 39,3%), while local operations had another year of solid performance.

It is pleasing that NIB, as an investment bank in a volatile market, has grown its assets by R5,0 billion to R30,2 billion and operating income by R176 million to R1 323 million. As expected, there has been underlying volatility in the profile of NIB's income and assets, notably driven by NIB's treasury activities, which generated significant non-interest revenue ('NIR') and altered the profile of its assets. Although advances in NIB's Property and Structured Finance Divisions grew by 15% and 16% respectively, NIB's net advances grew by only R531 million, mainly attributable to reductions in the size of NIB's treasury trading book.

Since its formation, NIB has pursued a diversification strategy that included an international initiative. This required NIB to invest capital offshore, currently US$123 million, which has enabled NIB to apply for certain regulatory licences to allow it further to develop its offshore operations. The realised currency gain on its foreign capital structure was R172,4 million (2000: R121,4 million). NIB actively hedges the currency risk on its offshore capital and consequently the weaker rand did not directly correlate to gains on NIB's foreign capital structure. NIB's hedging strategy ensures that its earnings are protected against volatile exchange rate fluctuations, as well as any post-financial-year-end strengthening of the rand.

Advisory business

NIB's corporate finance and advisory business is focused predominantly on advising large domestic corporates.

ENF continued to maintain its market position by actively pursuing a number of niche areas in which the company is able to add value for clients. This involved the restructuring of the relevant business units into dedicated teams.

Progress was made with achieving closer cooperation, where appropriate, between NIB and ENF. Fees of R145 million earned from the combined advisory business reflect a 28% increase on the previous year's level.

In spite of a significant slowdown in corporate activity, the business continued to grow and advised on a number of major transactions.

Capital account

NIB continues to manage shareholders' funds on a ringfenced basis, with core activities managed on a fully costed, marginal-contribution basis. This strategy has protected NIB from the adverse market contagion that undermined a number of financial services companies during the year. NIB reports income from capital account on a segmental basis, being 'Capital Account – Endowment' and 'Capital Account – Value Added'. The 'endowment' return is the relative risk-free return on shareholders' funds invested in cash and other liquid securities. The 'value-added' return, including the foreign structure gains, is the excess return achieved by capital account in support of NIB's operations, including offshore activities.

Returns on NIB's capital invested in offshore structures have been reflected separately in the detailed segmental analysis. The US$123 million, including unappropriated reserves, invested in NIB's foreign operations represents approximately 33% of NIB's shareholders' funds being deployed in the ongoing development of NIB's foreign treasury, structured- and project finance, and multimanager activities.

Private equity investment

NIB has continued to focus its private equity activities by direct investment for own account and by investment in and funding of private equity theme funds that manage third-party money. NIB also invests directly in the respective management companies of these funds. In particular, NIB co-invests with experienced individuals who manage private equity funds and who have incentives to outperform benchmarked performance.

NIB participates in four funds, namely NIB-MDM, a fully invested R100-million small-capitalisation private equity fund; the Transformation Fund, a R240-million empowerment-based fund; the Treacle Fund, which is a R244-million fund focusing on technology media and telecommunications; and Partnership Investments, a fully invested management buyout fund of R80 million.

During the year provisions and writedowns of R30 million were made to the general equity portfolio as investment values were downgraded in line with the small-capitalisation sector of the equity market.

The private equity market remains uncertain and NIB will continue to take a cautious view of the industries in which it invests.

Property Division

Property Finance

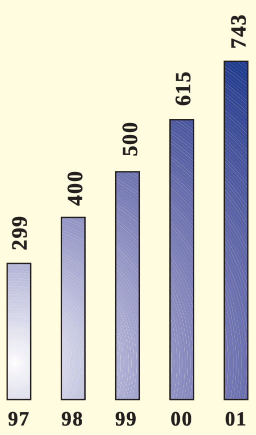
The Property Finance Division continues to exercise strict credit criteria in determining which property investments it will finance. With these criteria in place, the loan portfolio grew by 15% over the year to over R6,2 billion (2000: R5,4 billion). Particular success was achieved during the year in providing funding for several listed property entities within the property unit trust and property loan stock sectors. Interest rates had a stabilising effect on the property market, but surplus office capacity continues to be a concern. Property Finance's loan portfolio profile is such that any negative impact on this market will have a minimal effect on portfolio returns.

A pleasing trend has been the reduction by R921 million over the last two years of high risk exposures, which include non-performing exposures in our property finance activities. This has been achieved through constant management by our centralised Credit Risk Management Department. The level of non-performing loans has reduced from R358 million at the end of 1999 to R93 million by the end of 2001. Non-performing loans, net of provisions and interest reserved, now amount to R39 million, which is 0,62% (2000: 3,29%) of Property Finance's book. This reduction will have a favourable impact on future earnings.

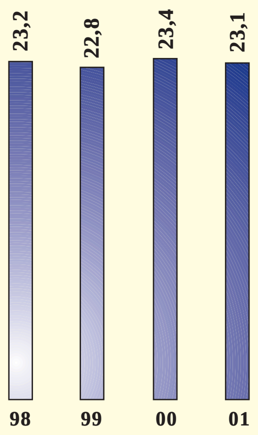
Properties in possession

PIPs typically arise from properties acquired by NIB in exercising its right to underlying security on loan defaults. NIB was successful during the year in disposing of a large number of PIPs, thereby reducing the total investment in bought-in properties by a net R42 million to R301 million by year-end.

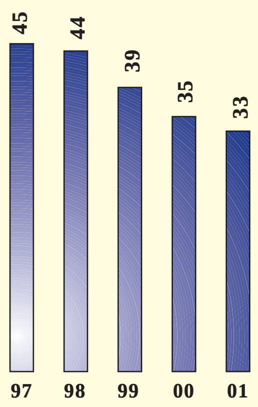
Headline earnings
R millions



Return on equity



Expense to total income
%



Other strategic alliances managed by NIB

Trusts

Syfrets Trust Limited ('STL'), a 50:50 joint venture with Nedcor Bank Limited, continued to enhance its market positioning and infrastructure through its acquisition of the KwaZulu-Natal fiduciary business of Deloitte & Touche. A number of initiatives are being pursued through Nedbank's retail distribution network to broaden the income sources of the business. STL administers trusts with a value of R2,1 billion.

Securities

NIB Securities (Pty) Limited endured pressure on margins and market volumes, with extreme market volatility, which resulted in tough trading conditions and marginal profitability. However, as a result of its low cost structure and established institutional client base, it is well-placed to take advantage of any improvement in market conditions.

Structured and Project Finance

The division had a highly successful year, characterised by growth of 16% in its advances book. This forms a sound basis for future annuity earnings. A highlight for Project Finance was the finalisation of the R2,7 billion N4 Bakwena Platinum Tollroad structure, for which NIB acted as joint lead arranger and underwriter.

Structured Finance experienced continued demand for general funding and capital projects, both in South Africa and Namibia, resulting in the finalisation of transactions of some R2 billion in the year. The team, which was further enhanced during the year by additional appointments, is in the process of exploring a number of other new business opportunities.

Treasury Division

All Treasury's business units, namely funding, market-making, financial products, derivatives and sales, performed well and within risk limits. Diversification of income proved to be a resilient strategy in difficult market conditions.

Treasury Division's activities during the course of the year included the following:

– The appointment as lead manager for the R2 billion Nedcor Limited secondary capital raising.

– The combining of NIB Quants Asset Management ('NIB Quants') business with Treasury's cash outperformance funds management business to form an alternative asset management business with funds under management in excess of R9 billion.

– The addition of an agricultural commodity trading desk to Treasury's product suite.

– The submission of regulatory applications to allow for the expansion of NIB's London treasury operations to include asset management, deal sourcing and structuring.

Asset Management

NIB manages R43,5 billion (2000: R28,4 billion) of third-party funds through different styles of asset management. During the year NIB made pleasing progress in consolidating and focusing these businesses.

Franklin Templeton NIB Investments

FTNIBI is an active judgemental asset management 50:50 equity-accounted joint venture that manages a wide range of institutional, unit trust and private client portfolios with an aggregate value of some R22 billion. During the year the business completed the merger between Franklin Templeton and NIB's domestic asset management operations and absorbed all related merger costs. After a slow start it is pleasing that the business is generating promising profitability and that its investment performance has improved. FTNIBI's institutional fund management performance and retention and building of skills were issues that required significant management attention during the year. FTNIBI's suite of unit trusts performed particularly well, gaining high rankings in the annual Plexus survey and receiving a Raging Bull award for its flagship Prime Select Fund. In collaboration with FTNIBI's international shareholder, Franklin Templeton Inc, clients have invested assets in excess of R2 billion in the Franklin Templeton range of international SICAV funds, which were recently ranked first of the 20 largest US fund groups in an analysis by Kanon Bloch Carré.

NIB*i*

The fusion of our local and international multimanager business under a single brand – NIB*i* – was complemented with the launch of various innovative products. NIB*i* is well-positioned as a niche rand hedge multimanager with 80% of its income in US dollars. NIB*i* now has assets under management in excess of R11 billion (2000: R7,6 billion) and is achieving scale benefits that reflect in profits.

Notwithstanding the difficult asset management environment in 2001, NIB*i* delivered strong organic growth and has built a reputation as an alternative investment specialist in offshore jurisdictions, as well as the Middle East. Locally, NIB*i* was instrumental in launching a new empowerment asset management initiative, Sonotha Investment Managers, together with a number of influential empowerment partners.

Quantitative asset management and cash outperformance funds management

NIB Quants was combined with NIB Treasury's enhanced cash management business, resulting in total assets under management in excess of R9,0 billion. This combined business, which falls under Treasury Division, is well-positioned to offer new and existing clients enhanced equity, bond and cash management on an indexed, hedged or absolute-return basis.

NIB Quants continued to experience strong growth in its core enhanced index business. Additionally, a number of absolute-return mandates was secured and reflects a growing trend in the industry. New business inflows exceeded R1 billion. Important additions were made to its product range and technology suite during the year to maintain its position in the vanguard of developments in index and absolute-return core fund management.

Declaration of dividend

Notice is hereby given that a final cash dividend of 15,4 cents (2000: 12,9 cents) per ordinary share was declared on 6 February 2002 for the 12 months ended 31 December 2001.

All shareholders entitled to participate in this dividend will, after becoming entitled thereto, have the right to elect to apply the full proceeds of the dividend to subscribe for new shares in the company ('the subscription shares') in the ratio that 15,4 cents per share multiplied by 1,05 bears to the weighted average traded price of the shares on the JSE Securities Exchange South Africa ('JSE') for the 20 trading days ending at the close of business on Tuesday, 19 March 2002, subject to a minimum subscription price of 300 cents per share. A further announcement will be published on or about Wednesday, 20 March 2002, setting out further details. For shareholders exercising the above election the dividend will be paid in cash for their benefit and on their behalf into a dedicated trust account held with Syfrets Trust Limited, and the proceeds of such payment will forthwith be applied in paying for their subscription shares on Monday, 8 April 2002.

Trading in the STRATE environment requires settlement within five business days. In accordance with the settlement procedures of STRATE NIBH has determined the last day for trading to participate in the final dividend to be Wednesday, 27 March 2002. NIBH's shares will commence trading ex-dividend on Thursday, 28 March 2002.

The subscription shares will not participate in this dividend.

A circular setting out the full details of these arrangements and containing the necessary election forms will be posted to shareholders on or about Wednesday, 13 March 2002. In order to be valid completed election forms will need to be received by NIBH's transfer secretaries not later than 12:00 on Wednesday, 3 April 2002. The record date will be Friday, 5 April 2002. Dividend transfers will be made to and subscription shares will be registered in the names of shareholders on Monday, 8 April 2002.

A further announcement will be published on or about Tuesday, 9 April 2002, giving details of the results of the subscription election.

Prospects

Despite continued market volatility, subdued merger and acquisition activity, and tight conditions in structured finance, NIB's transaction pipeline for the coming year is encouraging and all our teams expect to expand their market presence both locally and internationally.

With our diverse income base and stability in our staff complement we are optimistic about the opportunities available for NIB in 2002.

Acknowledgements

The board and Nedcor Group have played a large part in contributing to the growth and success of NIB over the years. In particular, I would like to thank my executive management and all the employees of NIB for their unstinting effort and professionalism in contributing to our success.

Dr IJ Botha
Chief Executive

Johannesburg
6 February 2002

HARD THINKING.

FLAWLESS EXECUTION.

TANGIBLE RESULTS.

Financial highlights

	Audited 2001	Audited 2000	% change
Selected ratios			
Return on average equity (%)	**23,1**	23,4	(1)
Return on average Banks Act risk-adjusted assets (%)	**3,3**	3,8	(0)
Non-interest revenue to total income (%)	**76,3**	71,9	6
Expense-to-income ratio (%)	**32,6**	35,4	8
Capital adequacy			
Shareholders' funds (Rm)	**3 311**	3 192	4
Total assets (Rm)	**30 242**	25 176	20
Group capital adequacy ratio (%)	**11,1**	13,5	(18)
Share statistics			
Headline earnings per share (cents)	**46,1**	38,6	20
Diluted headline earnings per share (cents)	**43,3**	36,6	18
Weighted average number of shares (m)	**1 610**	1 591	1
Shares in issue (m)	**1 612**	1 608	–
Share price (cents)	**300**	270	11
Market capitalisation (Rbn)	**4,8**	4,3	12

Group income statement

	Audited 2001 Rm	Audited 2000 Rm	% change
Interest income	**2 546**	2 465	3
Interest expense	**2 223**	2 133	(4)
Net interest income	**323**	332	(3)
Non-interest revenue	**1 040**	850	22
Operating income	**1 363**	1 182	15
Specific and general provisions	**40**	35	(15)
Net income	**1 323**	1 147	15
Operating expenditure	**445**	419	(6)
Net operating income	**878**	728	21
Income from associated companies	**9**	17	(47)
Net capital profit on disposal and restructuring of businesses	**–**	13	–
Net income before taxation	**887**	758	17
Taxation	**144**	78	(86)
Income attributable to shareholders	**743**	680	9
Headline earnings reconciliation			
Income attributable to shareholders	**743**	680	9
Less: Net capital profit after taxation on disposal and restructuring of businesses	**–**	(65)	–
Headline earnings	**743**	615	21

Group balance sheet

	Audited 2001 Rm	Audited 2000 Rm
Assets		
Cash and short-term funds	**3 961**	1 668
Other short-term securities	**2 389**	1 794
Government and public sector securities	**3 689**	2 498
Advances and other accounts	**18 624**	18 093
Associated companies	**61**	58
Other investments	**1 481**	975
Property and equipment	**37**	81
Customers' indebtedness for acceptances	**–**	9
Total assets	**30 242**	25 176
Equity and liabilities		
Shareholders' funds	**3 311**	3 192
Long-term debt	**2**	1
Deposit, current and other accounts	**26 929**	21 974
Liabilities under acceptances	**–**	9
Capital, reserves and liabilities	**30 242**	25 176

Consolidated statement of changes in equity

	Ordinary share capital Rm	Share premium Rm	Non-distributable reserves Rm	Distributable reserves Rm	Total Rm
Balance as at 1 January 2000	16	398	16	2 105	2 535
Prior-year adjustment*				(11)	(11)
Restated balance as at 1 January 2000	16	398	16	2 094	2 524
Issue of new share capital		36			36
Transfers			(3)	3	–
Currency translation and other adjustments			(2)	(37)	(39)
Attributable earnings				680	680
Dividend – cash election				(9)	(9)
Balance as at 31 December 2000	16	434	11	2 731	3 192
Issue of new share capital		4			4
Redemption of preference share capital		(400)			(400)
Currency translation and other adjustments			(3)	(17)	(20)
Attributable earnings				743	743
Dividend – cash				(208)	(208)
Balance as at 31 December 2001	**16**	**38**	**8**	**3 249**	**3 311**

** Prior year adjusted to align with AC116 (Employee Benefits), on a post-tax basis, relating to leave pay provisions.*

Consolidated cash flow statement

	Audited 2001 Rm	Audited 2000 Rm
Cash flows from operating activities	**941**	817
Cash received from clients	**3 475**	3 248
Cash paid to clients, employees and suppliers	**(2 654)**	(2 529)
Dividends received on investments	**120**	98
Changes in working funds	**2 487**	565
Taxation paid	**(50)**	(48)
Net cash utilised in investment activities	**(478)**	(419)
Net cash utilised by financing activities	**(607)**	(52)
Net cash generated	**2 293**	863
Cash and short-term funds at beginning of year	**1 668**	805
Cash and short-term funds at end of year	**3 961**	1 668

Segmental analysis of headline earnings

	Audited 2001 Rm	Audited 2000 Rm	% change
By major business area			
Advisory services	**36**	33	9
Capital account	**369**	261	42
Multimanager	**19**	5	287
Private equity investments	**(24)**	19	(224)
Property	**36**	23	60
Strategic alliances	**9**	17	(47)
Structured and project finance	**143**	125	15
Treasury	**155**	132	17
	743	615	21
Domestic earnings	**400**	373	7
Return on investment in offshore structures	**172**	122	42
International earnings	**171**	120	42
	743	615	21

Comparative figures are restated, where necessary, to afford a proper comparison. Percentages are calculated using actual numbers.

www.nib.co.za

Nedcor Investment Bank Holdings Limited
(Incorporated in the Republic of South Africa)
(Reg No 1963/003972/06)
Share code: NIB ISIN code: ZAE0000019030

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Transfer Secretaries (Pty) Limited, PO Box 2401, Windhoek, Namibia

Directors
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(*Executive Director)

Company Secretary
JS Eisenhammer

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