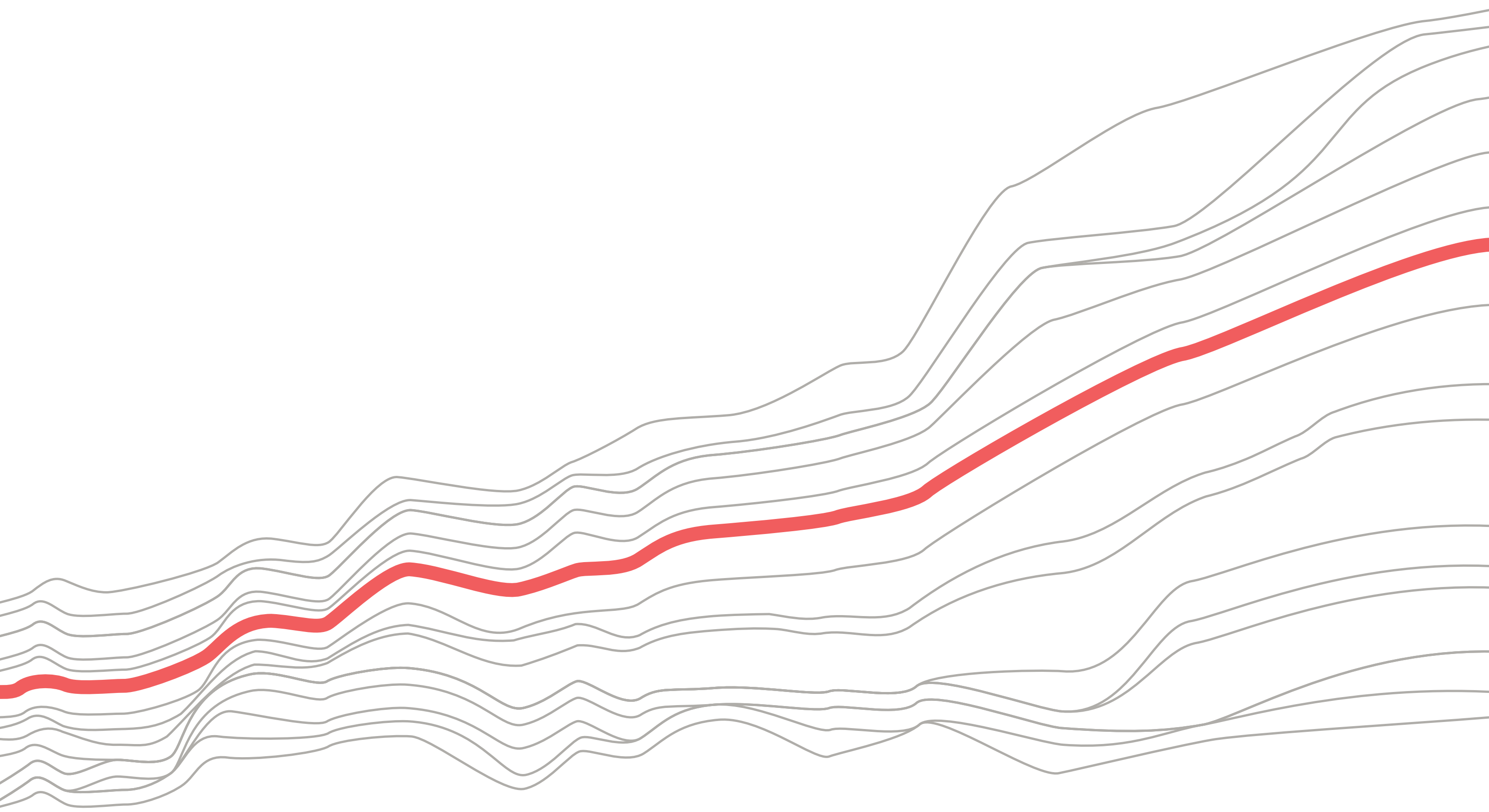
Investec



Investec Annual Report **2008**

Corporate information

Investec plc and Investec Limited

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Investec plc
Reg. No. 3633621
Investec Limited
Reg. No. 1925/002833/06

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Directorate

Executive directors
Stephen Koseff (Chief Executive Officer)
Bernard Kantor (Managing Director)
Glynn Burger (Group Risk and Finance Director)
Alan Tapnack

Non-executive directors
Hugh Herman (Non-executive Chairman)
Sam Abrahams
George Alford
Cheryl Carolus
Haruko Fukuda OBE
Geoffrey Howe
Ian Kantor
Sir Chips Keswick (Senior Independent NED)
Peter Malungani
Sir David Prosser
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Contents

Overview of the year

Overview of the Investec group

Who we are

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

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

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

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

What we do

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

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

Mission statement

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

Values

Distinctive Performance

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

Dedicated Partnerships

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

Client Focus

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

Cast-iron Integrity

- Moral strength
- Risk consciousness
- Highest ethical standards

Philosophies

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

Snapshot of the year

Overview

- Good operational performance supported by:
  - Diversity of income streams.
  - Strong risk management processes.
  - Senior management 'hands-on' culture.
- Met four of our five financial objectives.
- Balanced portfolio of businesses showing resilience.
- Very tough trading environment impacting the financial markets.

Financial objectives**

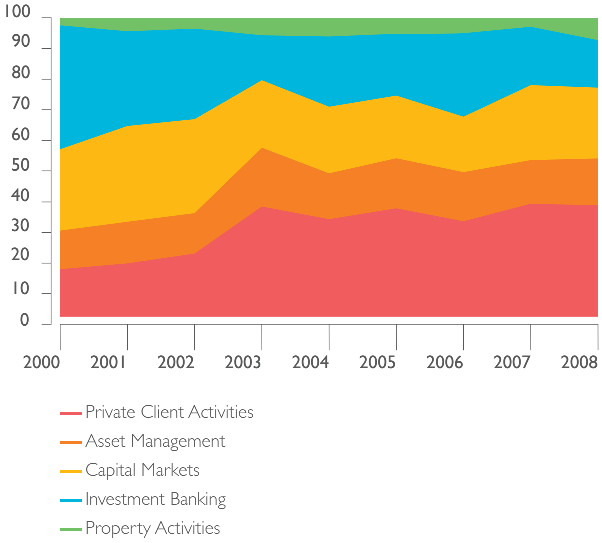
	Target	31 March 2008	31 March 2007
ROE	>20%	23.6%	26.1%
Cost to income ratio	<65%	56.1%	59.0%
Adjusted EPS* growth	10% > UK RPI	6.8%	27.2%
Dividend cover (times)	1.7-2.3	2.3	2.3
Capital adequacy ratio^	12% to 15%	Plc: 15.3% Ltd: 13.9%	Plc: 24.7% Ltd: 14.7%

Financial highlights

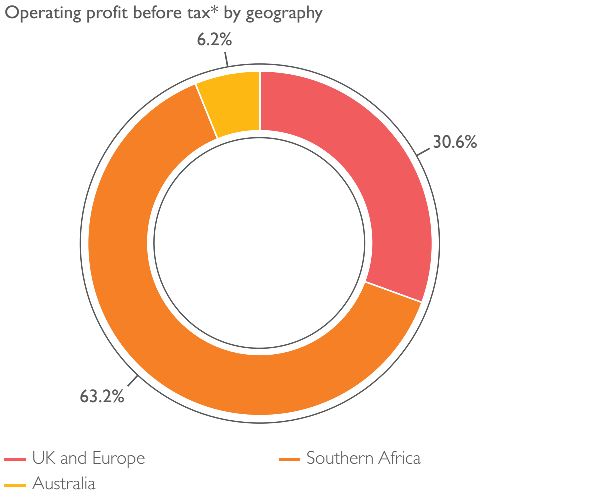
- Operating profit before tax* up 15.2% to £537.7 million.
- Adjusted attributable earnings* up 14.6% to £344.7 million.
- Adjusted earnings per share* up 6.8% to 56.9 pence.
- Proposed full year dividend up 8.7% to 25.0 pence.
- Customer deposits up 13.9% to £12.1 billion.
- Core loans and advances up 27.3% to £12.9 billion.
- Third party assets under management of £52.7 billion.

Benefiting from business and geographic breadth and diversity

% contribution to operating profit before tax* (excluding Group Services and Other Activities)



Operating profit before tax* by geography



* Before goodwill and non-operating items.
^ Capital adequacy figures for 2008 are presented in terms of Basel II and for 2007 in terms of Basel I.
** These targets were disclosed in May 2004 and are medium to long-term targets. We aim to achieve them through varying market conditions.

Strategic focus

Realigning the business model

Our focus

- Build non-lending revenue
- Take advantage of opportunities
- Manage costs
- Managed loan growth
- Price risk appropriately
- Build customer deposits

Analysis of income

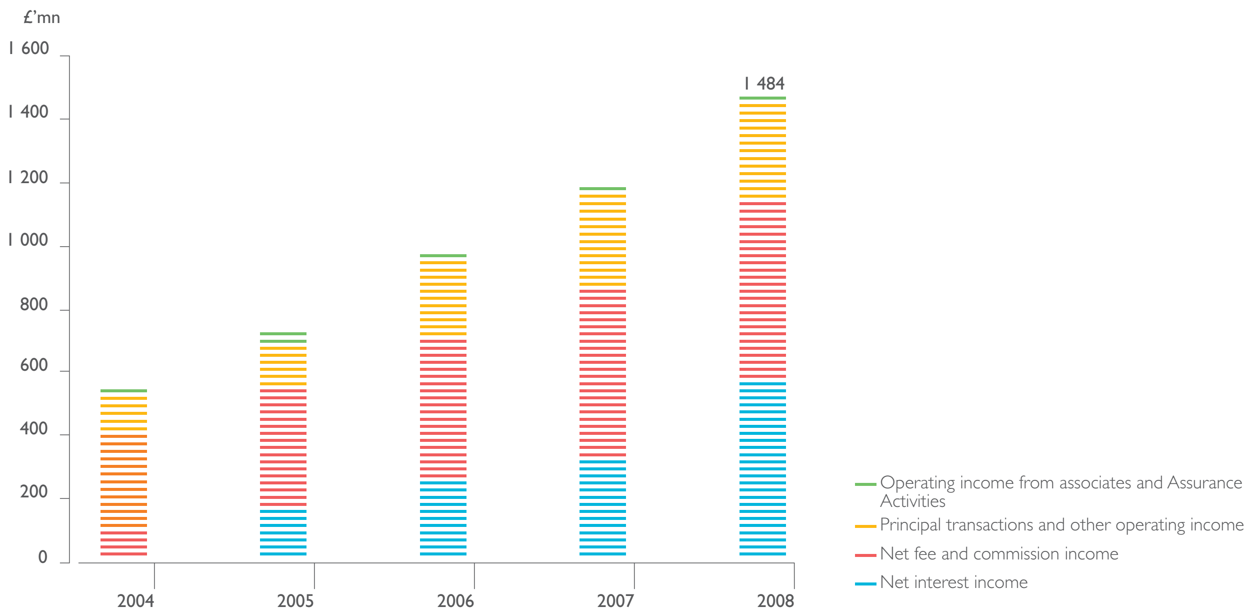
▲ 6.7% (40.0% of total)	**Third party assets and advisory of £573.5mn**	(Year ended 31 March 2008)	**Proprietary risk capital of £860.1mn**	▲ 69.6% (40.7% of total)
	Net fees and commissions of £551.3mn	**Balance operational risk businesses with financial risk businesses to build a sustainable business model**	Net interest income of £583.4mn	
	Other* of £22.2mn		Principal transactions of £276.7mn	▲ 12.7% (19.3% of total)

Core advisory businesses
Core banking businesses

* Excludes income from private equity investments that are required to be consolidated.

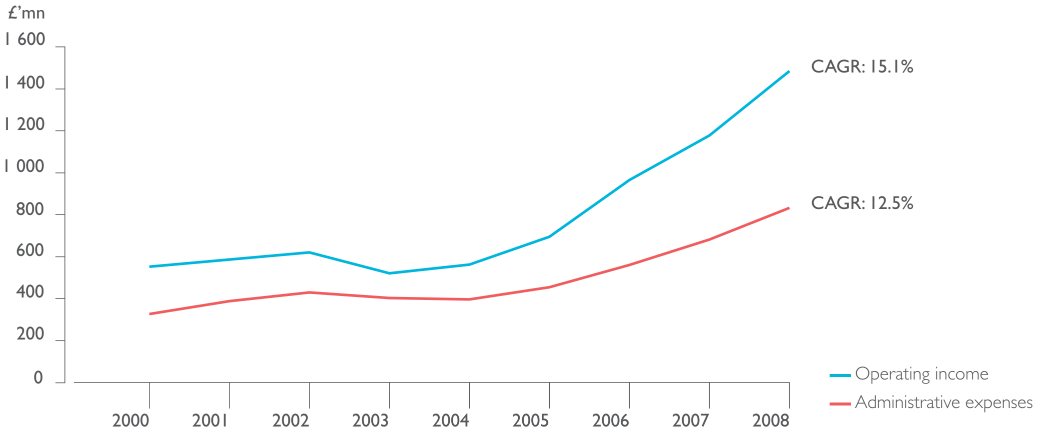
Strong base of recurring income

Composition of total operating income



Strategic focus

Disciplined about efficiency



Strategy for growth remains the same

UK and Europe	• Continue to drive organic growth • Manage liquidity very carefully • Build non-lending revenue
South Africa	• Continue to drive organic growth • Build non-lending revenue
Australia	• Continue to drive organic growth • Take advantage of opportunities • Build non-lending revenue

Outlook

- Experienced management team.
- Sound balance sheet.
- Strict management of risk and liquidity.
- Disciplined expense control while investing for growth.
- The environment remains challenging but the scale and diversity of our earnings should enable us to navigate through this period of continued uncertainty.
- We expect to continue to benefit from the repricing of risk and opportunities arising from dislocated markets around the world.

Summary of results

	31 March 2008	31 March 2007	% Change
Income statement and selected returns			
Adjusted earnings attributable to ordinary shareholders before goodwill and non-operating items (£'000)	344 695	300 704	14.6%
Operating profit before goodwill, non-operating items and taxation (£'000)	537 671	466 585	15.2%
Operating profit before goodwill, non-operating items and taxation: SA (% of total)	63.2%	57.6%	
Operating profit before goodwill, non-operating items and taxation: Non-SA (% of total)	36.8%	42.4%	
Cost to income ratio	56.1%	59.0%	
Staff compensation to operating income ratio	37.2%	40.9%	
Return on average adjusted shareholders' equity (post tax)	23.6%	26.1%	
Return on average adjusted tangible shareholders' equity (post tax)	28.6%	31.7%	
Operating profit per employee (£'000)	89.3	92.3	
Net interest income as a percentage of operating income net of insurance claims	39.3%	29.2%	
Non-interest income as a percentage of operating income net of insurance claims	60.7%	70.8%	
Effective operational tax rate	22.6%	26.3%	
Balance sheet			
Total capital resources (including subordinated liabilities) (£'million)	3 275	2 665	22.9%
Total shareholders' equity (including preference shares and minority interests) (£'million)	2 210	1 820	21.4%
Shareholders' equity (excluding minority interests) (£'million)	1 911	1 542	23.9%
Total assets (£'million)	34 104	26 300	29.7%
Core loans and advances to customers (£'million)	12 854	10 095	27.3%
Core loans and advances to customers as a percentage of total assets	37.7%	38.4%	
Third party assets under management (£'million)	52 749	56 121	(6.0%)
Capital adequacy ratio: Investec plc*	15.3%	24.7%	
Capital adequacy ratio: Investec Limited*	13.9%	14.7%	
Salient financial features and key statistics			
Adjusted earnings per share before goodwill and non-operating items (pence)	56.9	53.3	6.8%
Basic earnings per share (pence)	57.7	54.7	5.5%
Headline earnings per share (pence)	49.7	52.3	(4.9%)
Diluted earnings per share (pence)	54.0	50.4	7.1%
Dividends per share (pence)	25.0	23.0	8.7%
Dividend cover (times)	2.28	2.32	(1.7%)
Net tangible asset value per share (pence)	215.0	178.6	20.4%
Weighted number of ordinary shares in issue (million)	606.2	563.8	7.5%
Total number of shares in issue (million)	657.6	609.3	7.9%
Closing share price (pence)	339	658	(48.5%)
Market capitalisation (£'million)	2 229	4 009	(44.4%)
Number of employees in the group	6 333	5 430	16.6%
Closing ZAR/£ exchange rate	16.17	14.20	13.9%
Ave ZAR/£ exchange rate	14.31	13.38	7.0%

Notes:

Refer to definitions on page 288. A nine year review is provided on page 33.

* 2008 information is presented in terms of Basel II and 2007 information is presented in terms of Basel I.

Presentation of financial information

Under the contractual arrangements implementing the DLC structure, Investec plc and Investec Limited effectively form a single economic enterprise, in which the economic and voting rights of ordinary shareholders of the companies are maintained in equilibrium relative to each other. In accordance with this structure, the directors of the two companies consider that for financial reporting purposes, the fairest presentation is achieved by combining the results and financial position of both companies. Accordingly, the results for Investec plc and Investec Limited set out in this report reflect the results and financial position of the combined DLC group under International Financial Reporting Standards (IFRS), denominated in Pounds Sterling (i.e. "Investec's consolidated results"). All references in this document referring to "Investec" or "the group" relate to the combined DLC group comprising Investec plc and Investec Limited.

Operating financial review

Geographic and operational diversity support growth in challenging markets

Investec has continued to deliver growth in operating profit, during a volatile period for the global financial system. We benefited from the geographic and operational diversity of our business units and were able to meet four of our five stated financial objectives in a tough trading environment.

South Africa delivered a strong performance, growing operating profit by 26.5% to £340.0 million (2007: £268.7 million), while the UK felt the impact of difficult credit market conditions posting a marginal decline in operating profit to £164.6 million (2007: £167.4 million). The Australian business was less affected by these conditions; however, activity levels in the second half slowed somewhat resulting in this geography posting a 9.7% increase in operating profit to £33.1 million (2007: £30.1 million).

Adjusted earnings per share (before goodwill and non-operating items) grew by 6.8% to 56.9 pence, from 53.3 pence, falling short of our financial growth objective of EPS growth to be 10% greater than UK RPI. The board recommended a final dividend of 13.5 pence per ordinary share, bringing the total dividends per share for the year to 25.0 pence, up from 23.0 pence in 2007.

Balanced portfolio of businesses showing resilience

The group's operating profit growth was supported by profitability from all divisions with Private Client Activities, Property Activities and Asset Management continuing to grow.

Private Client Activities

Private Client Activities reported growth in operating profit of 9.8% to £193.7 million (2007: £176.5 million).

A more diversified set of revenues, increased distribution capacity and greater penetration across all areas of specialisation underpinned the Private Banking division's performance with operating profit increasing by 7.8% to £166.4 million. Notable growth in contribution to operating profit came from Growth and Acquisition Finance and Wealth Management, as funds under advice grew 45.4% to £3.7 billion. Earnings from lending were up in all geographies with the private client core lending book growing by 29.9% to £8.9 billion (2007: £6.9 billion). The division increased its retail deposit book by 18.8% to £6.6 billion (2007: £5.6 billion), expanding activities and product development in all jurisdictions. The weaker credit cycle affected the division's performance and impairments increased in all geographies. The outlook for next year is tempered as uncertainty in the global credit markets persists. Private Banking expects to consolidate around current levels of profitability, benefiting from the growth strategy and diversification initiatives already implemented.

Private Client Portfolio Management and Stockbroking reported growth in operating profit of 23.8% to £27.3 million (2007: £22.1 million). The Private Client business in South Africa benefited from the launch of new products, increased volumes and asset swap activity. Funds under management, expressed in Rands, increased by 6.8% to R112.7 billion (2007: R105.6 billion). The results of the UK operations include Investec's 47.3% share of the directors' estimate of the post-tax profit of Rensburg Sheppards plc.

Capital Markets

Capital Markets' advisory, structuring and asset creation activities continued to perform well with a number of mandates successfully closed in Project Finance, Structured Finance, Equity Finance and Resource Finance. The division's treasury and trading activities benefited from increased market volatility while core loans and advances increased by 22.6% from £3.1 billion to £3.8 billion. The majority of the specialisations within Capital Markets performed well, however, operating profit decreased marginally to £115.8 million (2007: £117.3 million) following write downs of £48.9 million on our US structured credit investments held within the Principal Finance business. During the year we acquired the business of Kensington Group plc ("Kensington"), a specialist mortgage provider in the UK, with a view to enhancing our securitisation capabilities in this market. Difficult market conditions have subsequently impacted the growth potential of this business requiring a realignment of Kensington's business model to maintain a profitable platform and an ability respond quickly as markets change.

The diversified portfolio of activities should continue to support growth in the medium term; however, short term growth is dependent on liquidity and stability returning to the markets.

Operating financial review

Investment Banking

Investment Banking delivered a mixed performance across geographies reporting an overall decrease of 15.2% in operating profit to £77.3 million (2007: £91.2 million). The South African operations posted good results, supported by a stable deal pipeline, dividends received, realisations and an increase in the value of underlying investments held within the Principal Investments portfolio. This portfolio is now well established, delivering a meaningful base of annuity earnings for the division. Prime Broking and expansion of the international distribution business drove growth in the agency business. The UK operations were affected by a weaker performance from some of the investments held within the Private Equity and Direct Investments division and a lower level of IPO and fundraising activity.

The Investment Banking business has successfully developed a core level of sustainable earnings supporting performance through varying cycles. Out performance going forward will depend on market conditions and an ability to take advantage of opportunities presented in the current climate.

Asset Management

Investec Asset Management has built a highly scalable platform which continues to deliver steady growth in operating profit. The division posted an increase in operating profit of 12.8% to £76.8 million (2007: £68.1 million). This result was driven by an enhanced global distribution reach, strong retail inflows particularly in the first nine months of the year and solid long term investment performance. Assets under management in Pounds Sterling decreased by 3.8% to £28.8 billion (2007: £29.9 billion) (assuming a neutral Rand/Pounds Sterling exchange rate would have resulted in an increase of 3.1% to £30.8 billion).

The long term track record and growing demand for specialist high performance products support the fundamentals of the Asset Management business while new initiatives in the pipeline should support longer term growth.

Property Activities

This division, based mainly in South Africa, had an exceptional year benefiting from an increased contribution from the investment property portfolio. An operating profit of £36.3 million (2007: £14.1 million) represented growth of 156.8% from the prior year. During the course of the year, we sold our property fund management and administration business to Growthpoint Property Limited ("Growthpoint") in exchange for Growthpoint shares. Shortly thereafter we disposed of our shareholding in Growthpoint, monetising the proceeds of the transaction and realising a non-operating gain of £72.9 million on the sale of the business which was established over a number of years and primarily supported Growthpoint's property operations. Following this divestment, the South African Property division remains focused on trading and development opportunities and property fund management (listed and unlisted). Progress has been made in expanding the South African model into the UK and Australia. Property funds were successfully launched in both geographies and are now well positioned to pursue further opportunities.

Property fundamentals have weakened in all geographies and, while this business is unlikely to repeat the performance seen in the current year, good expertise and a solid portfolio will continue to drive profitability.

Group Services and Other Activities

Group Services and Other Activities performed well benefiting from an increase in net interest income which was partially offset by an increase in interest paid on sub-debt and a lower return on certain assets in the South African portfolio.

Strict management of risk and liquidity

Disciplined risk and financial management are important elements for sustainable and appropriate growth in the current market environment. We maintain capital ratios in excess of our targets and continue to focus on maintaining a stock of readily available, high quality liquid assets to support our activities.

We have successfully implemented Basel II on the standardised approach and are comfortably meeting these requirements. The capital adequacy of Investec plc (applying UK Financial Services Authority rules to its capital base) is 15.3%. The capital adequacy of Investec Limited (applying South African Reserve Bank rules to its capital base) is 13.9%.

Operating financial review

Maintaining a broader responsibility

In a world of growing complexity and increasing demand for resources, we recognise the responsibility to protect the longevity of our environment. Our formal philosophy on our sustainability approach, known as "Our Business Responsibility", continues to develop within the group and this initiative is now represented by three overlapping key themes - Planet, People and Profits.

Environmental factors received increasing attention as we tackle the challenges posed by climate change and the scarcity of energy resources. The South African business leveraged off a more established internal initiative in the UK which featured strongly in the City of London Prize, winning the Chairmans Cup.

The nurturing and development of talent and leadership and a focus on diversity underpinned our efforts on the people front. Externally, our focus on people continued on developing entrepreneurial skills and increasing the available skills pool amongst previously disadvantaged South Africans in the financial, maths and business fields.

Transformation in South Africa remains a business imperative. While we strive for greater representation within the organisation, we continued our external focus on supporting black entrepreneurs and creating empowerment platforms, winning leading BEE financier awards and receiving recognition for innovation in the BEE financing arena at the Wits Business School/Barloworld 2008 Empowerment awards. We were also awarded sixth position (first in the banking sector) in the Financial Mail/Empowerdex Top Empowerment Companies 2008 award. The survey was based on the Department of Trade and Industry's Codes of Good Practice. We recently submitted our third Financial Sector Charter report to the Financial Sector Charter Council, which was audited and included a comprehensive analysis of our positioning in this regard. We are pleased to have sustained an 'A' rating.

Promoting confidence in our business conduct

Our core values of integrity, responsibility and risk consciousness are represented in our culture of sound governance. We believe that effective communication is fundamental in building stakeholder relationships and, as a board, we are committed to providing meaningful, transparent, timely and accurate financial and non-financial information to all our stakeholders. In keeping with our commitment to promoting confidence in our conduct as a business and corporate citizen, we apply recognised corporate governance practices of a high standard in each of the jurisdictions in which we operate.

Credit to our people

Talent, leadership and diversity are key to the sustainability of our business. Today, we have more than 6 000 employees around the world, endeavouring to make our organisation distinctive. We thank all of them for their contribution to our performance. Our thanks also go to our board of directors whose leadership and commitment have helped us navigate through a difficult environment. Donn Jowell retired from our board during the year and we extend our appreciation to him for his invaluable contribution over his 18 year tenure.

We are always mindful that our financial performance is very much dependent on continuing support from our clients and shareholders, and we will continue to remain responsive to their evolving needs.

Pursuing a growth strategy

We strive to be a distinctive specialist banking group driven by commitment to our core philosophies and values. Maintaining a balanced portfolio of businesses, leveraging off our existing platforms and growing our key earnings drivers remain important to achieving our sustainable growth objectives and supporting our growing base of recurring income.

We will continue to seek organic growth across all geographies while building non-lending revenue with a specific emphasis on careful management of capital, risk and liquidity.

Operating financial review

Driving a resilient business

The global environment remains challenging. We have established a well diversified and resilient business with an experienced management team and strong risk controls. This gives us confidence that we will be successful in meeting the challenges, and taking advantage of any opportunities, which may arise in ongoing difficult trading conditions. We will remain focused on delivering against our key financial objectives.

Hugh Herman	**Stephen Koseff**	**Bernard Kantor**
Chairman	Chief Executive Officer	Managing Director

("Operating profit" as used in the text above refers to operating profit before goodwill, non-operating items and taxation.)

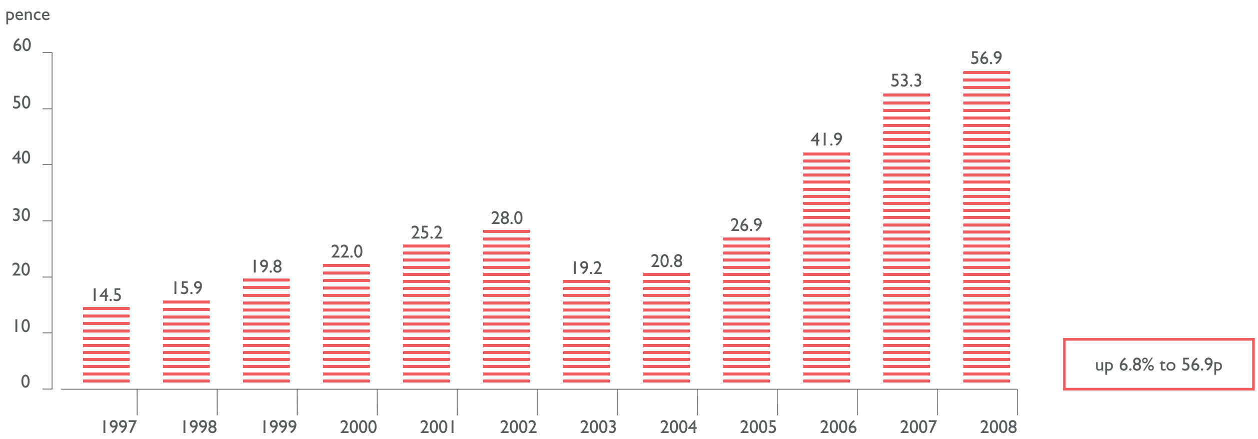
The operating financial review provides an overview of our strategic position, performance during the financial year and outlook for the business. It should be read together with the sections that follow on pages 10 to 196, which elaborate on the aspects highlighted in this review.

Financial review

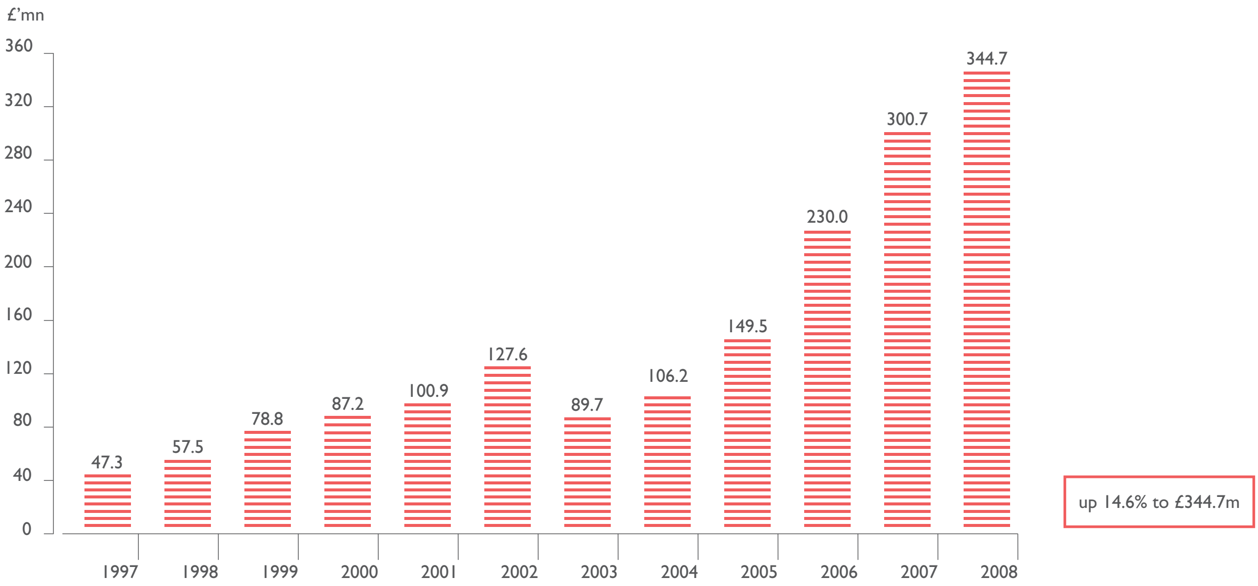
This commentary and analysis of our financial results for the year ended 31 March 2008 provides an overview of our financial performance relative to the group's results for the year ended 31 March 2007. Further detail on the performance of our business divisions is provided in the Divisional Review section of this report. The commentary and analysis are based on our consolidated financial results presented in accordance with IFRS and denominated in Pounds Sterling. The financial information discussed below is based on the period under review, and may not necessarily reflect the financial condition or results of the operations of the group going forward.

Solid growth record

Adjusted earnings per share before goodwill and non-operating items*



Adjusted attributable earnings before goodwill and non-operating items

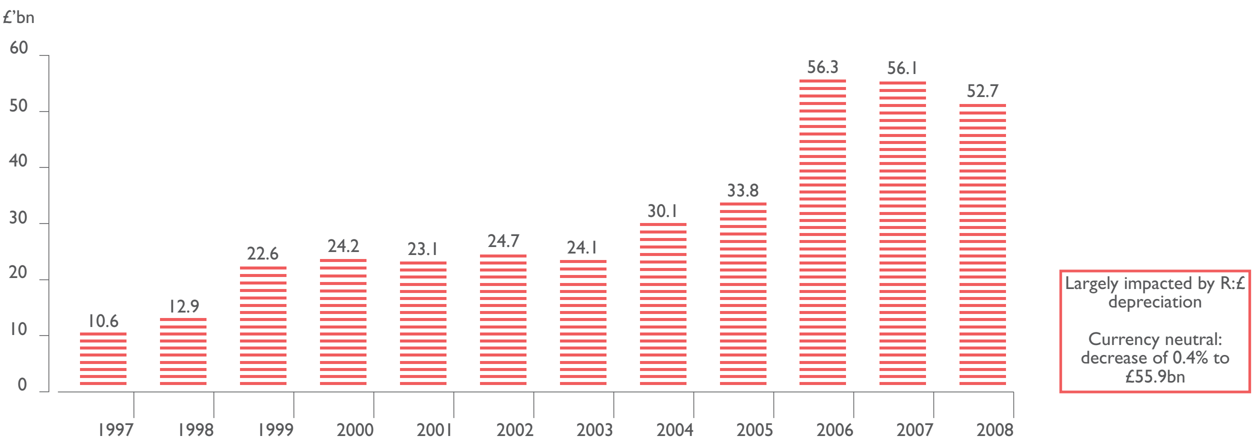


Note:
Results are shown for the year ended 31 March. Prior to 2005 the numbers are reported in terms of UK GAAP and thereafter in terms of IFRS.

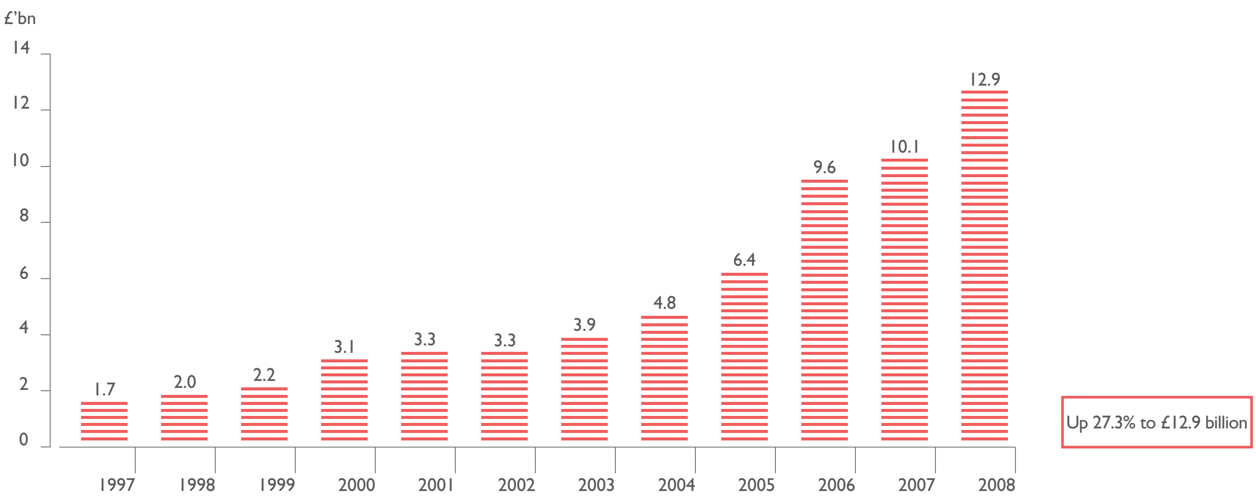
* Historical EPS numbers have been adjusted for the 5:1 share split that took place on 4 September 2006.

Financial review

Third party assets under management



Core loans and advances

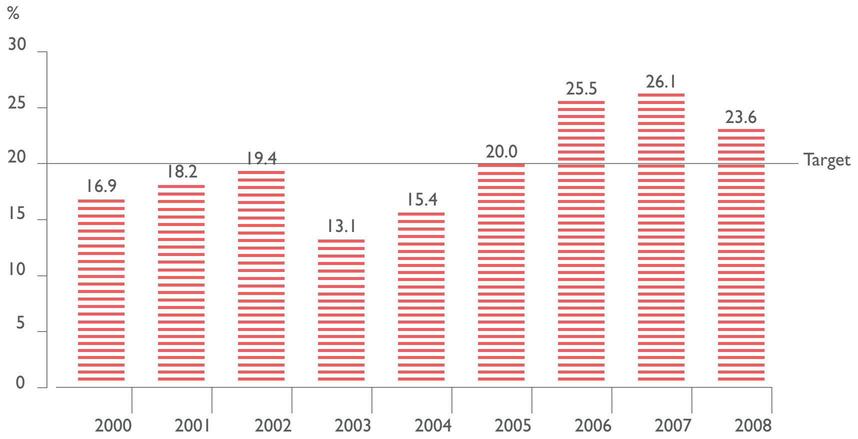


Note:
Results are shown for the year ended 31 March. Prior to 2005 the numbers are reported in terms of UK GAAP and thereafter in terms of IFRS.

Financial review

Financial objectives and performance

ROE*



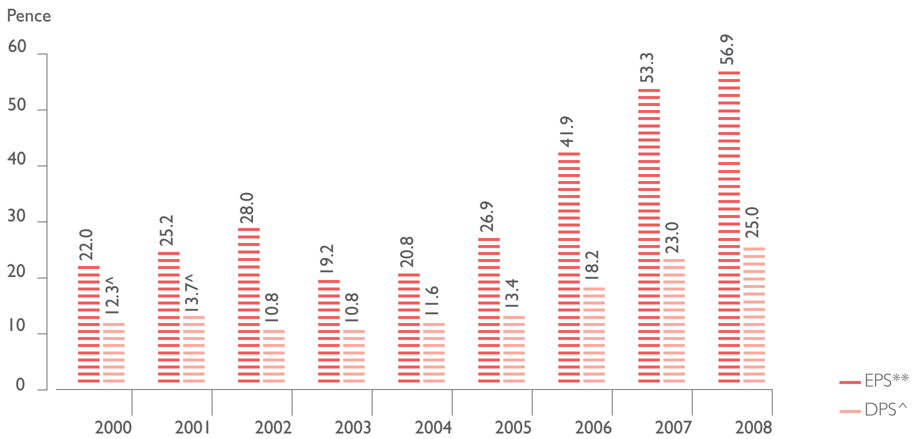
* ROE is post-tax return on adjusted average shareholder's equity (inclusive of compulsory convertible instruments) as calculated on page 26.

Our objective is to continue to focus on increasing ROE, as opposed to nominal capital, through the efficient deployment of our capital base. We intend to generate ROE in excess of our cost of capital.

We have set out the following targets over the medium to long-term.

- **Group ROE: Greater than 20% in Pounds Sterling**

Adjusted earnings per share (EPS) and dividends per share (DPS)



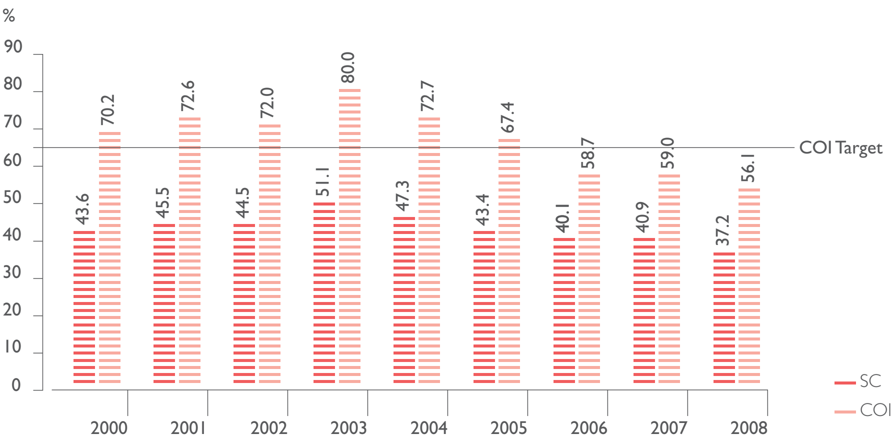
** Adjusted EPS before goodwill and non-operating items as defined on page 288.
^ The dividend for 2000 and 2001 was set in Rand and the dividend thereafter was determined in Pounds Sterling.
The numbers have been adjusted for the 5:1 share split that took place on 4 September 2006.

In the medium to long-term, we aim to achieve adjusted **EPS growth of 10% in excess of UK inflation (in Pounds Sterling)**. We continually strive to build and maintain a sustainable business model. We intend to maintain a dividend cover of between 1.7 and 2.3 times based on earnings per share as defined above, denominated in Pounds Sterling. We maintain this range to allow us the ability to apply a progressive dividend policy in terms of which dividends should grow in line with earnings. Interim and final dividends will be declared and proposed in accordance with the above policy.

Refer to note on page 13.

Financial objectives and performance

Cost to income ratio (COI) and staff compensation to operating income ratio (SC)

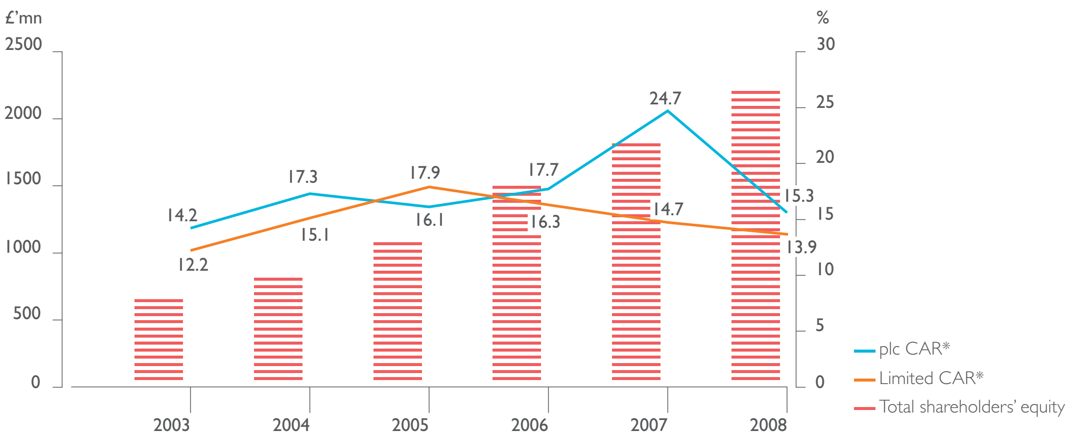


We have significantly rationalised and restructured our operations over the past few years in an effort to reduce our overall cost base. Increased emphasis continues to be placed on enhancing income growth while at the same time ensuring effective containment of costs.

We have set the following targets over the medium to long-term:

- Group COI ratio: less than 65% in Pounds Sterling.

Total shareholders' equity and capital adequacy ratios (CAR)



* Capital adequacy figures prior to 2008 are disclosed under Basel I and for 2008 under Basel II.

We intend to maintain a sufficient level of capital to satisfy regulatory requirements, as well as to take advantage of opportunities that may arise in the financial services industry focusing on increasing our return on equity in the medium to long-term. We target a capital adequacy ratio of between 12% to 15% on a consolidated basis for Investec plc and Investec Limited and we target a minimum tier 1 ratio of 9%.

Note:

- The numbers shown in the financial objectives graphs on pages 12 and 13 are for the years ended 31 March. The numbers prior to 2005 are reported in terms of UK GAAP.

An overview of our key income drivers

We provide a wide range of financial products and services to a niche client base in three principal markets, the UK, South Africa and Australia. We are organised as a network comprising five principal business divisions: Private Client Activities, Capital Markets, Investment Banking, Asset Management and Property Activities.

In addition, our head office provides certain group-wide integrating functions such as Risk Management, Information Technology, Finance, Investor Relations, Marketing, Human Resources and Organisational Development. It is also responsible for our central funding and other activities, such as our Trade Finance operations.

There are therefore a number of key income drivers for our business which are discussed below.

Business activity	Key income drivers	Income impacted primarily by	Income statement - reflected as
Private Client Activities			
Private Banking	• Interest earned in connection with the bank's lending activities	• Size of loan portfolio • Interest rate environment	• Net interest income
	• Fees earned for advisory, banking and lending services	• Levels of activity	• Net interest income and fees and commissions
	• Income earned in respect of growth and acquisition finance activities	• Quality of transactions and deal flow	• Fees and commissions and principal transactions
Private Client Portfolio Management and Stockbroking	• Fees levied as a percentage of assets under management • Commissions earned for executing transactions for clients • Performance fees paid for achieving outperformance against benchmark	• Movement in the value of assets underlying client portfolios • The level of clients' investment activity, which, in turn, is affected by, among other things, the performance of the global stock markets, the equity investment risk appetite of our clients and market liquidity	• Fees and commissions
Capital Markets			
	• Trading and hedging	• Client activity • Market opportunities • Market risk factors primarily volatility and liquidity	• Principal transactions
	• Product structuring and distribution	• The level of clients' investment activity, which, in turn, is affected by, among other things, the performance of the global markets and the investment risk appetite of our clients • Distribution channels • Ability to create innovative products	• Fees and commissions and principal transactions
	• Asset creation	• Rate environment • Size of loan portfolio • Credit spreads • Clients capital and infrastructural investments	• Fees and commissions • Net interest income • Principal transactions (in certain cases)
	• Advisory	• The demand for our specialised advisory services, which, in turn, is affected by applicable tax, regulatory and other economic factors e.g. project activity in the relevant markets	• Fees and commissions

An overview of our key income drivers

Business activity	Key income drivers	Income impacted primarily by	Income statement - reflected as
Investment Banking			
Corporate Finance	• Fees resulting from the provision of capital raising and financial advisory work	• Macro- and micro- economic fundamentals • Industry-specific trends • Underlying stock market activity, particularly in our primary markets	• Fees and commissions
Institutional Research, Sales and Trading	• Brokerage commissions • Trading and market making activities	• Stock market trading volume and volatility • Client allocation of broking transactions • Our ability to source securities and execute trades on behalf of our clients	• Fees and commissions and principal transactions
Private Equity and Direct Investments	• Sale of investments and revaluation of trading investments • Dividends	• Macro- and micro- economic market conditions • Availability of profitable exit routes • Whether appropriate market conditions exist to maximise gains on sale • Attractive investment opportunities	• Principal transactions
Asset Management			
	• Fixed fees as a percentage of assets under management • Variable performance fees	• Movements in the value of the assets underlying client portfolios • Performance of portfolios against set benchmarks • Net sales	• Fees and commissions
Property Activities			
	• Fees levied as a percentage of assets under management	• Movements in the value of assets underlying client portfolios	• Fees and commissions
	• Trading and development activities	• Macro- and micro- economic market conditions • Availability of profitable exit routes • Whether appropriate market conditions exist to maximise gains on sale	• Principal transactions
Group Services and Other Activities			
• International Trade Finance • Central Funding	• These businesses earn a variety of management and banking fees, brokerage, commissions • As this division is responsible for the group's central funding requirements, this income is offset by the cost of group funding (net of return on the group's central capital)	A variety of factors including: • Interest rate environment • Rand/Dollar exchange rate, in the case of the International Trade Finance operations • Level of client activity	• All categories of income other than net operating income from associates and assurance activities

Risks relating to our operations

We face a number of risks that could affect our business operations, details of which are provided on pages 76 to 147.

Due to the nature of our businesses, we have been and will continue to be affected by changes in a number of macro-economic fundamentals. These include the condition of worldwide financial markets, general economic cycles, levels of exchange and interest rates, and inflation, in particular in the UK, South Africa and Australia, where the group derives most of its profit as well as, to a lesser extent, the US and Europe.

Fluctuations in exchange rates

Our reporting currency is Pounds Sterling. Certain of our operations are conducted by entities outside the UK. The results of operations and the financial condition of our individual companies are reported in the local currencies in which they are domiciled, including Rands, Australian Dollars, Euros, and US Dollars. These results will then be translated into Pounds Sterling at the applicable foreign currency exchange rates for inclusion in our combined consolidated financial statements. In the case of the income statements, the weighted average rate for the relevant period is applied and, in the case of the balance sheets, the relevant closing rate is used.

The table below sets out the movements in relevant exchange rates against Pounds Sterling over the reporting period. These rates are indicative only and are not necessarily the rates at which the relevant currencies were converted into Pounds Sterling, for the purposes of preparation of our combined consolidated financial statements.

Currency per £1.00	31 March 2008		31 March 2007	
	Period end	Average	Period end	Average
South African Rand	16.17	14.31	14.20	13.38
Australian Dollar	2.18	2.32	2.42	2.47
Euro	1.25	1.42	1.47	1.47
US Dollar	1.99	2.01	1.96	1.90

Source: Datastream

Exchange rates between local currencies and Pounds Sterling have fluctuated over the period. The most significant impact arises from the volatility of the Rand. The average Rand: Pounds Sterling exchange rate over the year has depreciated by 7.0% and the closing rate has depreciated by 13.9% since 31 March 2007. The following table provides an analysis of the impact of the Rand depreciation on our reported numbers.

	Results as reported at 31 March 2008	Currency neutral results at 31 March 2008**
Southern African operating profit before tax (£'000)*	339 970	363 942
Southern African profit after tax (£'000)*	249 681	267 780
Total group operating profit before tax (£'000)*	537 671	555 770
Total group adjusted earnings attributable to ordinary shareholders (£'000)*	344 695	361 039
Adjusted EPS (pence)*	56.9	59.6
Total assets (£'million)	34 104	36 189
Total shareholders' equity (£'million)	2 210	2 307

* Before goodwill and non-operating items.

** For balance sheet items we have assumed that the Rand: Pound Sterling closing exchange rate has remained neutral since 31 March 2007. For income statement items we have used the average Rand: Pound Sterling exchange rate that was applied in the prior period, i.e. 13.38.

Fluctuations in interest rates

The shape of the yield curve, the time lag between changes in interest rates applicable to assets and liabilities, and the volatility of interest rates in each of our principal geographic markets can affect our net interest income, principal transactions generated by the Interest Rate and Forex desks and fees in our Capital Markets division. As a matter of policy, we do not take on material unhedged, long-dated interest rate positions. The table on page 80 sets out movements in certain interest rates, affecting our businesses over the reporting period.

Salient features of our results in the year under review

A number of significant corporate actions have been undertaken during the year under review which have a bearing on our performance and these are highlighted below:

- The sale of the South African property fund management and property administration business to Growthpoint Properties Limited ("Growthpoint"), as approved by the Competition Tribunal of South Africa on 18 October 2007. A non-operating exceptional gain of £72.9 million (pre-tax) was made on the sale of this business. The purchase consideration was satisfied by the issue of new Growthpoint linked units. Furthermore, as announced on 6 November 2007, Investec disposed of 152 473 544 Growthpoint linked units representing its entire shareholding in Growthpoint, inter alia, monetising the proceeds on the disposal of the property fund management and property administration business.
- Investec Bank Australia Limited acquired Experien (Pty) Ltd ("Experien") as of 1 October 2007.
- Investec plc acquired Kensington Group plc ("Kensington") with effect from 8 August 2007. The business was acquired for £216.3 million, via the issue of 36.8 million Investec plc shares, with a net asset value at date of acquisition of £100.2 million (after a special dividend of £13.7 million). Kensington now forms part of the Capital Markets business in the UK.

Income statement analysis

Further details on the key income drivers and significant variances in the various components of our operating income, expenses and profit can be found in the description of our principal businesses on pages 34 to 75.

Total operating income

Operating income increased by 26.0% to £1 484 million (2007: £1 177 million). The various components of total operating income are analysed below.

£'000	31 March 2008	% of total income	31 March 2007	% of total income	% Change
Net interest income	583 420	39.3%	343 915	29.2%	69.6%
Other income	900 266	60.7%	833 202	70.8%	8.0%
Net fee and commission income	551 296	37.2%	521 498	44.3%	5.7%
Principal transactions	276 705	18.6%	245 463	20.9%	12.7%
Operating income from associates	12 138	0.8%	10 685	0.9%	13.6%
Net income on Assurance Activities	10 084	0.7%	5 871	0.5%	77.4%
Other operating income	50 043	3.4%	49 685	4.2%	0.7%
Total operating income net of insurance claims	**1 483 686**	**100.0%**	**1 177 117**	**100.0%**	**26.0%**

The following table sets out information on total operating income by geography for the period under review.

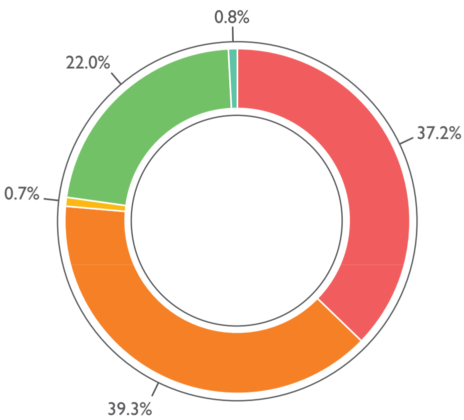
£'000	31 March 2008	% of total income	31 March 2007	% of total income	% Change
UK and Europe	686 830	46.3%	520 979	44.3%	31.8%
Southern Africa	700 523	47.2%	581 441	49.4%	20.5%
Australia	96 333	6.5%	73 998	6.2%	30.2%
Other geographies	-	-	699	0.1%	100.0%
Total operating income net of insurance claims	**1 483 686**	**100.0%**	**1 177 117**	**100.0%**	**26.0%**

The following table sets out information on total operating income by division for the period under review.

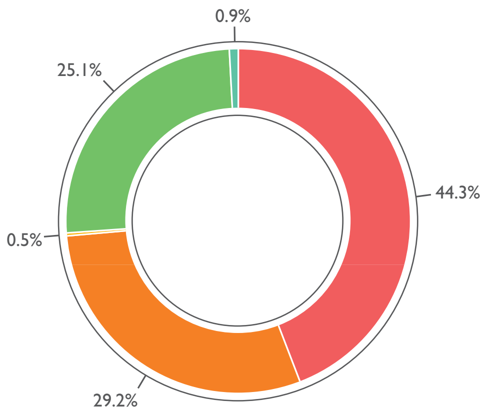
£'000	31 March 2008	% of total income	31 March 2007	% of total income	% Change
Private Banking	418 466	28.2%	343 700	29.2%	21.8%
Private Client Portfolio Management and Stockbroking	49 774	3.4%	41 261	3.5%	20.6%
Capital Markets	411 737	27.8%	271 957	23.1%	51.4%
Investment Banking	204 739	13.8%	208 795	17.7%	(1.9%)
Asset Management	218 700	14.7%	188 556	16.0%	16.0%
Property Activities	55 526	3.7%	34 400	3.0%	61.4%
Group Services and Other Activities	124 744	8.4%	88 448	7.5%	41.0%
Total operating income net of insurance claims	**1 483 686**	**100.0%**	**1 177 117**	**100.0%**	**26.0%**

% of total operating income

31 March 2008



31 March 2007



— Net fee and commission income — Net interest income — Net income on Assurance Activities
— Principal transactions and other operating income — Operating income from associates

Net interest income

Net interest income represents interest earned net of interest paid in connection with our portfolio of bank accounts, deposits, lending activity and financial structured products. Net interest income increased by 69.6% to £583.4 million (2007: £343.9 million) as a result of growth in advances, the acquisition of Kensington, and a solid performance from the Central Funding division.

£'000	31 March 2008	31 March 2007	Variance	% Change
Private Banking	272 666	217 435	55 231	25.4%
Private Client Portfolio Management and Stockbroking	76	6	70	>100.0%
Capital Markets	227 174	89 078	138 096	>100.0%
Investment Banking	(8 463)	(2 457)	(6 006)	>100.0%
Asset Management	7 558	5 242	2 316	44.2%
Property Activities	(10 513)	(5 801)	(4 712)	81.2%
Group Services and Other Activities	94 922	40 412	54 510	>100.0%
Net interest income	**583 420**	**343 915**	**239 505**	**69.6%**

Net fee and commission income

Net fee and commission income consists of fees receivable for the provision of asset management, investment advice, banking services, retainers, institutional stockbroking commissions and brokerage and similar items that are likely to recur due to the repetitive nature of these activities. Also included are facility arrangement fees, corporate finance fees and similar items that are transactional in nature and therefore create more erratic income streams, offset by fees and commissions payable which predominantly comprise brokerage payable, banking fees and similar charges.

Net fee and commission income increased by 5.7% to £551.3 million (2007: £521.5 million) benefiting from increased transactional activity, particularly in the first half of the year, and higher average assets under management.

£'000	31 March 2008	31 March 2007	Variance	% Change
Private Banking	111 109	109 596	1 513	1.4%
Private Client Portfolio Management and Stockbroking	36 564	28 053	8 511	30.3%
Capital Markets	86 831	80 190	6 641	8.3%
Investment Banking	88 603	91 904	(3 301)	(3.6%)
Asset Management	207 483	180 539	26 944	14.9%
Property Activities	20 764	28 354	(7 590)	(26.8%)
Group Services and Other Activities	(58)	2 862	(2 920)	(>100.0%)
Net fee and commission income	**551 296**	**521 498**	**29 798**	**5.7%**

Financial review

Principal transactions

Principal transactions comprise: trading income, the marking-to-market of interest rate instruments, equities and other securities such as foreign exchange instruments; profit on the disposal of dealing properties; dividends received and the profit/loss on realisation and revaluation of the group's trading investments.

Income from principal transactions increased by 12.7% to £276.7 million (2007: £245.5 million). The Growth and Acquisition Finance, Property, Private Equity, Direct Investments and Capital Markets trading divisions delivered a strong performance. This result was negatively impacted by write downs of £48.9 million on US structured credit investments (as discussed on page 47).

£'000	31 March 2008	31 March 2007	Variance	% Change
Private Banking	34 667	16 381	18 286	>100.0%
Private Client Portfolio Management and Stockbroking	1 205	3 137	(1 932)	(61.6%)
Capital Markets	97 998	102 700	(4 702)	(4.6%)
Investment Banking	79 583	73 719	5 864	8.0%
Asset Management	56	171	(115)	(67.3%)
Property Activities	45 275	11 847	33 428	>100.0%
Group Services and Other Activities	17 921	37 508	(19 587)	(52.2%)
Principal transactions	**276 705**	**245 463**	**31 242**	**12.7%**

Operating income from associates

Operating income from associates increased by 13.6% to £12.1 million (2007: £10.7 million). The current year's figure includes Investec's 47.3% share of the directors' estimate of the post-tax profit of Rensburg Sheppards plc for the year ended 31 March 2008.

Other operating income

Other operating income amounts to £50 million (2007: £49.7 million). The operating results of two investments held within the Private Equity portfolio have been consolidated largely into other operating income and administrative expenses.

Impairment losses on loans and advances

As a result of the weaker credit cycle we have seen a decline in the performance of the loan portfolio resulting in an increase in impairment losses on loans and advances from £16.5 million to £58.8 million (excluding Kensington). The percentage of gross default loans to core loans and advances has increased from 1.31% to 1.71% since 31 March 2007. Impairment losses on loans and advances relating to the Kensington business amount to £55.4 million. Further information on our asset quality is provided on page 101.

£'000	31 March 2008	31 March 2007	Variance	% Change
Private Banking	(33 326)	(6 932)	(26 394)	>100.0%
Capital Markets	(79 336)	(9 925)	(69 411)	>100.0%
Investment Banking	(1 356)	(1)	(1 355)	>100.0%
Group Services and Other Activities	(167)	328	(495)	>100.0%
Impairment losses on loans and advances	**(114 185)**	**(16 530)**	**(97 655)**	**>100.0%**

Total expenses

Total expenses increased by 19.9% to £831.8 million (2007: £694.0 million). Variable remuneration increased slightly from £205.8 million to £206.7 million. Other operating expenses (excluding variable remuneration) increased by 28.1% to £625.1 million largely as a result of an increase in headcount in certain of our businesses in line with growth initiatives, an increase in costs associated with complying with regulatory requirements and the acquisition of Kensington. Total expenses also includes £35.4 million from the consolidation of two private equity investments.

We achieved our target of less than 65% for operating expenses to total operating income, with the ratio improving from 59.0% to 56.1%.

£'000	31 March 2008	% of total expenses	31 March 2007	% of total expenses	% Change
Staff costs (including directors' remuneration)	552 211	66.4%	482 020	69.5%	14.6%
- fixed	345 518	41.6%	276 177	39.8%	25.1%
- variable	206 693	24.8%	205 843	29.7%	0.4%
Business expenses	141 593	17.0%	105 943	15.3%	33.7%
Equipment (excluding depreciation)	37 087	4.5%	29 684	4.3%	24.9%
Premises (excluding depreciation)	45 737	5.5%	35 610	5.1%	28.4%
Marketing expenses	30 872	3.7%	27 430	3.9%	12.5%
Depreciation	24 330	2.9%	13 315	1.9%	82.7%
Total expenses	**831 830**	**100.0%**	**694 002**	**100.0%**	**19.9%**

The following table sets out certain information on total expenses by geography for the period under review.

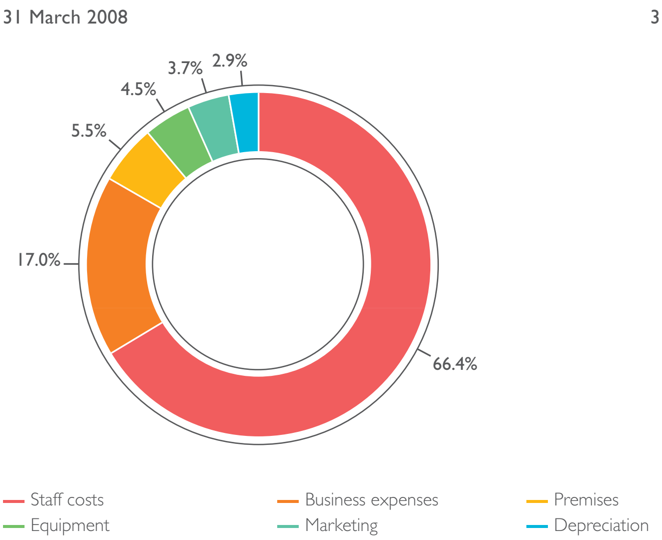
£'000	31 March 2008	% of total expenses	31 March 2007	% of total expenses	% Change
UK and Europe	445 213	53.5%	347 285	50.1%	28.2%
Southern Africa	329 709	39.7%	303 728	43.8%	8.6%
Australia	56 908	6.8%	42 671	6.1%	33.4%
Other geographies	-	-	318	-	100.0%
Total expenses	**831 830**	**100.0%**	**694 002**	**100.0%**	**19.9%**

The following table sets out certain information on total expenses by division for the period under review.

£'000	31 March 2008	% of total expenses	31 March 2007	% of total expenses	% Change
Private Banking	218 746	26.3%	182 377	26.3%	19.9%
Private Client Portfolio Management and Stockbroking	22 432	2.7%	19 180	2.8%	17.0%
Capital Markets	216 651	26.0%	144 741	20.9%	49.7%
Investment Banking	126 053	15.2%	117 559	16.9%	7.2%
Asset Management	141 879	17.1%	120 444	17.4%	17.8%
Property Activities	19 205	2.3%	20 256	2.9%	(5.2%)
Group Services and Other Activities	86 864	10.4%	89 445	12.8%	(2.9%)
Total expenses	**831 830**	**100.0%**	**694 002**	**100.0%**	**19.9%**

Financial review

% of total expenses



Overview of the year

Operating profit before goodwill, non-operating items and taxation

As a result of the foregoing factors, our operating profit before goodwill, non-operating items and taxation increased by 15.2% from £466.6 million to £537.7 million.

The following tables set out information on operating profit before goodwill, non-operating items and taxation by geography and by division for the period under review.

For the year to 31 March 2008

£'000	UK & Europe	Southern Africa	Australia	Other geo-graphies	Total group	% Change	% of Total
Private Banking	91 619	56 760	18 015	-	166 394	7.8%	30.9%
Private Client Portfolio Management and Stockbroking	*11 929	15 413	-	-	27 342	23.8%	5.1%
Capital Markets	39 306	68 118	8 326	-	115 750	(1.3%)	21.5%
Investment Banking	7 607	64 775	4 948	-	77 330	(15.2%)	14.4%
Asset Management	24 940	51 881	-	-	76 821	12.8%	14.3%
Property Activities	144	36 078	99	-	36 321	>100.0%	6.8%
Group Services and Other Activities	(10 917)	46 945	1 685	-	37 713	>100.0%	7.0%
Total group	**164 628**	**339 970**	**33 073**	**-**	**537 671**	**15.2%**	**100.0%**
% Change	(1.6%)	26.5%	9.7%	100.0%	15.2%		
% of Total	30.6%	63.2%	6.2%	-	100.0%		

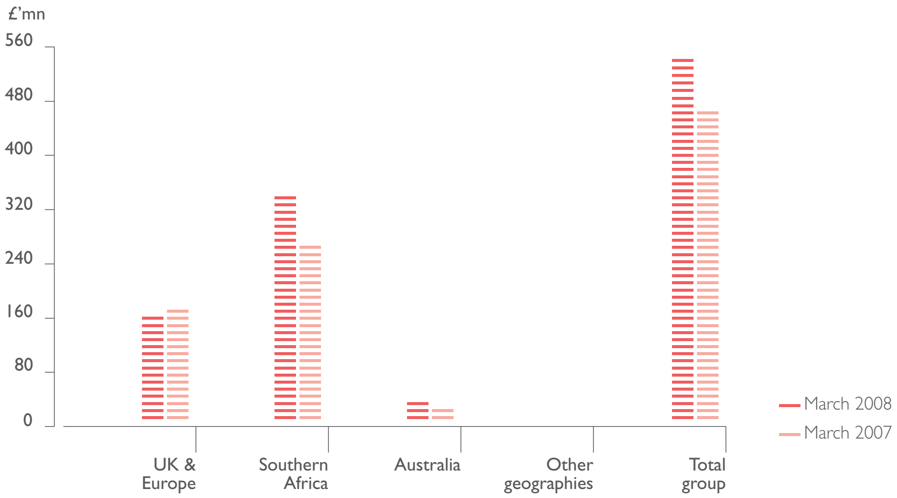
* This number is net of an estimate of tax of approximately £5 million.

For the year to 31 March 2007

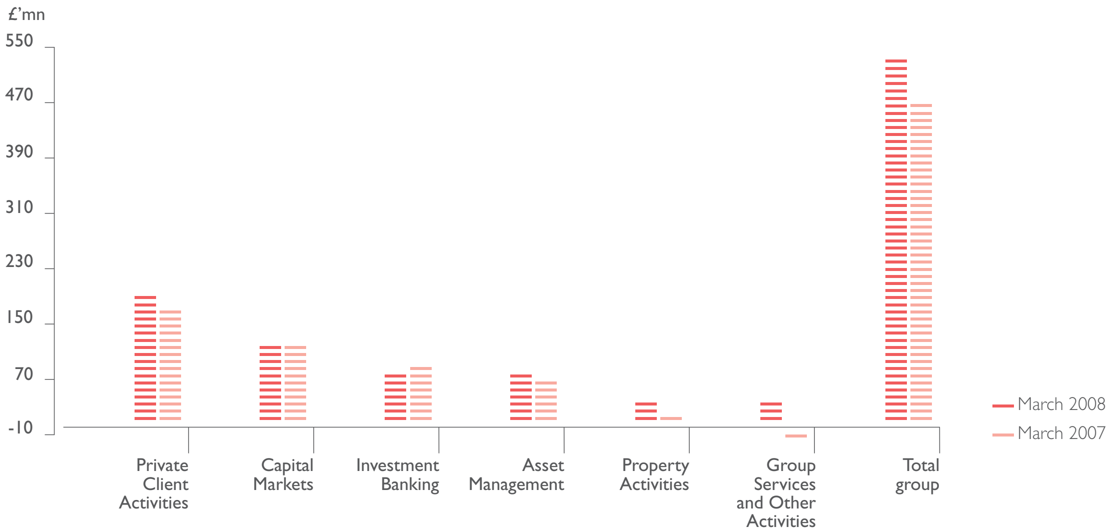
£'000	UK & Europe	Southern Africa	Australia	Other geo-graphies	Total group	% of Total
Private Banking	96 734	41 413	16 244	-	154 391	33.1%
Private Client Portfolio Management and Stockbroking	**10 065	12 016	-	-	22 081	4.7%
Capital Markets	51 409	56 145	9 737	-	117 291	25.1%
Investment Banking	23 294	60 632	7 309	-	91 235	19.6%
Asset Management	17 555	50 557	-	-	68 112	14.6%
Property Activities	1 292	12 852	-	-	14 144	3.0%
Group Services and Other Activities	(32 967)	35 058	(3 141)	381	(669)	(0.1%)
Total group	**167 382**	**268 673**	**30 149**	**381**	**466 585**	**100.0%**
% of Total	35.9%	57.6%	6.4%	0.1%	100.0%	

** This number is net of tax of £5 million.

Operating profit before goodwill, non-operating items and taxation by geography



Operating profit before goodwill, non-operating items and taxation by division



Profit on disposal of group operations

The sale of the South African property fund management and property administration business to Growthpoint was approved by the Competition Tribunal of South Africa on 18 October 2007. A non-operating exceptional gain of £72.9 million (pre-tax) was made on the sale of this business.

Goodwill

The current year goodwill impairment relates to:

- An impairment of £2.9 million in the South African Asset Management business relating to businesses acquired in prior years.
- An impairment of £59.9 million relating to the acquisition of Kensington taking into account the managed reduction in business volumes and the limited activity in the securitisation markets.

Goodwill and intangible assets analysis - balance sheet information

£'000	31 March 2008	31 March 2007
UK and Europe	**232 146**	**163 034**
Private Banking	18 031	17 435
Capital Markets	80 248	13 720
Investment Banking	45 822	43 834
Asset Management	88 045	88 045
South Africa	**20 789**	**40 561**
Private Client Portfolio Management and Stockbroking	2 240	2 550
Asset Management	18 277	24 067
Property Activities	272	13 944
Australia	**36 608**	**16 259**
Private Banking	18 536	-
Investment Banking	18 072	16 259
Software	**13 895**	**11 858**
Total goodwill and intangible assets	**303 438**	**231 712**

Taxation

The operational effective tax rate decreased from 26.3% to 22.6% as a result of certain income accruing in lower tax jurisdictions and income earned that is either non-taxable or subject to a lower tax rate.

	Effective tax rates 31 March 2008	Effective tax rates 31 March 2007	31 March 2008 £'000	31 March 2007 £'000	Variance £'000	% Change
UK and Europe	20.3%	23.8%	(30 964)	(37 370)	6 406	(17.1%)
Southern Africa	24.1%	27.1%	(90 289)	(72 938)	(17 351)	23.8%
Australia	18.1%	31.6%	(5 996)	(9 473)	3 477	(36.7%)
Taxation	**22.6%**	**26.3%**	**(127 249)**	**(119 781)**	**(7 468)**	**6.2%**

Earnings attributable to minority interests

Earnings attributable to minority interests of £28.9 million largely comprise:

- £4.8 million relating to investments held in the Private Equity division.
- £23.4 million relating to Euro denominated preferred securities issued by a subsidiary of Investec plc which are reflected on the balance sheet as part of minority interests. The transaction is hedged and a forex transaction gain arising on the hedge is reflected in operating profit before goodwill with the equal and opposite impact reflected in earnings attributable to minorities.

Earnings attributable to ordinary shareholders

As a result of the foregoing factors, earnings attributable to ordinary shareholders increased from £340.3 million to £391.6 million.

Dividends and earnings per share

Information with respect to dividends and earnings per share is provided on pages 197 and 198 and pages 237 and 238, respectively.

Balance sheet analysis

Capital resources and total assets

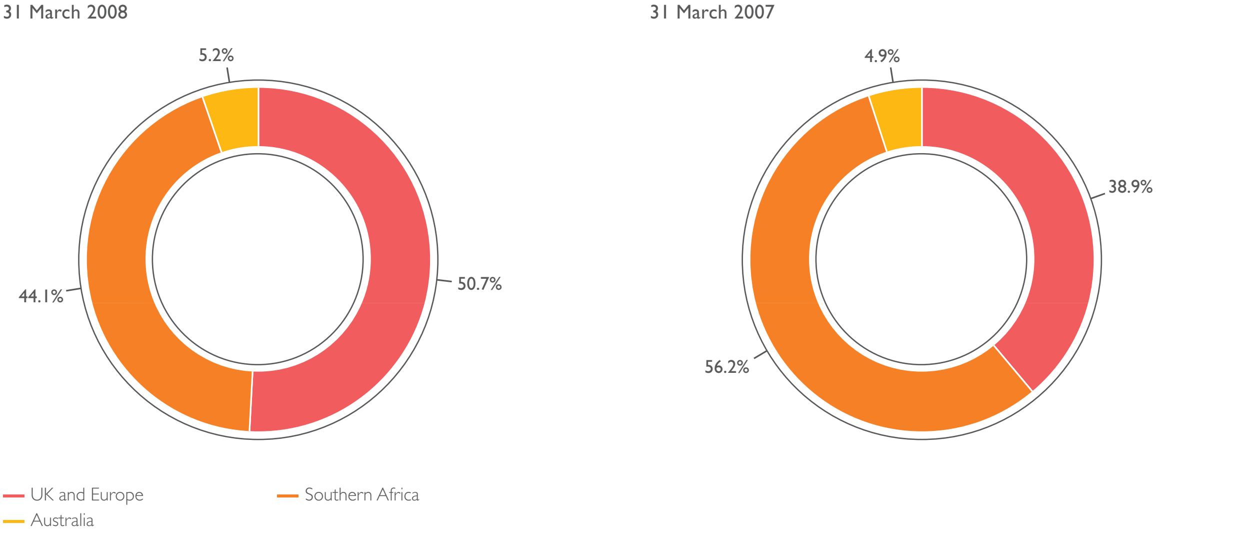
Total shareholders' equity (including minority interests) increased by 21.4% to £2.2 billion (2007: £1.8 billion) largely as a result of the issue of £230.7 million of ordinary shares and increased retained earnings.

Net asset value per share increased from 216.0 pence to 260.6 pence and net tangible asset value per share (which excludes goodwill and intangible assets) increased from 178.6 pence to 215.0 pence.

Return on adjusted average shareholders' equity (inclusive of compulsorily convertible instruments) decreased from 26.1% to 23.6% against a target of greater than 20%

Disciplined risk and capital management remain a key focus. On balance sheet assets have increased by 29.7% to £34.1 billion (2007: £26.3 billion) largely as a result of the acquisition of Kensington and the growth of core loans and advances.

Assets by geography



Capital adequacy

We have successfully implemented Basel II on the standardised approach and are comfortably meeting those requirements. The capital adequacy of Investec plc (applying UK Financial Services Authority rules to its capital base) is 15.3%. The capital adequacy of Investec Limited (applying South African Reserve Bank rules to its capital base) is 13.9%. Further information is provided on page 141.

ROE - assessment of economic capital utilised

In order to assess the return on economic capital utilised, we believe that certain adjustments should be made to the income statement analysis and balance sheet analysis as reflected under IFRS. We believe that these adjustments are necessary as they reflect the actual utilisation of capital and return thereon, notwithstanding accounting conventions.

The methodology applied in assessing the utilisation of our economic capital is as follows:

- A notional return on capital (net of the cost of subordinated debt) which is managed and borne by the centre is allocated from Group Services and Other Activities ("GSO") to the business segments based on their total capital utilisation.
- Basel II was introduced for the financial year ended 31 March 2008. Total capital utilisation per business segment is initially based on their regulatory capital utilised per the standardised approach of Basel II (incorporating credit, market and operational risk). However, in line with the internal capital adequacy assessment process required in terms of Pillar II of Basel II, each business segment's ultimate economic capital utilisation is enhanced to address the various other risks considered material for quantification purposes. However, comparative figures for capital utilised is based on the amounts reflected in the 2007 report which is based on Basel I regulatory capital usage. This explains some of the movements in each business segment's capital utilisation and variance in returns on adjusted average shareholders' equity (refer page 28).
- Shareholders' equity is increased to reflect permanent capital which is reflected under subordinated debt.

£'000	31 March 2008	31 March 2007	Average
Calculation of average shareholders' equity			
Shareholders' equity per balance sheet (excluding preference shares)	1 638 869	1 250 312	1 444 590
Add: Convertible debt included in subordinated liabilities	14 056	19 079	16 568
Adjusted shareholders' equity	**1 652 925**	**1 269 391**	**1 461 158**
Goodwill and intangible assets (excluding software)	(289 543)	(219 854)	(254 699)
Adjusted tangible shareholders' equity	**1 363 382**	**1 049 537**	**1 206 459**

£'000	31 March 2008	31 March 2007
Operating profit before goodwill and non-operating items	537 671	466 585
Minority interests	(28 954)	(9 054)
Preference dividends	(45 283)	(37 046)
Profit before taxation	**463 434**	**420 485**
Tax on ordinary activities	(118 739)	(119 781)
Adjusted earnings attributable to ordinary shareholders before goodwill and non-operating items	**344 695**	**300 704**
Pre-tax return on average adjusted shareholders' equity	31.7%	36.4%
Post-tax return on average adjusted shareholders' equity	23.6%	26.1%
Pre-tax return on average adjusted tangible shareholders' equity	38.4%	44.3%
Post-tax return on average adjusted tangible shareholders' equity	28.6%	31.7%

ROE by geography

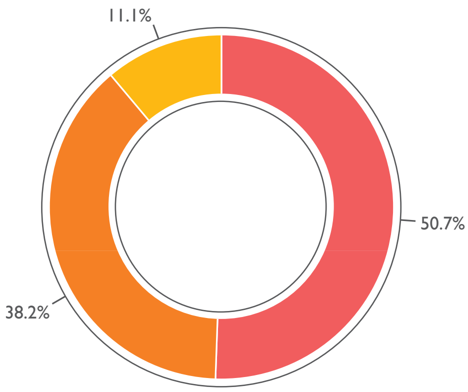
For the year to 31 March

£'000	UK & Europe	Southern Africa	Australia	Other geographies	Total group
Total operating profit	164 628	339 970	33 073	-	537 671
Tax on ordinary activities	(30 964)	(81 779)	(5 996)	-	(118 739)
Minority interests	(27 019)	(743)	(1 192)	-	(28 954)
Preference dividends	(19 872)	(25 411)	-	-	(45 283)
Profit on ordinary activities after taxation - March 2008	**86 773**	**232 037**	**25 885**	**-**	**344 695**
Profit on ordinary activities after taxation - March 2007	112 658	168 991	18 674	381	300 704
Adjusted shareholders' equity at 31 March 2008	**837 978**	**632 186**	**182 761**	**-**	**1 652 925**
Goodwill and intangible assets (excluding software)	232 145	20 790	36 608	-	289 543
Adjusted tangible shareholders' equity at 31 March 2008	**605 833**	**611 396**	**146 153**	**-**	**1 363 382**
Adjusted shareholders' equity at 31 March 2007	**631 953**	**475 026**	**162 412**	**-**	**1 269 391**
Goodwill and intangible assets (excluding software)	163 034	40 561	16 259	-	219 854
Adjusted tangible shareholders' equity at 31 March 2007	**468 919**	**434 465**	**146 153**	**-**	**1 049 537**
Adjusted average shareholders' equity - 31 March 2008^	**734 966**	**553 662**	**172 530**	**-**	**1 461 158**
Adjusted average shareholders' equity - 31 March 2007^	574 177	455 556	124 570	(6)	1 154 297
Post tax return on average shareholders' equity - 31 March 2008	**11.8%**	**41.9%**	**15.0%**	**-**	**23.6%**
Post tax return on average shareholders' equity - 31 March 2007	19.6%	37.1%	15.0%	(6 350%)	26.1%

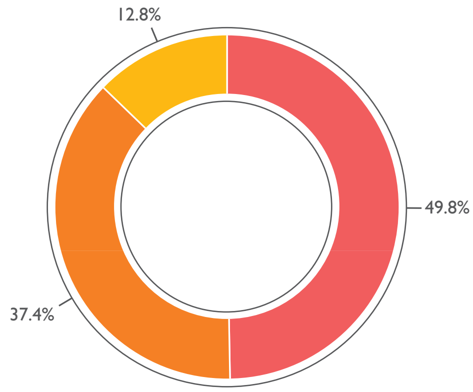
^ This number is not necessarily a straight line average as these numbers are calculated on a monthly basis using actual capital utilised.

Adjusted shareholders' equity by geography

31 March 2008



31 March 2007



UK and Europe
Southern Africa
Australia

ROE by division

For the year to 31 March

£'000	PB*	PCSB*	CM*	IB*	AM*	PA*	GSO*	Total group
Total operating profit	166 394	27 342	115 750	77 330	76 821	36 321	37 713	537 671
Notional return on regulatory capital	59 879	4 076	49 145	6 696	1 176	2 171	(123 143)	-
Notional cost of statutory capital	(3 246)	(795)	(2 011)	1	(5 619)	(773)	12 443	-
Cost of subordinated debt	(19 206)	(1 499)	(15 737)	(2 217)	(391)	(624)	39 674	-
Minority interest	-	-	(119)	(4 724)	-	-	(24 111)	(28 954)
Cost of preference shares	(15 599)	(1 271)	(13 456)	(1 595)	(348)	(596)	(12 418)	(45 283)
Absorption of additional residual costs**	(17 089)	(4 079)	(15 728)	(22 816)	(5 711)	(5 965)	71 388	-
Adjusted earnings - 31 March 2008	**171 133**	**23 774**	**117 844**	**52 675**	**65 928**	**30 534**	**1 546**	**463 434**
Adjusted earnings/(losses) - 31 March 2007	154 413	19 020	115 284	64 906	58 408	8 639	(185)	420 485
Adjusted shareholders' equity at 31 March 2008	**552 908**	**29 609**	**646 998**	**175 913**	**116 459**	**29 773**	**101 265**	**1 652 925**
Goodwill and intangible assets (excluding software)	36 566	2 240	80 248	63 894	106 382	213	-	289 543
Adjusted tangible shareholders' equity at 31 March 2008	**516 342**	**27 369**	**566 750**	**112 019**	**10 077**	**29 560**	**101 265**	**1 363 382**
Adjusted shareholders' equity at 31 March 2007	**478 947**	**42 932**	**358 724**	**130 816**	**123 211**	**19 975**	**114 786**	**1 269 391**
Goodwill and intangible assets (excluding software)	17 434	2 550	13 720	60 094	112 112	13 944	-	219 854
Adjusted tangible shareholders' equity at 31 March 2007	**461 513**	**40 382**	**345 004**	**70 722**	**11 099**	**6 031**	**114 786**	**1 049 537**
Adjusted average shareholders' equity - 31 March 2008^	**515 927**	**36 271**	**502 861**	**153 365**	**119 835**	**24 874**	**108 025**	**1 461 158**
Adjusted average shareholders' equity - 31 March 2007^	404 897	43 034	306 192	94 570	130 129	17 264	158 211	1 154 297
Pre-tax return on adjusted average shareholders' equity - 31 March 2008	**33.2%**	**65.5%**	**23.4%**	**34.3%**	**55.0%**	**122.8%**	**1.4%**	**31.7%**
Pre-tax return on adjusted average shareholders' equity - 31 March 2007	38.1%	44.2%	37.7%	68.6%	44.9%	50.0%	(0.1%)	36.4%

* Where: PB=Private Banking PCSB=Private Client Stockbroking CM=Capital Markets IB = Investment Banking AM=Asset Management PA= Property Activities GSO=Group Services and Other Activities

** This allocation represents a portion of the costs remaining in the centre which are indirectly allocated to operating divisions as they facilitate their operations but are excluded in calculating performance incentive remuneration. These allocations are based on managements' estimates of relative benefit derived.

^ This number is not necessarily a straight line average as these numbers are calculated on a monthly basis using actual capital utilised.

Net tangible asset value per share

In calculating net tangible asset value per share we assume that all previously issued Compulsory Convertible Debentures (CCD's) are treated as equity. Under IFRS however, a portion of these CCD's are treated as debt and not included in shareholders equity. As a result, adjustments must be made to the shareholder base which would be more appropriately reflect their permanent capital nature.

£'000	31 March 2008	31 March 2007	Notes
Shareholders' equity	1 911 204	1 542 485	
Less: perpetual preference shares issued by holding companies	(272 335)	(292 173)	
Convertible debt included in subordinated liabilities	14 056	19 079	
Less: goodwill and intangible assets (excluding software)	(289 543)	(219 854)	
Net tangible asset value	**1 363 382**	**1 049 537**	
Number of shares in issue	657.6	609.3	
CCD's	7.6	8.9	Relates to convertible debt mentioned above.
Treasury shares	(31.0)	(30.5)	
Number of shares in issue in this calculation (million)	**634.2**	**587.7**	
Net tangible asset value per share (pence)	**215.0**	**178.6**	

Total third party assets under management

£'million	31 March 2008	31 March 2007
Private Banking funds under advice	**3 681**	**2 532**
UK and Europe	1 770	951
South Africa	1 598	1 275
Australia	313	306
Private Client Portfolio Management and Stockbroking	**19 922**	**21 836**
South Africa Private Client Securities	6 972	7 436
Rensburg Sheppards plc	**12 950	14 400
Property Activities, South Africa	**73**	**1 703**
Investec Asset Management	**28 751**	**29 891**
UK and international	13 834	13 039
Southern Africa	14 917	16 852
Private Equity and Property Private Equity, Australia	**322**	**159**
Total third party assets under management	**52 749**	**56 121**

31 March 2008 £'million	UK, Europe & Other	Southern Africa	Australia	Total
Private Banking	1 770	1 598	313	3 681
Private Client Portfolio Management and Stockbroking	**12 950	6 972	-	19 922
Discretionary	n/a	1 323	-	n/a
Non-discretionary	n/a	5 649	-	n/a
Institutional	7 428	10 270	-	17 698
Retail	6 406	4 647	-	11 053
Property Activities	-	73	-	73
Australia Private Equity and Property funds under management	-	-	322	322
Total third party assets under management	**28 554**	**23 560**	**635**	**52 749**

31 March 2007 £'million	UK, Europe & Other	Southern Africa	Australia	Total
Private Banking	951	1 275	306	2 532
Private Client Portfolio Management and Stockbroking	14 400	7 436	-	21 836
Discretionary	n/a	1 297	-	n/a
Non-discretionary	n/a	6 139	-	n/a
Institutional*	6 514	12 022	-	18 536
Retail*	6 525	4 830	-	11 355
Property Activities	-	1 703	-	1 703
Australia Private Equity and Property funds under management	-	-	159	159
Total third party assets under management	**28 390**	**27 266**	**465**	**56 121**

** As last reported by Rensburg Sheppards plc.
* Some of Asset Management's clients invest in retail funds. Previously this was classified as retail, now we classify it as institutional. This change has been made in order to more accurately reflect our asset split.

Number of employees

By division - permanent employees*

	31 March 2008	31 March 2007
Private Banking		
UK and Europe	566	429
Southern Africa	1 507	1 305
Australia	199	78
Total	**2 272**	**1 812**
Private Client Portfolio Management and Stockbroking		
Southern Africa	205	191
Total	**205**	**191**
Capital Markets		
UK and Europe	589	276
Southern Africa	405	348
Australia	48	38
Total	**1 042**	**662**
Investment Banking		
UK, Europe and Hong Kong	148	143
Southern Africa	167	139
Australia	41	33
USA	12	5
Total	**368**	**320**
Asset Management		
UK and Europe and Other	280	231
Southern Africa	626	603
Total	**906**	**834**
Property Activities		
UK and Europe	7	3
Southern Africa	58	248
Australia	6	-
Total	**71**	**251**
Group Services and Other Activities		
UK and Europe	222	212
Southern Africa	698	642
Australia	130	86
Total	**1 050**	**940**
Total number of permanent employees	**5 914**	**5 010**

By geography

	31 March 2008	31 March 2007	31 March 2006	31 March 2005
UK and Europe	1 812	1 294	1 166	1 308
Southern Africa	3 666	3 476	3 114	2 648
Australia	424	235	168	140
USA	12	5	5	67
Temps and contractors	419	420	*	*
Total number of employees	**6 333**	**5 430**	**4 453**	**4 163**

* The treatment of temps and contractors for headcount disclosure purposes was not consistently applied across all divisions. The line of business information now only reflects permanent headcount. The geographical information has been presented for comparative purposes. Historical information did include temps and contractors.

Operating profit per employee

By division

	PB*	PCSB*	CM*	IB*	AM*	PA*	GSO*	Total group
Number of employees - 31 March 2008	2 379	215	1 106	376	1 027	73	1 157	6 333
Number of employees - 31 March 2007	1 941	205	715	336	924	273	1 036	5 430
Average number of employees - year to 31 March 2008	2 160	210	911	356	976	173	1 096	5 882
Average number of employees - year to 31 March 2007	1 769	186	623	312	857	266	929	4 942
Operating profit^ - 31 March 2008 (£'000)	166 370	15 413	116 016	77 115	76 821	36 321	37 477	525 533
Operating profit^ - 31 March 2007 (£'000)	154 203	12 016	117 302	91 088	68 112	14 144	(965)	455 900
Operating profit per employee^^ - 31 March 2008 (£'000)	**77.0**	**73.4**	**127.4**	**216.6**	**78.7**	**209.9**	**34.2**	**89.3**
Operating profit per employee^^ - 31 March 2007 (£'000)	**87.2**	**64.6**	**188.3**	**291.9**	**79.5**	**53.2**	**(1.0)**	**92.3**

By geography

	UK & Europe	Southern Africa	Australia	Other geographies	Total group
Number of employees - 31 March 2008	1 925	3 963	424	21	6 333
Number of employees - 31 March 2007	1 412	3 778	235	5	5 430
Average number of employees - year to 31 March 2008	1 669	3 871	329	13	5 882
Average number employees - year to 31 March 2007	1 289	3 446	202	5	4 942
Operating profit^ - 31 March 2008 (£'000)	152 428	339 981	33 124	-	525 533
Operating profit^ - 31 March 2007 (£'000)	156 859	268 673	29 987	381	455 900
Operating profit per employee^^ - 31 March 2008 (£'000)	**91.3**	**87.7**	**100.7**	**-**	**89.3**
Operating profit per employee^^ - 31 March 2007 (£'000)	**121.7**	**78.0**	**148.5**	**76.2**	**92.3**

* Where: PB=Private Bank PCSB=Private Client Stockbroking CM=Capital Markets IB = Investment Banking AM=Asset Management PA= Property Activities GSO=Group Services and Other Activities

^ Before goodwill, non-operating items and taxation and excluding operating income from associates.

^^ Based on average number of employees over the period.

Note:
Number of employees includes permanent employees, temps and contractors.

Nine year review

Salient features*

For the year ended 31 March**	2008	2007	2006	2005	2004	2003	2002	2001	2000
Income statement and selected returns									
Adjusted earnings attributable to ordinary shareholders before goodwill and non-operating items (£'000)	344 695	300 704	230 017	149 510	106 203	89 668	127 613	100 906	87 246
Operating profit before goodwill, non-operating items and taxation (£'000)	537 671	466 585	388 767	224 124	132 260	85 762	158 567	133 196	123 474
Operating profit: Southern Africa (% of total)	63.2%	57.6%	68.3%	66.9%	58.6%	81.0%	51.6%	25.6%	15.4%
Operating profit: UK, Europe, Australia and Other (% of total)	36.8%	42.4%	31.7%	33.1%	41.4%	19.0%	48.4%	74.4%	84.6%
Cost to income ratio	56.1%	59.0%	58.7%	67.4%	72.7%	80.0%	72.0%	72.6%	70.2%
Staff compensation to operating income ratio	37.2%	40.9%	40.1%	43.4%	47.3%	51.1%	44.5%	45.5%	43.6%
Return on average adjusted shareholders' equity	23.6%	26.1%	25.5%	20.0%	15.4%	13.1%	19.4%	18.2%	16.9%
Net interest income as a percentage of operating income	39.3%	29.2%	26.8%	23.2%	18.8%	21.3%	26.5%	28.9%	24.6%
Non-interest income as a percentage of operating income	60.7%	70.8%	73.2%	76.8%	81.2%	78.7%	73.5%	71.1%	75.4%
Effective tax rate	22.6%	26.3%	27.3%	28.8%	21.0%	6.3%	18.0%	22.6%	29.2%
Balance sheet									
Total capital resources (including subordinated liabilities (£'million)	3 275	2 665	2 042	1 579	1 303	1 012	958	842	639
Total shareholders' equity (including preference shares and minority interests) (£'million)	2 210	1 820	1 512	1 076	805	679	768	603	555
Total assets (£'million)	34 104	26 300	23 901	19 917	15 319	14 914	16 957	15 984	16 030
Core loans and advances (£'million)	12 854	10 095	9 605	6 408	4 846	3 909	3 314	3 299	3 083
Core loans and advances as a percentage of total assets	37.7%	38.4%	40.2%	32.2%	31.6%	26.2%	19.5%	20.6%	19.2%
Third party assets under management (£'million)	52 749	56 121	56 331	33 855	30 138	24 088	24 741	23 084	24 157
Capital adequacy ratio: Investec plc°	15.3%	24.7%	17.7%	16.1%	17.3%	14.2%	^	^	^
Capital adequacy ratio: Investec° Limited	13.9%	14.7%	16.3%	17.9%	15.1%	12.2%	^	^	^
Salient financial features and key statistics									
Adjusted earnings per share before goodwill and non-operating items (pence)#	56.9	53.3	41.9	26.9	20.8	19.2	28.0	25.2	22.0
Basic earnings per share (pence)#	57.7	54.7	53.8	17.8	12.0	(13.4)	3.0	19.8	18.0
Diluted earnings per share (pence)#	54.0	50.4	50.0	17.1	11.9	(13.4)	2.8	19.3	17.9
Dividends per share (pence)#	25.0	23.0	18.2	13.4	11.6	10.8	10.8	^^13.7	^^12.3
Dividend cover (times)	2.3	2.3	2.3	2.0	1.8	1.8	2.6	1.8	1.8
Net tangible asset value per share (pence)#	215.0	178.6	148.9	99.2	83.0	75.0	74.8	^	^
Weighted number of ordinary shares in issue (million)#	606.2	563.8	548.8	555.5	511.5	466.5	456.5	401.0	397.0
Total number of shares in issue (million)#	657.6	609.3	593.0	593.0	593.0	565.0	461.0	405.0	403.0
Closing share price (pence)#	339	658	588	311	218	123	161	346	497
Market capitalisation (£'million)	2 229	4 009	3 488	1 844	1 292	695	742	1 400	2 005
Number of employees in the group	6 333	5 430	4 453	4 163	4 458	4 874	5 529	4 836	4 441
Average ZAR/£ exchange rate	14.31	13.38	11.43	11.47	12.02	15.04	13.65	10.82	9.93

* Refer to definitions on page 288.
** The numbers prior to 2005 are reported in terms of UK GAAP, and thereafter in terms of IFRS.
^ Calculation not comparable.
° The information for 2008 is in terms of Basel II and prior to that in terms of Basel I.
^^ The dividend for 2000 and 2001 was set in Rand and the dividend thereafter was determined in Pounds Sterling. The Rand dividend per share for 2000 and 2001 was 620 cents and 750 cents, respectively.
\# For comparative purposes historical information has been adjusted for the 5:1 share split that took place on 4 September 2006.

Divisional review

Integrated global management structure

Global roles

Chief Executive Officer - Stephen Koseff
Managing Director - Bernard Kantor
Executive Director - Alan Tapnack
Group Risk and Finance Director - Glynn Burger

Geographic business leaders

South Africa
Andy Leith
Glynn Burger
David Lawrence

United Kingdom
Bradley Fried

Australia
Brian Schwartz

Divisional business leaders

Private Banking
Steven Heilbron

Private Client Stockbroking
Henry Blumenthal - SA

Capital Markets
David van der Walt

Investment Banking
Bradley Fried and Andy Leith

Asset Management
Hendrik du Toit

Property Activities
Sam Hackner

Support structures

Banking and Institutions - David Lawrence
Chief Integrating Officer - Allen Zimbler
Corporate Governance, Internal Audit and Compliance - Bradley Tapnack
Finance, IT and Operations - Rayanne Jacobson
Marketing - Raymond van Niekerk
Risk Management - Ciaran Whelan
Share Schemes and Secretarial - Les Penfold

Group operating structure

Our strategic goals and objectives are motivated by the desire to develop an efficient and integrated business on an international scale through the active pursuit of clearly established core competencies in our principal business areas. Our core philosophy has been to build well-defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.

Private Client Activities	Capital Markets	Investment Banking	Asset Management	Property Activities
• Private Banking • Private Client Portfolio Management and Stockbroking	• Specialised Lending • Structured Derivatives • Securitisation and Principal Finance • Specialist funds	• Corporate Finance • Institutional Research, Sales and Trading • Direct Investments • Private Equity	• Institutional • Retail	• Fund Management • Listed Funds • Trading and Development
• Australia • Southern Africa • UK and Europe	• Australia • Southern Africa • UK and Europe	• Australia • Hong Kong • Southern Africa • UK and Europe • USA	• Australia • Hong Kong and Taiwan • Southern Africa • UK and Europe • USA	• Australia • Southern Africa • UK and Europe

Group Services and Other Activities
• Central Services • Central Funding • International Trade Finance

Private Client Activities

Partner of choice from wealth creation to wealth management

Scope of activities

Private Client Activities comprises two businesses: Private Banking and Private Client Portfolio Management and Stockbroking.

Private Banking

Activities	- Banking Activities - Growth and Acquisition Finance - Private Wealth Management - Specialised Lending - Structured Property Finance - Trust and Fiduciary Services
Target market	- Ultra high net worth individuals - Active wealthy entrepreneurs - High income professionals, property developers and investors, self-employed entrepreneurs, owner managers in mid-market companies and sophisticated investors

Private Client Portfolio Management and Stockbroking

Activities	- Portfolio management - Stockbroking - Alternative investments - Investment advisory services - Electronic trading services
Target market	Private Client Securities, South Africa and Rensburg Sheppards plc, UK: High net worth individuals

Strategic focus

Private Banking

Investec Private Bank positions itself as the 'investment bank for private clients', offering both credit and investment services to our select clientele. Through strong partnerships, we have created a community of clients who thrive on being part of an entrepreneurial and innovative environment.

Private Client Portfolio Management and Stockbroking

South Africa

Mission: To be the premier South African portfolio management and stockbroking house

We differentiate ourselves through:

- The quality of investment professionals we employ and the relationships we build with our clients.
- A dynamic and focused investment process that provides consistent and superior returns.
- The provision of innovative investment products and services.
- Leveraging the outstanding opportunities available to our clients within the broader Investec group.

Private Client Activities

Partner of choice from wealth creation to wealth management

Management structure

Private Banking

Global Head of Private Banking	Steven Heilbron

UK and Europe

Regional Head	Steven Heilbron
Banking and Treasury	Linda McBain
Growth and Acquisition Finance	Avron Epstein
Private Client Lending	Wayne Preston
	Nicky Walden
Private Wealth Management	Robert Gottlieb
	Kim Hillier
Specialised Lending	David Drewienka
Structured Property Finance	Paul Stevens
Trust and Fiduciary	Robert Clifford
Investec Bank Channel Islands	Mort Mirghavameddin
Investec Bank Ireland	Michael Cullen
Investec Bank Switzerland	Oliver Betz
Finance	Liza Jacobs
Marketing	Antonia Kerr
Operating Officer	Chris Forsyth
IT	Alan Bletcher

South Africa

Regional Head	Paul Hanley
Regional Head Cape Town	Rob Nicolella
Regional Head Durban	Colin Franks
Regional Head Johannesburg	Wessel Oosthuysen
Regional Head Pretoria	Wouter de Vos
Regional Head Port Elizabeth	Andy Vogel
Banking	Carol-Ann van der Merwe
Private Wealth Management	Warren King
Treasury	Les Scott
Compliance	Jason Howell
Credit Risk	Michael Leisegang
Finance	Jodi Joseph
IT	Denton Muil
Marketing	Carla Fiford
Risk Management	Tim Till

Australia

Regional Head	Paul Siviour
Growth and Acquisition Finance	Mark Joffe
	Michael Sack
Private Client Treasury and Investments	Ivan Katz
Private Wealth Management	Robert Lipman
Specialised Lending	Ashley Krongold
Structured Property Finance	Tim Johansen
Experien Professional Lending	Barry Lanesman
Finance	Kelley-Ann Axiom
Marketing	Ngaire Threlfall
Operations	Gavin Brandenburger

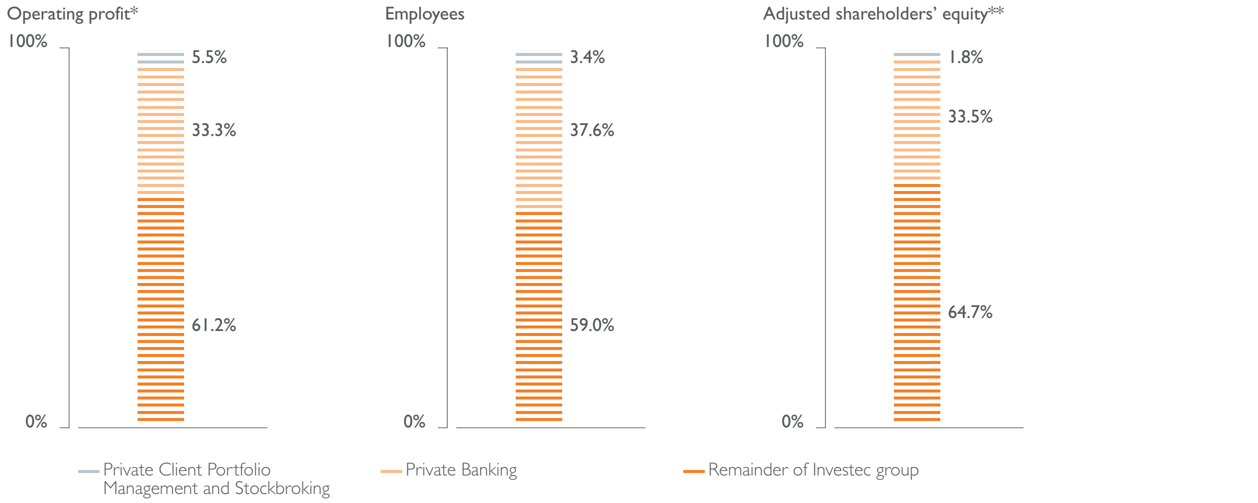
Private Client Portfolio Management and Stockbroking

Head of Private Client Securities South Africa	Henry Blumenthal
Investment Process	Peter Armitage
Finance and Operations	Joubert Hay
Cape Town	Jonathan Bloch
	Stephen Glanz
Durban	Craig Hudson
Johannesburg	Paul Deuchar
	Raymond Goss
Pietermaritzburg	Andrew Smythe
Port Elizabeth	Andy Vogel
Pretoria	Len Olivier
Compliance	Bernadette Ghenne
Online Services	Ockert Olivier
Risk Management	Alex Harding

Private Client Activities

Partner of choice from wealth creation to wealth management

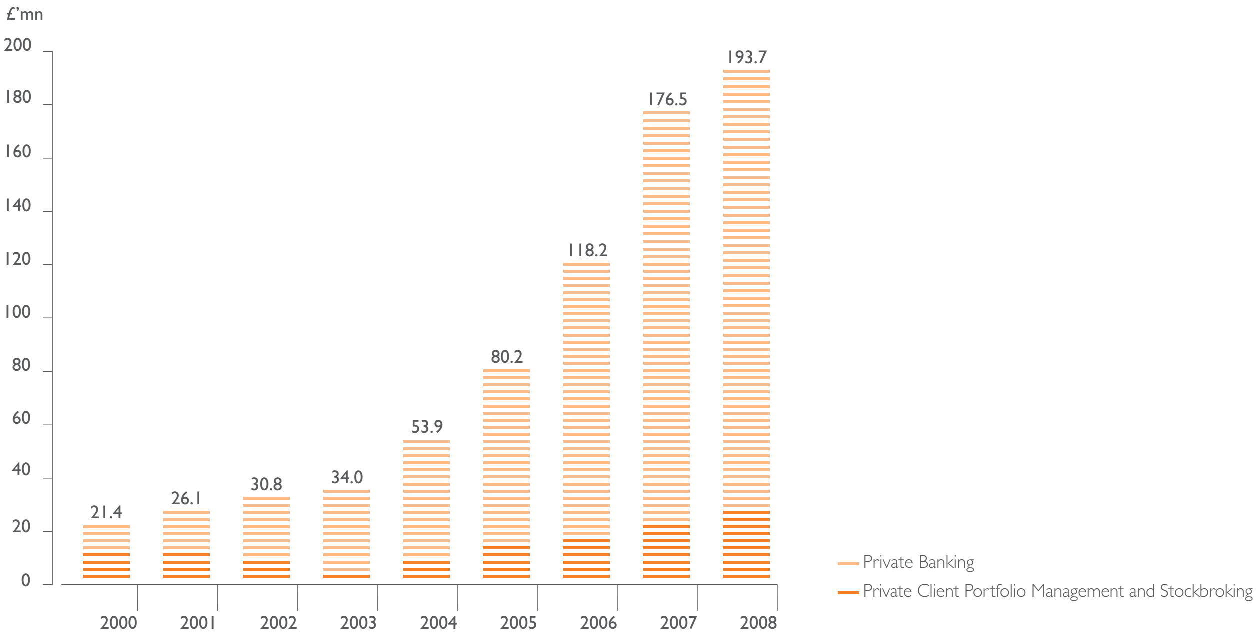
Contribution analysis



* Before goodwill, non-operating items and taxation and excluding Group Services and Other Activities.

** As calculated on page 28.

Operating profit^ - track record



^ Trends reflects numbers as at the year ended 31 March. The numbers prior to 31 March 2005 were reported in terms of UK GAAP. Amounts are shown before goodwill, non-operating items and taxation.

Private Banking

Partner of choice from wealth creation to wealth management

Overview and financial analysis

- Operating profit increased by 7.8% to £166.4 million, contributing 33.3% to group profit.
- The division has benefited from increased distribution and greater penetration across all areas of specialisation.
- Key earnings drivers:
  - Core loans and advances increased by 29.9% to £8.9 billion.
  - The deposit book increased by 18.8% to £6.6 billion.
  - Funds under advice increased by 45.4% to £3.7 billion.

£'000	31 March 2008	31 March 2007	Variance	% Change
Net interest income	272 666	217 435	55 231	25.4%
Net fee and commission income	111 109	109 596	1 513	1.4%
Principal transactions	34 667	16 381	18 286	>100.0%
Other operating income and operating income from associates	24	288	(264)	(91.7%)
Impairment losses on loans and advances	(33 326)	(6 932)	(26 394)	>100.0%
Admin expenses and depreciation	(218 746)	(182 377)	(36 369)	19.9%
Operating profit before goodwill, non-operating items and taxation	**166 394**	**154 391**	**12 003**	**7.8%**
UK and Europe	91 619	96 734	(5 115)	(5.3%)
Southern Africa	56 760	41 413	15 347	37.1%
Australia	18 015	16 244	1 771	10.9%
Operating profit before goodwill, non-operating items and taxation	**166 394**	**154 391**	**12 003**	**7.8%**
Adjusted shareholders' equity*	552 908	478 947	73 961	15.4%
ROE (pre-tax)*	33.2%	38.1%		
Cost to income ratio	52.3%	53.1%		
Operating profit per employee (£'000)*	77.0	87.2		(11.7%)

* As calculated on pages 28 and 32.

The variance in operating profit over the year can be explained as follows:

- The solid increase in net interest income has been driven by:
  - Strong growth in loans and advances and deposits (see below).
  - A strong increase in arrangement and exit fees associated with an increase in lending turnover of 30.9%.
- The impact of IAS 18 has resulted in a cumulative R640 million (2007: R506 million) of lending fees in the South African business being deferred for future recognition.
- Net fees and commissions receivable reflects moderate growth in the South African Structured Property Finance specialisation offset by a reduced contribution from the Australian and European businesses. The Private Wealth Management and General Banking businesses showed strong growth in all three geographies.
- Principal transactions include the revaluations and realisations of equity and warrant positions held (these are associated with our lending activities and the manner in which certain of our deals are structured). The increase in principal transactions reflects the growing maturity of the Growth and Acquisition Finance business in all three geographies.
- Impairment losses on loans and advances have increased in all three geographies as a result of the weakened credit environment.
- The increase in expenses is mainly as a result of an increase in average headcount, investment in infrastructure and the acquisition of Experien in Australia.

Loans, deposits and funds under advice

£'million As at Loans secured by:	UK and Europe 31 March 2008	31 March 2007	Southern Africa 31 March 2008	31 March 2007	Australia 31 March 2008	31 March 2007	Total 31 March 2008	31 March 2007	% Change
Residential mortgages	746	491	1 592	1 400	27	14	2 365	1 905	24.1%
Residential developments	823	592	357	372	257	203	1 437	1 167	23.1%
Commercial property investment	910	732	1 574	1 235	88	4	2 572	1 971	30.5%
Commercial property development	274	113	219	198	255	213	748	524	42.7%
Cash and securities backed lending	220	173	358	237	-	-	578	410	41.0%
Asset backed lending	273	257	225	304	266	52	764	613	24.6%
Unlisted shares and general corporate lending	57	43	145	110	62	43	264	196	34.7%
Unsecured lending	43	-	100	88	84	-	227	88	>100.0%
Total gross core loans and advances	**3 346**	**2 401**	**4 570**	**3 944**	**1 039**	**529**	**8 955**	**6 874**	**30.3%**
Specific impairments	17	1	16	11	9	2	42	14	>100.0%
Portfolio impairments	2	1	3	3	-	-	5	4	25.0%
Net core loans and advances	**3 327**	**2 399**	**4 551**	**3 930**	**1 030**	**527**	**8 908**	**6 856**	**29.9%**
Asset quality									
Gross defaults	105	23	58	45	17	9	180	77	>100.0%
Collateral value	84	21	42	34	8	7	134	62	>100.0%
Specific impairments	17	2	16	11	9	2	42	15	>100.0%
Net defaults (limited to zero)	**4**	**-**	**-**	**-**	**-**	**-**	**4**	**-**	**>100.0%**
Gross defaults as a % of gross loans and advances	3.1%	1.0%	1.3%	1.1%	1.6%	1.7%	2.0%	1.1%	

Net core loans and advances as at	31 March 2008	31 March 2007 £'million	% Change	31 March 2008	31 March 2007 Home currency ' million	% Change
UK and Europe	3 327	2 399	38.7%	£3 327	£2 399	38.7%
Southern Africa	4 551	3 930	15.8%	R73 562	R55 786	31.9%
Australia	1 030	527	95.4%	A$2 249*	A$1 279	75.8%
Net core loans and advances	**8 908**	**6 856**	**29.9%**			

* Includes A$700 million acquired from Experien.

Total deposits as at	31 March 2008	31 March 2007 £'million	% Change	31 March 2008	31 March 2007 Home currency ' million	% Change
UK and Europe	3 961	3 439	15.2%	£3 961	£3 439	15.2%
Southern Africa	2 220	1 851	19.9%	R 35 887	R 26 277	36.6%
Australia	423	270	56.7%	A$931	A$655	42.1%
Total deposits	**6 604**	**5 560**	**18.8%**			

Total funds under advice as at	31 March 2008	31 March 2007 £'million	% Change	31 March 2008	31 March 2007 Home currency ' million	% Change
UK and Europe	1 770	951	86.1%	£1 770	£951	86.1%
Southern Africa	1 598	1 275	25.3%	R25 835	R18 111	42.6%
Australia	313	306	2.3%	A$689	A$740	(6.9%)
Total funds under advice	**3 681**	**2 532**	**45.4%**			

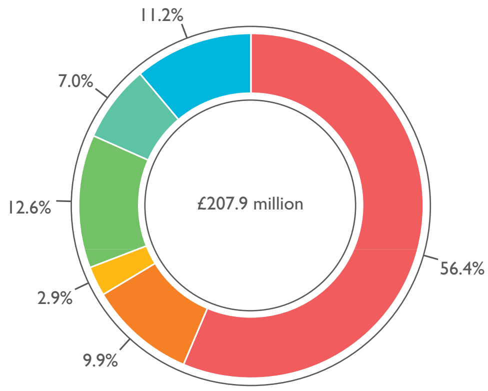
Private Banking

Partner of choice from wealth creation to wealth management

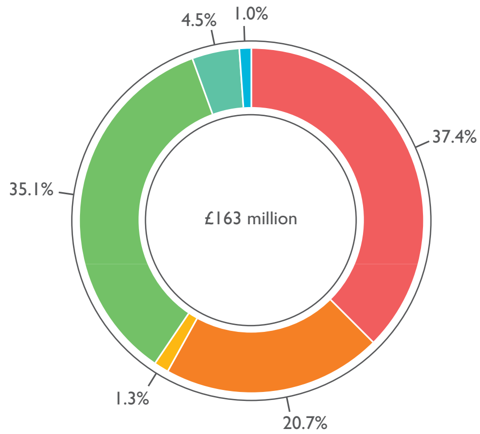
Analysis of total income by geography and area of specialisation

31 March 2008

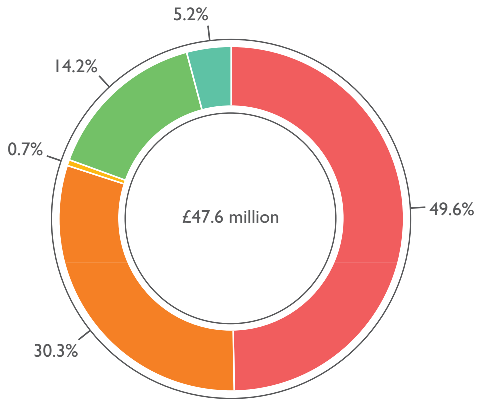
UK and Europe



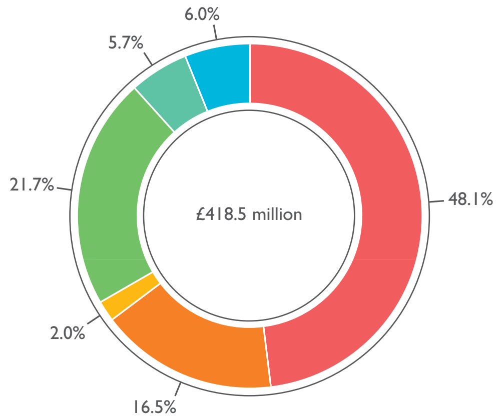
Southern Africa



Australia



Total



- Structured Property Finance
- Growth and Acquisition Finance
- Specialised Lending
- Banking Activities
- Investment Management and Advisory Services
- Trust and Fiduciary Services

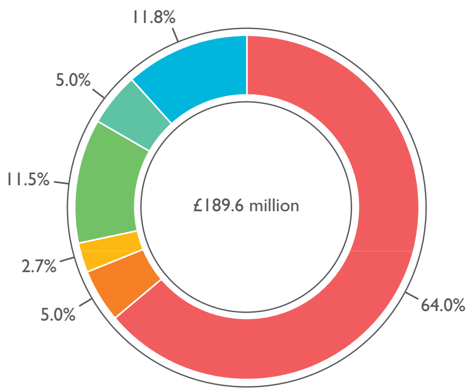
Private Banking

Partner of choice from wealth creation to wealth management

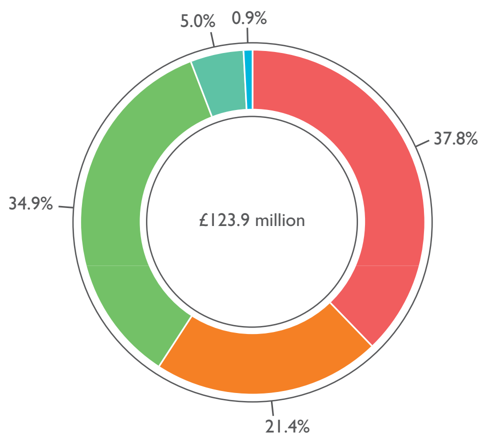
Analysis of total income by geography and area of specialisation

31 March 2007

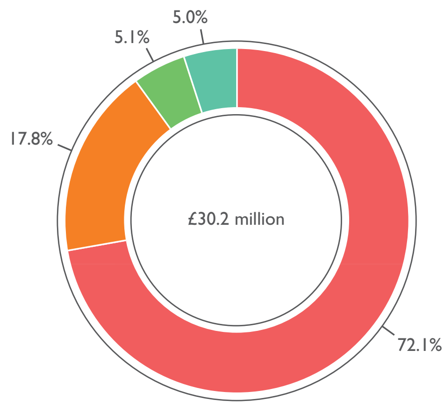
UK and Europe



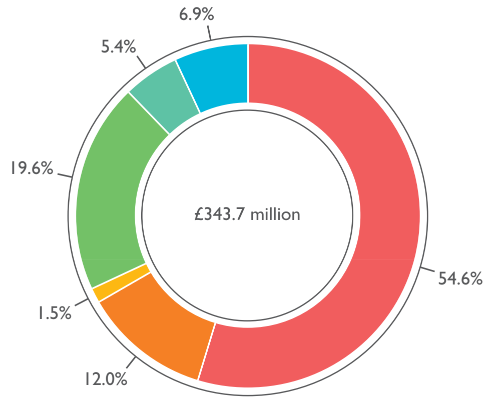
Southern Africa



Australia



Total



— Structured Property Finance — Growth and Acquisition and Finance — Specialised Lending
— Banking Activities — Investment Management and Advisory Services — Trust and Fiduciary Services

Developments

UK and Europe

- Following on from the market dislocation that occurred during the middle of 2007, the Structured Property Finance business faces a market where liquidity is tight, activity levels are falling and asset values have come under pressure. In response to this we have adjusted our appetite for credit risk to be defensive but at the same time nimble and agile in relation to opportunities.
- The Growth and Acquisition Finance business has performed strongly, realising substantial profits through the exit of existing investments. The portfolio of new deals grew during the year. The skills, brand and market positioning of the team are poised to extract value from current conditions.
- The Private Wealth Management business has achieved a healthy degree of scale and made a meaningful contribution to net profit. Both the advisory and special opportunities units made significant gains throughout the year. Funds under advice grew well ahead of target and the size of new portfolios taken on continues to increase.
- In the General Banking space, progress was made in a number of initiatives:
  - The Private Client Lending business made good progress into the high net worth mortgage arena. Product innovation through multi-currency lending and design features aimed at big city earners received good coverage.
  - The deposit raising teams performed extraordinarily in tough market conditions. We expanded our activities into Jersey and bolstered distribution capacity and product development in all jurisdictions.

Private Banking

Partner of choice from wealth creation to wealth management

- The Specialised Lending team has successfully deepened its penetration in the current year in the strategic shareholder and funds finance space. The sports finance business is now well positioned in the market with an established client base and good repeat business.
- The Trust company has established itself as one of the premier independent but bank owned players in the fiduciary world. The business was recognised by the industry body, STEP, as the institutional trust company of the year in 2007.

Southern Africa

- Structured Property Finance has benefited from improved distribution capacity, together with a continued focus on client-led initiatives. These have shifted strongly from residential to retail, commercial and industrial.
- Growth and Acquisition Finance activities continue with a strong emphasis on black economic empowerment. New investments continue to exceed exits and realisations, which should underpin continuing momentum.
- Private Wealth Management continues to grow funds under advice. Differentiating features are our international reach and delivery of special opportunities.
- The General Banking area has significantly increased its client qualifying criteria, allowing a much stronger client focus, and continued success in liability raising.

Australia

- On 1 October 2007 we concluded the acquisition of Experien, a professional lending business, which adds strategic diversification, increased distribution capability and an expanded client network to the current platform. The acquisition provided an increase in the loan book of approximately A$700 million.
- Structured Property Finance has experienced flat growth year on year impacted by a slowing of property markets in the second half. The core focus has been on strong portfolio management, attracting and maintaining quality clients and building a stronger brand in regional locations.
- We enhanced our revenue capability and lending diversification with the establishment of Specialised Lending, which focuses on providing sophisticated lending solutions to a target client base of high net worth individuals, families and high income earning executives.
- We continue to build the private client treasury book through strategic focus and team expansion within identified markets which resulted in a significant increase in both client numbers and book growth.
- During the early part of the financial year, the Growth and Acquisition Finance team exited several deals as the environment was conducive to realisations at optimum values. The existing portfolio continues to maintain a steady growth in value.

Outlook, risks and uncertainties

- The outlook for the forthcoming twelve months is tempered as the markets navigate through the credit crunch and its impact on the broader economy. This could have a meaningful impact on pipelines and exits across all jurisdictions.
- These conditions could present opportunities which the business and its clients are well placed to take advantage of.
- This, combined with the well diversified earnings stream will mitigate, to some extent, the effects of the broader market environment.

Private Client Portfolio Management and Stockbroking

Partner of choice from wealth creation to wealth management

Overview and financial analysis

- Operating profit increased by 23.8% to £27.3 million, contributing 5.4% to group profit.
- Private client funds under management in South Africa grew by 6.8% from R105.6 billion to R112.7 billion.

£'000	31 March 2008	31 March 2007	Variance	% Change
Net interest income	76	6	70	>100.0%
Net fee and commission income	36 564	28 053	8 511	30.3%
Principal transactions	1 205	3 137	(1 932)	(61.6%)
Other operating income and operating income from associates	11 929	10 065	1 864	18.5%
Admin expenses and depreciation	(22 432)	(19 180)	(3 252)	17.0%
Operating profit before goodwill, non-operating items and taxation	**27 342**	**22 081**	**5 261**	**23.8%**
UK and Europe	11 929	10 065	1 864	18.5%
South Africa	15 413	12 016	3 397	28.3%
Operating profit before goodwill, non-operating items and taxation	**27 342**	**22 081**	**5 261**	**23.8%**
Adjusted shareholders' equity*	29 609	42 932	(13 323)	(31.0%)
ROE (pre-tax)*	65.5%	44.2%		
Cost to income ratio	45.1%	46.5%		
Cost to income ratio excluding income from associates	59.3%	61.5%		
Operating profit per employee (£'000)*	73.4	64.6		13.6%

* As calculated on pages 28 and 32.

The variance in operating profit over the year can be explained as follows:

- The South African Private Client Portfolio Management and Stockbroking business has benefited from higher asset levels and increased volumes. Alternative products launched in the previous financial year also gained traction and asset swap activity increased as local market volatility led clients to diversify portfolios.
- Investec's UK Private Client Stockbroking business, Carr Sheppards Crosthwaite, was sold to Rensburg plc on 6 May 2005. We retain a 47.3% interest in the combined entity, Rensburg Sheppards plc. Post 6 May 2005 the results of the combined entity Rensburg Sheppards plc have been equity accounted and the directors' estimate of these results are included in the line item "operating income from associates" (the £11.9 million income reflected above is post an estimate for tax of approximately £5 million).

Developments

UK and Europe

- Rensburg Sheppards plc released its results for the year ended 31 March 2008 on 11 June 2008. Salient features of the results extracted directly from the announcement released by the company include:

"Key points:

- Profit before tax increased by 21.4% to £31.2 million (2007: £25.7 million).
- Adjusted* profit before tax increased by 15.6% to £41.5 million (2007: £35.9 million).
- Basic earnings per share increased by 27.7% to 47.9p (2007: 37.5p).
- Adjusted* basic earnings per share increased by 14.5% to 65.4p (2007: 57.1p).
- Recommended final dividend is 17p, making a total dividend of 25.5p (2007: 22.5p) for the year - an overall increase of 13.3%.
- Group funds under management at 31 March 2008 of £12.95 billion (2007: £14.40 billion).
- On 6 May 2008, the group's £5 million floating rate debt was repaid ahead of schedule.

* Before amortisation of the client relationships intangible asset and share-based charges relating to the Employee Benefit Trust ('EBT'). These items amount to a net charge before tax of £10.3 million (2007: £10.2 million) and a net charge after tax of £7.7 million (2007: £8.6 million)."

Private Client Portfolio Management and Stockbroking

Partner of choice from wealth creation to wealth management

South Africa

- Revenue increased substantially over the prior period, assisted by the increase in assets under management.

Funds under management as at	31 March 2008	31 March 2007 R'million	% Change	31 March 2008	31 March 2007 £'million	% Change
Discretionary	21 406	18 419	16.2%	1 323	1 297	2.0%
Non-discretionary	91 338	87 177	4.8%	5 649	6 139	(8.0%)
Total	**112 744**	**105 596**	**6.8%**	**6 972**	**7 436**	**(6.2%)**

R'million	31 March 2008	31 March 2007
Net inflows at cost over period		
Discretionary	1 865	1 065
Non-discretionary	5 431	2 316
Total	**7 296**	**3 831**

Outlook, risks and uncertainties

South Africa

- Notwithstanding a material correction in broad market prices and valuations, there remains a high level of uncertainty among private client investors and traders given ongoing global financial market instability. In addition to tight credit market conditions, consumers and investors alike are facing various new and ongoing challenges in the form of a weak Rand, power outages, high interest and inflation rates and weakening house prices. These factors have, and will most likely continue to erode investor confidence going forward. As a result, we expect trading, particularly speculative related revenues, to soften in the near term.
- We are relatively confident that, as a result of the diverse business mix and strong annuity income from discretionary funds under management, the negative impact on trading related activity should be partially offset.
- Newly implemented client service strategy initiatives are showing early signs of increased market penetration which is expected to gain momentum as the implementation phase matures. This strategy is also designed to improve overall yield on assets under management with an increased focus on clients' broader investment requirements and the ability of the business to provide specialised and sophisticated solutions around those requirements.
- Overall the macroeconomic environment is expected to remain challenging and this will impact on general investor confidence. The business has however, become more resilient to volatility over time through its annuity based specialist portfolio management and alternative investment services and is also ideally placed to capitalise on current asset allocation/investment rotation trends.

Capital Markets

Specialist structuring and advisory business

Scope of activities

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

Strategic focus

Our objectives include:

- Continuing to remain a focused and specialised business, targeting markets and products where we can be distinctive and competitive.
- Through a strong disciplined approach centred on clients and delivery of structured products, we seek:
  - Asset creation opportunities;
  - Product structuring and distribution opportunities;
  - Trading, hedging and proprietary market opportunities;
  - Advisory mandates.
- Creating platforms for the origination and distribution of internal and third party originated banking assets on a sustainable basis.
- Developing our market leading position, focusing on growth initiatives and growing a portfolio of quality term assets.
- Continuing to concentrate on systems, processes and automation, to ensure maximum competitive advantage and long-term cost savings.
- Taking advantage of opportunities to use our specialist skills to launch specialist funds.
- Investing in the future and targeting growth.

Management structure

Global Head of Capital Markets	David van der Walt

UK and Europe

Regional Head	David van der Walt
Balance Sheet and Interest Rates	John Barbour
Commodities and Resource Finance	George Rogers
Corporate Forex	James Arnold
Fixed Income	David Kantor
Foreign Exchange	Phillip Wells
Principal Finance	Andy Clapham
Project Finance (UK and international)	Maurice Hochschild
Structured and Asset Finance	Alistair Crowther
Structured Equities	Andrew Brogden
Operations (UK and international)	Kevin McKenna
Regional Head: Ireland	Michael Cullen
Equity Finance: Ireland	Loman Gallagher
Treasury Activities: Ireland	Aisling Dodgsen

Southern Africa

Regional Head	Richard Wainwright
Commodities and Resource Finance	Dharmesh Kalyan
Equity Derivatives (SA and international) and Foreign Exchange	Milton Samios
Financial Products and Corporate Treasury	Mark Currie
Structured, Project and Asset Finance	David Kuming
	Michael Meeser
Balance Sheet Management and Interest Rates	Clive Sindelman
Operations	Stuart Spencer
Regional Head: Mauritius	Craig McKenzie

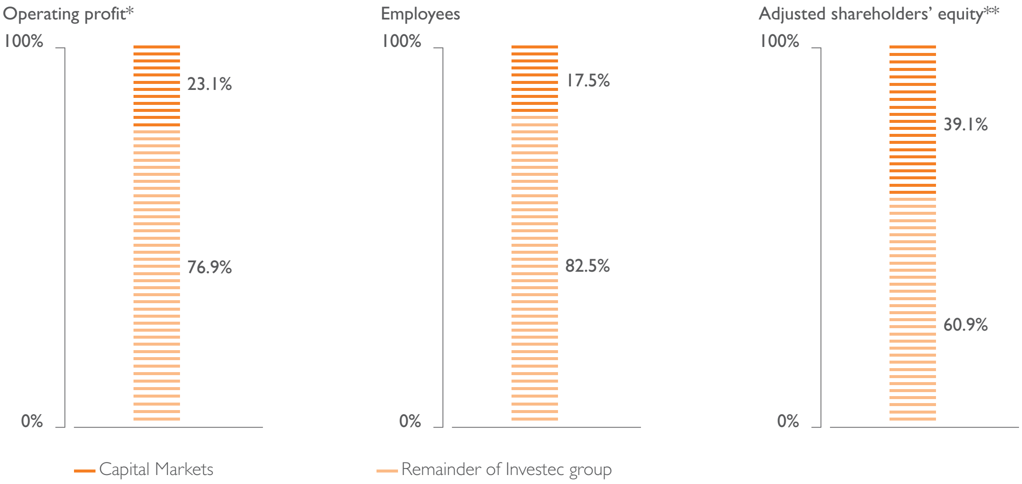
Australia

Regional Head	José de Nobrega
Commodities and Resource Finance (International)	José de Nobrega
Commodities and Resource Finance (Australia)	Anthony Hawke
Financial Products	Dean You-Lee
Project Finance	Peter Mansfield
	Mark Schneider
Structured Finance	David Phillips
Treasury	Jeff Duncan-Nagy
Operations	Carl Dennis

Capital Markets

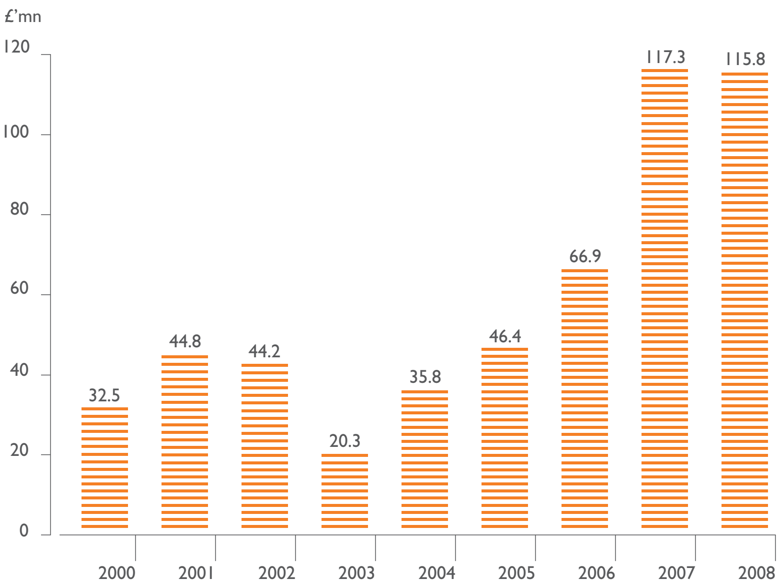
Specialist structuring and advisory business

Contribution analysis



* Before goodwill, non-operating items and taxation and excluding Group Services and Other Activities.
** As calculated on page 28.

Operating profit^ - track record



^ Trends reflects numbers as at the year ended 31 March. The numbers prior to 31 March 2005 were reported in terms of UK GAAP. Amounts are shown before goodwill, non-operating items and taxation.

Capital Markets

Specialist structuring and advisory business

Overview and financial analysis

- Operating profit decreased 1.3% to £115.8 million, contributing 23.1% to group profit.
- Our advisory, structuring and asset creation activities continued to perform well.
- The Australian business continued to build on the Rothschild's platform and introduced a number of new initiatives.
- Core loans and advances grew by 22.6% to £3.8 billion.
- The results of the division were adversely affected by a poor performance from the US Principal Finance division which has been negatively affected by the credit crisis (refer below).
- Investec plc acquired Kensington with effect from 8 August 2007. The businesses of Kensington now form part of the Capital Markets business in the UK. Salient information with respect to Kensington is provided below and should be taken into account when assessing the variance analysis provided.

£'000	31 March 2008	31 March 2007	Variance	% Change
Net interest income	227 174	89 078	138 096	>100.0%
Net fee and commission income	86 831	80 190	6 641	8.3%
Principal transactions	97 998	102 700	(4 702)	(4.6%)
Other operating income and operating income from associates	(266)	(11)	(255)	(>100.0%)
Impairment losses on loans and advances	(79 336)	(9 925)	(69 411)	(>100.0%)
Admin expenses and depreciation	(216 651)	(144 741)	(71 910)	49.7%
Operating profit before goodwill, non-operating items and taxation	**115 750**	**117 291**	**(1 541)**	**(1.3%)**
UK and Europe	39 306	51 409	(12 103)	(23.5%)
Southern Africa	68 118	56 145	11 973	21.3%
Australia	8 326	9 737	(1 411)	(14.5%)
Operating profit before goodwill, non-operating items and taxation	**115 750**	**117 291**	**(1 541)**	**(1.3%)**
Adjusted shareholders' equity*	646 998	358 724	288 274	80.4%
ROE (pre-tax)*	23.4%	37.7%		
Cost to income ratio	52.6%	53.2%		
Operating profit per employee (£'000)*	127.4	188.3		(32.3%)

* As calculated on pages 28 and 32.

The variance in operating profit over the year can be explained as follows:

- Net interest income has benefited from an increase in average advances across all three geographies, a strong performance from the treasury businesses in South Africa and the acquisition of Kensington.
- Net fees and commissions reflect a good performance from the advisory and structuring businesses with a number of mandates successfully closed.
- The decrease in principal transactions primarily reflects losses made in the US Principal Finance division as a result of write downs of £48.9 million on US structured credit investments largely as a result of rating agency downgrades and US house price performance related to these portfolios. If we had to adjust for these write downs, principal transaction revenue would have increased by 40% largely as a result of revaluations and realisations of investments in the Structured Finance and Resource Finance businesses and a solid performance from the trading businesses off the back of volatile markets. Further analysis is provided below.
- Excluding the impact from the acquisition of Kensington (£55.4 million), impairment losses on loans and advances increased primarily as a result of additional write offs in the South African business.
- Expenses have increased largely due to the acquisition of Kensington, an increase in average headcount to support new initiatives (notably UK and Australia), the investment in product development and IT infrastructure and costs associated with complying with regulatory requirements.

Analysis of total income by geography

£'000	31 March 2008	31 March 2007	Variance
UK and Europe	**240 794**	**142 004**	**98 790**
Trading activities	48 790	26 438	22 352
Principal Finance	(13 507)	30 224	(43 731)
Commodities and Resource Finance	15 706	12 588	3 118
Structured and Asset Finance	70 196	72 754	(2 558)
Kensington	119 609	-	119 609
Southern Africa	**150 096**	**111 362**	**38 734**
Trading activities	34 838	15 674	19 164
Treasury/Balance Sheet Management	42 507	32 490	10 017
Financial Products	17 921	14 493	3 428
Lending activities	54 830	48 705	6 125
Australia	**20 847**	**18 591**	**2 256**
Trading activities	1 829	4 408	(2 579)
Treasury/Balance Sheet Management	4 014	3 504	510
Financial Products	2 845	2 146	699
Lending activities	11 144	7 764	3 380
Structured Finance	1 015	769	246
Total	**411 737**	**271 957**	**139 780**

Core loans and advances (excluding Kensington)

£'million As at	UK and Europe 31 March 2008	UK and Europe 31 March 2007	Southern Africa 31 March 2008	Southern Africa 31 March 2007	Australia 31 March 2008	Australia 31 March 2007	Total 31 March 2008	Total 31 March 2007	% Change
Total gross core loans and advances	**2 000**	**1 541**	**1 658**	**1 434**	**141**	**141**	**3 799**	**3 116**	**21.9%**
Specific impairments	3	5	-	5	-	8	3	18	(83.3%)
Portfolio impairments	-	-	-	1	-	-	-	1	100.0%
Net core loans and advances	**1 997**	**1 536**	**1 658**	**1 428**	**141**	**133**	**3 796**	**3 097**	**22.6%**
Asset quality									
Gross defaults	34	18	-	24	-	8	34	50	(32.0%)
Collateral value	30	11	-	24	-	-	30	35	(14.3%)
Specific impairments	3	5	-	5	-	8	3	18	(83.3%)
Net defaults (limited to zero)	**1**	**2**	**-**	**-**	**-**	**-**	**1**	**2**	**(50.0%)**
Gross defaults as a % of gross loans and advances	1.7%	1.2%	-	1.7%	-	5.7%	0.9%	1.3%	-

Net core loans and advances as at	31 March 2008	31 March 2007 £'million	% Change	31 March 2008	31 March 2007 Home currency ' million	% Change
UK and Europe	1 997	1 536	30.0%	£1 997	£1 536	30.0%
Southern Africa	1 658	1 428	16.1%	R26 811	R20 275	32.2%
Australia	141	133	6.5%	A$310	A$323	(4.0%)
Net core loans and advances	**3 796**	**3 097**	**22.6%**			

Kensington Group plc - salient financial information

Purchase consideration

Investec plc acquired the entire issued share capital of Kensington with effect from 8 August 2007. In terms of the offer each Kensington shareholder has received 0.7 Investec plc shares plus a special dividend of 26 pence (paid by Kensington) for each Kensington share held. The acquisition was satisfied by the issue of 36 824 432 Investec plc shares at 587.5 pence per share. Net assets at the date of acquisition, total consideration paid and goodwill arising on the transaction are disclosed in the table below.

£'million

Value of Investec plc shares issued (36 824 432 shares at 587.5 pence)		216.3
Acquisition costs		5.0
Kensington net assets at acquisition	147.7	
Less: special dividend	(13.7)	
Less: fair value adjustments	(33.8)	
		100.2
Goodwill arising on acquisition		121.1
Impairment of goodwill (refer to page 86)		(59.9)
Net goodwill at 31 March 2008		**61.2**

Strategy and developments

- Challenging credit market conditions have resulted in a significant restructuring of the business in order to maintain a robust business model that can respond quickly when market conditions change.
- Restructuring efforts include:
  - Managed reduction in new business volumes. We are not writing any business within the adverse product range.
  - Reduction of overheads.
  - Tightening of lending criteria.
  - Appropriate pricing for current market conditions.
- Further efficiencies to be gained through increased automation across the operating model.
- Forward flow agreements are still operative and warehouse facilities of £2.0 billion were renewed towards the end of 2007 for a period of 2 to 3 years to support the current strategy.
- Investec retains a net equity investment in the securitised mortgage portfolio of £101 million and exposures in third party warehouse structures of £128 million. These investments would only be impaired if the excess spread earned and retained by the portfolio structure is not sufficient to cover costs and bad debts. In addition we retain an on balance sheet provision of £105 million.

Summary income statement for period 8 August 2007 to 31 March 2008

	£'000
Net interest income	109 200
Net fee and commission income	5 100
Principal transactions	5 500
Other income/(loss)	(191)
Impairment losses on loans and advances	(55 400)
Admin expenses and depreciation	(39 938)
Operating profit before goodwill, non-operating items and taxation	**24 271**

Capital Markets

Specialist structuring and advisory business

Key statistics

As at 31 March 2008	Warehouse book	Securitised portfolio	Total	% of total
Assets and business activity statistics				
Mortgage assets under management (£'million)	2 036	4 062	6 098	
IFRS adjustments	69	(59)	10	
Mortgage assets under management	1 967	4 121	6 088	
First charge % of total mortgage assets under management	91.5%	94.2%	93.3%	
Second charge % of total mortgage assets under management	8.5%	5.8%	6.7%	
Fixed rate loans % of total mortgage assets under management	60.9%	44.2%	49.6%	
Number of accounts	19 443	45 407	64 850	
Average loan balance (first charge)	135 369	109 793	116 782	
Largest loan balance	1 001 672	1 075 835	1 075 835	
Weighted average loan mature margin %	3.5%	3.7%	3.6%	
Ave early redemption charge income received % - March month	N/A	N/A	1.1%	
Product mix (pre-IFRS adjustments) (£'million)	**1 966**	**4 121**	**6 088**	**100.0%**
Prime	67	-	67	1.1%
Near prime	690	694	1 384	22.7%
Prime Buy to Let	12	-	12	0.2%
Adverse	551	2 842	3 393	55.7%
Adverse Buy to Let and Right to Buy	87	212	299	4.9%
Start - Irish operations	559	374	933	15.3%
Geographic distribution (£'million)	**1 966**	**4 121**	**6 088**	**100.0%**
UK - North	437	1 216	1 653	27.1%
UK - South West	108	259	367	6.0%
UK - South East	317	781	1 098	18.0%
Outer London	207	464	671	11.0%
Inner London	106	277	383	6.3%
Midlands	231	751	982	16.1%
Ireland	559	374	933	15.3%
Spread of value of properties (%)	**100.0%**	**100.0%**	**100.0%**	
>£500 000	3.0%	1.3%	1.8%	
>£250 000 - <£500 000	21.3%	11.7%	14.5%	
>£200 000 - <£250 000	16.1%	11.6%	13.0%	
>£150 000 - <£200 000	21.3%	20.0%	20.4%	
>£100 000 - <£150 000	24.7%	29.0%	27.7%	
>£70 000 - <£100 000	12.1%	19.8%	17.5%	
>£50 000 - <£70 000	1.4%	5.4%	4.2%	
<£50 000	0.1%	1.2%	0.9%	

Capital Markets

Specialist structuring and advisory business

Key statistics

As at 31 March 2008	Warehouse book	Securitised portfolio	Total	% of total
Asset quality statistics				
Weighted average current LTV of active portfolio (adjusted for house price inflation/deflation)	73.7%	68.1%	69.9%	
LTV spread - % of book	100.0%	100.0%	100.0%	
<= 65%	29.3%	24.7%	26.2%	
>65% - <70%	7.3%	6.8%	7.0%	
>70% - <75%	8.7%	10.5%	9.9%	
>75% - <80%	9.9%	13.4%	12.2%	
>80% - <85%	15.8%	17.8%	17.2%	
>85% - <90%	27.2%	24.3%	25.3%	
>90% - <95%	1.1%	2.4%	1.9%	
>95% - <100%	0.2%	0.1%	0.1%	
>100%	0.5%	0.0%	0.2%	
% of accounts > 90 days in arrears	5.4%	13.9%	11.3%	
Number of accounts > 90 in arrears	1 041	6 303	7 344	
Total capital lent in arrears (£'million)	**269**	**1 267**	**1 536**	**100.0%**
Arrears 0 - 60 days	98	377	475	30.9%
Arrears 61 - 90 days	50	215	265	17.3%
Arrears > 90 days	113	551	664	43.2%
Possession	8	124	132	8.6%
Debt to income ratio of clients (%)	23.4%	26.0%	25.1%	
Investec investment/exposure to assets reflected above	162	172	334	
On balance sheet provision	34	71	105	
Investec net investment/exposure to assets reflected above (£'million)	**128**	**101**	**229**	

Developments

UK and Europe

- The Project Finance team continues to be a leader in the UK PFI (project finance investment) advisory business, and we have recently established an office in Canada to service the North American PFI market.
- The Asset Finance business continues to grow its franchise and is considered a top tier player in its market.
- We are considered one of the top 10 European banks in aircraft finance, with particular success in the origination of transactions in India where we have completed the first ever sale and leaseback transactions for the two Indian State owned airlines.
- The trading desks showed an improved performance benefiting from market volatility, the introduction of new products and increased staff in certain areas. The Corporate Foreign Exchange and Structured Equity desks are now fully operational.
- The Resources Fund initiative has been established and we have started to attract third party money to the fund.
- The Commodities and Resource Finance business continues to grow and we are now considered a top name in the mid and junior mining project finance sector and are growing our name in the commodities arena.
- The US Principal Finance activities were negatively impacted by the credit issues and subsequently by the liquidity crisis that arose off the back of the US sub-prime issues. We have taken a mark to market write down of £48.9 million against the US positions largely as a result of rating agency downgrades and US house price performance related to these portfolios. As at 31 March 2008 the on balance sheet value of the US portfolio is £71 million of which £16 million is dependent on the performance of the US sub-prime market.

Capital Markets

Specialist structuring and advisory business

Southern Africa

- We experienced very strong growth in our core advances across all sectors, with particularly strong activity in resource finance and acquisition related finance.
- We launched a number of new initiatives and products during the year, including JSE listed Currency Futures, and Exchange Traded Funds platform. We continued to enjoy significant market share across listed equity warrants and single stock futures.
- We managed the group's asset and liability profile during a period that saw a number of interest rate increases. The resultant interest rate risk on the South African balance sheet was managed in a profitable manner.
- Treasury and derivative deal flow continued to grow resulting in excellent results across all our trading areas, including commodities, foreign exchange, interest rates and equity derivatives.
- Activity in debt capital markets, including securitisations, declined rapidly in the last quarter of the year as the effects of global markets forces were felt in the local market. We continue to develop our investments in retail funding platforms, but at a slower pace while markets normalise.

Australia

- We issued our first medium term note programme in June 2007 and raised a total of A$250 million.
- The Structured Finance team launched the Investec Global Aircraft Fund for institutional investors, raising on a standalone basis, equity of A$73 million. The pipeline of aircraft finance transactions remains strong.
- The Project Finance business continues to exploit both lending and growth opportunities in the infrastructure and energy sectors, with a particular focus on clean, alternative and renewable energy.
- Trading Activities had a profitable year, across interest rates, forex and commodities.
- Our Resource Finance division continued to perform well despite difficult market conditions and strong loan book prepayments.

Outlook, risks and uncertainties

- The strategy has not changed. We remain a focused business targeting markets where we can be distinctive and competitive.
- In the UK and South Africa we will continue to strive for depth and greater penetration. In Australia we continue to look for opportunities to broaden our franchise.
- Our strategy around specialist funds remains a key focus.
- We will continue to invest in the business to ensure continued growth in the medium term.
- The liquidity issues have affected all our markets although opportunities continue to present themselves.
- Deal volume has slowed in line with market conditions, and the growth of the business is dependent on liquidity and stability returning to the financial markets, including the return of securitisation in some form.
- These factors will have an impact on some of our businesses in the coming year, but we have a diversified portfolio of businesses within Capital Markets and the pipeline remains good in many of our specialised lending areas, including Project Finance, Resource Finance and Structured Finance.
- There is a lag between assets re-pricing and the increased cost of borrowing which will have a negative effect on net interest income.

Investment Banking

Integrated business focused on local client delivery with international access

Scope of activities

We engage in a range of investment banking activities and position ourselves as an integrated business focused on local client delivery with international access. We target clients seeking a highly customised service which we offer through a combination of domestic depth and expertise within each geography and a client centric approach.

Activities	- Corporate Finance - Institutional Research, Sales and Trading - Direct Investments - Private Equity
Target market	- Listed and unlisted companies - Fund managers - Government - Parastatals

Strategic focus

Mission: To be an integrated entrepreneurial investment banking business.

Our primary objectives are to secure our current positionings and to continue building our operations, with a strong focus on generating a higher level of core sustainable earnings.

UK and Europe

Our strategic objectives are to:

- Become a pre-eminent full service mid-market investment bank.
- Leverage our highly rated product and service offering internationally, specifically in the US and Europe.
- Increase the use of capital to reinforce our mid-market offering.

South Africa

Corporate Finance

Our strategy is to:

- Take advantage of our leading position in the South African market.
- Focus on servicing existing clients and undertaking new client initiatives.
- Identify appropriate investment banking transactions, mergers and acquisitions and IPO opportunities.
- Continue with our strategy relating to black economic empowerment.
- Improve cross-border activity.

Institutional Research, Sales and Trading

Our strategic objectives are to:

- Be the top rated South African specialist broker as determined by our target client base.
- Ensure appropriate research coverage to underpin our South African distinctiveness.
- Further leverage our research product into the UK and US and selectively target key European clients.
- Entrench our position as a leading prime broking player in the South African market.
- Continue to diversify the income stream through related product offerings.

Investment Banking

Integrated business focused on local client delivery with international access

Direct Investments and Private Equity

Our strategy is to:
- Focus on quality, not quantity of investments, in selected industries.
- Identify and pursue transactions with the potential for significant value unlocking in the short to medium term.
- Target platform investments that can be grown significantly through the implementation of an agreed strategy operating in industries that will benefit strongly from economic growth in South Africa.
- Co-invest with experienced executives and non-executives with a proven track record, strategic investors and empowerment partnerships built on trust.
- Concentrate on opportunities with BEE platform investee companies.

Australia

Our objectives are to:
- Build an integrated business model of advisory, private equity and direct investments, to maximise market opportunities.
- Continue to focus on global collaboration to enhance cross-border activity.
- Maintain a disciplined approach to Private Equity and Direct Investment activities.

Management structure

Joint Global Heads of Investment Banking

Bradley Fried
Andy Leith

UK and Europe

Regional Head	Bradley Fried
Investment Banking and Securities	David Currie
	Craig Tate
Ireland	Michael Cullen
Finance	Ray Milner
IT and Operations	Trevor Gatfield

South Africa

Regional Head	Andy Leith
Corporate Finance	Kevin Kerr
	Hugo Steyn
Institutional Research, Sales and Trading	Craig Tate
	Kevin Brady
Direct Investments and Private Equity	Thomas Prins
Finance: Corporate Finance, Direct Investments and Private Equity	Caroline Thomson
	Robert Slater
Finance: Institutional Research, Sales and Trading	Joubert Hay

Australia

Corporate Advisory	Ben Smith
Private Equity and Direct Investments	John Murphy

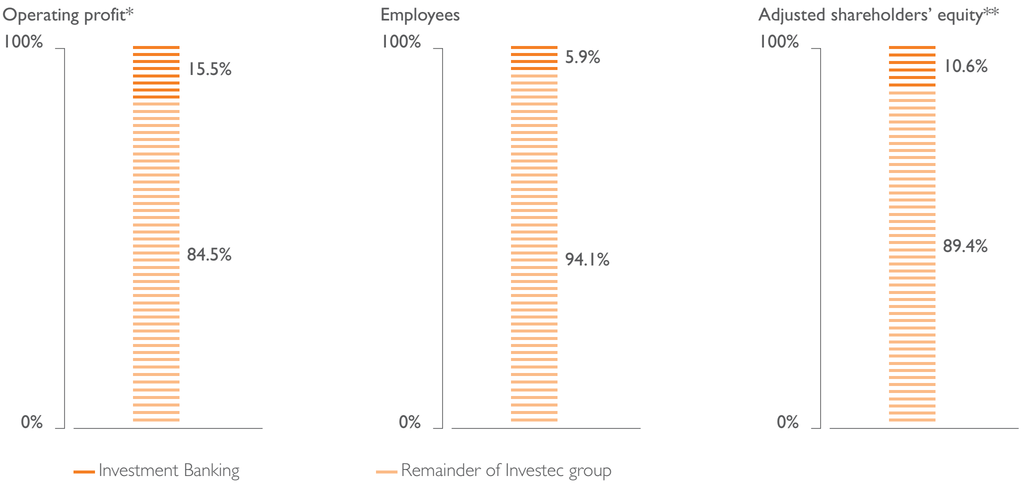
Hong Kong

Regional Head	Richard Forlee

Investment Banking

Integrated business focused on local client delivery with international access

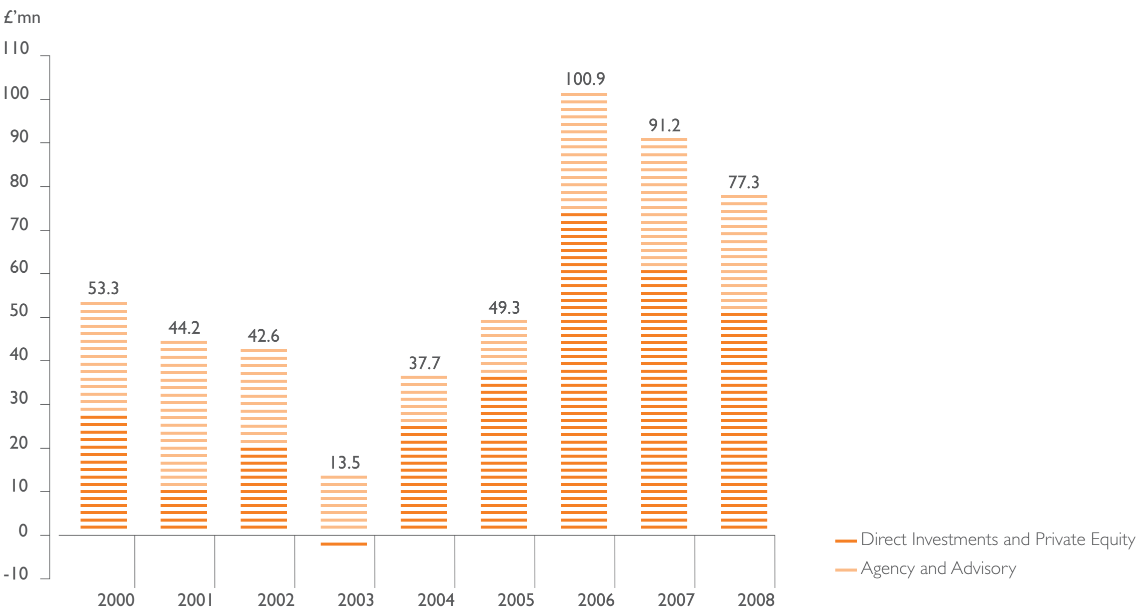
Contribution analysis



* Before goodwill, non-operating items and taxation and excluding Group Services and Other Activities.

** As calculated on page 28.

Operating profit^ - track record



^ Trends reflects numbers as at the year ended 31 March. The numbers prior to 31 March 2005 were reported in terms of UK GAAP. Amounts are shown before goodwill, non-operating items and taxation.

Investment Banking

Integrated business focused on local client delivery with international access

Overview and financial analysis

- Operating profit decreased by 15.2% to £77.3 million, contributing 15.5% to group profit.

£'000	31 March 2008	31 March 2007	Variance	% Change
Net interest income	(8 463)	(2 457)	(6 006)	>100.0%
Net fee and commission income	88 603	91 904	(3 301)	(3.6%)
Principal transactions	79 583	73 719	5 864	8.0%
Other operating income and operating income from associates	45 016	45 629	(613)	(1.3%)
Impairment losses on loans and advances	(1 356)	(1)	(1 355)	>100.0%
Admin expenses and depreciation	(126 053)	(117 559)	(8 494)	7.2%
Operating profit before goodwill, non-operating items and taxation	**77 330**	**91 235**	**(13 905)**	**(15.2%)**
Corporate Finance	14 277	15 890	(1 613)	(10.2%)
Institutional Research, Sales and Trading	12 422	14 394	(1 972)	(13.7%)
Direct Investments	15 990	18 148	(2 158)	(11.9%)
Private Equity	34 641	42 803	(8 162)	(19.1%)
Operating profit before goodwill, non-operating items and taxation	**77 330**	**91 235**	**(13 905)**	**(15.2%)**
UK and Europe	7 607	23 294	(15 687)	(67.3%)
South Africa	64 775	60 632	4 143	6.8%
Australia	4 948	7 309	(2 361)	(32.3%)
Operating profit before goodwill, non-operating items and taxation	**77 330**	**91 235**	**(13 905)**	**(15.2%)**
Adjusted shareholders' equity*	175 913	130 816	45 097	34.5%
ROE (pre-tax)*	34.3%	68.6%		
Cost to income ratio	61.6%	56.3%		
Cost to income ratio excluding investments that are consolidated	55.7%	55.2%		
Operating profit per employee (£'000)*	216.6	291.9		(25.8%)

* As calculated on pages 28 and 32.

Corporate Finance and Institutional Research, Sales and Trading

£'000	31 March 2008	31 March 2007	Variance	% Change
Net interest income	817	(1 147)	1 964	(>100.0%)
Net fee and commission income	84 174	91 544	(7 370)	(8.1%)
Principal transactions	15 875	12 774	3 101	24.3%
Other operating income and operating income from associates	-	(15)	15	100.0%
Impairment losses on loans and advances	(4)	(1)	(3)	>100.0%
Admin expenses and depreciation	(74 163)	(72 871)	(1 292)	1.8%
Operating profit before goodwill and non-operating items	**26 699**	**30 284**	**(3 585)**	**(11.8%)**

The variance in operating profit over the year can be explained as follows:

- The Corporate Finance operations results reflect a stable deal pipeline across all geographies, with a number of mandates successfully closed. The division earned large fees on a few transactions in the prior year which were not repeated in the current year.
- The Institutional Stockbroking operations in South Africa delivered a healthy performance. Strong growth from the Prime Broking operation and International Broking activities was partially offset by a weaker performance from the Dual Listed Arbitrage and trading businesses. The results of the UK Institutional Stockbroking operations were negatively impacted by a decline in IPO fees, although the division's market making and trading operations performed well.

Direct Investments and Private Equity

£'000	31 March 2008	31 March 2007	Variance	% Change
Net interest income	(9 280)	(1 310)	(7 970)	>100.0%
Net fee and commission income	4 429	360	4 069	>100.0%
Principal transactions	63 708	60 945	2 763	4.5%
Other operating income and operating income from associates	45 016	45 644	(628)	(1.4%)
Impairment losses on loans and advances	(1 352)	-	(1 352)	(>100.0%)
Admin expenses and depreciation	(51 890)	(44 688)	(7 202)	16.1%
Operating profit before goodwill and non-operating items	**50 631**	**60 951**	**(10 320)**	**(16.9%)**

The variance in operating profit over the year can be explained as follows:

- Net interest income reflects increased funding costs.
- Principal transaction income represents the year to date cumulative increase/decrease in the value of the division's direct investments and private equity portfolios, the profit/loss on realisation of these investments and dividends and other income received (further analysis provided below).
- Other operating income largely relates to our investment in two private equity investments in which we hold 68.4% and 73%, respectively. The results of these investments have been consolidated with the respective income and expenses largely reflected in other operating income and administration expenses. These investments generated a net loss after tax and minority interest of £4.1 million. Any realisation of these investments in excess of their carrying values will be recognised as income from principal transactions.
- The increase in expenses largely relates to the consolidation of the two private equity investments (expenses amounted to £35.4 million).

Value of trading investments on balance sheet at 31 March 2008

£'million	Listed	Unlisted	Advances	Total
UK Private Equity and Direct Investments	26	25	-	51
SA Direct Investments	12	42	12	66
SA Private Equity	-	106	16	122
Australia	1	10	-	11
Hong Kong Direct Investments	1	13	-	14
	40	**196**	**28**	**264**

Note:
The combined book value of the two private equity investments which are consolidated (as mentioned above) of £65 million is not included in table above.

Value of trading investments on balance sheet at 31 March 2007

£'million	Listed	Unlisted	Advances	Total
UK Private Equity and Direct Investments	9	6	-	15
SA Direct Investments	23	39	9	71
SA Private Equity	-	83	6	89
Australia	2	-	-	2
Hong Kong Direct Investments	2	5	-	7
	36	**133**	**15**	**184**

Investment Banking

Integrated business focused on local client delivery with international access

Analysis of operating profit for the year to 31 March 2008

£'million	Realised	Un-realised	Dividends	Interest and other	Income	Funding costs	Net income	Expenses	Net profit
UK Private Equity and Direct Investments	0.1	4.1	1.6	34.6	40.4	(2.3)	38.1	(37.2)	0.9
SA Direct Investments	15.4	12.2	0.4	(0.7)	27.3	(6.6)	20.7	(3.4)	17.3
SA Private Equity	1.0	29.1	11.1	0.9	42.1	(2.9)	39.2	(7.5)	31.7
Australia	1.6	-	-	4.0	5.6	-	5.6	(2.3)	3.3
Hong Kong Direct Investments	0.6	(1.6)	-	(0.1)	(1.1)	-	(1.1)	(1.5)	(2.6)
Total	18.7	43.8	13.1	38.7	114.3	(11.8)	102.5	(51.9)	50.6

Analysis of operating profit for the year to 31 March 2007

£'million	Realised	Un-realised	Dividends	Interest and other	Income	Funding costs	Net income	Expenses	Net profit
UK Private Equity and Direct Investments	1.3	(1.9)	0.4	36.6	36.4	-	36.4	(28.5)	7.9
SA Direct Investments	0.3	16.9	3.1	1.2	21.5	(4.6)	16.9	(4.1)	12.8
SA Private Equity	3.7	28.0	7.8	0.1	39.6	(1.7)	37.9	(7.2)	30.7
Australia	-	-	-	6.5	6.5	-	6.5	(2.3)	4.2
Hong Kong Direct Investments	6.2	1.5	-	0.2	7.9	-	7.9	(2.6)	5.3
Total	11.5	44.5	11.3	44.6	111.9	(6.3)	105.6	(44.7)	60.9

Developments

Corporate Finance

UK and Europe

- The year was characterised by good levels of M&A activity while difficult market conditions resulted in fewer IPOs and fundraisings.
- We completed 26 M&A transactions with a value of £2.3 billion (2007: 24 transactions with a value of £2.5 billion).
- We completed 18 fundraisings during the year raising in aggregate £299 million (2007: 21 fundraisings raising £597 million).
- We continue to build the quality and size of the corporate client list, gaining 12 new brokerships during the year. We have 90 quoted clients with an average market capitalisation of £222 million.

South Africa

- We maintained our strong positioning with a good level of activity.
- Our focus was on M&A, IPOs and black economic empowerment transactions.
- We retained all our major clients (other than a few clients that were de-listed following public offers) and gained several new mandates during the period, particularly for IPOs.
- The total value of Corporate Finance transactions increased to R113 billion (2007: R52 billion) during the period although the number decreased to 109 (2007: 140).
- Sponsor broker deals completed during the period increased to 165 (2007: 161) with the value increasing to R149 billion (2007: R70 billion).
- The Corporate Finance division was ranked first in volume of listed M&A transactions and unlisted deals and second in general corporate finance by volume in the Dealmakers Magazine Survey for Corporate Finance (2007 calendar year). This is the fourth year out of five that we have been awarded the M&A Gold Medal.
- The Sponsor division was ranked first in volume of M&A transactions and in general corporate finance in the Dealmakers Magazine Survey for Sponsors (2007 calendar year). This is the fifth year running that we have won the M&A award.
- The Corporate Finance and Sponsor divisions were also both ranked first in volume of M&A transactions in the Ernst & Young review for M&A (2007 calendar year).

Australia

- There is increasing awareness and recognition of the Investec brand within the Australian market.
- We advised on 12 transactions (2007: 15) valued at approximately A$1.8 billion (2007: A$8.7 billion) during the period.
- We focused on building our capabilities in Brisbane and strengthening our presence in Melbourne.
- We continue to expand our sector specialisation, particularly in the resources sector.
- Despite the challenging market outlook, we remain focused on targeted headcount increases in Sydney, Brisbane and Melbourne in order to strengthen our market position.

Investment Banking

Integrated business focused on local client delivery with international access

Institutional Research, Sales and Trading

UK and Europe

- While volatile markets and unbundling have restricted secondary commission growth, net trading revenues have showed considerable improvement.
- We have strengthened our UK sales team over the last six months with the addition of a number of experienced sales people, including two hedge fund specialists.
- We now have a sales team in New York and continue to expand our US distribution capability.

South Africa

- A solid performance was achieved for the year, driven by healthy growth in the prime broking operations and international broking activities.
- The prime broking activity has developed into one of the leading players in the local hedge fund market.
- The international operation gained market share with a solid base being established in the US and select targeting of continental European clients.
- A leading position was established in the small and mid cap research space while further gains were achieved in broadening our research coverage to reflect a distinctively South African offering.

Direct Investments and Private Equity

UK, Europe and Hong Kong

- We continued to seek appropriate investment opportunities to enable us to leverage off the skills and knowledge base of the group and we also increased resources in this area.

South Africa

- The Direct Investments portfolio increased to R 1 051 million at 31 March 2008 (March 2007: R 1 012 million). This was driven by a good performance from the underlying investments and a few acquisitions and realisations.
- We continued to expand the capacity of our Private Equity investments through acquisitions and capital expenditure. The Private Equity portfolio was approximately R1 976 million at 31 March 2008 (March 2007: R1 266 million).

Australia

- We completed the equity raising of A$40 million for Investec Wentworth Private Equity Fund 3A which will co-invest with the A$200 million Investec Wentworth Private Equity Fund 3.
- The total size of the Private Equity Funds is A$460 million.
- We successfully completed five new investments.
- The investment portfolio continues to perform satisfactorily.

Outlook, risks and uncertainties

Corporate Finance

- While market conditions are currently uncertain, the pipeline is positive and we continue to invest in building our Trusted Adviser capability and client base in the UK.
- Black economic empowerment and M&A transactions are expected to continue to drive activity in South Africa.
- We continue to invest in building the Australian team and this, together with increased brand awareness and national reach, provides a solid platform for future growth opportunities.

Institutional Research, Sales and Trading

- The UK business has strengthened its positioning in the market, while further growth is expected to come from hedge funds and increased distribution into the US and Europe.
- The outlook for the South African business looks challenging. Ongoing global market uncertainty is likely to dampen activity while the growing local acceptance of the practice of unbundling research and execution will continue to exert downward pressure on margins. Nevertheless, any downside is set to be cushioned by growth in the prime broking business, continued international expansion and the push into related business activities.

Direct Investments and Private Equity

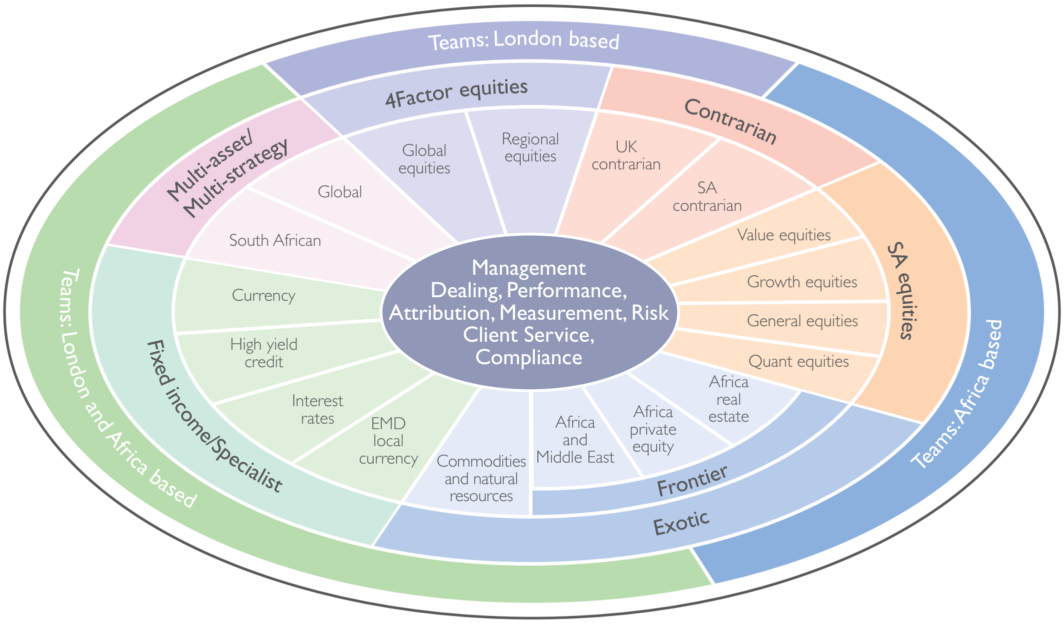
- We remain active in seeking direct investment opportunities, while continuing to unlock further value from the portfolio and the building of black economic empowerment platforms.
- The companies in our Private Equity portfolio are all trading in line with expectations and the outlook remains positive.
- The Australian business continues to add value to existing investments and is well placed to take advantage of new investment opportunities.

Asset Management

Investment specialist focused on performance and client needs

Scope of activities

We offer a comprehensive range of portfolio management services and products to institutional and retail fund clients. Our range of investment propositions is shown below.



- We sell our investment products in the following regions: UK, Africa, Europe, Americas, Australia, US, Asia and Cross Border.
- We have a broad client range including sovereign wealth funds, pension funds, banks, private banks, family offices, IFA's, and individual investors.

Strategic focus

We are totally focused on managing our clients' money to the highest standard possible.

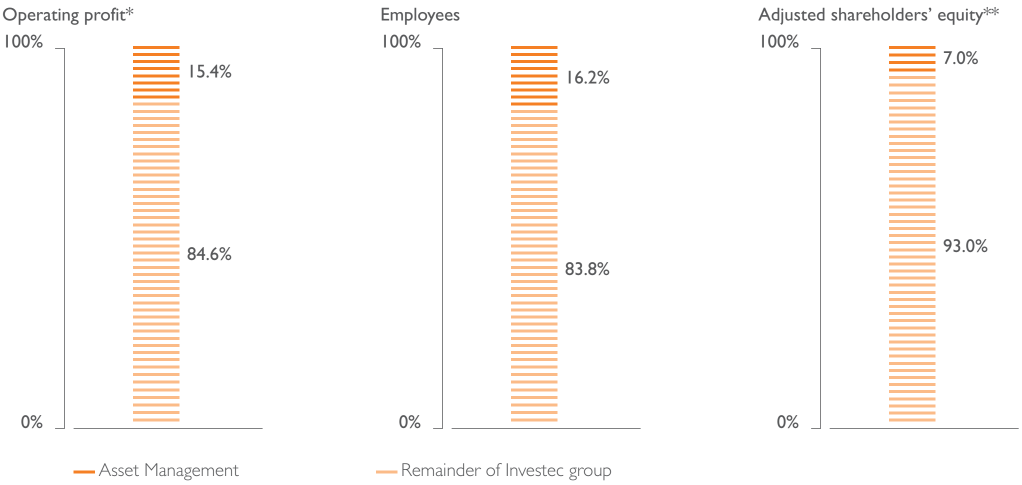
Management structure

Global Head of Asset Management	Hendrik du Toit
Chief Operating Officer	Kim McFarland
Business Development Director	John Green
Co-chief Investment Officer	Domenico Ferrini
Co-chief Investment Officer	John McNab

Asset Management

Investment specialist focused on performance and client needs

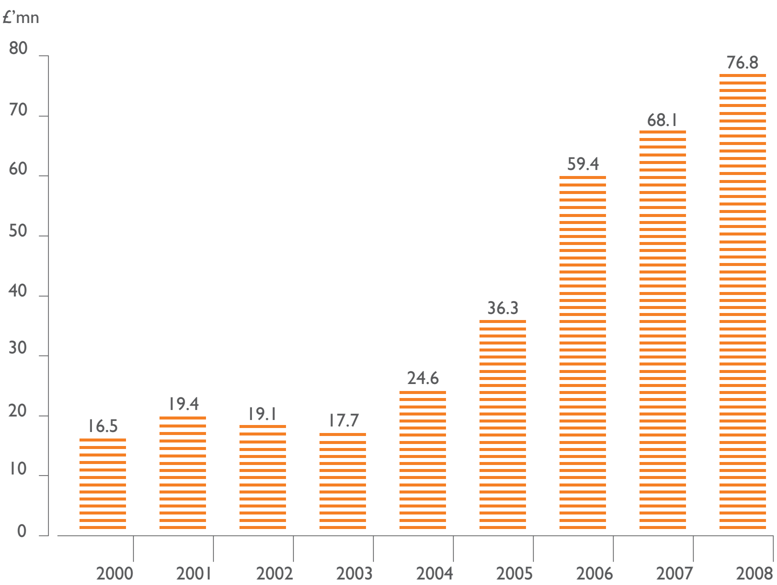
Contribution analysis



* Before goodwill, non-operating items and taxation and excluding Group Services and Other Activities.

** As calculated on page 28.

Operating profit^ - track record



^ Trends reflects numbers as at the year ended 31 March. The numbers prior to 31 March 2005 were reported in terms of UK GAAP. Amounts are shown before goodwill, non-operating items and taxation.

Asset Management

Investment specialist focused on performance and client needs

Overview and financial analysis

- Operating profit increased by 12.8% to £76.8 million, contributing 15.4% to group profit.
- Assets under management decreased by 3.8% to £28.8 billion.

£'000	31 March 2008	31 March 2007	Variance	% Change
Net interest income	7 558	5 242	2 316	44.2%
Net fee and commission income	207 483	180 539	26 944	14.9%
Other income	3 659	2 775	884	31.9%
Admin expenses and depreciation	(141 879)	(120 444)	(21 435)	17.8%
Operating profit before goodwill, non-operating items and taxation	**76 821**	**68 112**	**8 709**	**12.8%**
UK and international	24 940	17 555	7 385	42.1%
Southern Africa	51 881	50 557	1 324	2.6%
Operating profit before goodwill, non-operating items and taxation	**76 821**	**68 112**	**8 709**	**12.8%**
Adjusted shareholders' equity*	116 459	123 211	(6 752)	(5.5%)
ROE (pre-tax)*	55.0%	44.9%		
Cost to income ratio	64.9%	63.9%		
Operating profit per employee (£'000)*	78.7	79.5		(1.0%)

* As calculated on pages 28 and 32.

The variance in operating profit over the year can be explained as follows:

UK and international

- Operating profit growth of 42.1% to £24.9 million.
- Growth in net fees and commissions was underpinned by increased assets under management during the year particularly in the first nine months. The continued change in the mix of institutional assets further contributed to the growth.
- Assets under management increased with net flows of £1.2 billion coming from outside of Africa.

Southern Africa

- Operating profit of the Southern Africa operations in Rands of R744.2 million is 10.0% higher than the prior year period of R676.8 million.
- Investment performance generally remained positive and performance fee revenue was slightly lower at R253 million (2007: R263 million).
- Assets under management increased to R241.2 billion (£14.9 billion). On the retail side, assets under management increased with net inflows of R5.7 billion. There was R14.0 billion of institutional outflows including outflows of R1.8 billion from the ex-Fedsure book.

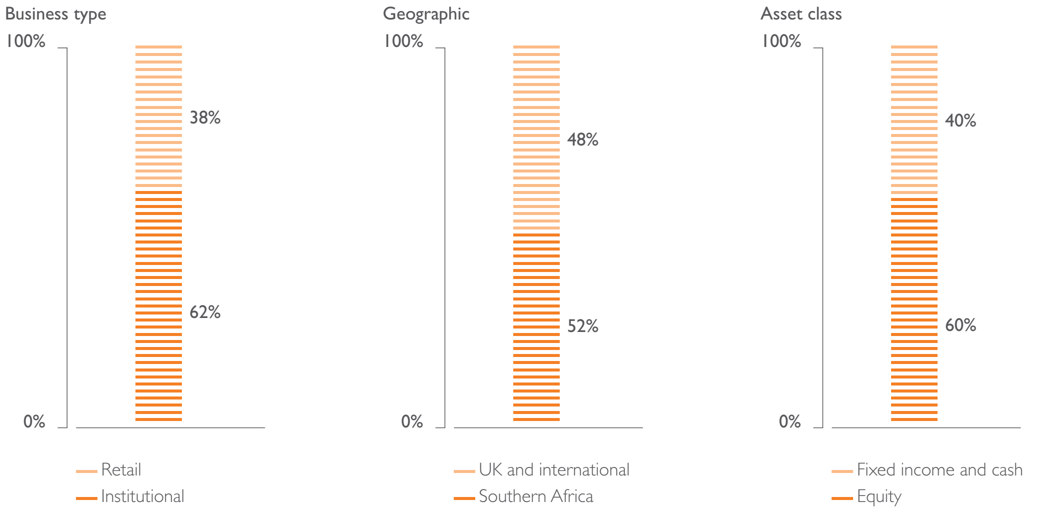
Costs

The increase in expenses is largely due to an increase in variable remuneration in line with the strong growth in profitability and an increase in average headcount to drive future growth opportunities of the business.

Asset Management

Investment specialist focused on performance and client needs

Assets under management*



Movements in assets under management*

	Total £'million	UK and International £'million	Southern Africa £'million	Southern Africa R'million
31 March 2007	**29 891**	**13 039**	**16 852**	**239 250**
New clients/funds	1 758	1 239	519	7 378
Existing client/fund net flows	(1 138)	(58)	(1 080)	(15 679)
Net flows	620	1 181	(561)	(8 301)
Market movement	(1 760)	(386)	(1 374)	10 240
31 March 2008	**28 751**	**13 834**	**14 917**	**241 189**
Institutional	17 698	7 428	10 270	166 049
Retail	11 053	6 406	4 647	75 140

£'million	Total	Institutional	Retail
31 March 2007	**29 891**	**18 536**	**11 355**
New clients/funds	1 758	1 723	35
Existing client/fund net flows	(1 138)	(1 700)	562
Net flows	620	23	597
Market movement	(1 760)	(861)	(899)
31 March 2008	**28 751**	**17 698**	**11 053**
UK and international	13 834	7 428	6 406
Southern Africa	14 917	10 270	4 647

Sales (gross inflows)

£'million	2008	2007
Institutional	3 570	3 789
Retail	7 052	6 276
	10 622	**10 065**

£'million	2008	2007
Fixed interest and cash	4 097	4 104
Equity	5 430	5 114
Balanced	1 095	847
	10 622	**10 065**

* Managed basis.

Asset Management

Investment specialist focused on performance and client needs

Developments

- We continue to develop our portfolio of investment propositions. The past year was particularly successful in certain highly specialised areas.
- Our wider distribution footprint is facilitating sales momentum and, outside of Southern Africa, there was £1.2 billion of net flows for the financial year.
- With our breadth of investment products and good performance across the range, we are achieving good traction:
  - 75% by value and 71% by number of our mutual fund based outside of Southern Africa are in the first or second quartile over three years.
  - 79% by value and 88% by number of our mutual funds based in Southern Africa are in the first or second quartile.
- 91% of institutional propositions outperformed their benchmarks since inception outside of Southern Africa and in Southern Africa 80% of institutional propositions outperformed their benchmarks since GIPS (Global Investment Performance Standards) inception (eight and a quarter years).

Investec Asset Management in the UK mutual fund industry

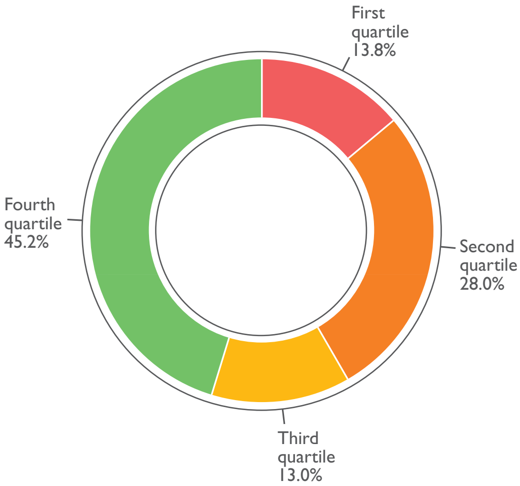
£'million	2008	2007	2006
IAM assets under management	4 322	4 230	3 231
Total industry size	432 672	447 888	382 670
Market share	1.0%	0.9%	0.8%
Size ranking in industry	33rd of 108	33rd of 113	37th of 118
Industry net retail sales	6 705	13 805	11 818
IAM % of industry net retail sales	5.9%	5.1%	6.8%
Industry gross retail sales	66 060	59 973	45 693
IAM % of industry gross retail sales	2.9%	2.2%	2.9%

Sourced from data from the Investment Management Association.
Statistics as at 31 March, sales for the twelve month period.

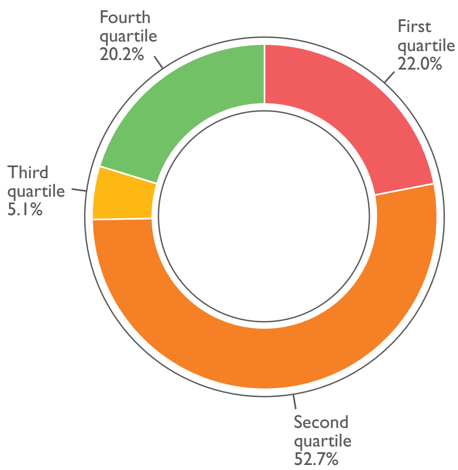
UK and global retail investment performance

By value of funds

One year



Three years



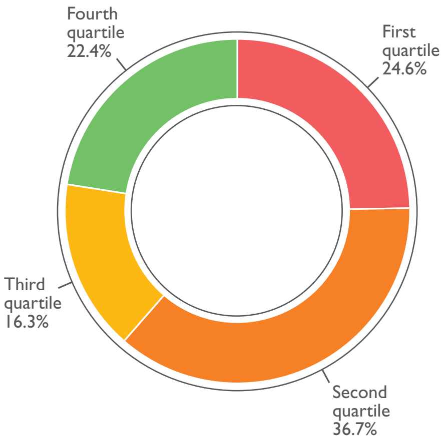
Calculated from Lipper data.
Excludes cash, cash plus and liquidity funds.

Asset Management

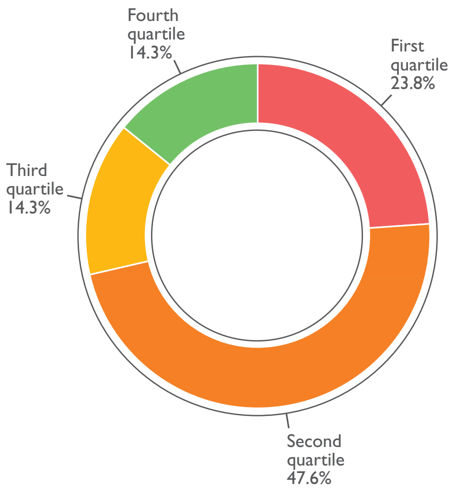
Investment specialist focused on performance and client needs

By number of funds

One year

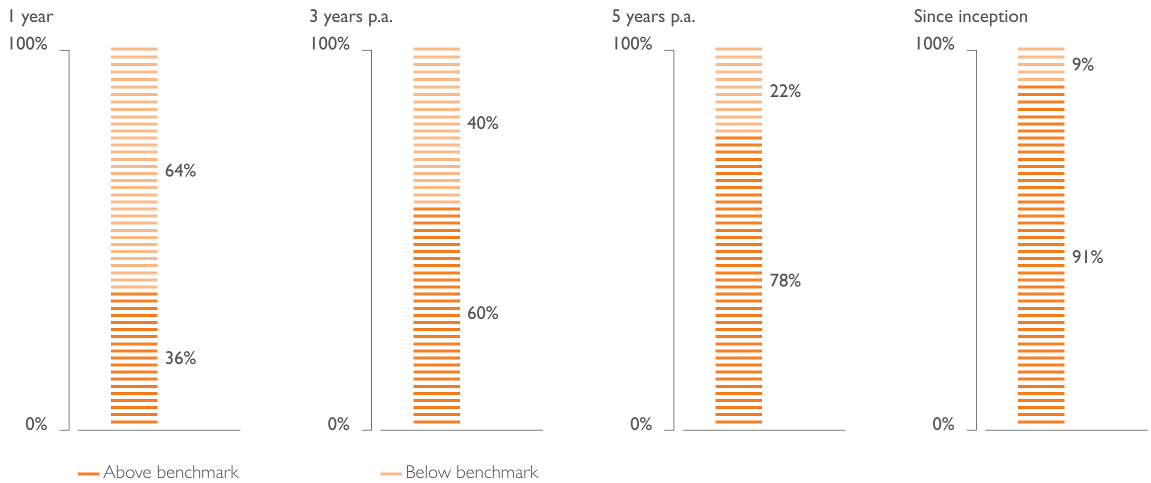


Three years



Calculated from Lipper data.
Excludes cash, cash plus and liquidity funds.

UK and global institutional investment performance



Calculated from Standard and Poor's Micropal, WM Spectrum, Lipper Hindsight data.

Asset Management

Investment specialist focused on performance and client needs

Investec Asset Management in the South African unit trust industry

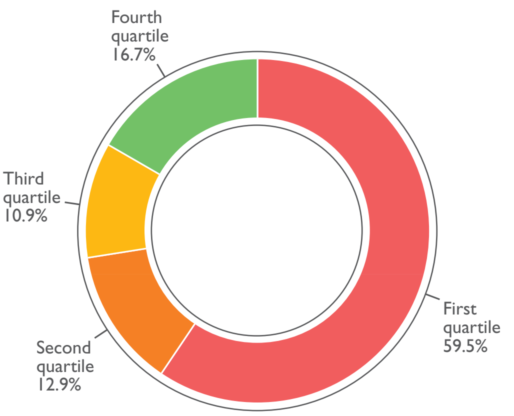
R'million	2008	2007	2006
IAM assets under management	63 809	55 910	40 867
Total industry size	658 073	596 072	485 410
Market share	9.7%	9.4%	8.4%
Size ranking in industry	4th of 39	4th of 34	3rd of 28
Industry gross sales	552 118	480 032	393 186
IAM % of industry gross sales	7.3%	8.7%	9.0%

Sourced from data from the Association of Collective Investments.
Statistics as at 31 March, sales for the twelve month period.

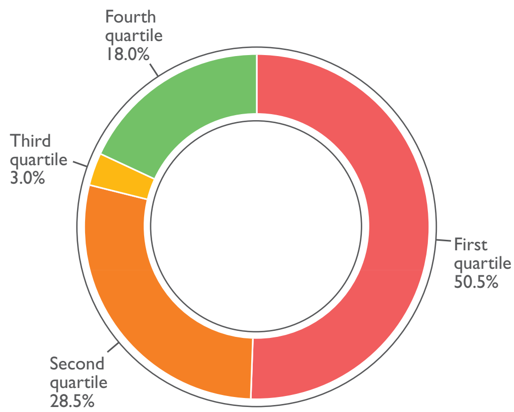
South African mutual fund investment performance

By value of funds

One year

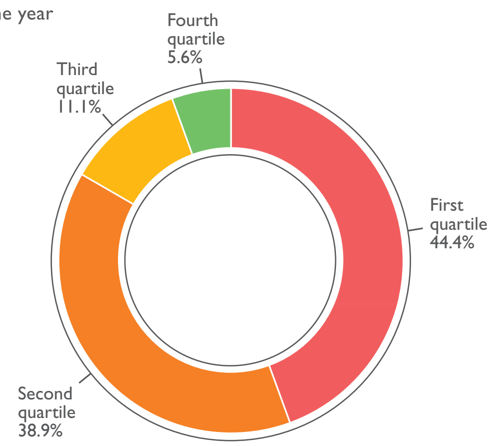


Three years

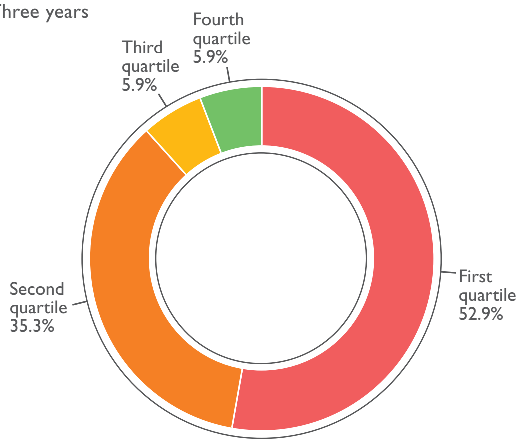


By number of funds

One year



Three years



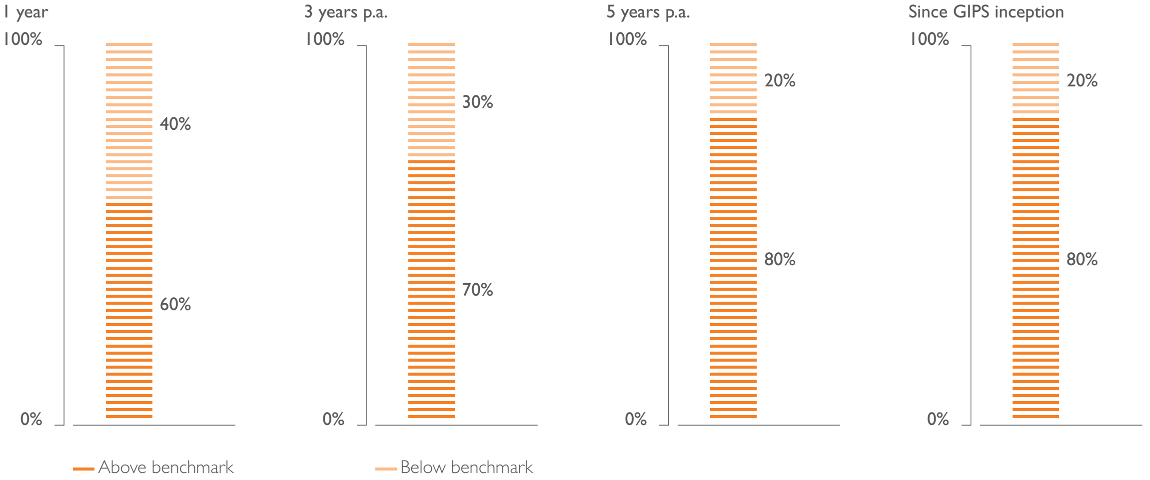
Calculated from Standard and Poor's Datastream data.

Divisional review

Asset Management

Investment specialist focused on performance and client needs

South African institutional investment performance



Calculated from Alexander Forbes data.

Outlook, risks and uncertainties

- Momentum across the business remains solid.
- A solid long-term track record and a growing demand for specialist high performance products support the fundamentals of the business.
- Markets are uncertain. The liquidity crisis has impacted markets across the globe and there is continued uncertainty as to the impact this will have on the market in the short to medium term.

Property Activities

Leading fund and asset manager, seeking selective trading opportunities

Scope of activities

- Property Projects (trading and development)
- Property Investments
- Property Fund Management
- Property Services

Note:

For most of the period under review our Property business in South Africa included the above activities. With effect from October 2007, the South African fund management and services businesses were sold to Growthpoint (refer to page 17) and the core focus of our South Africa Property business for the remainder of the year included on balance sheet trading and development activities and third party asset management and investment.

Strategic focus

UK and Europe

We are making progress in expanding our property model in the UK to include property fund management, investment, trading and development. We are aligning the strategic focus of the UK business with that of South Africa.

South Africa

Property Fund Management

Our strategy has been to:

- Grow assets under management.
- Pursue the strategic acquisition and development of individual properties and portfolios.

Property Services

Prior to the sale of these businesses to Growthpoint, the strategic objective was to grow in line with the fund management business.

Property Projects

Our strategy is to:

- Source development and trading opportunities to create value and trade for profit within agreed risk parameters.

Property Investments

Our strategic objectives are to:

- Substantially increase our assets under management.
- Attract foreign investment into South African listed property equities.
- Develop international property capabilities and products.

Australia

Property Fund Management and Property Projects

Our strategic objectives are to:

- Take advantage of opportunities, including the acquisition of development properties, short-term property trading, specialised properties and long-term investment properties.
- Acquire properties with value-add potential through redevelopment and/or property repositioning.
- Align with appropriate partners to leverage their expertise.

Capital raisings and Investments

Our strategy is to:

- Engage in capital raisings to enable us to invest in further property opportunities within our Opportunity Fund and through the creation of other funds.
- Create investment opportunities for our wholesale clients whilst growing assets under management.

Property Activities

Leading fund and asset manager, seeking selective trading opportunities

Management structure

Global Head of Property Activities

Sam Hackner

UK and Europe

Regional Head	Angelique de Rauville

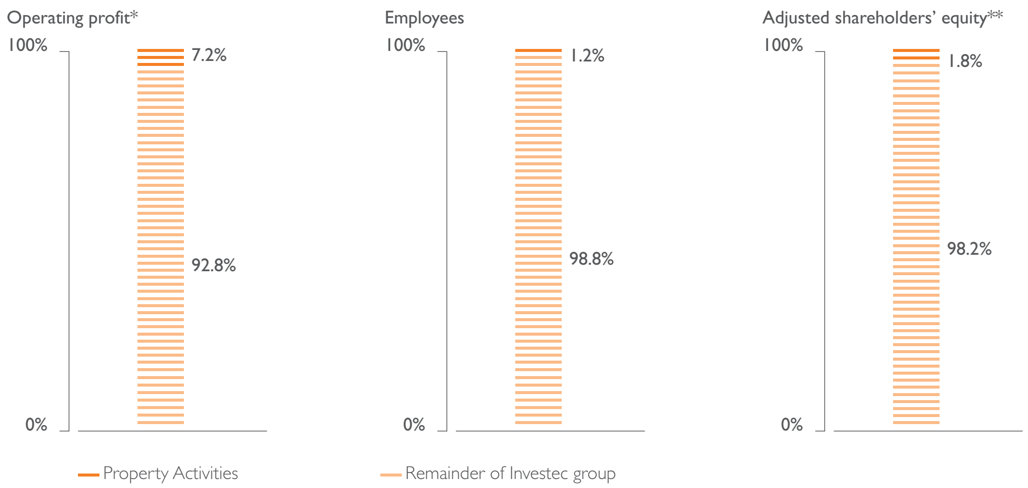
South Africa

Regional Head	Sam Leon
Property Projects	Robin Magid
Property Investments	Angelique de Rauville
Finance	Dave Donald

Australia

Regional Heads	Graeme Katz Tamara Williams

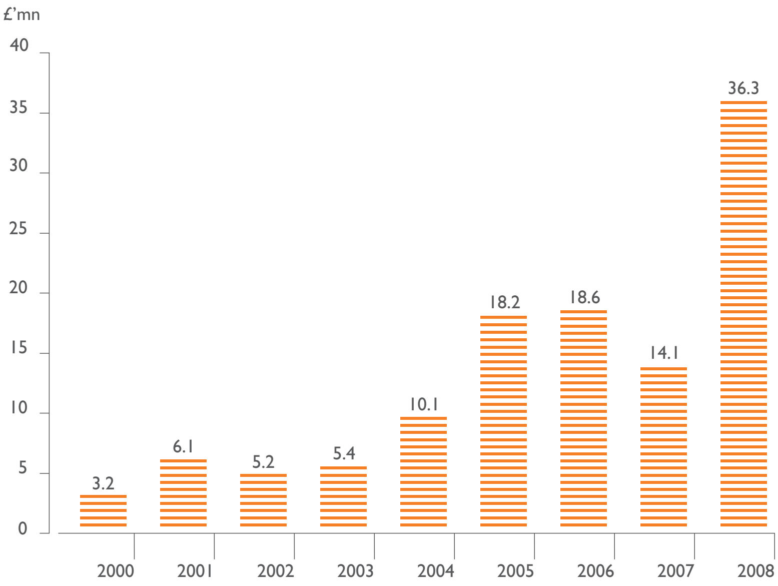
Contribution analysis



* Before goodwill, non-operating items and taxation and excluding Group Services and Other Activities.
** As calculated on page 28.

Property Activities
Leading fund and asset manager, seeking selective trading opportunities

Operating profit^ - track record



^ Trends reflects numbers as at the year ended 31 March. The numbers prior to 31 March 2005 were reported in terms of UK GAAP. Amounts are shown before goodwill, non-operating items and taxation.

Overview and financial analysis

- Operating profit increased significantly to £36.3 million, contributing 7.2% to group profit.
- During the year we disposed of our South African property fund management and property administration business to Growthpoint (refer to page 17).
- Funds under management have decreased mainly as a result of the sale to Growthpoint.
- Funds under advice have increased by 42.9% to R6.7 billion.

£'000	31 March 2008	31 March 2007	Variance	% Change
Net interest income	(10 513)	(5 801)	(4 712)	81.2%
Net fee and commission income	20 764	28 354	(7 590)	(26.8%)
Other income	45 275	11 847	33 428	>100.0%
Admin expenses and depreciation	(19 205)	(20 256)	1 051	(5.2%)
Operating profit before goodwill, non-operating items and taxation	**36 321**	**14 144**	**22 177**	**>100.0%**
UK	144	1 292	(1 148)	(88.9%)
Southern Africa	36 078	12 852	23 226	>100.0%
Australia	99	-	99	100.0%
Operating profit before goodwill, non-operating items and taxation	**36 321**	**14 144**	**22 177**	**>100.0%**
Adjusted shareholders' equity*	29 773	19 975	9 798	49.1%
ROE (pre-tax)*	122.8%	50.0%		
Cost to income ratio	34.6%	58.9%		
Operating profit per employee (£'000)*	209.9	53.2		>100.0%

* As calculated on pages 28 and 32.

The variance in operating profit over the year can be explained as follows:
- The South African division showed an improvement in operating profit largely due to realised gains on the sale of properties and a strong performance from the investment property portfolio. The revaluation of investment properties net of funding costs amounted to £35.3 million (2007: £1.1 million).
- UK and Australia reflect newly created businesses.

Property Activities

Leading fund and asset manager, seeking selective trading opportunities

Developments

UK and Europe

- A Property Investments business is being formed in pursuit of opportunities that are expected to arise from a softening global property market. A fund has been established in a joint venture with global property operators in order to invest raised and committed capital.

South Africa

- Pipeline developments are secured and the business is underpinned by the Property Investments business which provides an annuity of income. Global property products under development are expected to provide a broader range of investment products for local investors.

Australia

- The Opportunity Fund has completed a successful capital raising and is now positioned to pursue further opportunities and to increase assets under management.

Outlook, risks and uncertainties

UK and Europe

Refer to strategic focus on page 68.

South Africa

- Vacancies are low in all commercial sectors.
- Opportunities to enhance value to existing portfolios remains positive, however, there are continued concerns around skills availability and the increased cost and shortage of building materials and power shortages are likely to result in a slowdown in developments.
- A shortage of prime zoned land has become evident, driving prices to unprecedented levels, particularly industrial land.
- The volatility in global markets and property values has resulted in a sharp sell-off in South African property equities. Assets under management are likely to reflect a reduction as a direct consequence of this.
- Markets are expected to start reflecting value and therefore opportunities on the back of weakening prices.

Australia

- The Australian property market is presenting many interesting development and investment opportunities that reflect good value given the current environment.

Group Services and Other Activities

Group Services includes the Central Services and Central Funding functions, while Other Activities predominantly includes the International Trade Finance business and Assurance Activities.

Scope of activities

Central services	-	Corporate Affairs
	-	Corporate Social Investment
	-	Economics Research
	-	Finance and Operations
	-	Head Office
	-	Human Resources
	-	Information and Business Intelligence Centre
	-	Information Technology
	-	International Financial Institutions
	-	Investor Relations
	-	Legal and Tax
	-	Marketing
	-	Organisation Development
	-	Regulatory, Internal Audit and Compliance
	-	Risk Management
	-	Secretarial
	-	Staff Share Schemes
Other Activities	-	International Trade Finance (ReichmansCapital) - trade, asset and debtor finance

Management structure

Banking and Institutions	David Lawrence
Chief Integrating Officer	Allen Zimbler
Corporate Affairs and Sustainability	Carole Mason (SA)
Corporate Governance, Internal Audit and Compliance	Bradley Tapnack
Finance, IT and Operations	Rayanne Jacobson
Human Resources	Allen Zimbler (UK)
	Tracey Rowe (SA)
International Financial Institutions	Helmut Bahrs
Investor Relations	Ursula Nobrega
Legal	David Nurek
Marketing	Raymond van Niekerk
Organisation Development	Caryn Solomon (UK)
	Marc Kahn (SA)
Risk Management	Ciaran Whelan
Secretarial and Staff Share Schemes	Les Penfold
Tax	Pankaj Shah (UK)
	Justin Cowley (SA)
ReichmansCapital	Robin Jacobson
	Howard Tradonsky
	John Wilks

Group Services and Other Activities

Overview and financial analysis

£'000	31 March 2008	31 March 2007	Variance	% Change
International Trade Finance	7 258	5 462	1 796	32.9%
UK Traded Endowments	652	(109)	761	(>100.0%)
Assurance Activities	4 116	1 646	2 470	>100.0%
	12 026	6 999	5 027	71.8%
Central Funding	99 075	66 981	32 094	47.9%
Central Services	(73 388)	(74 649)	1 261	(1.7%)
Operating profit before goodwill, non-operating items and taxation	**37 713**	**(669)**	**38 382**	**(>100.0%)**

£'000 - 31 March 2008	UK & Europe	Southern Africa	Australia	Other	Total group
International Trade Finance	3 229	4 029	-	-	7 258
UK Traded Endowments	-	652	-	-	652
Assurance Activities	-	4 116	-	-	4 116
Central Funding	19 992	67 806	11 277	-	99 075
Central Services	(34 138)	(29 658)	(9 592)	-	(73 388)
Operating profit before goodwill, non-operating items and taxation	**(10 917)**	**46 945**	**1 685**	**-**	**37 713**

£'000 - 31 March 2007	UK & Europe	Southern Africa	Australia	Other	Total group
International Trade Finance	2 957	2 505	-	-	5 462
UK Traded Endowments	-	(109)	-	-	(109)
Assurance Activities	-	1 646	-	-	1 646
Central Funding	(4 516)	63 716	7 400	381	66 981
Central Services	(31 408)	(32 700)	(10 541)	-	(74 649)
Operating profit before goodwill, non-operating items and taxation	**(32 967)**	**35 058**	**(3 141)**	**381**	**(669)**

Developments

International Trade Finance

- Notwithstanding the higher interest rates and a volatile exchange rate, the International Trade Finance business continued to add new clients across the board.

Central Costs

- We have a policy of allocating costs housed in the centre that are, in effect, performing a function for the divisions of the group.
- There are certain costs that are strategic in nature which have not been allocated for pure segmental disclosure, amounting to £73.4 million (2007: £74.6 million). However, a portion thereof (£71.4 million) is allocated to the operating divisions for purposes of determining return on adjusted capital per business segment. Refer to page 28 for further details.
- Central costs are in line with the prior year.

Group Services and Other Activities

Central Funding

- We have 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.
- Various sources of funding are employed, the determination of which depends on the specific financial and strategic requirements the group faces at the time.
- The funds raised are applied towards making acquisitions, funding central services and debt obligations, and purchasing corporate assets and investments not allocated to the five operating divisions.

£'000	31 March 2008	31 March 2007	Variance	% Change
Net interest income (excluding interest on sub debt and debentures)	157 524	86 040	71 484	83.1%
Other income	20 224	40 235	(20 011)	(49.7%)
	177 748	126 275	51 473	40.8%
Interest paid on sub-debt and debentures	(74 516)	(54 963)	(19 553)	35.6%
Impairment losses on loans and advances	382	794	(412)	(51.9%)
Admin expenses and depreciation	(4 539)	(5 125)	586	(11.4%)
Operating profit before goodwill, non-operating items and taxation	**99 075**	**66 981**	**32 094**	**47.9%**

The variance in operating profit over the year can be explained as follows:

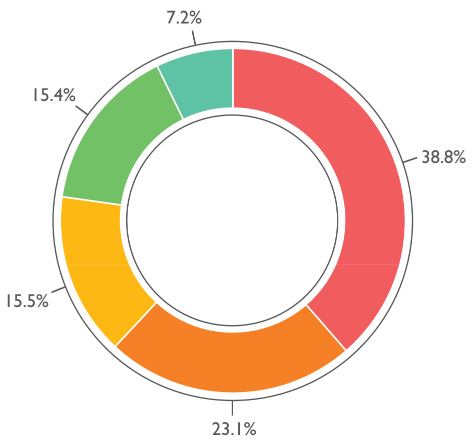
- Net interest income was positively impacted by:
  - Increased cash holdings
  - A profit of £23.4 million (2007: loss of £3.4 million) arising on the derivative hedging of the preferred securities issued by a subsidiary of Investec plc from Euros into Pounds sterling. This exposure is hedged with the equal and opposite impact reflected in earnings attributable to minorities.
- The increase in interest paid on sub-debt is as a result of new debt being issued in the UK in January 2007 and in South Africa in December 2007 and February 2008.
- The decline in principal transaction and other income reflects a lower return on certain of the assets in the South African portfolio.

Segmental business analysis of operating profit before goodwill, non-operating items and taxation

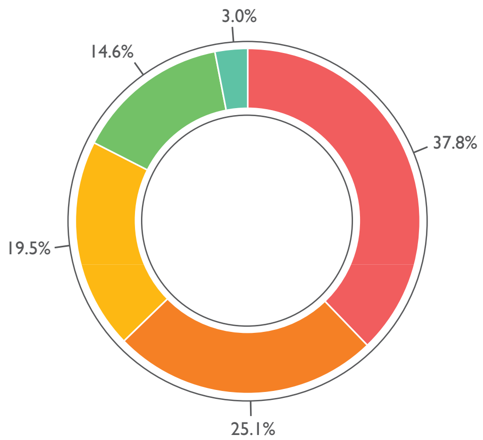
£'000	1st half 2008	2nd half 2008	Year to 31 March 2008	1st half 2007	2nd half 2007	Year to 31 March 2007	% Change
Private Client Activities							
Private Banking	85 694	80 700	166 394	73 620	80 771	154 391	7.8%
Private Client Portfolio Management and Stockbroking	14 367	12 975	27 342	9 738	12 343	22 081	23.8%
	100 061	**93 675**	**193 736**	**83 358**	**93 114**	**176 472**	**9.8%**
Capital Markets	**43 199**	**72 551**	**115 750**	**57 065**	**60 226**	**117 291**	**(1.3%)**
Investment Banking							
Corporate Finance	8 230	6 047	14 277	9 604	6 286	15 890	(10.2%)
Institutional Research, Sales and Trading	7 223	5 199	12 422	7 314	7 080	14 394	(13.7%)
Direct Investments	9 724	6 266	15 990	5 185	12 963	18 148	(11.9%)
Private Equity	26 733	7 908	34 641	13 675	29 128	42 803	(19.1%)
	51 910	**25 420**	**77 330**	**35 778**	**55 457**	**91 235**	**(15.2%)**
Asset Management	**36 203**	**40 618**	**76 821**	**31 896**	**36 216**	**68 112**	**12.8%**
Property Activities	**11 486**	**24 835**	**36 321**	**6 319**	**7 825**	**14 144**	**>100.0%**
Group Services and Other Activities							
International Trade Finance	3 132	4 126	7 258	2 195	3 267	5 462	32.9%
USA Continuing Activities	-	-	-	-	-	-	-
UK Traded Endowments	348	304	652	(19)	(90)	(109)	>100.0%
Assurance Activities	(112)	4 228	4 116	725	921	1 646	>100.0%
	3 368	8 658	12 026	2 901	4 098	6 999	71.8%
Central Funding	37 019	62 056	99 075	22 757	44 224	66 981	47.9%
Central Services Costs	(28 995)	(44 393)	(73 388)	(34 783)	(39 866)	(74 649)	(1.7%)
	11 392	**26 321**	**37 713**	**(9 125)**	**8 456**	**(669)**	**>100.0%**
Total group	**254 251**	**283 420**	**537 671**	**205 291**	**261 294**	**466 585**	**15.2%**

Operating profit before goodwill, non-operating items and taxation by line of business (excluding Group Services and Other Activities)

31 March 2008



31 March 2007



Private Client Activities · Capital Markets · Investment Banking · Asset Management · Property Activities

Further segmental information is provided on pages 226 to 232.

Risk and governance

Risk management

Risk disclosures provided in line with the requirements of International Financial Reporting Standard 7 Financial Instruments: Disclosures ("IFRS 7"), and disclosures on capital required by International Accounting Standard 1 - Presentation of Financial Statements ("IAS 1") are included within this section of the annual report (page 76 to page 145) with further disclosures provided within the financial statements section (page 209 to page 287). All sections, paragraphs, tables and graphs on which an audit opinion is expressed are marked as audited.

Philosophy and approach

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

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

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

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

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

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

Group Risk Management's objectives

Group Risk Management's objectives are to:

- Be the custodian of our risk management culture.
- Set, approve and monitor adherence to risk parameters and limits across the group and ensure they are implemented and adhered to consistently.
- Aggregate and monitor our exposure across risk classes.
- Co-ordinate risk management activities across the organisation, covering all legal entities and jurisdictions.
- Give the boards reasonable assurance that the risks we are exposed to are identified and, to the best extent possible, managed and controlled.
- Facilitate various risk committees, as mandated by the board.

Risk management

Risk management framework, committees and forums

A number of committees and forums identify and manage risk at both a business unit level in various locations and at a group level, as described more fully below. These committees and forums operate together with Group Risk Management and are mandated by the board. A diagram of our governance and risk framework is provided on page 149.

Committee	Function
Board Risk and Capital Committee Members: executive and non-executive directors (senior management by invitation) Chairman: Stephen Koseff (CEO) Frequency: six times a year	• See pages 158 and 159.
DLC Capital Committee Members: executive and non-executive directors and senior management Chairman: Stephen Koseff (CEO) Frequency: at least quarterly	• See pages 160 and 161.
Executive Risk Review Forum Members: executive directors and senior management Chairman: Stephen Koseff (CEO) Frequency: every Friday except on Board Risk and Capital Committee dates	• See pages 159 and 160.
Group Investment Committee Members: executive directors and senior management Chairman: Stephen Koseff (CEO) Frequency: weekly	• Is responsible for reviewing and approving: - Acquisitions or disposals of strategic investments in which we act as principal and retain an equity interest (above predetermined thresholds). - Capital expenditure or disposals (above predetermined thresholds).
Group Credit Committee Members: executive and non-executive directors and senior management Chairman: Glynn Burger (Group Risk and Finance director) Frequency: twice a week	• Considers and approves the granting of credit to counterparties in excess of the mandates granted to divisional and other credit forums on a global basis. • Sets the level of our maximum acceptable counterparty, geographic, asset, concentration and industry exposures. • Reviews and approves changes to credit policy and methodologies, including: - Large exposure policy - dealing with the control of concentration risk and exposure measurement methodology. - Provisioning policy - dealing with the classification of past due amounts and minimum acceptable provisions. - Excess management policy - dealing with the classification of excesses and prescribed escalation procedures. - Long dated exposure by counterparty and instrument type. - Property valuation policy - specifies the framework for valuation of physical security.
Group Deal Forum Members: executive and non-executive directors and senior management Chairman: Glynn Burger (Group Risk and Finance director) Frequency: weekly	• Considers, approves and mitigates the risks inherent in any acquisition, disposal, new product or other non-standard transactions that we are considering.

Risk management

Committee	Function
Group Market Risk Forum Members: Global heads of risk, market risk and the trading desks; senior management; members of the market risk teams and other members of Group Risk Management Chairman: Mark Trollip (Global Head of Market Risk) Frequency: weekly	• Manages market risk by identifying and quantifying risks on the basis of current and future expectations and ensuring that trading occurs within defined parameters. • Reviews market risk limits. • Considers new business initiatives with a market risk element.
Asset and Liability Committee Members: executive, senior management, economist, treasurer, business heads and Head of Asset and Liability Management Chairman: Glynn Burger (Group Risk and Finance director) Frequency: monthly (or ad hoc if required)	• Sets our funding and liquidity policy and non-trading interest rate risk policy, which translates into a suite of limits that define our risk appetite. • Directs the implementation of the methodology, techniques, models and risk measures. • Reviews the structure of our balance sheet and business strategies, taking into account market conditions, including stress tests. • Maintains liquidity contingency plans.
Operational Risk Committees/Forums Members (UK): Chief Risk Officer, Head of Operational Risk and senior management. Chairman: Bharat Thakker (UK) Frequency: quarterly (UK) In South Africa there is no formal committee in place and the function reports directly to the Board Risk and Capital Committee.	• Promotes sound operational risk management practices. • Considers operational risk reports covering significant risk events, information security, outsourcing and business continuity. • Considers and recommends the upgrading of operational risk management techniques in line with sound operational risk management practices.
Group Legal Risk Forum Members: executive directors, senior management and divisional legal managers Chairman: David Nurek (Global Head of Legal Risk) Frequency: half-yearly (or ad hoc if required)	• Considers and manages legal risks throughout the group.
DLC Audit Committee Members: non-executive directors Chairman: Sam Abrahams (non-executive director) Frequency: minimum of three times a year	• See pages 155 and 156. • The Internal Audit, Compliance and Operational Risk Departments report to the Audit Committee.

Note:
In the sections that follow the following abbreviations are used on numerous occasions:
BRCC - Board Risk and Capital Committee
ERRF - Executive Risk Review Forum
FSA - Financial Services Authority
SARB - South African Reserve Bank
APRA - Australian Prudential Regulatory Authority

Risk management

Integrated global risk management structure

Group Risk and Finance Director - Glynn Burger
Global Head of Risk - Ciaran Whelan

Divisional and geographic roles	Global	UK and Europe	South Africa	Australia
Credit Risk	Ciaran Whelan	Ian Wohlman	Justin Cowley	Mike Sargeant
Market Risk	Mark Trollip	Boaz Schechter	Adrienne Betts	Adam Rapeport
Balance Sheet Risk Management	Cyril Daleski	Wendy Robinson	Cyril Daleski	Peter Binetter
Operational Risk	Colin Fiddes	Bharat Thakker	Colin Fiddes	Gavin Brandenburger
Legal Risk	David Nurek	Lauren Ekon	David Nurek	Marie-Lyse Eliatamby
Internal Audit	Bradley Tapnack	Noel Sumner	Brigid Schrieder	Aik Leow
Compliance	Bradley Tapnack	Richard Brearley	Geoff Cook	Belinda Dorfan

An overview of key risks, policies and procedures

In our ordinary course of business we face a number of risks that could affect our business operations. These risks are summarised briefly in the table below. The sections that follow provide information on a number of these risk areas. For additional information pertaining to the management and monitoring of these risks, see the references provided.

Key risks	Reference
• Credit and counterparty risk exposes us to losses caused by financial or other problems experienced by our clients.	See pages 81 to 110.
• Liquidity risk may impair our ability to fund our operations.	See pages 122 to 126.
• Our net interest earnings and net asset value may be adversely affected by interest rate risk.	See pages 118 to 121 and pages 127 and 128.
• Market conditions and fluctuations could adversely affect our businesses in a number of ways.	See pages 110 to 118.
• We may be unable to recruit, retain and motivate key personnel.	See our business responsibility website.
• Employee misconduct could cause harm that is difficult to detect.	See pages 128 to 131.
• Operational risk may disrupt our business or result in regulatory action.	See pages 128 to 131.
• We may be vulnerable to the failure of our systems and breaches of our security systems.	See pages 128 to 131.
• We may have insufficient capital in the future and may be unable to secure additional financing when it is required.	See pages 132 to 141.
• The financial services industry in which we operate is intensely competitive.	See pages 6 to 9 and pages 16 and 80.
• Legal and regulatory risks are substantial in our businesses.	See pages 131 and 132.
• Reputational and strategic risk.	See page 131.
• We may be exposed to pension risk in our UK operations.	See page 132.

Additional risks and uncertainties not presently known to us or that we currently deem immaterial may in the future also impair our business operations. Our business, financial condition or results of operations could be materially adversely affected by any of these risk factors.

Key markets indicators

The table below provides on overview of some key statistics that should be considered when reviewing the developments within each area of risk.

Audited

	31 March 2008 period end	31 March 2007 period end	Average over the period
Market indicators			
FTSE All share	2 927	3 283	3 245
JSE All share	29 588	27 267	28 978
Australia All ords	5 410	5 979	6 190
S&P 500	1 323	1 421	1 459
Nikkei	12 526	17 288	16 038
Dow Jones	12 263	12 481	13 163
Exchange rates			
Rand/Pounds Sterling	16.17	14.20	14.31
Rand/Dollar	8.09	7.26	7.12
US Dollar/Euro	1.58	1.34	1.42
Euro/Pounds Sterling	1.25	1.47	1.42
Australian Dollar/Pounds Sterling	2.18	2.42	2.32
US Dollar/Pounds Sterling	1.99	1.96	2.01
Rates			
UK overnight	5.55%	5.33%	5.63%
UK 10 year	4.34%	4.97%	4.86%
UK Clearing Banks Base Rate	5.25%	5.25%	5.54%
LIBOR - 3 month	6.01%	5.62%	6.05%
SA R153 (2010)	9.71%	8.18%	9.05%
SA R157 (2015)	9.22%	7.84%	8.40%
Rand overnight	10.60%	8.59%	9.70%
SA prime overdraft rate	14.50%	12.50%	13.61%
JIBAR - 3 month	11.38%	9.18%	10.38%
Reserve Bank of Australia cash target rate	7.25%	6.25%	6.57%
US 10 year	3.41%	4.65%	4.36%
Commodities			
Gold	$917/oz	$664/oz	$769/oz
Gas Oil	$969	$592	$429
Platinum	$1 996/oz	$1 243/oz	1 484/oz
Macro-economic			
UK GDP (% change over the period)	2.9%	3.0%	n/c
UK per capita GDP (£)	22 712	21 521	
South Africa GDP (% real growth over the calendar year)	5.1%	5.4%	n/c
South Africa per capita GDP (real value) (R)	25 499	24 498	
Australia GDP (% change over the period)	4.2%	2.9%	n/c
Per capita GDP (A$)	51 985	48 646	

Source: Datastream, Bloomberg's, Office for National statistics, SARB Quarterly Bulletin, Australian Bureau of Statistics

Credit and counterparty risk management

Credit and counterparty risk description Audited

Credit and counterparty risk is defined as the current and prospective risk to earnings or capital arising from an obligor's (typically a client's or counterparty's) failure to meet the terms of any obligation to us or otherwise to perform as agreed. Credit and counterparty risk arises when our funds are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on or off balance sheet.

Credit and counterparty risk arises primarily from three types of transactions:
- Lending transactions, giving rise to a direct exposure. The risk is created that an obligor will be unable or unwilling to repay capital and/or interest on advances and loans granted to it. This category includes bank placements, where we have placed funds with other financial institutions;
- Issuer risk on financial instruments where payments due from the issuer of a financial instrument will not be received;
- Trading transactions, giving rise to settlement and replacement risk (collectively counterparty risk).
  - Settlement risk is the risk that the settlement of a transaction does not take place as expected, with one party effecting required settlements as they fall due but not receiving settlements to which they are entitled.
  - Replacement risk is the risk following default by the original counterparty resulting in the contract holder having to enter into a replacement contract with a second counterparty in order to finalise the transaction.

Credit and counterparty risk can manifest as country risk as a result of the geopolictical and transfer risk associated with exposures arising from transactions with borrowers who are resident in a particular foreign country, or dependent on that country's economy.

Credit and counterparty risk may also arise in other ways and it is the role of the various independent credit committees, assisted by Credit Risk Management, to identify situations falling outside these definitions where credit risk may also be present.

Credit and counterparty risk governance structure Audited

To manage, measure and mitigate credit and counterparty risk, independent credit committees exist in each geography where we assume credit risk. These committees operate under board approved delegated limits, policies and procedures. There is a high level of executive and non-executive involvement in the credit decision making forums. It is policy that all sanctioning credit committees have a majority of voting members who are independent of the originating business unit. All decisions to enter a transaction are based on unanimous consent.

In addition to the Group Credit Committee, the following structures assist in managing, measuring and monitoring credit and counterparty risk:
- Day to day arrears management and regular arrears reporting, ensures that individual positions and any potential trends are dealt with in a timely manner.
- Watchlist and Impairments Committee, which reviews the management of distressed loans, potential problem loans and exposures in arrears that require additional attention and supervision.
- Corporate Watch Forum, which reviews and manages exposures that may potentially become distressed as a result of changes in the economic environment or adverse share price movements, or that are vulnerable to volatile exchange rate or interest rate movements.

We do not have a separate country risk forum. When applications are submitted to the local group credit committee, consideration of the country risk element forms part of the sanctioning process. The local group credit committee has the power to recommend to the Global Credit Committee an appropriate country credit limit where undertaking a particular transaction could exceed the approved country limit. The Global Credit Committee is responsible for approving country limits.

Credit and counterparty risk appetite

We have a preference for exposure to EU countries, other G10 countries, Australasia, South Africa and specific countries where we have subsidiaries or branches.

Credit and counterparty risk is always assessed with reference to the aggregate exposure to a single counterparty or group of related parties to avoid or minimise over exposure and concentration risk.

Our assessment of our clients includes consideration of their character and integrity, core competencies, track record and financial strength. A strong emphasis is placed on income and cash flow streams generated by the clients, third party income or cash flow streams derived from lease or rental agreements in support of property related transactions. In this manner, we seek comfort in mitigating our risk by thoroughly assessing the ability of our borrowers to meet their payment obligations. Furthermore we have very little appetite for unsecured debt and ensure that good quality collateral is provided in support of obligations (refer page 110 for further information).

We typically originate loans with the intent of holding these assets to maturity, and thereby developing a "hands on" and long-standing relationship with our clients. In certain instances we may elect to sell certain assets down and/or securitise them (refer to page 87 for further information).

In order to allow activity in all product areas and markets, pricing is motivated by the relevant business unit on a transaction by transaction basis, with consideration given to the manner of origination of the asset and the forward strategy for the asset. Pricing recommendations are discussed and agreed at the appropriate credit committee to ensure that reward is appropriate to the risk and that pricing is not compromised in the pursuit of volume or relationship. As a consequence of market behaviour, pricing for similar risk may differ from time to time.

Management and measurement of credit and counterparty risk

Audited

Fundamental principles employed in the management of credit and counterparty risk are:
- A clear definition of our target market.
- A quantitative and qualitative assessment of the creditworthiness of our counterparties.
- Appropriate independent due diligence.
- Analysis of all related risks, including concentration risk (concentration risk considerations include asset class, industry, counterparty, and geographical concentration).
- Prudential limits.
- Regular monitoring and review of existing and potential exposures once facilities have been approved.
- A high level of executive involvement in decision-making with non-executive review and oversight.

Consistent, regular reporting of credit and counterparty risk exposures within our operating units is made to management, the executives and the board. The board regularly reviews and approves the appetite for credit and counterparty risk, which is documented in risk appetite statements and policy documents and implemented by our Group Credit division.

Despite strict adherence to the above principles increased default risk may arise from unforeseen circumstances particularly in times of extreme market volatility.

A large proportion of the book is not rated by external rating agencies. As a result we mainly place reliance upon internal considerations of counterparties and borrowers, and use ratings prepared externally where available for support. Within the credit approval process all available internal and external ratings are included in the assessment of the client quality.

Fitch, Standard and Poors and Moody's have been approved as eligible external credit assessment institutions (ECAIs) for the purposes of determining external credit ratings with the following elections:
- In relation to banks and securities firms, Fitch has been selected by us as the primary ECAI, with Standard & Poors being used as support where a Fitch rating is not available.
- In relation to sovereigns, corporates and small to medium enterprises, both Standard & Poors and Moody's are considered to be eligible ECAIs. Where the assessments of these two ECAIs differ, the more conservative rating will be applied.

Credit and counterparty risk in the UK and Europe

The UK and European group comprises businesses in the UK, including a branch in Ireland and banking businesses in the Channel Islands and Switzerland. Credit risk arises mainly through our Private Banking and Capital Markets activities, although some credit and counterparty risk does arise in other businesses.

Private Bank

The Private Bank has businesses in the UK (London and Manchester), including branches in Ireland, the Channel Islands and Switzerland. Credit risk arises from the following activities which we undertake in the division: structured property finance, private client lending, specialised lending, growth and acquisition finance, and asset based lending on receivables and stock.

The Structured Property Finance area provides senior debt, mezzanine and equity funding for property transactions covering the residential and commercial markets. Our exposure to the property market is well diversified with no individual concentration risk. Our properties are well located residential or good quality commercial assets with recognised tenant covenant. Our property assets are located in the UK, with limited exposure to retail property assets in Germany and Switzerland, which are anchored by major European retail covenants. Client quality and expertise are at the core of our credit philosophy, ensuring a low probability of default. Furthermore, robust debt service cover ratios and reasonable loan to values (with the average below 80%) ensure a low level of expected loss, which is supported by low historical actual losses. Where a more commercial view is taken on debt structure and leverage, significantly increased returns are expected. All facilities are reviewed at least annually and property values are monitored by our appointed panel valuation firms. Committees review and monitor our mezzanine and equity property funding exposure on a quarterly basis.

Risk management

Growth and Acquisition Finance provides mezzanine or composite debt funding to successful entrepreneurs, management teams, private equity houses and UK based mid-market companies that are implementing acquisition and organic growth strategies. Deal sizes typically range between £8 million and £20 million. Credit risk is assessed against the debt service coverage and robustness of the cash generation for the business both historically and against forecasts. Other factors include the quality of the management team and the amortisation profile of the debt package.

Mezzanine exposures arising out of the transactions mentioned above range between £200 million to £300 million, against a total book of £3.3 billion as at 31 March 2008.

Asset Based Lending provides working capital and business loans secured on collateral or assets used in the conduct of the business, for example, account receivables, inventory, plant and machinery, and property. We also provide advances against cash flow or other assets such as committed income or rights. Lending includes variable funding on variable assets and term loans on fixed assets.

Specialised Lending provides bespoke credit facilities and hedging options to high net worth individuals and financially sophisticated clients. This involves securities lending against holders of listed equities and transaction facilitation, where we work with clients, law firms and trust companies to facilitate financial planning and structuring for their clients. We also provide funding secured on sports and media related cash flows, including intellectual property rights and sponsorship transactions where certainty of serviceability, client quality and expertise are key considerations.

Private Client Lending provides bespoke mortgages and secured lending to high net worth and high income individuals. Loan sizes range between £0.5 million and £10 million with long-term durations. Credit risk is assessed against robust debt servicing cover ratios. Lending is underpinned by good quality assets, including residential and commercial property, bank guarantees, discretionary investment portfolios and cash deposits. In determining serviceability, we also consider the liquidity of the client, including cash reserves and liquid asset holdings. Funding is characterised by long-term annuity income and a historically low probability of default. Property assets are located predominantly in the UK, with limited exposure to prime residential areas in France and Spain. All facilities are reviewed at least annually and property values are monitored by our appointed panel valuation firms.

Capital Markets

The bulk of Capital Markets activities are conducted from London and Ireland.

As part of the daily management of liquidity, the treasury function places funds with banks and other financial institutions. These professional counterparties are highly rated with credit risk of a systemic nature.

Our trading book consists of positions in interest rates, foreign exchange, commodities and equities. Credit risk arises from standard trading risks such as settlement, counterparty and replacement risk. We maintain a thorough risk process that reviews and monitors all potential credit risks inherent in customer trading facilities. These positions are marked to market daily with margin calls where necessary to mitigate credit exposure in the event of counterparty default.

Within the banking business, credit risk can arise from structured finance, project and resource financing, asset finance, acquisition finance, principal finance and corporate lending activities. There are approved limits specifying the maximum exposure to each individual counterparty, to ensure there is no concentration risk. Facilities are secured on the assets of the underlying corporate. The credit appetite for each counterparty is based on the financial strength of the principal borrower, underlying security and cash flow. While most of the activities of our Capital Markets division are concentrated in Europe, any exposure to counterparties outside this jurisdiction is mitigated through a stringent country risk approval and monitoring process, and covered by political risk insurance where deemed appropriate.

A summary of the nature of the lending within some of the key areas within the banking business is provided below:
- Structured and asset finance: loans/leases against fixed assets linked to the success of the business they are employed in. These transactions amortise from anticipated cash flows.
- Project Finance: provides advisory, debt and equity arranging services to renewable energy projects and public/private projects, e.g. roads, hospitals, prisons. Loans are secured on the project themselves with a high degree of due diligence around both the delivery risks and the cash flow to repay any facilities.
- Acquisition Finance: participation in senior debt facilities in the leveraged buy-out market relating to medium to large corporates. Maximum exposure is circa £20 million per entity, giving portfolio diversity. The credit process in this asset class focuses on a good business value proposition (ie. relevance, brand, good management, good sponsors) underpinned by cash flow and a charge over the enterprise. Tranches are market traded.
- Principal Finance: securitisation of our assets, predominantly residential and commercial mortgages. There is modest investment and trading in structured credit investments (see page 88 for further information).
- Commodities and Resource Finance: working capital lending and commodity price risk hedging to base and precious metal-producing entities. Provable reserves and good cash flow generation is paramount in the credit decision process.

Investment Banking

Counterparty risk in this area is modest. All share underwriting is fully sub underwritten with well known market counterparties. The business also trades approved shares and makes markets where we are appointed broker under pre agreed market risk limits. Settlement trades are all on a delivery versus payment basis, through major share exchanges. Credit risk only occurs in the event of counterparty failure and would be linked to any mark to market losses on the underlying security.

Asset Management

Investec Asset Management Limited regularly transact with well known rated market counterparties. These are all on an exchange traded delivery versus payment basis and exposure is to a move in the underlying security in the unlikely event a counterparty fails.

Credit and counterparty risk in South Africa

Credit and counterparty risk is assumed mainly through the Private Bank, Capital Markets, and Asset Finance (ReichmansCapital) divisions.

Private Banking

Lending products are primarily offered through our structured property and growth and acquisition finance activities, and are targeted to meet the requirements of our clients. Central to our credit philosophy is the concept of sustainability of income through the cycle. As such, the client base has been defined to include high net worth clients (who through diversification of income streams will reduce income volatility) and individuals with a profession which has historically supported a high and sustainable income stream irrespective of stage in the economic cycle.

The combination of low probability of default clients (due to our niche focus) and appropriate loan to value ratios results in a low level of expected loss which has been borne out by historical experience of actual losses.

Residential mortgages and commercial property make up the bulk of the lending exposure. Exposure to commercial and retail properties is at conservative loan to value ratios. Income producing assets are generally substantially let with good quality anchor tenants. Exposure to the South African property market is regionally diversified (Pretoria, Johannesburg, Cape Town, Durban and Port Elizabeth). Serviceability of a loan advanced against property (and not only asset value) and quality of the client are primary considerations in the credit assessment process.

Capital Markets

Investec Corporate Treasury provides money market and foreign exchange products to corporates and institutions. We are an active market maker in the spot and forward US Dollar/Rand interbank markets. Trading transactions giving rise to issuer, settlement and replacement risk were among the primary areas of potential credit and counterparty risk in the year under review. Simulation based methodologies have been implemented for the majority of the corporate treasury product offering, the benefit of which is the identification of increases in exposures as a result of changes in volatility and prices and the identification of roll-off risk.

The Specialised Finance, Project Finance and Resource Finance businesses lend money on a structured basis to corporates, government and institutions, with full recourse to either a suitable asset or to the balance sheet of the entity to which the funds are advanced. Typical assets that are funded include property, plant and equipment, infrastructure and movable assets. Credit limits are set for each counterparty and monitored to ensure risk is mitigated. The credit appetite for each counterparty is based on the financial strength of the principal borrower, underlying security, cash flow and, in the case of trading products, the nature of the underlying security traded.

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

Due to the relative illiquidity of the credit derivative market in South Africa, counterparty exposures and mitigation benefits obtained as a result of credit derivative transactions are negligible.

ReichmansCapital

ReichmansCapital is an asset finance business which operates on a premium margin business model for small and medium sized corporates. The business is a relatively small portion of the overall group credit exposure.

Credit and counterparty risk in Mauritius

Investec Bank (Mauritius) Limited offers various banking services and its primary business activities are corporate lending, property finance, resource finance and structured finance. Target market includes both corporate and private clients. Prudential limits have been set and are monitored daily. Investec Bank (Mauritius) Limited is a subsidiary of Investec Bank Limited. It has a decentralised credit approval and management process in compliance with our group credit philosophy, policy and procedures.

Credit and counterparty risk in Australia

Investec Bank (Australia) Limited operates within a clearly defined framework for managing credit risk. The policies and procedures for credit risk management are consistent with those of the group and comply with the prudential standards issued by the APRA. Credit and counterparty risk is assumed through transacting with target private and corporate clients, project and resource finance, and the placement of surplus liquidity with highly rated domestic banks and financial institutions. Details with respect to the nature of the credit and counterparty risk assumed is similar to that of the activity conducted within our UK operations.

Asset quality analysis - credit risk classification and provisioning policy

Audited

It is a policy requirement that each operating division overseen by central credit management makes provision for specific impairments and calculates the appropriate level of portfolio impairments promptly when required and on a consistent basis. This is in accordance with established group guidelines and in conjunction with the Watchlist and Impairments Committee policy and process. In the financial statements, credit losses and impairments are reported in accordance with IFRS.

The information provided below reflects the guidelines and definitions that have been applied in assessing the asset quality of credit exposures (see page 101). The impairment definitions and guidelines are consistent with IFRS. IFRS differs from the requirements laid out in the "International Convergence of Capital Measurement and Capital standards" Basel II framework which has been adopted by the banking regulators in all of the locales in which we have operations. IFRS focuses on the concept of incurred loss, whereas Basel II centres on the concept of expected loss. The reconciling differences are primarily due to the fact that IFRS impairments only reflect a decrease in the value of credit risky assets where a "loss trigger event" has occurred, and only that portion of the expected loss which has actually been incurred at the reporting date. A loss trigger event is an event which exhibits a high correlation to the crystallisation of loss.

Risk management

<table>
<tr><th>Regulatory and economic capital classification</th><th>IFRS impairment treatment</th><th>Arrears, default and recoveries classification category</th><th>Description</th></tr>
<tr><td rowspan="2">Performing assets</td><td rowspan="2">For assets which form part of a homogenous portfolio a portfolio impairment is required which recognises asset impairments that have not been individually identified.

The portfolio impairment takes into account past events and does not cover impairments to exposures arising out of uncertain future events.

By definition, this impairment is only calculated for credit exposures which are managed on a portfolio basis and only for assets where a loss trigger event has occurred.</td><td>Past due</td><td>• Accounts greater than zero and less than or equal to 60 days past due the contractual/credit agreed payment due date.
• Management is not concerned and there is confidence in the counterparty's ability to repay the past due obligations.</td></tr>
<tr><td>Special mention</td><td>• Counterparty is considered to be experiencing difficulties that may threaten its ability to fulfil its credit obligation to the group (i.e. Credit Committee is concerned).
• The following reasons may result in an exposure being classified as "Special mention":
- Covenant breaches
- There is a slowdown in the counterparty's business activity
- An adverse trend in operations that signals a potential weakness in the financial strength of the counterparty
• Ultimate loss is not expected, but may occur if adverse conditions persist.
• Supplementary reporting categories:
- Credit exposures overdue 1 to 60 days and management concerned
- Credit exposures overdue 61 to 90 days, although management may not be concerned</td></tr>
<tr><td rowspan="2">Assets in default</td><td rowspan="2">Specific impairments are evaluated on a case-by-case basis where objective evidence of impairment has arisen. In determining specific impairments, the following factors are considered:
• Business unit's exposure to the customer.
• Capability of the client to generate sufficient cash flow to service debt obligations and the ongoing viability of the client's business.
• Likely dividend or amount recoverable on liquidation or bankruptcy.
• Nature and extent of claims by other creditors.
• Amount and timing of expected cash flows.
• Realisable value of security held (or other credit mitigants).
• Ability of the client to make payments in the foreign currency, for foreign currency denominated accounts.</td><td>Sub-standard</td><td>• Credit exposure reflects an underlying, well defined weakness that may lead to probable loss if not corrected.
• The risk that such credit exposure may become an impaired asset is probable.
• The bank is relying, to a large extent, on available collateral.
• The primary sources of repayment are insufficient to service the remaining contractual principal and interest amounts, and the bank has to rely on secondary sources for repayment. These secondary sources may include collateral, the sale of a fixed asset, refinancing and further capital.
• Credit exposures overdue for more than 90 days will at a minimum be included in "Sub-standard" (or a lower quality category).</td></tr>
<tr><td>Doubtful</td><td>• Credit exposure is considered to be impaired but not yet considered a final loss due to some pending factors such as a merger, new financing or capital injection which may strengthen the quality of the relevant exposure.
• In addition specific impairments may be raised.</td></tr>
</table>

Regulatory and economic capital classification	IFRS impairment treatment	Arrears, default and recoveries classification category	Description
Assets in default		Loss	• Credit exposure is considered to be uncollectible once all efforts, such as realisation of collateral and institution of legal proceedings, have been exhausted. • Ultimately these items will be written off, but the asset will be held until it is appropriate to write off. • These assets should carry an appropriate impairment.

Securitisation/principal finance activities and exposures

UK and Europe

The UK has developed a Principal Finance business over the last three years. As mentioned above the business focuses on securitisation of our assets, predominantly residential and commercial mortgages. We also undertake trading and investment in structured credit investments where we have invested in rated and unrated debt instruments largely within the UK and Europe and to a lesser extent in the US.

During the year Investec plc acquired Kensington. We retain residual exposures amounting to £229 million to the assets originated, warehoused and securitised by Kensington. Further information is provided on pages 49 to 51.

South Africa

In South Africa, our securitisation business, which forms part of our Structured Finance unit, was established approximately seven years ago when the debt capital markets commenced development. Over this time, we have arranged a number of corporate bond and commercial paper programmes and third party securitisations. In certain of these transactions we act as liquidity provider. We have also recently focused on the development of securitisation platforms with external third party originating intermediaries. At present we have provided limited warehouse funding lines to these intermediaries. Furthermore, we have securitised assets we have originated in our Private Banking business in South Africa.

The primary motivations for the securitisation of assets within our Private Banking division are to:

- Provide an alternative source of funding.
- Provide a source of revenue.
- Act as a mechanism to transfer risk.
- Leverage returns through the retention of equity tranches in low default rate portfolios.

Total assets that have been originated and securitised by the Private Bank amount to R9.2 billion (2007: R8.6 billion) and include auto loans (R1.1 billion), residential mortgages (R6.9 billion) and commercial mortgages (R1.2 billion). These securitisation structures have all been rated by Moody's.

Australia

As mentioned on page 17, Investec Bank (Australia) Limited acquired Experien. As is the case in the South African Private Banking division assets originated by the business have been securitised. These amount to A$756 million and include leases and instalment debtors (A$373 million), residential mortgages (A$15 million), commercial mortgages (A$186 million) and other loans, for example overdrafts (A$182 million). These securitisation structures have all been rated by Standard and Poor's.

Accounting treatment

Audited

Refer to page 249.

Credit analysis

In terms of our analysis of our credit and counterparty risk, exposures arising from securitisation/principal finance activities reflect only those exposures to which we consider ourselves to be at risk notwithstanding accounting conventions. In addition, assets that have been securitised by our Private Banking division are reflected as part of our core lending exposures and not our securitisation/ principal finance exposures as we believe this reflects the true nature and intent of these exposures and activities.

Summary of exposures and activity over the course of the year

Nature of exposure/activity	Exposure as at 31 March 2008 - £'mn	Exposure as at 31 March 2007 - £'mn	Credit analysis internal risk classification	Asset quality - relevant comments	Capital treatment
Structured credit investments			On-balance sheet securitisation/ principal finance exposure.	During the year we wrote off £48.9 million against these exposures as discussed on page 47.	Risk-weighted or supervisory deductions against primary and secondary capital.
Rated	121	37			
Unrated	91	141			
Other	19	-			
Kensington - mortgage assets					
Net exposures to the securitised book (i.e. those assets that have been securitised)	101	-	On-balance sheet securitisation/principal finance exposure. We are required to fully consolidate all assets acquired from Kensington. However, only those assets to which we are at risk are reflected in this analysis with the balance reflected under "no credit exposures".	Refer to page 50.	Risk-weighted or supervisory deductions against primary and secondary capital.
Net exposures to the warehouse book (i.e. those assets that have been originated and placed in special purpose vehicles awaiting securitisation)	128	-	On-balance sheet securitisation/principal finance exposure. We are required to fully consolidate all assets acquired from Kensington. However, only those assets to which we are at risk are reflected in this analysis with the balance reflected under "no credit exposures".	Refer to page 50.	Risk-weighted.
Irish warehouse funding facility (i.e. where we are the funding provider to the assets)	238	-	Average loan to value of the assets to which these funding lines support is 70%.		Risk-weighted.

Summary of exposures and activity over the course of the year (continued)

Nature of exposure/activity	Exposure as at 31 March 2008 - £'mn	Exposure as at 31 March 2007 - £'mn	Credit analysis internal risk classification	Asset quality - relevant comments	Capital treatment
UK - residual investments in other assets which have been securitised by us	29	-	On-balance sheet securitisation/principal finance exposure. We are required to fully consolidate these assets. However, only those assets to which we are at risk are reflected in this analysis with the balance reflected under "no credit exposures".		Risk-weighted or supervisory deductions against primary and secondary capital.
South Africa - warehouse funding lines provided to, and investment in third party intermediary originating platforms (mortgage and auto loans)	28	-	On-balance sheet securitisation/principal finance.	During the year we created a specific impairment of £3.9 million largely against the net investments within these platforms.	Risk-weighted depending on rating of counterparty.
Private Banking division assets which have been securitised	914	605	On-balance sheet exposure - reclassified from "accounting securitsed assets" to core loans and advances for credit analysis purposes. During the year we acquired Experien in Australia.	Analysed as part of the group's overall asset quality on core loans and advances as reflected on page 101. In South Africa we have only written off R79 000 in relation to the assets we have securitised since 2003.	We apply securitisation rules: either risk-weighted or supervisory deductions against primary and secondary capital.
South Africa - liquidity facilities provided to third party corporate securitisation vehicles	299	316	Off-balance sheet credit exposure as these facilities have remained undrawn and reflect a contingent liability of the bank.		Unutilised facility that is risk-weighted.

Credit risk mitigation Audited

Collateral is always assessed with reference to the sustainability of value and the likelihood of realisation. Acceptable collateral generally exhibits characteristics that allow for it to be held physically and valued relative to the market.

The bulk of collateral taken by the Private Bank, which makes up a substantial portion of on balance sheet assets, is commercial and residential real estate. Commercial real estate generally takes the form of good quality property underpinned by strong third party leases. Residential property is also generally of a high quality, reflecting clients' appetite for investments in desirable locations. In the period under review, there was downward pressure on the value of commercial and residential real estate as a result of the global economic slowdown in all our key operating jurisdictions (UK, South Africa and Australia). This has resulted in an increased focus on residential and commercial property valuations.

It is our policy to obtain a formal valuation, performed by an approved valuer, of every property offered as collateral for a lending facility before advancing funds under the credit facility and to revalue all commercial properties held as collateral on a regular basis, at the discretion of the credit committee. Other common forms of collateral in the retail asset class are motor vehicles, cash, shares and share portfolios.

Property is split between residential and commercial classes with commercial consisting of investment and development sub classes. Development property is further analysed into Residential land, Residential buildings, Commercial Industrial, Commercial Retail and Commercial Office.

We maintain strict liquidity policies with respect to financial collateral, which is thus considered to be liquid. There has been a decline in the liquidity of real estate markets albeit that the concentration of the underlying property collateral is in areas which have historically exhibited resistance to adverse economic conditions.

The majority of credit mitigation within our Treasury activities is in the form of netting (primarily International Swap Dealers Association, Global Master Securities Lending Agreement and International Securities Master Agreement) and margining agreements (primarily through Credit Support Agreements). Where netting agreements have been signed and the enforceability is supported by external legal opinion within the legal jurisdiction of the agreement, the exposures for all product categories covered by such agreements is stated net of any liabilities owing by Investec to the agreement counterparty for those product categories.

Set-off has been applied between assets subject to credit risk and related liabilities in the financial statements where:

- A legally enforceable right to set-off exists; and
- There is an intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

In addition to the above accounting set-off criteria, banking regulators impose the following additional criteria:

- Debit and credit balances relate to the same obligor/counterparty.
- Debit and credit balances be denominated in the same currency and have identical maturities.
- Exposures subject to set-off are risk managed on a net basis.

For this reason there will be instances where credit and counterparty exposures are displayed on a net basis in these financial statements but reported on a gross basis to regulators.

An analysis of collateral is provided on page 110.

Credit and counterparty risk year in review

Basel II

As of 1 January 2008 Investec Limited and Investec plc have been reporting to banking regulators in accordance with Basel II under the Standardised Approach for credit risk. Internally the focus towards the end of the financial year has shifted from compliance to entrenching internal capital processes at all levels in the organisation. We have leveraged off the changes required in terms of Basel II and taken the opportunity to refine and improve some of our risk management techniques.

UK and Europe

The financial year started with a fair amount of activity in the credit markets although margins began to narrow as a result of competitive pressures across the financial services industry. By September 2007 the credit landscape had changed dramatically as a result of the severe downgrade in the US of sub prime mortgage loans. As financial institutions took stock of their own balance sheets, market activity and liquidity diminished evidenced by repricing and lower market activity.

Against this backdrop the core loan book grew by 33.0% to £5.3 billion. This growth has not been at the expense of risk or pricing and our overall philosophy has been to decline transactions rather than compromise price or quality.

We have witnessed an increase in impairments and defaults, notably in the Private Bank. Residential mortgages have however, performed satisfactory and assets have not shown a worrying trend. Future performance continues to be monitored against the general economy and data on home prices. Generally there has been a slowing of asset activity however, client quality and proactive management has ensured that arrears are well controlled. Gross defaults as a percentage of gross core loans and advances increased from 1.0% to 2.6%.

As mentioned above the UK Capital Markets Principal Finance division has certain exposures to US structured credit investments. We have taken a market write down of £48.9 million against the US positions largely as a result of rating agency downgrades and US house price performance related to these portfolios. As at 31 March 2008 the on balance sheet value of the US portfolio is £71 million of which £16 million is dependent on the performance of the US sub-prime markets. These residual exposures represent less than 0.6% of the UK bank's balance sheet.

During the year Investec plc acquired Kensington (as discussed on page 17).

South Africa

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

- Continued upward pressure on interest rates (the prime lending rate increased from 12.5% at 31 March 2007 to 14.5% at 31 March 2008).
- High levels of Rand volatility and a depreciation in the Rand against the US Dollar despite the US Dollar losing ground against the Euro.
- Highly volatile and high real prices of oil and metals (both base and precious).
- Volatile equity markets and low or negative real growth of residential and commercial property.

While the South African property market has been more resilient than that of the more established first world economies it has come under pressure towards the end of the year under review. We are conscious of the potential effect of the combination of a slowdown of growth in the property market (both global and local) and upward pressure on interest rates.

The high net worth and/or stable income streams of our target market clients provides a level of protection from decreases in property values, should a declining trend continue to occur in the future. Over the past few years as property values increased, these clients built an effective equity buffer, resulting in lower average loan to value ratios which have reduced potential losses on depreciation of values. For assets put on book during the current year there has been strict adherence to lower loan to value lending. As at 31 March 2008 average loan to value ratios within the property development book were around 55% to 60% (in line with the prior year).

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

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

The core loan portfolio increased by 33.5% to R103.6 billion. The quality of the overall loan portfolio in Southern Africa remains satisfactory with gross default loans as a percentage of total loans of decreasing from 1.3% to 1.0%.

Australia

The core loan portfolio increased by 59.6% to A$2.6 billion, bolstered by the acquisition of Experien and good growth across our business particularly in the first half of the year. The quality of the overall portfolio remains satisfactory with gross defaults as a percentage of gross core loans and advances decreasing from 2.8% to 1.6%. However a disciplined approach to risk remains a key area of focus in a weaker trading environment.

Credit and counterparty risk information

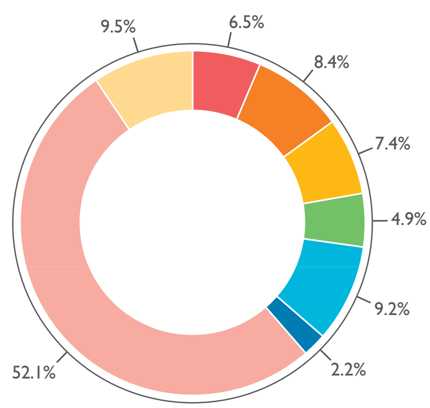
Pages 81 to 110 describe where and how credit and counterparty risk is exists in our operations. The tables that follow provide an analysis of our credit and counterparty exposures.

An analysis of gross credit and counterparty exposures

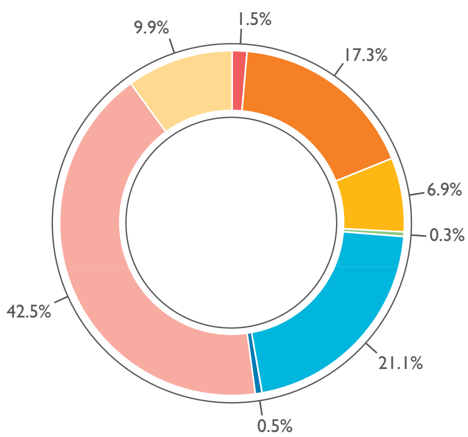
£'000 Audited	31 March 2008	31 March 2007	% change	Average* for the year ended 31 March 2008
On-balance sheet exposures	**21 661 399**	**19 058 446**	**13.7%**	**20 359 924**
Securitisation exposures arising from securitisation/principal finance activities - and amounts not reflected in core loans and advances	861 766	177 358	>100.0%	519 562
Rated instruments	121 127	36 554	>100.0%	78 841
Unrated instruments	291 665	140 804	>100.0%	216 235
Other	448 974	-	>100.0%	224 487
Debt instruments (NCDs, bonds held, debentures)	1 594 676	2 241 358	(28.9%)	1 918 017
Bank placements	2 438 631	2 474 482	(1.4%)	2 456 557
Sovereign, government placements	1 002 781	491 870	>100.0%	747 326
Call facilities (non-bank entities)	493 257	571 627	(13.7%)	532 442
Trading exposures (positive fair value excluding potential future exposures)	2 056 412	2 909 303	(29.3%)	2 482 858
Other credit exposures	306 109	58 111	>100.0%	182 110
Gross core loans and advances to customers (before impairments)**	12 907 767	10 134 337	27.4%	11 521 052
Off-balance sheet exposures	**3 374 450**	**1 937 227**	**74.2%**	**2 655 839**
Guarantees	435 098	429 684	1.3%	432 391
Contingent liabilities, committed facilities and other	2 939 352	1 507 543	95.0%	2 223 448
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**25 035 849**	**20 955 673**	**19.2%**	**23 015 761**

* Where the average is based on a straight line average.
** As calculated on page 101.

31 March 2008



31 March 2007



- Securitisation/principal finance exposures
- Debt instruments
- Bank placements
- Sovereign, government placements
- Call facilities (non-bank entities)
- Trading exposures
- Other credit exposures
- Gross core loans and advances to customers
- Off-balance sheet exposures

A further analysis of our on-balance sheet credit and counterparty exposures

The table below indicates in which class of asset (on the face of the consolidated balance sheet) our on-balance sheet credit and counterparty exposures are reflected. Not all assets included in the balance sheet bear credit and counterparty risk.

£'000 Audited	Securitisation exposures arising from securitisation/principal finance activities				Debt instruments (NCDs, bonds held, debentures)
	Total	Rated instruments	Unrated instruments	Other	
As at 31 March 2008					
Cash and balances at central banks	-	-	-	-	-
Loans and advances to banks	-	-	-	-	712
Cash equivalent advances to customers	-	-	-	-	-
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-
Trading securities	154 872	57 563	87 332	9 977	548 917
Derivative financial instruments	8 995	-	-	8 995	-
Investment securities	3 850	-	3 850	-	1 045 047
Loans and advances to customers	443 238	13 236	-	430 002	-
Securitised assets	250 811	50 328	200 483	-	-
Deferred taxation assets	-	-	-	-	-
Other assets	-	-	-	-	-
Interests in associated undertakings	-	-	-	-	-
Property and equipment	-	-	-	-	-
Investment property	-	-	-	-	-
Goodwill	-	-	-	-	-
Intangible assets	-	-	-	-	-
Insurance assets	-	-	-	-	-
Total	861 766	121 127	291 665	448 974	1 594 676
As at 31 March 2007					
Cash and balances at central banks	-	-	-	-	-
Loans and advances to banks	3 947	-	3 947	-	-
Cash equivalent advances to customers	23 154	-	23 154	-	-
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-
Trading securities	97 741	-	97 741	-	546 277
Derivative financial instruments	8 582	-	8 582	-	-
Investment securities	7 380	-	7 380	-	1 695 081
Loans and advances to customers	36 554	36 554	-	-	-
Securitised assets	-	-	-	-	-
Deferred taxation assets	-	-	-	-	-
Other assets	-	-	-	-	-
Interests in associated undertakings	-	-	-	-	-
Property and equipment	-	-	-	-	-
Investment property	-	-	-	-	-
Goodwill	-	-	-	-	-
Intangible assets	-	-	-	-	-
Insurance assets	-	-	-	-	-
Total	177 358	36 554	140 803	-	2 241 358

* Relates to impairments. Further information is provided on page 248.

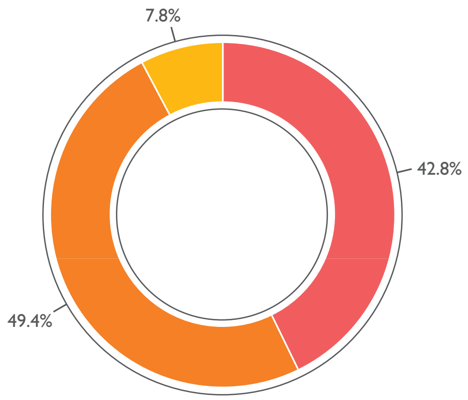
Bank placements	Sovereign, government placements	Call facilities (non-bank entities)	Trading exposures (positive fair value excluding potential future exposures)	Other credit exposures	Gross core loans and advances to customers (before impair-ments)	Total credit and counter-party exposure	Assets that we deem to have no credit exposure	Total balance sheet
7 223	779 789	-	1 434	-	-	788 446	26	788 472
2 042 915	-	-	28 564	81 582	-	2 153 773	-	2 153 773
-	-	481 300	23 023	-	-	504 323	59	504 382
188 466	-	11 936	484 492	-	-	684 894	109 259	794 153
199 874	214 874	-	221 633	17 338	-	1 357 508	627 071	1 984 580
-	-	-	1 067 515	-	-	1 076 510	228 754	1 305 264
-	8 118	-	27	111	-	1 057 153	73 719	1 130 872
-	-	-	-	-	11 993 963	12 437 201	1 608 934	14 046 135
-	-	-	-	-	913 804	1 164 615	4 918 360	6 082 975
-	-	-	-	-	-	-	84 493	84 493
153	-	21	229 724	207 078	-	436 976	445 233	882 209
-	-	-	-	-	-	-	82 576	82 576
-	-	-	-	-	-	-	141 352	141 352
-	-	-	-	-	-	-	134 975	134 975
-	-	-	-	-	-	-	271 932	271 932
-	-	-	-	-	-	-	31 506	31 506
-	-	-	-	-	-	-	3 683 903	3 683 903
2 438 631	**1 002 781**	**493 257**	**2 056 412**	**306 109**	**12 907 767**	**21 661 399**	**12 442 153**	**34 103 552**
12 423	89 564	-	542	-	-	102 529	222	102 751
2 370 640	-	-	57 182	-	-	2 431 769	-	2 431 769
-	-	445 302	31 123	-	-	499 579	49 023	548 602
38 532	-	126 505	2 018 333	-	-	2 183 370	141 268	2 324 638
26 949	395 462	-	283 017	-	-	1 349 446	665 698	2 015 144
12 397	-	-	407 975	-	-	428 954	295 538	724 492
-	6 844	-	20 108	-	-	1 729 413	47 188	1 776 601
-	-	-	-	-	9 530 317	9 566 871	*(39 791)	9 527 080
-	-	-	-	-	604 020	604 020	227 722	831 742
-	-	-	-	-	-	-	59 394	59 394
13 541	-	(180)	91 019	58 111	-	162 491	1 258 190	1 420 681
-	-	-	-	-	-	-	70 332	70 332
-	-	-	-	-	-	-	131 505	131 505
-	-	-	4	-	-	4	85 420	85 424
-	-	-	-	-	-	-	195 883	195 883
-	-	-	-	-	-	-	35 829	35 829
-	-	-	-	-	-	-	4 017 821	4 017 821
2 474 482	**491 870**	**571 627**	**2 909 303**	**58 111**	**10 134 337**	**19 058 444**	**7 241 242**	**26 299 688**

Breakdown of gross credit and counterparty exposures by geography

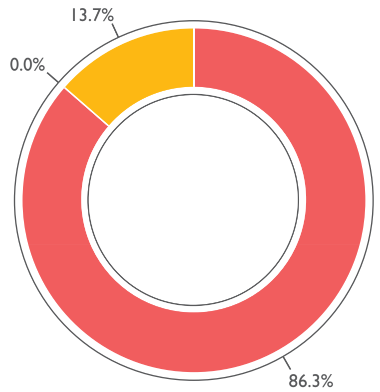
As at 31 March

£'000 Audited	UK and Europe 2008	UK and Europe 2007	Southern Africa 2008	Southern Africa 2007	Australia 2008	Australia 2007	Total 2008	Total 2007
On-balance sheet exposures	**9 775 140**	**8 639 429**	**10 195 495**	**9 198 330**	**1 690 764**	**1 220 687**	**21 661 399**	**19 058 446**
Securitisation exposures arising from securitisation/principal finance activities - and amounts not reflected in core loans and advances	821 378	162 661	40 388	14 697	-	-	861 766	177 358
Rated instruments	121 127	36 554	-	-	-	-	121 127	36 554
Unrated instruments	278 988	126 107	12 677	14 697	-	-	291 665	140 804
Other	421 263	-	27 711	-	-	-	448 974	-
Debt instruments (NCDs, bonds held, debentures)	762 531	1 477 246	530 954	352 232	301 191	411 880	1 594 676	2 241 358
Bank placements	909 837	680 097	1 384 861	1 707 409	143 933	86 976	2 438 631	2 474 482
Sovereign, government placements	616 122	37 487	386 659	454 383	-	-	1 002 781	491 870
Call facilities (non-bank entities)	-	-	493 257	571 627	-	-	493 257	571 627
Trading exposures (positive fair value excluding potential future exposures)	1 100 903	2 249 120	891 505	593 333	64 004	66 850	2 056 412	2 909 303
Other credit exposures	268 656	58 111	37 453	-	-	-	306 109	58 111
Gross core loans and advances to customers	5 295 713	3 974 707	6 430 418	5 504 649	1 181 636	654 981	12 907 767	10 134 337
Off-balance sheet exposures	**948 139**	**822 372**	**2 166 703**	**856 366**	**259 608**	**258 489**	**3 374 450**	**1 937 227**
Guarantees	50 256	64 115	338 098	323 323	46 744	42 246	435 098	429 684
Contingent liabilities, committed facilities and other	897 883	758 257	1 828 605	533 043	212 864	216 243	2 939 352	1 507 543
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**10 723 279**	**9 461 801**	**12 362 198**	**10 054 696**	**1 950 372**	**1 479 176**	**25 035 849**	**20 995 673**

31 March 2008



31 March 2007



- UK and Europe
- Southern Africa
- Australia

Breakdown of gross credit and counterparty exposures by industry

£'000	Gross core loans and advances		Other credit and counterparty exposures		Total	
	31 March 2008	31 March 2007	31 March 2008	31 March 2007	31 March 2008	31 March 2007
HNW and professional individuals	7 947 927	6 087 179	2 453 598	1 238 060	10 401 525	7 325 239
Agriculture	98 121	52 980	18 913	39 209	117 034	92 189
Electricity, gas and water (utility services)	125 913	159 472	13 047	61 539	138 960	221 011
Public and non-business services	275 884	195 545	50 033	174 207	325 917	369 752
Business service	378 634	288 375	120 379	101 382	499 013	389 757
Finance and insurance (including central banks)	760 998	841 237	7 475 343	8 224 123	8 236 341	9 065 360
Retailers and wholesalers	315 103	135 141	126 272	47 318	441 375	182 459
Manufacturing and commerce	620 943	664 239	288 177	257 072	909 120	921 311
Real estate	1 402 469	838 729	951 869	182 892	2 354 338	1 021 621
Mining and resources	181 382	127 224	217 852	276 119	399 234	403 343
Leisure, entertainment and tourism	305 983	202 405	24 485	10 676	330 468	213 081
Transport and communication	494 410	541 811	158 223	83 818	652 633	625 629
Other*	-	-	229 891	164 921	229 891	164 921
Total	**12 907 767**	**10 134 337**	**12 128 082**	**10 861 336**	**25 035 849**	**20 995 673**

* Largely relating to our principal finance/securitisation activities.

Breakdown of gross credit and counterparty exposures by industry

£'000	HNW and professional individuals	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business service
As at 31 March 2008					
On-balance sheet exposures	**8 220 078**	**116 206**	**133 532**	**301 709**	**475 772**
Securitisation exposures arising from securitisation/principal finance activities - and amounts not reflected in core loans and advances	-	-	-	-	-
Rated instruments	-	-	-	-	-
Unrated instruments	-	-	-	-	-
Other	-	-	-	-	-
Debt instruments (NCDs, bonds held, debentures)	-	-	2 639	3 278	-
Bank placements	-	-	-	-	-
Sovereign, government placements	-	-	-	12 591	-
Call facilities (non-bank entities)	-	17 437	3 818	941	72 682
Trading exposures (positive fair value excluding potential future exposures)	28 486	648	1 162	8 794	1 428
Other credit exposures	243 665	-	-	220	23 028
Gross core loans and advances to customers	7 947 927	98 121	125 913	275 884	378 634
Off-balance sheet exposures	**2 181 447**	**828**	**5 428**	**24 209**	**23 241**
Guarantees	285 865	83	3 551	5 319	259
Contingent liabilities, committed facilities and other	1 895 582	745	1 877	18 890	22 982
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**10 401 525**	**117 034**	**138 960**	**325 917**	**499 013**
As at 31 March 2007					
On-balance sheet exposures	**6 088 243**	**72 809**	**173 492**	**358 365**	**385 970**
Securitisation exposures arising from securitisation/principal finance activities - and amounts not reflected in core loans and advances	-	-	-	-	-
Rated instruments	-	-	-	-	-
Unrated instruments	-	-	-	-	-
Other	-	-	-	-	-
Debt instruments (NCDs, bonds held, debentures)	-	-	36	6 296	-
Bank placements	-	-	-	38 532	21
Sovereign, government placements	-	-	-	6 844	-
Call facilities (non-bank entities)	-	19 829	5 725	111 148	41 208
Trading exposures (positive fair value excluding potential future exposures)	1 064	-	8 259	-	56 366
Other credit exposures	-	-	-	-	-
Gross core loans and advances to customers	6 087 179	52 980	159 472	195 545	288 375
Off-balance sheet exposures	**1 236 996**	**19 380**	**47 519**	**11 387**	**3 787**
Guarantees	339 433	6 950	3 418	4 833	112
Contingent liabilities, committed facilities and other	897 563	12 430	44 101	6 554	3 675
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**7 325 239**	**92 189**	**221 011**	**369 752**	**389 757**

* Largely relating to our principal finance/securitisation activities.

Finance and insurance (including central banks)	Retailers and whole-salers	Manu-facturing and commerce	Real estate	Mining and resources	Leisure, enter-tainment and tourism	Transport and communi-cation	Other*	Total
7 697 658	**415 605**	**790 442**	**2 051 411**	**349 012**	**305 996**	**574 087**	**229 891**	**21 661 399**
27 710	-	-	616 222	-	-	-	217 834	861 766
-	-	-	-	-	-	-	121 127	122 127
-	-	-	200 482	-	-	-	91 183	291 665
27 710	-	-	415 740	-	-	-	5 524	488 974
1 582 919	-	-	217	-	-	-	5 623	1 594 676
2 438 631	-	-	-	-	-	-	-	2 438 631
990 190	-	-	-	-	-	-	-	1 002 781
92 697	89 173	151 787	1 564	2 526	-	60 632	-	493 257
1 795 958	10 935	14 207	23 168	165 104	13	75	6 434	2 056 412
8 555	395	3 505	7 771	-	-	18 970	-	306 109
760 998	315 103	620 943	1 402 469	181 382	305 983	494 410	-	12 907 767
538 683	**25 769**	**118 678**	**302 927**	**50 222**	**24 472**	**78 546**	**-**	**3 374 450**
52 251	5 291	30 655	34 238	17 586	-	-	-	435 098
486 432	20 478	88 023	268 689	32 636	24 472	78 546	-	2 939 352
8 236 341	**441 375**	**909 120**	**2 354 338**	**399 234**	**330 468**	**652 633**	**229 891**	**25 035 849**
8 679 055	**176 048**	**886 417**	**891 441**	**359 346**	**202 405**	**619 934**	**164 921**	**19 058 446**
-	-	-	12 437	-	-	-	164 921	177 358
-	-	-	-	-	-	-	36 554	36 554
-	-	-	12 437	-	-	-	128 367	140 804
-	-	-	-	-	-	-	-	-
2 232 631	-	-	-	-	-	2 395	-	2 241 358
2 435 929	-	-	-	-	-	-	-	2 474 482
485 026	-	-	-	-	-	-	-	491 870
57 707	40 608	215 178	1 778	12 019	-	66 427	-	571 627
2 568 414	299	7 000	38 497	220 103	-	9 301	-	2 909 303
58 111	-	-	-	-	-	-	-	58 111
841 237	135 141	664 239	838 729	127 224	202 405	541 811	-	10 134 337
386 305	**6 411**	**34 894**	**130 180**	**43 997**	**10 676**	**5 695**	**-**	**1 937 227**
23 289	2 076	20 007	11 077	18 001	-	488	-	429 684
363 016	4 335	14 887	119 103	25 996	10 676	5 207		1 507 543
9 065 360	**182 459**	**921 311**	**1 021 621**	**403 343**	**213 081**	**625 629**	**164 921**	**20 995 673**

Breakdown of gross credit and counterparty exposures by residual contractual maturity

£'000	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	>5 years	Total
As at 31 March 2008						
On-balance sheet exposures	**9 254 477**	**1 387 311**	**1 638 262**	**4 791 953**	**4 589 396**	**21 661 399**
Securitisation exposures arising from securitisation/principal finance activities - and amounts not reflected in core loans and advances	6 927	289 120	27 742	(233 854)	771 831	861 766
Rated instruments	-	40 602	-	1 057	79 468	121 127
Unrated instruments	4	7 656	32	2 344	281 629	291 665
Other	6 923	240 862	27 710	(237 255)	410 734	448 974
Debt instruments (NCDs, bonds held, debentures)	1 148 297	198 858	182 802	59 096	5 623	1 594 676
Bank placements	2 422 108	3 480	30	-	13 013	2 438 631
Sovereign, government placements	879 882	103 070	21 499	(1 670)	-	1 002 781
Call facilities (non-bank entities)	493 257	-	-	-	-	493 257
Trading exposures (positive fair value excluding potential future exposures)	1 973 755	8 898	25 164	42 834	5 761	2 056 412
Other credit exposures	245 629	17 007	19 203	9 487	14 783	306 109
Gross core loans and advances to customers	2 084 622	766 878	1 361 822	4 916 060	3 778 385	12 907 767
Off-balance sheet exposures	**827 495**	**69 870**	**1 954 590**	**336 506**	**185 990**	**3 374 450**
Guarantees	135 702	43 750	49 424	118 939	87 283	435 098
Contingent liabilities, committed facilities and other	691 793	26 120	1 905 166	217 566	98 707	3 939 352
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**10 081 972**	**1 457 181**	**3 592 852**	**5 128 458**	**4 775 386**	**25 035 849**

Breakdown of gross credit and counterparty exposures by residual contractual maturity (continued)

£'000	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	>5 years	Total
As at 31 March 2007						
On-balance sheet exposures	**9 390 703**	**1 185 762**	**1 858 790**	**4 073 915**	**2 549 276**	**19 058 446**
Securitisation exposures arising from securitisation/principal finance activities - and amounts not reflected in core loans and advances	47 852	13 267	17 384	3 718	95 137	177 358
Rated instruments	-	-	17 384	-	19 170	36 554
Unrated instruments	47 852	13 267	-	3 718	75 967	140 804
Other	-	-	-	-	-	-
Debt instruments (NCDs, bonds held, debentures)	906 452	328 600	703 051	297 220	6 035	2 241 358
Bank placements	2 407 868	17 793	42 354	6 467	-	2 474 482
Sovereign, government placements	313 454	72 742	80 488	25 186	-	491 870
Call facilities (non-bank entities)	571 627	-	-	-	-	571 627
Trading exposures (positive fair value excluding potential future exposures)	2 610 146	61 132	27 608	140 652	69 765	2 909 303
Other credit exposures	52 300	5 811	-	-	-	58 111
Gross core loans and advances to customers	2 481 004	686 417	987 905	3 600 672	2 378 339	10 134 337
Off-balance sheet exposures	**386 978**	**62 145**	**1 262 471**	**201 345**	**24 287**	**1 937 226**
Guarantees	41 623	42 387	291 738	43 451	10 485	429 684
Contingent liabilities, committed facilities and other	345 355	19 758	970 733	157 894	13 802	1 507 542
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**9 777 681**	**1 247 907**	**3 121 261**	**4 275 260**	**2 573 563**	**20 995 672**

Risk and governance

Asset quality and impairments Audited

Core loans and advances to customers

In order to assess and analyse the credit risk associated with loans and advances we believe that certain adjustments should be made to the category "loans and advances to customers" as reflected on the IFRS consolidated balance sheet. We believe that these adjustments are necessary in order to derive a value that reflects actual core lending activities. In this regard the following methodology has been applied:

- Loans and advances which have been originated by us and securitised primarily to provide an alternative source of funding are added to loans and advances.
- Warehouse funding facilities and warehouse assets arising out of our securitisation and principal finance activities have been deducted. The risks associated with our securitisation and principal finance activities are discussed in detail on pages 87 to 89.

Calculation of core loans and advances to customers

£'000 Audited	31 March 2008	31 March 2007
Loans and advances to customers per balance sheet (before impairments)	14 125 466	9 566 871
Less: warehouse facilities and warehouse assets arising out of our Securitisation and Principal Finance activities	(2 131 513)	(36 555)
Add: own-originated securitised assets	913 814	604 020
Gross core loans and advances to customers (before impairments)	**12 907 767**	**10 134 336**

The tables that follow provide information with respect to the asset quality of our core loans and advances to customers.

Overall asset quality

£'000 Audited	31 March 2008	31 March 2007
Gross core loans and advances to customers	**12 907 767**	**10 134 336**
Total impairments	**(54 011)**	**(39 791)**
Portfolio impairments	(6 695)	(6 662)
Specific impairments	(47 316)	(33 129)
Net core loans and advances to customers	**12 853 756**	**10 094 545**
Current loans and advances to customers	12 182 609	9 605 688
Total gross non-current loans and advances to customers	725 158	528 647
Past due loans and advances to customers (1-60 days and management not concerned)	400 764	308 942
Special mention loans and advances to customers	103 978	86 667
Default loans and advances to customers	220 416	133 038
Gross core loans and advances to customers	**12 907 767**	**10 134 336**
Total gross non-current core loans and advances to customers (actual capital exposure)	**725 158**	**528 647**
Gross core loans and advances to customers that are past due but not impaired	567 802	425 375
Gross core loans and advances to customers that are impaired	157 356	103 272
Total gross non-current core loans and advances to customers (actual amount in arrears)	**69 020**	**71 533**
Bad debts written off during the period	**(20 752)**	**(13 960)**
Gross default loans and advances to customers	220 416	133 038
Collateral and other credit enhancements	210 217	128 100
Specific impairments	(47 316)	(33 129)
Net default loans and advances to customers (limited to zero)	**-**	**-**
Ratios:		
Specific impairments as a % of gross core loans and advances to customers	0.37%	0.33%
Portfolio impairments as a % of gross core loans and advances to customers	0.05%	0.07%
Total impairments as a % of gross core loans and advances to customers	0.42%	0.39%
Specific impairments as a % of gross default loans	21.47%	24.90%
Gross defaults as a % of gross core loans and advances to customers	1.71%	1.31%
Net defaults as a % of gross core loans and advances to customers	-	-

An age analysis of gross non-current core loans and advances to customers

£'000 Audited	31 March 2008	31 March 2007
1 - 60 days	465 095	374 478
61 - 90 days	72 977	51 340
91 - 180 days	167 898	84 826
181 - 365 days	8 221	5 401
>365 days	10 967	12 602
Total gross non-current core loans and advances to customers (actual capital exposure)	**725 158**	**528 647**
1 - 60 days	27 913	33 869
61 - 90 days	4 309	2 094
91 - 180 days	25 641	23 558
181 - 365 days	3 268	3 571
>365 days	7 890	8 441
Total gross non-current core loans and advances to customers (actual amount in arrears)	**69 021**	**71 533**

A further age analysis of gross non-current core loans and advances to customers

£'000 Audited	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365	>365 days	Total
As at 31 March 2008						
Gross core loans and advances to customers that are past due but not impaired						
Total capital exposure	432 330	70 059	60 705	1 180	1 509	565 783
Amount in arrears	25 724	2 715	1 322	786	114	30 661
Gross core loans and advances to customers that are impaired						
Total capital exposure	32 765	2 918	107 193	7 041	9 458	159 375
Amount in arrears	2 189	1 594	24 319	2 482	7 776	38 360
As at 31 March 2007						
Gross core loans and advances to customers that are past due but not impaired						
Total capital exposure	340 957	50 974	16 525	458	4 161	413 075
Amount in arrears	32 077	1 491	880	258	-	34 706
Gross core loans and advances to customers that are impaired						
Total capital exposure	33 521	366	68 301	4 943	8 441	115 572
Amount in arrears	1 792	603	22 678	3 313	8 441	36 827

An age analysis of gross non-current core loans and advances to customers as at 31 March 2008 (based on total capital exposure)

£'000 Audited	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365	>365 days	Total
Past due (1-60 days and management not concerned)	400 764	-	-	-	-	400 764
Special mention	30 742	70 020	527	1 180	1 509	103 978
Special mention (1 - 60 days in arrears and management concerned)	4 359	-	*527	*1 180	*1 509	7 575
Special mention (61 - 90 days and item well secured)	-	53 679	-	-	-	53 679
Special mention - watchlist	26 383	16 341	-	-	-	42 724
Default	33 589	2 957	167 371	7 041	9 458	220 416
Sub-standard	8 269	425	138 357	2 978	3 595	153 624
Doubtful	23 858	2 532	12 925	4 063	5 846	49 224
Loss	1 462	-	16 089	-	17	17 568
Total	465 095	72 977	167 898	8 221	10 967	725 158

An age analysis of gross non-current core loans and advances to customers as at 31 March 2008 (based on actual amount in arrears)

£'000 Audited	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365	>365 days	Total
Past due (1-60 days and management not concerned)	25 691	-	-	-	-	25 691
Special mention	27	2 715	249	786	114	3 891
Special mention (1 - 60 days in arrears and management concerned)	14	57	*249	*786	*114	1 220
Special mention (61 - 90 days and item well secured)	13	2 657	-	-	-	2 670
Special mention - watchlist	-	1	-	-	-	1
Default	2 195	1 594	25 392	2 482	7 776	39 439
Sub-standard	669	43	5 524	728	3 009	9 973
Doubtful	1 360	1 551	3 779	1 754	4 750	13 194
Loss	166	-	16 089	-	17	16 272
Total	27 913	4 309	25 641	3 268	7 890	69 021

* Relates to solvent deceased estates and bonds under registration at the deeds office. Due to the lengthy external process with respect to these exposures, which is out of the control of Investec, our regulatory audit partner has agreed that these exposures could be classified as special mention and remain there until settled or their credit quality deteriorates.

An age analysis of gross non-current core loans and advances to customers as at 31 March 2007 (based on total capital exposure)

£'000 Audited	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365	>365 days	Total
Past due (1-60 days and management not concerned)	308 942	-	-	-	-	308 942
Special mention	35 693	50 974	-	-	-	86 667
Special mention (1 - 60 days in arrears and management concerned)	3 855	19 772	-	-	-	23 627
Special mention (61 - 90 days and item well secured)	-	31 202	-	-	-	31 202
Special mention - watchlist	31 838	-	-	-	-	31 838
Default	29 843	366	84 826	5 401	12 602	133 038
Sub-standard	15 681	341	44 794	423	810	62 049
Doubtful	13 267	22	27 123	1 714	-	42 126
Loss	895	3	12 909	3 264	11 792	28 863
Total	374 478	51 340	84 826	5 401	12 602	528 647

An age analysis of gross non-current core loans and advances to customers as at 31 March 2007 (based on a actual amount in arrears)

£'000 Audited	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365	>365 days	Total
Past due (1-60 days and management not concerned)	32 054	10	10	-	-	32 074
Special mention	23	2 061	-	-	-	2 084
Special mention (1 - 60 days in arrears and management concerned)	23	810	-	-	-	833
Special mention (61 - 90 days and item well secured)	-	1 250	-	-	-	1 251
Special mention - watchlist	-	-	-	-	-	-
Default	1 792	23	23 548	3 571	8 441	37 375
Sub-standard	-	15	6 376	40	-	6 431
Doubtful	1 193	5	11 052	349	-	12 599
Loss	599	3	6 120	3 182	8 441	18 345
Total	33 869	2 094	23 558	3 571	8 441	71 533

An analysis of core loans and advances to customers

£'000 Audited	Gross core loans and advances that are neither past due nor impaired	Gross core loans and advances that are past due but not impaired	Gross core loans and advances that are impaired	Total gross core loans and advances (actual capital exposure)
At 31 March 2008				
Current core loans and advances	12 182 609	-	-	12 182 609
Past due (1-60 days and management not concerned)	-	400 764	-	400 764
Special mention	-	103 978	-	103 978
Special mention (1 - 60 days in arrears and management concerned)	-	7 575	-	7 575
Special mention (61 - 90 days and item well secured)	-	53 679	-	53 679
Special mention - watchlist	-	42 724	-	42 724
Default	-	63 060	157 356	220 416
Sub-standard	-	62 687	90 937	153 624
Doubtful	-	373	48 851	49 224
Loss	-	-	17 568	17 568
Total	12 182 609	567 802	157 356	12 907 767
At 31 March 2007				
Current core loans and advances	9 605 689	-	-	9 605 689
Past due (1-60 days and management not concerned)	-	308 942	-	308 942
Special mention	-	86 667	-	86 667
Special mention (1 - 60 days in arrears and management concerned)	-	23 627	-	23 627
Special mention (61 - 90 days and item well secured)	-	31 202	-	31 202
Special mention - watchlist	-	31 838	-	31 838
Default	-	29 766	103 272	133 038
Sub-standard	-	19 203	42 846	62 049
Doubtful	-	10 563	31 563	42 126
Loss	-	-	28 863	28 863
Total	9 605 689	425 376	103 272	10 134 336

Specific impairments	Portfolio impairments	Total net core loans and advances (actual capital exposure)	Actual amount in arrears	Bad debts written off during the period
-	(2 894)	12 179 715	-	2 850
-	(3 669)	397 095	25 691	(1)
-	(125)	103 853	3 891	-
-	(36)	7 539	1 220	-
-	(89)	53 590	2 670	-
-	-	42 724	1	-
(47 316)	(7)	173 093	39 439	(23 601)
(16 423)	(3)	137 198	9 973	(1)
(18 948)	(1)	30 275	13 194	(1 705)
(11 945)	(3)	5 620	16 272	(21 895)
(47 316)	(6 695)	12 853 756	69 021	(20 752)
-	(5 187)	9 600 502	-	-
-	(1 357)	307 585	32 074	-
-	(52)	86 615	2 084	-
-	(52)	23 575	833	-
-	-	31 202	1 251	-
-	-	31 838	-	-
(33 129)	(66)	99 843	37 375	(13 960)
(6 270)	(26)	52 753	6 431	-
(8 753)	(39)	33 334	12 599	(5 277)
(18 106)	(1)	10 756	18 345	(8 683)
(33 129)	(6 662)	10 094 545	71 533	(13 960)

An analysis of core loans and advances to customers and impairments by counterparty type

£'000 Audited	Current core loans and advances	Past due (1-60 days and management not concerned)	Special mention (1 - 60 days in arrears and management concerned)	Special mention (61 - 90 days and item well secured)	Special mention - watchlist
As at 31 March 2008					
Private Banking professional and HNW individuals	7 901 316	373 400	7 575	50 157	42 724
Corporate sector	3 171 078	20 484	-	2 364	-
Banking, insurance, financial institutions (excluding sovereign)	760 998	-	-	-	-
Public and government sector (including central banks)	275 884	-	-	-	-
Trade finance	73 333	6 880	-	1 158	-
Other	-	-	-	-	-
Total gross core loans and advances to customers	12 182 609	400 764	7 575	53 679	42 724
As at 31 March 2007					
Private Banking professional and HNW individuals	6 182 819	262 942	23 627	25 206	30 359
Corporate sector	2 340 017	21 128	-	3 648	1 479
Banking, insurance, financial institutions (excluding sovereign)	841 237	-	-	-	-
Public and government sector (including central banks)	195 545	-	-	-	-
Trade finance	44 708	24 872	-	2 348	-
Other	1 363	-	-	-	-
Total gross core loans and advances to customers	9 605 689	308 942	23 627	31 202	31 838

An analysis of core loans and advances to customers by counterparty type

£'000 Audited	31 March 2008	31 March 2007
Private Banking professional and HNW individuals	8 550 145	6 613 045
Corporate sector	3 235 553	2 408 253
Banking insurance, financial institutions (excluding sovereign)	760 998	841 237
Public and government sector (including central banks)	275 884	195 545
Trade finance	85 187	74 893
Other	-	1 363
Total gross core loans and advances to customers	12 907 767	10 134 336

Sub-standard	Doubtful	Loss	Total gross core loans and advances to customers	Portfolio impairments	Specific impairments	Total impairments	Bad debts written off in period
117 283	40 246	17 444	8 550 145	(4 528)	(41 228)	(45 756)	(3 164)
36 341	5 162	124	3 235 553	(1 843)	(4 288)	(6 131)	(17 588)
-	-	-	760 998	-	-	-	-
-	-	-	275 884	-	-	-	-
-	3 816	-	85 187	-	(1 800)	(1 800)	-
-	-	-	-	(324)	-	(324)	-
153 624	**49 224**	**17 568**	**12 907 767**	**(6 695)**	**(47 316)**	**(54 011)**	**(20 752)**
50 633	15 042	22 417	6 613 045	(4 405)	(21 526)	(25 931)	(2 694)
11 416	24 119	6 446	2 408 253	(2 257)	(10 196)	(12 453)	(11 148)
-	-	-	841 237	-	-	-	-
-	-	-	195 545	-	-	-	-
-	2 965	-	74 893	-	(1 407)	(1 407)	(118)
-	-	-	1 363	-	-	-	-
62 049	**42 126**	**28 863**	**10 134 336**	**(6 662)**	**(33 129)**	**(39 791)**	**(13 960)**

An analysis of core loans and advances to customers and asset quality by geography

As at 31 March

£'000 Audited	UK and Europe 2008	UK and Europe 2007	Southern Africa 2008	Southern Africa 2007	Australia 2008	Australia 2007	Total 2008	Total 2007
Gross core loans and advances to customers	5 295 713	3 974 707	6 430 418	5 486 576	1 181 636	673 053	12 907 767	10 134 336
Total impairments	**(21 854)**	**(8 159)**	**(23 367)**	**(22 023)**	**(8 790)**	**(9 609)**	**(54 011)**	**(39 791)**
Portfolio impairments	(2 053)	(1 540)	(4 642)	(5 122)	-	-	(6 695)	(6 662)
Specific impairments	(19 801)	(6 619)	(18 725)	(16 901)	(8 790)	(9 609)	(47 316)	(33 129)
Net core loans and advances to customers	**5 273 859**	**3 966 548**	**6 407 051**	**5 464 553**	**1 172 846**	**663 444**	**12 853 756**	**10 094 545**
% of total	41.0%	39.3%	49.8%	54.1%	9.1%	6.6%	100.0%	100.0%
% change year on year	33.0%	-	17.2%	-	76.8%	-	27.3%	-
Current loans and advances to customers	4 816 940	3 752 533	6 276 582	5 241 087	1 089 087	612 069	12 182 609	9 605 689
Past due loans and advances to customers (1-60 days and management not concerned)	283 445	143 793	73 219	143 866	44 100	21 283	400 764	308 942
Special mention loans and advances to customers	56 165	37 179	18 282	28 825	29 531	20 663	103 978	86 667
Default loans and advances to customers	139 162	41 203	62 335	72 797	18 919	19 038	220 416	133 038
Gross core loans and advances to customers	**5 295 712**	**3 974 708**	**6 430 418**	**5 486 575**	**1 181 637**	**673 053**	**12 907 767**	**10 134 336**
Total gross non-current loans and advances to customers (actual capital exposure)	**478 772**	**222 175**	**153 836**	**245 488**	**92 550**	**60 984**	**725 158**	**528 647**
Gross core loans and advances to customers that are past due but not impaired	399 966	197 398	92 187	184 453	75 649	43 524	567 802	425 376
Gross core loans and advances to customers that are impaired	78 807	24 776	61 649	61 036	16 900	17 460	157 356	103 272
Total gross non-current loans and advances to customers (actual amount in arrears)	**15 369**	**3 757**	**35 257**	**49 954**	**18 394**	**17 822**	**69 020**	**71 533**
Bad debts written off during the period	**-**	**(5 193)**	**(20 584)**	**(8 674)**	**(168)**	**(93)**	**(20 752)**	**(13 960)**
Gross default loans and advances to customers	139 163	41 203	62 334	72 797	18 919	19 038	220 416	133 038
Collateral and other credit enhancements	114 011	42 032	83 844	75 899	12 362	10 169	210 217	128 100
Specific impairments	(19 801)	(6 619)	(18 725)	(16 901)	(8 790)	(9 609)	(47 316)	(33 129)
Net default loans and advances to customers (limited to zero)	**5 351**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Gross defaults as a % of gross core loans and advances to customers	2.6%	1.0%	1.0%	1.3%	1.6%	2.8%	1.7%	1.3%

Collateral

The following disclosure is made with respect to Basel II requirements and definitions.

As at 31 March 2008 £'000	Collateral held against Gross core loans and advances	Other credit and and counterparty exposures*	Total
Eligible financial collateral	**1 634 954**	**755 038**	**2 389 992**
Cash	580 331	25 004	605 335
Debt securities issued by sovereigns	8 474	241 876	250 350
Shares	1 046 149	488 158	1 534 307
Mortgage bonds	**13 741 822**	**698 188**	**14 440 010**
Residential property collateral	6 012 933	696 750	6 709 683
Commercial property collateral	7 728 889	1 438	7 730 327
Other collateral	**5 007 861**	**187 165**	**5 195 026**
Bonds other than mortgage bonds	321 049	-	321 049
Asset finance collateral	358 404	18 436	376 840
Guarantees	603 953	-	603 953
Credit derivatives	27 350	-	27 350
Other	3 697 105	168 729	3 865 834
Total collateral	**20 384 637**	**1 640 391**	**22 025 028**

* A large percentage of these exposures (for example bank placements) are to highly rated financial institutions where limited collateral would be required due to the nature of the exposure.

Equity and investment risk in the banking book

Equity and investment risk description

Audited

Equity and investment risk in the banking book arises primarily from the following activities conducted within the group:

- Investment Banking Principal Investments (Private Equity and Direct Investments): We actively seek and select expansion and buy-out investments as principal in unlisted companies. Investments are selected based on the track record of management, the attractiveness of the industry and the ability to build value for the existing business by implementing an agreed strategy. In addition, as a result of our local market knowledge and investment banking expertise, we are well positioned to take direct positions in listed shares where we believe that the market is mispricing the value of the underlying portfolio of assets. These investment positions are carefully researched with the intent to stimulate corporate activity. In South Africa, we also continue to pursue opportunities to help create and grow black owned and controlled companies.
- Lending transactions (within the Private Banking and Capital Markets divisions): The manner in which we structure certain transactions results in equity, warrant and profit shares being held, predominantly within unlisted companies.
- Property Activities: We source development, investment and trading opportunities to create value and trade for profit within agreed risk parameters.
- Central Funding: In South Africa the Central Funding division is the custodian of certain equity and property investments, which have largely arisen from corporate acquisitions made, notably in the early 2000s.

Management of equity and investment risk

As equity and investment risk arise from a variety of activities conducted by us, the monitoring and measurement thereof varies across transactions and/or type of activity.

Risk management

Nature of equity and investment risk	Management of risk
Listed equities	Investment Committee and Market Risk Management
Investment Banking Principal Finance investments	Investment Committee and the Investment Bank Limited Direct Investments Division Investment Committee
Embedded derivatives, profit shares and investments arising from lending transactions	Credit Risk Management Committees
Investment and trading properties	Investment Committee and Investec Property Group Investment Committee in South Africa
Central Funding investments	DLC Capital Committee and Investment Committee

We have recently implemented a central database to store all quantitative and qualitative information with respect to our equity, profit share, embedded derivatives and property investments. Stress testing scenario analyses are performed regularly and reported to ERRF, BRCC and the board. As a matter of course, concentration risk is avoided and investments are well spread across geographies and industries.

Valuation and accounting methodologies

For a description of our valuation principles and methodologies refer to page 215 and pages 242 to 245 for factors taking into consideration in determining fair value.

The table below provides an analysis of income and revaluations recorded with respect to these investments.

£'000 Audited	Income (pre funding costs) - for the year ended				Fair value directly to equity
	Unrealised	Realised	Dividends, net interest and other	Total	
31 March 2008					
Unlisted investments	**50 547**	**22 846**	**60 467**	**133 860**	**1 687**
UK and Europe	(1 892)	12 854	36 981	47 943	1 687
South Africa	49 942	8 947	23 170	82 059	-
Australia	2 497	1 045	316	3 858	-
Listed equities	**(6 486)**	**35 196**	**(756)**	**27 955**	**(8 173)**
UK and Europe	3 616	15 077	362	19 055	(4 705)
South Africa	(9 375)	19 646	(2 013)	8 258	(1 679)
Australia	(726)	473	895	642	(1 789)
Investment and trading properties	**49 714**	**8 882**	**14 331**	**72 927**	**-**
South Africa	49 714	8 882	14 331	72 927	-
Warrants, profit shares and other embedded derivatives	**(3 847)**	**44 293**	**5 446**	**45 893**	**-**
UK and Europe	(5 805)	39 070	5 064	38 330	-
South Africa	1 958	5 223	382	7 563	-
Total	**89 929**	**111 217**	**79 488**	**280 635**	**(6 486)**
31 March 2007					
Unlisted investments	**60 329**	**10 696**	**52 951**	**123 976**	**1 392**
UK and Europe	3 525	2 387	38 236	44 147	1 392
South Africa	55 324	7 749	13 799	76 872	-
Australia	1 481	561	916	2 958	-
Listed equities	**9 536**	**5 035**	**1 321**	**15 893**	**24 228**
UK and Europe	1 245	10 294	228	11 768	5 628
South Africa	9 206	(4 934)	913	5 185	18 600
Australia	(915)	(325)	181	(1 060)	-
Investment and trading properties	**24 602**	**3 550**	**3 090**	**31 242**	**-**
South Africa	24 602	3 550	3 090	31 242	-
Warrants, profit shares and other embedded derivatives	**7 901**	**60 413**	**2 923**	**71 236**	**-**
UK and Europe	3 999	53 881	-	57 880	-
South Africa	3 902	6 532	2 923	13 357	-
Total	**102 368**	**79 694**	**60 285**	**242 347**	**25 619**

Unrealised revaluation gains are included in Tier 1 capital. Revaluations that are posted directly to equity are excluded from capital within Investec Limited and included in Tier 2 capital within Investec plc.

Risk management

Summary of investments held and stress testing analyses

The balance sheet value of investments is indicated in the table below.

£'000 Audited	Balance sheet value of investments 31 March 2008	Valuation change stress test* 31 March 2008	Balance sheet value of investments 31 March 2007	Valuation change stress test* 31 March 2007
Unlisted investments	**365 189**	**54 778**	**334 541**	**50 182**
UK and Europe	120 872	18 131	135 572	20 336
South Africa	225 249	33 787	194 718	29 208
Australia	19 068	2 860	4 251	638
Listed equities	**96 771**	**24 193**	**139 910**	**34 978**
UK and Europe	40 359	10 090	36 372	9 093
South Africa	54 520	13 630	95 708	23 927
Australia	1 892	473	7 830	1 958
Investment and trading properties	**174 091**	**8 787**	**159 140**	**30 682**
South Africa	174 091	8 787	159 140	30 682
Warrants, profit shares and other embedded derivatives	**65 640**	**22 974**	**41 448**	**14 507**
UK and Europe	41 879	14 658	26 742	9 360
South Africa	23 761	8 316	14 706	5 147
Total	**701 691**	**110 732**	**675 039**	**130 349**

* In order to assess our earnings sensitivity to a movement in the valuation of these investments the following stress testing parameters are applied.

Stress test values applied

Unlisted investments	15%
Listed equities	25%
Trading properties	15%
Investment properties	5%
Warrants, profit shares and other embedded derivatives	35%

Stress testing summary

Based on the information above we could have a £110.7 million reversal in revenue (which assumes a year in which there is a "worst case scenario"). This would not cause the group to report a loss but could have a significantly negative impact on earnings for that period. The probability of all these asset classes in all geographies in which we operate being negatively impacted at the same time is very low, although the probability of listed equities being negatively impacted at the same time is very high.

Capital requirements

In terms of Basel II capital requirements, unlisted and listed equities within the banking book are represented under the category of "Equity Risk" and investment properties, profit shares and embedded derivatives are considered in the calculation of capital required for credit risk. Refer to page 140 for further detail.

Traded market risk management

Traded market risk description Audited

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

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

Traded market risk governance structure Audited

To manage, measure and mitigate market risk, we have independent market risk management teams in each geography where we assume market risk. Local limits have been set to keep potential losses within acceptable risk tolerance levels. A Global Market Risk Forum (mandated by the various boards of directors) manages the market risks in accordance with pre-approved principles and policies.

Risk limits are reviewed and set at the Global Market Risk Forum and ratified at the ERRF. Limits are reviewed either annually, in the event of a significant market event (e.g. 11 September 2001), or at the discretion of senior management.

Management and measurement of traded market risk

Market risk management teams review the market risks on our books. Detailed risk reports are produced daily for each trading desk. These reports are distributed to management and the traders on the desk. Any unauthorised excesses are recorded and require a satisfactory explanation from the desk for the excess. The production of risk reports allows for the monitoring of every instrument traded against prescribed limits. Trading is also limited to the most liquid instruments and each traded instrument undergoes various stresses to assess potential losses. Each trading desk is monitored on an overall basis as an additional control. Trading limits are generally tiered with the most liquid and least "risky" instruments being assigned the largest limits.

The market risk teams perform a profit attribution, where our daily traded income is attributed to the various underlying risk factors on a day-to-day basis. An understanding of the sources of profit and loss is essential to understanding the risks of the business.

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

VaR numbers are monitored at the 95%, 99% and 100% (maximum loss) confidence intervals. ETLs are monitored at the 95% and 99% levels. Scenario analysis considers the impact of a significant market event on our current trading portfolios. We consider the impact for the 10 days after the event, not merely the instantaneous shock to the markets. Included in our scenario analysis are for example the following; October 1987 (Black Monday), 11 September 2001 and the December Rand crisis in 2001.

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

VaR

Audited

	Investec plc IBUK^ 95% (one-day) £'000	Investec plc IBAL^ 99% (one-day) A$'000	Investec Limited 95% (one-day) R'million
31 March 2008			
Commodities	93	-	0.4
Equity derivatives	275	-	4.0
Foreign exchange	23	34	1.8
Interest rates	397	343	0.4
Consolidated*	**434**	**374**	**3.8**
High	951	374	10.8
Low	130	59	1.9
Average	385	178	6.2
31 March 2007			
Commodities	79	72	0.4
Equity derivatives	124	-	6.5
Foreign exchange	5	30	0.9
Interest rates	77	132	0.6
Consolidated*	**179**	**234**	**7.0**
High	539	500	13.9
Low	130	105	2.8
Average	238	279	6.5

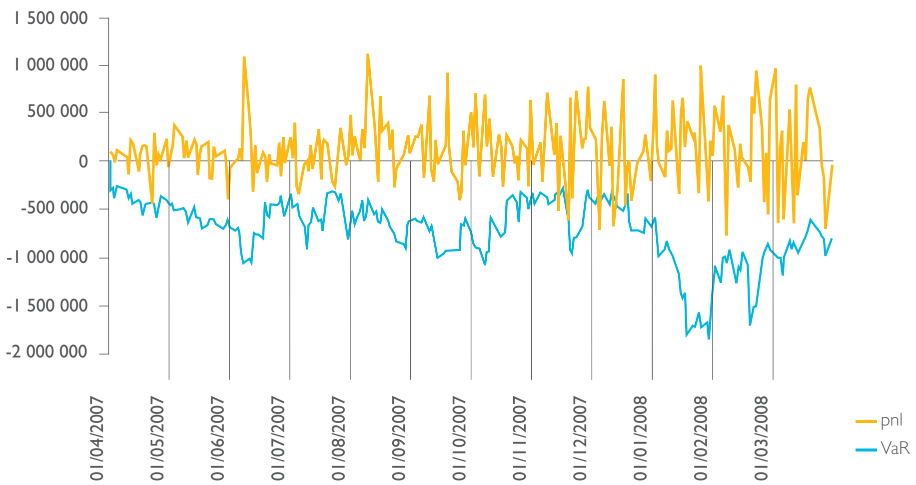
* The consolidated VaR for each desk and each entity is lower than the sum of the individual VaRs. This arises from the correlation offset between various asset classes.

^ Where: IBUK is Investec Bank (UK) Limited and IBAL is Investec Bank (Australia) Limited

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

Investec Bank (UK) Limited

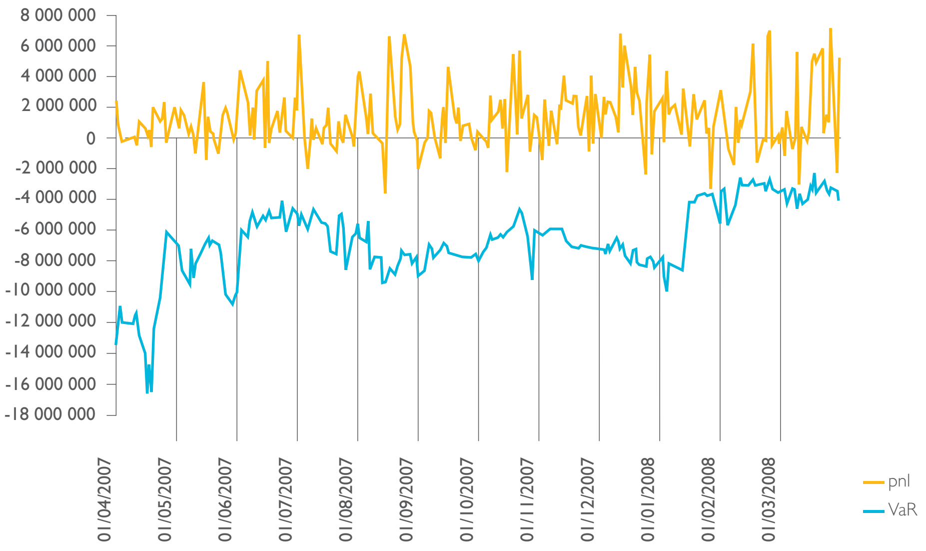
99% 1-day VaR backtesting (GBP)



There have been seven exceptions i.e. where the loss is greater than the VaR. This exceeds the expectations at the 99% level. All exceptions arose on the Fixed Income desk. These exceptions arose largely in November and December 2007, a particularly volatile period in the markets with extreme moves across most asset classes and in particular interest rates.

Investec Limited

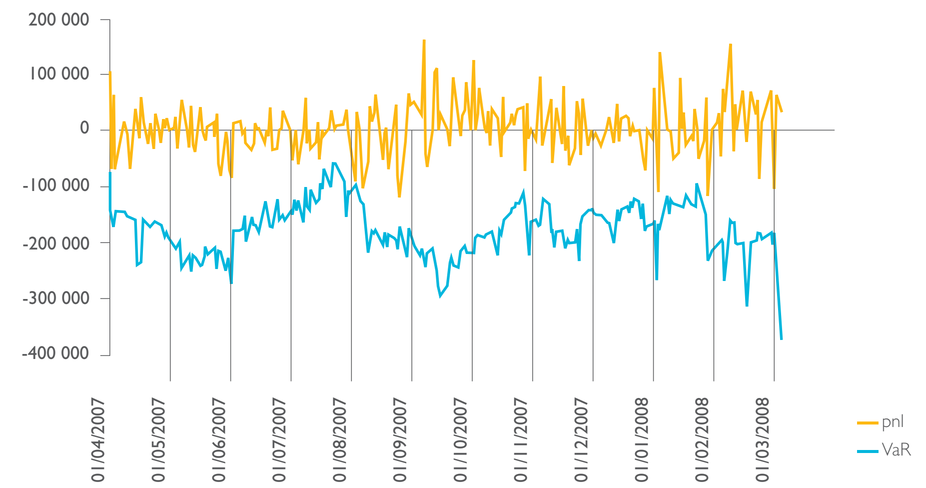
99% 1-day VaR backtesting (Rands)



There have been no exceptions over the past year. The model would expect around 2 to 3 exceptions per annum.

Investec Bank (Australia) Limited

99% 1-day VaR backtesting (A$)



There have been no exceptions over the past year. The model would expect around 2 to 3 exceptions per annum.

ETL

Audited

	Investec plc 95% (one-day) £'000	Investec Limited 95% (one-day) R'million
31 March 2008		
Commodities	134	0.5
Equity derivatives	347	6.1
Foreign exchange	31	2.7
Interest rates	581	0.7
Consolidated*	**648**	**5.7**
31 March 2007		
Commodities	126	0.7
Equity derivatives	158	9.1
Foreign exchange	6	2.4
Interest rates	150	0.8
Consolidated*	**248**	**9.8**

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

Stress testing

The table below indicates the potential losses that could arise if the portfolio is stress tested under extreme market conditions (15 standard deviations).

Audited

	Investec plc IBUK^ Using VaR £'000	Investec plc IBAL^ Using VaR A$'000	Investec Limited Using VaR R'million
31 March 2008			
Commodities	712	-	3.1
Equity derivatives	2 105	-	30.6
Foreign exchange	176	200	13.8
Interest rates	3 038	1 995	3.1
Consolidated	**6 031**	**2 195**	**50.6**
31 March 2007			
Commodities	602	420	2.8
Equity derivatives	946	-	49.8
Foreign exchange	37	175	7.2
Interest rates	587	767	4.9
Consolidated	**2 172**	**1 362**	**65.0**

^ Where: IBUK is Investec Bank (UK) Limited and IBAL is Investec Bank (Australia) Limited

Traded market risk mitigation

The Market Risk Management team is located outside the dealing room, thereby ensuring independence. The risk management software runs independently from source trading systems and values all trades separately. The values from the two systems are compared daily. The values from the risk system are also used for profit attribution, another risk management tool.

Risk limits are set according to guidelines set out in our risk appetite policy and are calculated on a statistical and non-statistical basis. Statistical limits include VaR and ETL analyses at various confidence intervals as well as "disaster" scenarios where the 15 standard deviation adverse market move is considered. Historical VaR is used (500 days of un-weighted data), where every "risk factor" is exposed to daily moves over the past year. With the equity markets for example, every share and index is considered independently as opposed to techniques where proxies are used.

Non-statistical limits include product limits, tenor, notional, liquidity, buckets and option sensitivities ("greeks"). When setting and reviewing these limits, current market conditions are taken into account. Bucket limits are set on time buckets, generally at three-month intervals out to two years and then, on a less granular basis, out to 30 years.

Traded market risk year in review

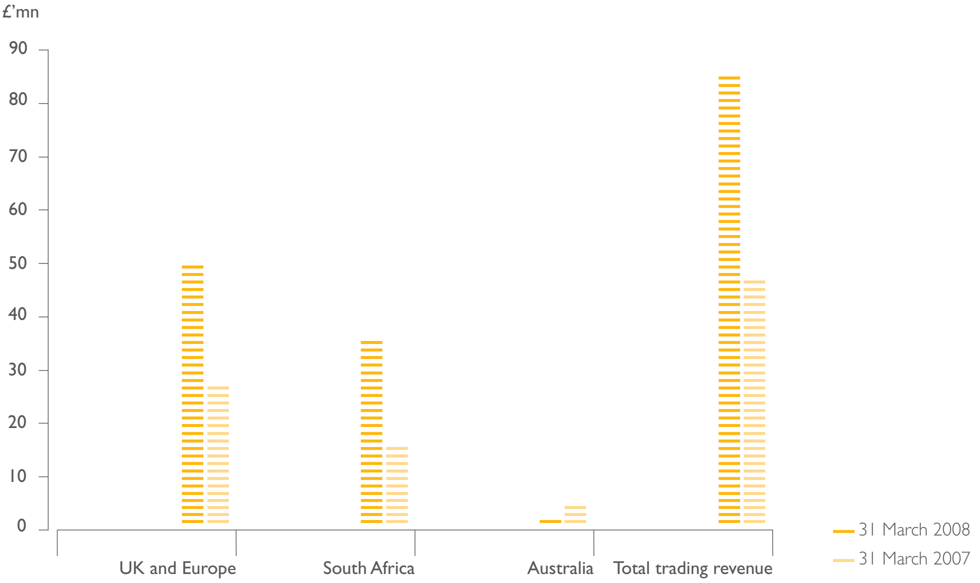
In South Africa, we use our internal models for market risk measurement which in effect puts us at the level of the advanced approach for Basel II. In terms of this model, trading capital is calculated as a function of the 99% 10-day VaR. Backtesting results and a detailed stress testing pack will be submitted to the regulator on a monthly basis. In the UK, all desks are currently at the Capital Adequacy (CAD) I level and will be applying for CAD II later in the year.

The past year was characterised by strong, albeit volatile, growth in the equity, commodity and bond markets. These market conditions, coupled with good client flows and product sales, resulted in strong performances from the South African trading operations. The model of concentrating on client flow proved very successful with the good results being obtained with relatively low risk taking.

In the UK, the bank continues to build its customer base in an attempt to replicate the South African model. The new structured equity desk has commenced trading and is expected to produce good income through its product suite and hedging strategies for clients. The fixed income desk, which makes markets in short Sterling, Euribor and Euro Dollar options and futures, ended the year marginally down on the back of difficult market conditions, especially in the second half of the year on the back of the sub-prime crisis and subsequent liquidity squeeze. The Irish equity trading businesses performed well.

Australia continues to grow although trading activity remains modest with the focus being mainly commodity hedging.

Revenue from trading activities within our Capital Markets division



Market risk - derivatives

Audited

We enter various derivatives contracts, both as principal for trading purposes and as customer for hedging foreign exchange, commodity, equity and interest rate exposures. These include financial futures, options, swaps and forward rate agreements. 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 to take into account possible correlations.

Information showing our derivative trading portfolio over the reporting period on the basis of the notional principal and the fair value of all derivatives can be found on page 247.

The notional principal indicates our activity in the derivatives market and represents the aggregate size of total outstanding contracts at year end. The fair value of a derivative financial instrument represents the present value of the positive or negative cash flows which would have occurred had we closed out the rights and obligations arising from that instrument in an orderly market transaction at year end. Both these amounts reflect only derivatives exposure and exclude the value of the physical financial instruments used to hedge these positions.

Non-traded currency risk

Fluctuations in exchange rates against Pounds Sterling can have an impact on our financial results. Information in this regard is provided on page 80.

Balance sheet risk management

Balance sheet risk description

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

Balance sheet risk governance structure

Management believes that a centralised framework permits global identification and coordination of Balance Sheet risk. Asset and liability oversight is centralised within each geography, using regional expertise and local market access as appropriate. Regional Asset and Liability Management Committees (ALCOs) are mandated by their respective boards of directors and the group to manage the balance sheet risks on a consistent basis with pre-approved principles and policies. Detailed policies cover both domestic and foreign currency funds and set out sources and amounts of funds necessary to ensure the continuation of our operations without undue interruption. The size, materiality, complexity, maturity and depth of the market as well as access to stable funds determine the risk appetite for the region. Each region further ensures that the liquidity management framework is compatible with local regulatory requirements. Group liquidity policy requires each geography to be self-funding so that there is no reliance on inter-group lines either from or to other group entities. Branches and subsidiaries have no responsibility for contributing to group liquidity.

We continue to improve risk measurement processes and methodologies in line with Basel II requirements. The Balance Sheet Risk Management team independently identifies, quantifies and monitors risks, providing independent governance and oversight of the Treasury activities (within the Capital Markets division) and the execution of our policy to management, ALCO, ERRF, BRCC and the board. In carrying out its duties the Balance Sheet Risk Management team monitors historical liquidity trends, tracks prospective on- and off-balance sheet liquidity obligations, identifies and measures internal and external liquidity warning signals which permit early detection of liquidity issues (including identification and testing of various company-specific and market-driven stress scenarios) through daily liquidity reporting and scenario analysis which quantify our positions. The governance framework adopted for the management of structural interest rate risk in the banking book mirrors that of liquidity risk. The risk is transferred to and managed within our Treasury operations.

Balance sheet risk mitigation

The Treasury function centrally directs the raising of wholesale liabilities, establishes and maintains access to stable funds with the appropriate tenor and pricing characteristics, and manages liquid securities and collateral. The Treasury function is the sole interface with the wholesale market for both cash and derivative transactions, and actively manages the liquidity mismatch and non-trading interest rate risk arising from our asset and liability portfolios. The Treasury function is required to exercise tight control over funding, liquidity, concentration and non-trading interest rate risk within defined parameters.

Balance Sheet Risk Management combines traditional gap analysis and quantitative models, including stress tests. This is designed to measure the range of possible future liquidity needs and potential distribution of net interest income and economic value under various scenarios covering a spectrum of events in which we could find ourselves and prepare accordingly. The modelling process is supported by ongoing technical and economic analysis. The result is formally reported to management, ERRF, BRCC and the board on a regular basis. The entire process is underpinned by a system of extensive internal and external controls.

An active presence is maintained in professional markets and each jurisdiction manages the wholesale money market capacity for our name, supported by efforts in relationship management with corporate and institutional clients. Important factors in assuring liquidity are competitive rates, the maintenance of depositors' confidence and our reputation.

Non-trading interest rate risk description

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

Sources of banking-related risk exposures include potential adverse effect of volatility and changes in interest rate levels, yield curves and spreads. These affect the interest rate margin realised between lending income and borrowing costs, when applied to our rate sensitive asset and liability portfolios, which has a direct effect on future net interest income and the economic value of equity. The mix of interest rate repricing characteristics is influenced by the underlying financial needs of customers.

Management and measurement of non-trading interest rate risk

Non-trading interest rate risk in the banking book is a normal part of banking and can be an important source of shareholder value. We are exposed to repricing risk due to timing differences in the fixed rate maturity and floating rate repricing of bank assets, liabilities and derivative positions. Additionally we are exposed to curve and basis risk, due to the difference in repricing characteristics of two floating-rate indices. We are not materially exposed to optionality risk, as contract breakage penalties on fixed-rate advances specifically cover this risk.

Non-trading interest rate risk is measured and managed from an earnings perspective over a specified time horizon and economic value. Economic value measures have the advantage that all future cash flows are considered and therefore can highlight risk beyond the earnings horizon. The aim is to protect and enhance net interest income and economic value in accordance with the board-approved risk management framework and risk appetite. The standard tools that are used to measure the sensitivity of earnings to changes in interest rates are the repricing gap, net interest income sensitivity, economic value sensitivity and stress-testing to macroeconomic movement or changes, which provides senior management with an assessment of the financial impact of identified rate changes on potential future net interest income and economic value. This is consistent with the standardised interest rate measurement recommended by the Basel II framework for assessing banking book (non-trading) interest rate risk.

Operationally, non-trading interest rate risk is transferred from the originating business to the Treasury function and aggregated or netted. The Treasury function implements appropriate balance sheet strategies to achieve a cost-effective source of funding and mitigates any residual undesirable risk. Policy requires that interest rate risk arising from fixed interest loans risk is transferred from the originating business to Treasury by match-funding. In turn, Central Treasury hedges all fixed rate assets with a term of more than one year on a deal-by-deal basis to within 3-months repricing with the use of variable vs. fixed interest rate swaps. The market for these vanilla swaps is deep, with the result that such hedging is efficient. Likewise, Treasury hedges all fixed rate deposits with a term of more than one year to within 3-months repricing. Limits exist to ensure there is no undesired risk retained within any business or product area. The process is supported by technical interest rate analysis and economic review of fundamental developments by geography taking global trends into account.

Treasury have a mandate to take advantage of opportunities which may arise during changing interest rate cycles, by tactically responding to market opportunities, within our statutory and surplus liquid assets portfolios. Although these portfolios also form part of the non-trading book, they are marked-to-market and are risk managed within predefined risk limits.

Interest rate sensitivity gap

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

UK and Europe - interest rate sensitivity

£'million	Not > 3 months	>3 months but < 6 months	> 6 months but < 1 year	> 1 year but < 5 years	> 5 years	Non rate	Total non-trading
Cash and short term funds - banks	1 509	14	-	-	-	3	1 526
Cash and short term funds - non-banks	-	-	-	-	-	-	-
Statutory liquids	-	-	-	-	-	-	-
Investment/trading assets	1 316	149	19	4	24	157	1 669
Securitised assets	4 563	5	134	204	-	-	4 906
Advances	5 611	948	129	708	87	4	7 487
Non-rate assets	187	84	14	5	12	601	903
Assets	**13 186**	**1 200**	**296**	**921**	**123**	**765**	**16 491**
Deposits - banks	(4 102)	(238)	(146)	(44)	(11)	-	(4 541)
Deposits - non-banks	(4 006)	(160)	(34)	(73)	(36)	-	(4 309)
Negotiable paper	(97)	(111)	(15)	-	-	-	(223)
Investment/trading liabilities	(190)	(4)	-	-	-	(42)	(236)
Securitised liabilities	(4 627)	-	-	-	-	(1)	(4 628)
Subordinated liabilities	9	(2)	(10)	(208)	(357)	(159)	(727)
Non-rate liabilities	(340)	(3)	(48)	-	-	(357)	(748)
Liabilities	**(13 353)**	**(518)**	**(254)**	**(325)**	**(404)**	**(559)**	**(15 413)**
Net interdivs and interco's	291	(46)	(56)	(242)	(9)	(57)	(119)
Shareholders' funds	**-**	**-**	**-**	**-**	**-**	**(1 050)**	**(1 050)**
Balance sheet	**123**	**636**	**(14)**	**355**	**(290)**	**(902)**	**(91)**
Hedges	(368)	96	(204)	135	340	-	
Repricing gap	**(245)**	**732**	**(217)**	**490**	**50**	**(902)**	**(91)**
Cumulative repricing gap	**(245)**	**487**	**270**	**760**	**810**	**(91)**	**-**

South Africa - interest rate sensitivity

R'million	Not > 3 months	>3 months but < 6 months	> 6 months but < 1 year	> 1 year but < 5 years	> 5 years	Non rate	Total non-trading
Cash and short term funds - banks	16 535	-	-	-	-	2 804	19 339
Cash and short-term funds - non-banks	7 544	-	-	-	-	33	7 577
Statutory liquids	6 398	-	346	-	-	-	6 744
Investment/trading assets	9 279	102	477	25	21	12 896	22 800
Securitised assets	12 989	25	35	260	56	79	13 444
Advances	77 689	2 440	2 314	9 409	3 692	(746)	94 798
Other assets	1 191	(125)	(380)	(15)	39	5 061	5 771
Assets	**131 625**	**2 442**	**2 792**	**9 679**	**3 808**	**20 127**	**170 473**
Deposits - banks	(8 844)	(522)	(61)	-	-	-	(9 427)
Deposits - non-banks	(74 549)	(5 167)	(6 090)	(1 953)	(581)	38	(88 302)
Negotiable paper	(14 704)	(6 668)	(4 473)	(210)	(20)	-	(26 075)
Securitised liabilities	(12 574)	(10)	-	(835)	-	750	(12 669)
Investment/trading liabilities	(6)	-	-	-	-	(3 770)	(3 776)
Subordinated liabilities	(941)	(19)	-	(3 750)	-	-	(4 710)
Other liabilities	(2 380)	(491)	(319)	(890)	(2)	(6 806)	(10 888)
Liabilities	**(113 998)**	**(12 877)**	**(10 943)**	**(7 638)**	**(603)**	**(9 788)**	**(155 847)**
Shareholders' funds	**(3 515)**	**-**	**-**	**(70)**	**-**	**(10 834)**	**(14 419)**
Balance sheet	**14 112**	**(10 435)**	**(8 151)**	**1 971**	**3 205**	**(495)**	**207**
Hedges	(5 711)	4 541	7 678	(4 760)	(1 955)	-	(207)
Repricing gap	**8 401**	**(5 894)**	**(473)**	**(2 789)**	**1 250**	**(495)**	**-**
Cumulative repricing gap	**8 401**	**2 507**	**2 034**	**(755)**	**495**	**-**	**-**

Australia - interest rate sensitivity

A$'million	Not > 3 months	>3 months but < 6 months	> 6 months but < 1 year	> 1 year but < 5 years	> 5 years	Non rate	Total non-trading
Cash and short term funds - banks	263	15	-	-	-	-	278
Cash and short-term funds - non-banks	-	-	-	-	-	-	-
Statutory liquids	623	-	-	-	-	-	623
Investment/trading assets	8	-	-	-	-	35	43
Securitised assets	803	-	-	-	-	-	803
Advances	1 579	53	11	144	17	-	1 804
Intergroup	-	-	-	-	-	82	82
Other assets	-	-	-	-	-	148	148
Assets	**3 276**	**68**	**11**	**144**	**17**	**265**	**3 781**
Deposits - banks	(108)	-	-	-	-	-	(108)
Deposits - non-banks	(941)	(172)	(29)	(39)	(8)	(8)	(1 197)
Negotiable paper	(795)	(43)	(1)	(28)	-	(4)	(871)
Securitised liabilities	(762)	-	-	-	-	(10)	(772)
Investment/trading liabilities	-	-	-	-	-	-	-
Subordinated liabilities	(79)	-	-	-	(21)	(1)	(101)
Other liabilities	-	-	-	-	-	(66)	(66)
Liabilities	**(2 685)**	**(215)**	**(30)**	**(67)**	**(29)**	**(89)**	**(3 115)**
Shareholders' funds	**-**	**-**	**-**	**-**	**-**	**(666)**	**(666)**
Balance sheet	**591**	**(147)**	**(19)**	**77**	**(12)**	**(489)**	**-**
Hedges	113	8	(6)	(109)	(6)	-	-
Repricing gap	**704**	**(139)**	**(25)**	**(33)**	**(18)**	**(489)**	**-**
Cumulative repricing gap	**704**	**565**	**540**	**508**	**490**	**-**	**-**

Economic value sensitivity

As discussed above our preference for monitoring and measuring non-trading interest rate risk is economic value sensitivity. The tables below reflect our economic value sensitivity to a 2% parallel shift in interest rates i.e. the numbers represent the change in our net asset value should such a scenario arise.

UK and Europe

'million	GBP	USD	EUR	Other (GBP)	AUD	ZAR	All (GBP)
200bp Down	4.3	3.2	3.2	0.8	0.1	-	9.3
200bp Up	(4.3)	(3.2)	(3.2)	(0.8)	(0.1)	-	(9.3)

South Africa

'million	GBP	USD	EUR	Other (GBP)	AUD	ZAR	All (ZAR)
200bp Down	(326.3)	0.2	3.2	-	0.3	0.1	(293.2)
200bp Up	228.1	(0.2)	(3.6)	-	(0.3)	(0.1)	194.0

Australia

'million	AUD
200bp Down	(3.3)
200bp Up	3.3

Liquidity risk description

Liquidity risk is the risk that we have insufficient capacity to fund increases in assets, or are unable to meet our payment obligations as they fall due, including repaying depositors or maturing wholesale debt. This risk is inherent in all banking operations and can be impacted by a range of institution-specific and market-wide events.

Risk management has become more sophisticated with liquidity risk being no exception and we consider both funding liquidity risk and market liquidity risk.

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

Management and measurement of liquidity risk

Liquidity management is vital for protecting our depositors, preserving market confidence, safeguarding our reputation and ensuring sustainable growth. Through active liquidity management, we seek to preserve stable, reliable and cost-effective sources of funding. To accomplish this, management uses a variety of liquidity risk measures that consider market conditions, prevailing interest rates, liquidity needs and the desired maturity profile of liabilities. These metrics are used to measure and manage the proportion of our external assets which are funded by customer liabilities, wholesale debt, equity and loan capital thus maintaining an appropriate mix of term funding and strong balance sheet liquidity ratios within approved risk limits.

We are an active participant in the global financial markets. We have instituted various offshore syndicated loan programmes to broaden and diversify term-funding in supplementary markets and currencies, enhancing the proven capacity to borrow in the money markets. These markets serve as a cost-effective source of funds and are a valuable component of our overall liquidity management. Decisions on the timing and tenor of accessing these markets are based on relative costs, general market conditions, prospective views of balance sheet growth and a targeted liquidity profile.

We place great value on the establishment of strong relationships with all our investors and we maintain an active presence in the money markets in each region within which we operate. We benefit from stable wholesale liability balances through the normal course of business. These liability balances are a consistent source of funding due to the nature of the businesses from which they are generated.

We target a diversified funding base, avoiding undue concentrations by investor type, maturity, market source, instrument and currency. This demonstrates our ability to generate funding from a broad range of sources in a variety of geographic locations, which enhances financial flexibility and limits dependence on any one source.

We acknowledge the importance of our private clients as the principal source of stable and well diversified funding for our Private Bank risk assets. We continue to develop products to attract and service the investment needs of our Private Bank clients. Although the contractual repayments of many customer accounts are on demand or at short notice, expected cash flows vary significantly from contractual maturity. For this reason, behavioural profiling is applied to liabilities with an indeterminable maturity. This process is used to identify sources of structural liquidity in the form of core deposits that exhibit stable behaviour. Our Private Bank continued to successfully raise private client deposits through a period of strong asset growth.

We engage in transactions that involve the use of both special purpose entities and asset securitisation structures in connection with the sale of certain mortgages. Securitisation represents a relatively modest proportion of our current funding profile, but provides additional flexibility and source of liquidity. These entities form part of the consolidated group balance sheet as reported.

We maintain a liquidity buffer in the form of unencumbered, cash, high quality liquid assets and near cash in excess of the statutory requirements as protection against unexpected disruptions in cash flows. These portfolios are managed within limits and, apart from acting as a buffer under going concern conditions, also form an integral part of the broader liquidity generation strategy in the unlikely event of a liquidity crunch. From October 2007 to 31 March 2008 average cash and near cash balances over the period amounted to £5.3 billion (£2.2 billion in UK and Europe; R40 billion in South Africa and A$0.9 million in Australia).

A key component of our liquidity management framework is assumptions-based planning and scenario modelling to estimate the funding requirement to meet expected growth. Anticipated on- and off-balance sheet cash flows are subjected to a variety of scenarios in order to evaluate the impact of both likely outcomes and unlikely but plausible events on liquidity positions. Scenarios and liquidity stress tests are designed to measure and manage the liquidity position such that payment obligations can be met under both normal and stressed conditions. Operationally the preparation of cash flow projections (for assets and liabilities) and funding requirements corresponding to the forecasted cash flow mismatch are translated into short- and long-term funding strategies within each legal entity and globally. This ensures the smooth management of the day-to-day liquidity position within conservative parameters and further validates that, in the event of either a firm-specific or general market event, we are able to generate sufficient liquidity to withstand short term liquidity stress.

We are currently unaware of any circumstances that could significantly detract from our ability to raise funding appropriate to our needs.

We maintain liquidity contingency plans and the identification of alternative sources of funds in the market. This is to ensure that cash flow estimates and commitments can be met in the event of general market disruption or adverse business and economic scenarios, while minimising detrimental long-term implications for the business.

Our liquidity management processes encompass principles set out by the regulatory authorities in each jurisdiction, namely the FSA, the SARB and APRA.

Liquidity mismatch

The tables that follow show our liquidity mismatch across our core geographies.

With respect to the contractual liquidity mismatch:

- No assumptions are made, and we record all asset and liabilities with the underlying contractual maturity as determined by the cash flow profile for each deal.
- As an integral part of the broader liquidity generation strategy (as mentioned above), we maintain a liquidity buffer in the form of unencumbered, cash, high quality liquid assets and near cash as a buffer against both expected and unexpected cash flows. As the actual contractual profile of this asset class is of little consequence, we have:
  - Set the time horizon to one month to monetise our cash and near cash portfolio of "available for sale" discretionary treasury assets, where there are deep secondary markets for this elective asset class.
  - Set the time horizon to "on demand" to monetise our statutory liquid assets for which liquidity is guaranteed by the central bank.
  - Reported the "contractual" profile by way of a note to the tables.

With respect to the behavioural liquidity mismatch:

- The new funding we would require under normal business circumstances is shown in the "behavioural mismatch". To this end, behavioural profiling is applied to liabilities with an indeterminable maturity, as the contractual repayments of many customer accounts are on demand or at short notice but expected cash flows vary significantly from contractual maturity. In addition, re-investment behaviour, with profile and attrition based on history, is applied to term deposits in the normal course of business.

UK and Europe

Contractual liquidity

£'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Cash and short term funds - banks	1 479	97	7	16	-	1	-	1 600
Cash and short term funds - non-banks	-	-	1	1	5	-	-	7
Statutory liquids	-	-	-	-	-	-	-	-
Investment/trading assets*	825	834	85	12	44	56	461	2 316
Securitised assets	16	-	-	-	-	1	4 889	4 906
Advances**	302	361	577	638	489	2 033	3 088	7 487
Non-rate assets	299	213	16	44	16	34	355	976
Assets	**2 920**	**1 505**	**686**	**710**	**553**	**2 125**	**8 793**	**17 293**
Deposits - banks	(287)	(312)	(71)	(521)	(312)	(2 833)	(299)	(4 635)
Deposits - non-banks	(1 170)	(510)	(2 004)	(382)	(166)	(190)	(20)	(4 443)
Negotiable paper	(1)	(44)	(57)	(91)	(18)	(12)	-	(222)
Securitised liabilities	-	-	-	-	-	-	(4 627)	(4 627)
Investment/trading liabilities	(511)	(23)	(115)	4	(6)	(5)	(18)	(673)
Subordinated liabilities	-	-	-	-	(9)	(197)	(521)	(727)
Non-rate liabilities	(396)	(174)	(31)	(21)	(111)	(3)	(20)	(756)
Liabilities	**(2 365)**	**(1 064)**	**(2 277)**	**(1 011)**	**(622)**	**(3 240)**	**(5 505)**	**(16 084)**
Net interdivs and interco's	(443)	(11)	530	(35)	(41)	(103)	(47)	(151)
Shareholders' funds	**-**	**-**	**-**	**-**	**-**	**-**	**(1 057)**	**(1 057)**
Balance sheet	**113**	**430**	**(1 062)**	**(336)**	**(110)**	**(1 219)**	**2 183**	**(113)**
Hedges	-	-	-	-	-	-	-	-
Liquidity gap	**113**	**430**	**(1 062)**	**(336)**	**(110)**	**(1 219)**	**2 183**	**-**
Cumulative liquidity gap	**113**	**543**	**(518)**	**(854)**	**(964)**	**(2 183)**	**-**	**-**

Note: contractual liquidity adjustments (as discussed on page 123)

£'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
* Investment/trading assets	-	-	145	107	43	270	-	565
** Advances	-	-	-	-	-	181	-	181

Behavioural liquidity (as discussed on page 123)

£'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Behavioural liquidity gap	**722**	**560**	**(645)**	**(499)**	**(274)**	**(2 047)**	**2183**	**-**
Cumulative	722	1 282	637	138	(136)	(2 183)	-	-

South Africa

Contractual liquidity

R'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Cash and short term funds - banks*	10 787	2 214	6 125	1	1	21	222	19 371
Cash and short-term funds - non-banks	7 544	(15)	17	24	27	409	33	8 039
Statutory liquids**	6 744	-	-	-	-	-	-	6 744
Investment/trading assets***	10 574	10 791	1 522	1 298	1 440	9 164	2 599	37 388
Securitised assets	182	50	164	205	553	5 959	6 331	13 444
Advances	3 155	3 421	11 209	6 514	11 681	28 192	30 626	94 798
Other assets	2 641	27	239	280	78	191	3 187	6 643
Assets	**41 627**	**16 488**	**19 276**	**8 322**	**13 780**	**43 936**	**42 998**	**186 427**
Deposits - banks	(418)	(453)	(1 224)	(197)	(3 720)	(3 415)	-	(9 427)
Deposits - non-banks	(34 007)	(26 264)	(13 091)	(5 497)	(6 601)	(2 085)	(4 384)	(91 929)
Negotiable paper	(44)	(2 826)	(5 474)	(7 882)	(9 088)	(741)	(20)	(26 075)
Securitised liabilities	-	(894)	(1 635)	(26)	-	(8 857)	(1 257)	(12 669)
Investment/trading liabilities	(4 031)	(2 528)	(1 368)	(1 189)	(1 339)	(7 689)	2 211	(15 933)
Subordinated liabilities	-	-	-	(19)	-	(4 691)	-	(4 710)
Other liabilities	(2 240)	(78)	(23)	(1 542)	(177)	(2 515)	(4 548)	(11 123)
Liabilities	**(40 740)**	**(33 043)**	**(22 815)**	**(16 352)**	**(20 925)**	**(29 993)**	**(7 998)**	**(171 866)**
Shareholders' funds	**(1 174)**	**-**	**-**	**-**	**-**	**(73)**	**(13 314)**	**(14 561)**
Balance sheet	**(287)**	**(16 555)**	**(3 539)**	**(8 030)**	**(7 145)**	**13 870**	**21 686**	**-**
Hedges	-	-	-	-	-	-	-	-
Liquidity gap	**(287)**	**(16 555)**	**(3 539)**	**(8 030)**	**(7 145)**	**13 870**	**21 686**	**-**
Cumulative liquidity gap	**(287)**	**(16 842)**	**(20 381)**	**(28 411)**	**(35 556)**	**(21 686)**	**-**	**-**

Note: contractual liquidity adjustments (as discussed on page 123)

R'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
* Cash and short term funds - banks	8 010	2 214	6 125	1	1	21	2 999	19 371
** Statutory liquids	-	3 575	2 823	-	346	-	-	6 744
*** Investment/trading assets	10 574	5 195	4 030	2 253	3 543	9 192	2 599	37 388

Behavioural liquidity (as discussed on page 123)

R'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Behavioural liquidity gap	**20 266**	**4 247**	**3 069**	**(9 811)**	**(38 246)**	**(1 212)**	**21 686**	**-**
Cumulative	20 266	24 513	27 582	17 772	(20 474)	(21 686)	-	-

Australia

Contractual liquidity

A$'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Cash and short term funds - banks	258	3	-	15	-	-	1	278
Cash and short term funds - non-banks	-	-	-	-	-	-	-	-
Statutory liquids	623	-	-	-	-	-	-	623
Investment/trading assets	3	4	4	16	68	114	30	239
Securitised assets	122	12	38	42	83	491	16	803
Advances	11	72	127	155	319	976	143	1 804
Other assets	-	-	16	-	-	-	131	148
Assets	**1 017**	**92**	**185**	**229**	**469**	**1 580**	**322**	**3 895**
Deposits - banks	-	-	-	-	(108)	-	-	(108)
Deposits - non-banks	(315)	(409)	(283)	(77)	(30)	(72)	(10)	(1 197)
Negotiable paper	-	(206)	(85)	(140)	(77)	(361)	(2)	(871)
Securitised liabilities	11	(102)	(42)	(43)	(217)	(365)	(14)	(773)
Investment/trading liabilities	(6)	(8)	(5)	(16)	(41)	(37)	-	(113)
Subordinated liabilities	-	-	-	-	-	-	(101)	(101)
Other liabilities	-	-	-	(66)	-	-	-	(66)
Liabilities	**(311)**	**(725)**	**(414)**	**(343)**	**(474)**	**(836)**	**(126)**	**(3 229)**
Shareholders' funds	**-**	**-**	**-**	**-**	**-**	**(666)**	**-**	**(666)**
Balance sheet	**707**	**(633)**	**(229)**	**(114)**	**(4)**	**79**	**196**	**-**
Hedges	-	-	-	-	-	-	-	-
Liquidity gap	**707**	**(633)**	**(229)**	**(114)**	**(4)**	**79**	**196**	**-**
Cumulative liquidity gap	**707**	**73**	**(156)**	**(270)**	**(275)**	**(196)**	**-**	

Note: contractual liquidity adjustments (as discussed on page 123)

A$'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
* Statutory liquids	-	20	524	79	-	-	-	623

Behavioural liquidity (as discussed on page 123)

A$'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Behavioural liquidity gap	**616**	**(213)**	**(333)**	**(401)**	**(235)**	**370**	**196**	**-**
Cumulative	616	403	70	(331)	(566)	(196)	-	-

Financial markets year in review

The last financial year was characterised by volatile global interest rates as policy makers continued to respond to the sub-prime crisis and resultant market dislocations in different geographies.

- Pound Sterling interest rates - the financial year began with the Monetary Policy Committee (MPC) still tightening monetary policy to rein in excessive economic growth. It increased rates by 0.25% in both May and July, taking the Bank Rate to 5.75%. In August, financial market disruption began, originating from US sub-prime mortgage related losses. Interbank markets froze and continued to exhibit varying degrees of dislocation for the rest of the year, worsening towards quarter ends. The initial problems prompted the collapse of the UK bank Northern Rock in September. These developments halted the MPC's tightening phase and concerns over the economy prompted two rate cuts of 0.25% each in December 2007 and February 2008, taking rates back down to 5.25%. The MPC has also supplemented reductions with additional liquidity provisions at times throughout the financial year (notable announcements included September, December and March). Further operations to address market illiquidity seem likely.
- Euro interest rates - the European Central Bank (ECB) was also raising the key refinance rate at the start of the financial year, worried that above trend growth would generate medium-term inflation pressures. The ECB hiked rates by 0.25% in June to 4.00% and announced its intention to raise them again in September. However, the onset of the financial crisis saw this intention disappear. While the Eurozone economy has slowed gradually over the past few quarters, the financial system has borne the brunt of the global credit problems which have included multiple bail-outs of German lender IKB Deutsche Industriebank AG and a rescue of Landesbank Sachsen. The ECB has been very active providing additional liquidity to markets. Despite inflation rising to 3.5% in March, the highest under monetary union, it has not felt able to support the wider economy with monetary policy easing.
- Rand interest rates - the SARB hiked interest rates by 50bp in August, October and December 2007. CPIX inflation at year end was approximately 9.4% year on year, having risen from 6.3% year on year in April 2007, and is well above the upper limit of the SARB's 3%-6% inflation target range. CPIX inflation left the inflation target range at the start of our financial year due to the sharp rise in food price inflation and rising petrol prices.
- Australian interest rates - strong global demand continued to support commodity production, while Australia also benefited from strong domestic demand. The Reserve Bank of Australia (RBA) hiked the Cash Rate Target by 0.25% to 6.50% on 8 August 2007 immediately before the financial market disruption started. Continued growth pressures subsequently led the central bank to raise the Target by 0.25% a further three times over the course of second half of the financial year (November, February and March) to 7.25%. However, after the latest increase the RBA governor noted tentative signs of a moderating in domestic demand growth, which suggest that 7.25% might prove to be the peak of the current cycle. Short term wholesale domestic interest rates have increased significantly beyond where the RBA has been targeting for the cash rate, and the "major banks" have broken with tradition in raising mortgage rates higher than the corresponding increase in the "Cash Rate". These impacts have the effect of a defacto further tightening in monetary conditions without which it is likely that the RBA would have raised rates further and faster.
- USD interest rates - the Federal Reserve had left interest rates on hold since 2006, with evidence that the economy was slowing from a fast pace of expansion in previous years. With the US mortgage market the epicentre of the big financial quake, the US authorities were quick to respond, providing liquidity to financial markets in August. The Fed started cutting interest rates in mid-September, reducing the target by 0.50% to 4.75%. It cut rates twice more in 2007, both times by a more gentle 0.25% taking rates down to 4.25% by the end of 2007. However, as evidence continued to mount of credit market dislocation, and equity markets collapsed on signs of a faltering economy, the Fed stepped up a gear in 2008. An emergency rate cut of 0.75% in mid-January was followed up by a 0.50% cut at the end of that month. This was the most aggressive easing of interest rates in the US since 1982. It was followed up by a further 0.75% reduction, taking rates to 2.25% in March. We expect further easing over the coming meetings. The Fed has also introduced a number of special operations in an attempt to alleviate credit market tensions, including cutting the Discount Rate, expanding the list of those it can lend to, providing term money tenders and introducing a facility for 28-day mortgage backed security for US Treasury swaps. The Fed also oversaw the rescue of Bear Stearns in March, facilitating the buy-out by JP Morgan by guaranteeing certain Bear Stearns positions.

Balance sheet risk year in review

The financial year exhibited two extremes globally. The beginning of the year started with continued spread compression in credit markets to historically tight levels. Asset growth was strong and all forms of funding were freely available. There was extremely active uptake in capital markets for Financial Institution paper. July saw the beginning of the dramatic unwinding of the excessive levels of gearing that characterised the last five years of activity in international financial markets.

In the UK, Interbank lending ceased, overnight rates rose dramatically over official rates and secured lending through non-gilt repo markets ended. All capital markets activities came to a halt. Banks that had underwritten leveraged buy-out debt could not sell down, forcing them to fund on-balance sheet. Off-balance sheet conduits were unable to roll maturing commercial paper funding, forcing distressed selling of assets and draw-down of bank lines. In this environment, banks in general were unable to issue paper in the capital markets. In addition, funding through securitisation all but dried up. Although financial markets continue to deteriorate in certain respects, some stability has returned to the interbank market; deposits have rolled over showing evidence of a certain measure of calm having returned to the market.

The credit markets dislocation has seen a fundamental change to issuance in the domestic Australian debt capital markets. This has most directly affected structured investment vehicles relying on asset backed commercial paper and term debt securities funding. The domestic major banks have successfully undertaken senior debt issues, albeit at dramatically wider credit spreads. Investec Bank (Australia) Limited (IBAL) has continued to maintain a strong liquidity position, with consistent funding flow from wholesale relationships particularly in the "middle market" client base. IBAL's Private Bank has been a beneficiary of the current environment with a significant inflow of funds from private clients over this period.

On the Rand funding side, Investec Bank Limited (IBL) experienced strong organic growth in balance sheet, deposit and surplus cash valuer. During the financial year the balance sheet benefited from our books being well positioned for multiple rate hikes in the Rand and several rate cuts in the US Dollar. However, the key feature of the latter part of the year was the slow impact of the global credit crisis on local markets increasing the cost of Rand deposits across the board. In response to the global liquidity crunch IBL instituted a policy of holding higher levels of cash and near cash.

Markets remain challenging and it is anticipated that these conditions will remain in force at least until the end of 2008.

We successfully embarked on several term debt funding initiatives. This allowed us to maintain liquidity well above internal and external liquidity targets, while growing our profitable lending portfolios. Decisions concerning timing of issuance and the tenor of liabilities are based upon relative costs, general market conditions, prospective views of organic balance sheet growth and a targeted liquidity profile.

- Investec Bank (UK) Limited:
  - A €240 million 3-year Schuldschein issue was completed in October 2007 at LIBOR + 0.25% and a market related upfront arrangement fee.
  - During the period of market dislocation we successfully arranged substantial bi-lateral facilities through long-standing historical relationships maintained with other banks.
  - In addition we were able to arrange a one year syndicated loan in an amount of €300 million, to start in April 2008 at the lower end of market terms.
- Investec Bank (Australia) Limited:
  - A new Debt Issuance Programme was established with a programme capacity of A$2.5 billion. An inaugural debt issuance by IBAL of A$250 million of floating rate medium term notes comprising A$100m of 3 year MTNs at BBSW + 0.35% and A$150m of 5year MTNs at BBSW +0.45% was successfully completed in June, prior to the dislocation in credit markets.

Operational risk management

Operational risk definition

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

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

Operational risk governance structure

A common understanding of the definition of operational risk and its impact throughout the organisation is key to the successful management of operational risk.

The governance structure for Operational Risk Management is outlined below:

Board

The board through the BRCC and Audit Committees approve, monitor and review the operational risk framework, policies and practices of the group.

Group Operational Risk Management

An independent specialist Group Operational Risk Management function promotes consistent and sound operational risk management practices and processes across the group to meet regulatory and stakeholder expectations in managing the group's operational risk.

Risk management

Group Operational Risk Management monitors and reports on enterprise wide risk programmes including Business Continuity Risk, Change Control Risk, Information Security Risk, Operational Risk, Technology Risk and Fraud Risk. The operational risk committee and working groups monitor the effectiveness of the operational risk management framework and develop and implement practices supporting operational risk policies and practices.

Business unit senior management

Business unit senior management is responsible for the implementation of the operational risk management framework, policies and practices, as well as for the management of the operational risk within their business units through a network of embedded risk managers.

Operational risk management framework

We have implemented an operational risk management framework as well as policies and practices, and a technology system to provide a comprehensive means of identifying, assessing and mitigating operational risk management throughout the group.

The framework sets out a structured and consistent approach for implementing a systematic, effective and efficient process to manage operational risk across the group. Internal Audit conducts reviews of the operational risk management framework as well as business unit implementation.

- **Operational risk identification and risk assessments**
  The risk assessment process is central to the operational risk management framework. A qualitative risk assessment is conducted using an identified universe of operational risks contained in a risk assessment framework.

  The risk assessment framework deals with key operational risks such as people, process and technology risks.
  - People risks considered include recruitment, remuneration, employment practices, training and competence, legal compliance and behavioural expectations.
  - Process risk factors considered include the origination, execution and operation of processes.
  - We use the CoBit standards to assess our Information Technology environment risks.

  These risk assessments and resulting treatments are conducted according to our Operational Risk methodology.

  The assessment of risks and controls is conducted at business unit level and is subject to treatment and escalation in terms of our operational risk appetite policy, which sets out the operational risk exposure that we are willing to accept or retain.

  There is an ongoing review of the risk assessments based on the internal and external events, changes in the business environment, and new products introduced.

- **Operational risk events**
  We respond to internal risk events with appropriate analysis and actions to mitigate and minimise losses and improve controls. Processes are in place for the monitoring and escalation of recorded events, which are in line with the risk appetite policy. The recording and analysis of external events that occur in institutions similar to the group allow for enhancement or improvements to the control environment through the lessons learnt by these events in the same manner as internal events.

- **Operational risk indicators**
  We track indicators to monitor the operational risk exposures and to highlight potential issues.

- **Reporting**
  Reports to senior management and the Board include operational risk exposures as well as risk events. Group Operational Risk reports to the board, BRCC, Audit Committee and Operations Integration Forum on a regular basis. These reports are based on monitoring performed by Group Operational Risk Management and input received from the business units.

Other key operational risks

Business continuity risk

Business continuity encompasses the planning, design, operation and management of business processes and technologies to minimise the disruption caused in the event of a disaster (or business interruption). Senior management is responsible for maintaining a crisis management as well as a business continuity capability for each of our geographical locations. A network of business continuity coordinators has responsibility for embedding our business continuity capability. This capability is subject to independent monitoring, review and assessment by both Group Operational Risk Management and Internal Audit. The effectiveness of the business continuity line is tested on a regular basis.

Business continuity risk practices continue to mature throughout the group. Attention to continuous improvement of our operational resilience allowed us to respond effectively to incidents such as power load shedding, without disruption to the business. We also focused on heightening the general awareness of business continuity amongst all staff.

Information security risk

Our information security process is based on the international standard ISO 17799, which promotes common processes and standards across all business units and country operations. Information security risk is assessed as part of the risk assessment framework. Information security is overseen by our Group Information Security Officer.

During the year, information security risk practices focused on mitigating the constant threat of attack on our information systems, and were able to thwart all known attempts to disrupt business.

Technology and IT change management

Change management includes all system changes to live and business continuity environments. Changes follow approval and adequate testing before implementation. A consistent process, in terms of group policy, is followed to ensure a smooth transition during implementation and to minimise business disruption resulting from the changes. The change management process is implemented and managed at business unit level in accordance with global policy.

Financial crime

Financial crime is considered a key operational risk. The focus is on risk identification, loss investigation, recovery and prosecution, and recommending enhanced practices to mitigate this risk.

Incidents of fraud are investigated, recovery initiated and legal action implemented. It is our policy to take conclusive action on all financial crime that is identified as being perpetrated against us. Case information is collected and compiled by the specialists in the correct manner, to facilitate the legal process and obtain the necessary convictions.

In order to assess client quality, regular reviews of the client database are conducted with comparisons to an international database of "undesirable persons".

Suspicious and unusual transactions are monitored, assessed, investigated and reported as required by legislation in the jurisdictions in which we operate. A number of reports were made during the year.

The Group Information Officer deals with all requests for information received from regulatory and investigatory agencies and emerging trends in financial crime through these requests are monitored.

Financial crime remains a concern. During the year, various internal and external incidents were identified, investigated and reported, in order to minimise losses and recover assets and to report suspicious transactions to the relevant authorities. Initiatives to improve awareness and internal processes were undertaken.

Outsourcing

Operational risk management personnel review existing and proposed outsourcing arrangements to ensure that we adopt a consistent approach to mitigating the attendant risks, and comply with any related regulatory requirements.

The policy on Outsourcing has been reviewed during the current financial year in order to incorporate recent changes in best practice and to address regulatory requirements.

Insurance

We maintain adequate insurance to cover key insurable risks. Our insurance process and requirements are managed by the Group Insurance Manager.

Developments

As part of our Basel II programme, approval, where required, was obtained from regulators for the implementation of the Standardised Approach. The process included engagements with regulators and assessments of our operational risk practices against the regulations to ensure compliance with the requirements.

Operational risk management practices continue to be addressed and reported.

Our processes provide for continuous development and monitoring to ensure that our framework and practices are appropriate, adequate, in line with regulatory requirements and sufficiently embedded in our business. We continue to develop and enhance our framework, policies and practices in line with developing practice and regulations.

Industry developments are monitored through active participation in industry forums.

We are evaluating measurement approaches in order to enhance the management of operational risk.

Reputational and strategic risk

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

One of the largest single potential causes of reputational risk is strategic risk. Strategic risk is the risk of unexpected losses arising as a result of incorrect decisions taken by senior management or an internal event having an adverse effect on the perception of Investec by its clients and customers.

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

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

Governance structures and processes in operation throughout the group assist in mitigating this risk.

Legal risk management

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

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

The scope of our activities is continuously reviewed and includes the following areas:
- Relationship contracts.
- Legislation/governance.
- Litigation.
- Corporate events.
- Incident or crisis management.
- Ongoing quality control.

The legal risk policy is implemented through:
- Identification and ongoing review of areas where legal risk is found to be present.
- Allocation of responsibility for the development of procedures for management and mitigation of these risks.
- Installation of appropriate segregation of duties, so that legal documentation is reviewed and executed with the appropriate level of independence from the persons involved in proposing or promoting the transaction.
- Ongoing examination of the inter-relationship between legal risk and other areas of risk management, so as to ensure that there are no "gaps" in the risk management process.
- Establishing of minimum standards for mitigating and controlling each risk, including the nature and extent of work to be undertaken by our internal and external legal resources.
- Establishing of procedures to monitor compliance, taking into account the required minimum standards.
- Establishing of legal risk forums, bringing together the various legal risk managers, to ensure we keep abreast of developments and changes in the nature and extent of our activities, and to benchmark our processes against best practice.

Overall responsibility for this policy rests with the board. The board delegates responsibility for implementation of the policy to the Global Head of Legal Risk. The Global Head assigns responsibility for controlling these risks to the managers of appropriate departments and focused units throughout the group.

A Legal Risk Forum is constituted in each significant legal entity within the group. Each forum meets at least half-yearly and more frequently where business needs dictate, and is chaired by the Global Head of Legal Risk or an appointed deputy. Minutes of the meetings are circulated to the Chief Executive Officer of each legal entity.

Pension risk

Pension risk arises from defined benefit schemes, where Investec plc is expected to provide funds to reduce any deficit in the schemes. There are two defined benefit schemes within Investec plc and both are closed to new business. Pension risk could arise if the net present value of future cash outflows is greater than the current value of the asset pool set aside to cover those payments. Primary causes of any deficit include:

- A mismatch in the duration of the assets relative to the liabilities.
- Market-driven asset price volatility.
- Increased life expectancy of individuals leading to increased liabilities.

Investec plc monitors the position of the funds closely, assessing potential adverse movements in the schemes and ensuring that the risk to our capital does not exceed board approved levels. Further information is provided on pages 260 and 261.

Capital management and allocation

Our capital management approach is driven by our strategy and associated risk appetite, taking into account the regulatory and economic environment applicable to the group. We seek to balance our capital consumption to ensure that we are prudently capitalised to meet our risks, but are also able to optimise shareholder returns. Discipline in selection of markets, deals and investments are key to the processes by which we operate to ensure that returns are commensurate with the risk taken.

Our approach to capital is tied to a group-wide discipline that links capital allocation and structuring, performance measurement, investment decisions, risk management and capital-based incentive compensation into one integrated framework.

Capital is managed on both a regulatory and an internal (economic) capital basis.

Philosophy and approach

The Investec group comprises Investec plc (and its subsidiaries) and Investec Limited (and its subsidiaries). The DLC structure considers the two groups as independent entities from a credit perspective and hence capital is managed on a separate basis. The BRCC (via the Investec DLC Capital Committee) is a board sub-committee with ultimate responsibility for the capital sufficiency for both Investec plc and Investec Limited.

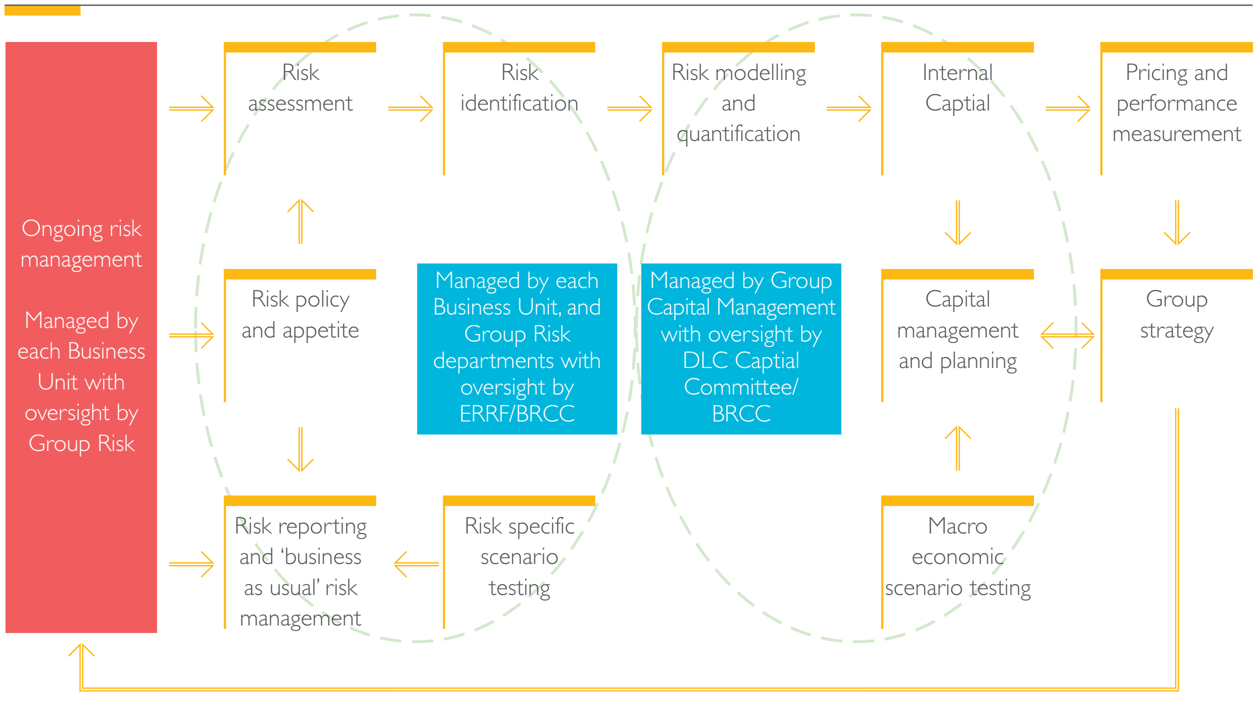
The legal and regulatory treatment of capital is independent of existing shareholder arrangements that are in place to ensure that shareholders have common economic and voting interests as if Investec plc and Invested Limited were a single unified enterprise. Investec plc is regulated by the UK FSA and Investec Limited is regulated by the SARB.

Consequently, the management of capital is undertaken on a "silo" basis at the lowest level but considered in aggregate from a group perspective. Regardless of the statutory entity, the objectives of capital management are to:

- Support a target level of financial strength aligned with a long-term rating of at least A;
- Maintain sufficient capital to satisfy the board's risk appetite across all risks faced by the group;
- Maintain sufficient capital to meet regulatory requirements;
- Support our growth strategy;
- Allow the exploration of acquisition opportunities where such opportunities are consistent with our strategy and risk appetite;
- Provide protection to depositors against losses arising from risks inherent in the business;
- Provide sufficient capital surplus to ensure that the group is able to retain its going concern basis under relatively severe operating conditions and support growth in assets.

Risk management

In order to achieve these objectives, we have adopted the following approach to the integration of risk and capital management:



Risk assessment and identification

We review the business annually to map our universe of key risks, which are ultimately reviewed and agreed by BRCC. This is a bottom up process initially performed by each business unit across the group. Key risks are then debated and agreed at senior management level and ultimately by BRCC. The assessment of the materiality of risks is directly linked to the board's stated risk appetite and approved risk management policies covering all key risks.

Risk reporting

Ongoing, identified key risks are monitored by Group Risk Management and by Internal Audit to ensure that risks are managed to an acceptable level of risk. Performance and control of these risks is also reported to ERRF and BRCC on a weekly and monthly basis respectively, including the results of scenario testing for the following risks:

- Credit and counterparty risk;
- Traded market risk;
- Equity risk in the banking book;
- Balance sheet liquidity and non-trading interest rate risk;
- Liquidity risk; and
- Operational risk.

Risk modelling and quantification

Each identified risk is considered in the context of our internal capital model, however, we believe in a holistic approach to the management of risk and as such, capital forms only one of the methods at our disposal for ensuring that the risk is adequately managed. In addition, we have extensive embedded risk management policies and appetites as well as robust processes that consider the risk attached to each transaction at an incremental and portfolio wide level. Only those risks which are not mitigated entirely by the use of policy are considered in terms of capital requirements. The potential impact of risk on our capital adequacy is considered on an annual basis.

Internal capital

On 1 January 2008, we began operating under the Basel II regulatory regime across all of its regulated entities. We have adopted the Standardised Approach under "Pillar 1" to determining our minimum capital requirements.

While capital requirements under "Pillar 1" form the minimum capital for Investec plc, Investec Limited and their various regulated subsidiaries, our capital management framework places emphasis on the determination of internal capital. Internal capital is derived through analysis of the potential magnitude of key risks. Internal capital requirements are supported by an annual, board approved, risk assessment across the group.

Based on our internal capital, we target a capital adequacy ratio of 12% to 15% and a Tier 1 ratio of greater than 9% on a consolidated basis for Investec plc and Investec Limited.

The principles of internal capital have been in place within Investec for a number of years, however, given the greater flexibility allowed under Basel II, the use of internal capital has been enhanced since the adoption of Basel II. The internal capital model will incorporate the transition to more sophisticated models for the measurement of risk over time, with the eventual regulatory approval of a move to more advanced approaches to Pillar 1. Irrespective of their regulatory status, however, internal models will form the basis of internal capital targets.

Capital management, planning and scenario testing

A group capital plan is prepared three times annually considering the impact of business strategy and market conditions on our capital sufficiency. This plan is designed to determine capital sufficiency under a range of economic and internal conditions for the medium term (3 years). The impact on both earnings and asset growth are considered. The plan provides the board (via the BRCC) with a basis for which to align strategy given constraints on capital where these exist. This plan is revised based on actual results and presented to the BRCC twice annually.

Each capital plan assesses the impact on our capital adequacy of a range of scenarios based on an expected case and an upturn and downturn scenarios, designed to provide an illustration of capital sufficiency under stressed market conditions. On the basis of the results of this analysis, the DLC Capital Committee and the BRCC are presented with the potential variability in capital adequacy and are responsible for consideration of the appropriate response.

Pricing and performance measurement

We use our internal capital as the basis to determine risk sensitive capital on a transactional basis. As such, internal capital forms a number of roles within the business, including;

- An input to risk sensitive economic pricing;
- A basis of comparison for risk adjusted returns across the group; and
- A basis for the determination of Economic Value Added at a transactional level, and hence the basis for discretionary variable remuneration.

The use of internal capital in this way means that all transactions we conduct are considered in the context of the implication on capital, and hence on the basis of their contribution to risk adjusted return on capital. This is to ensure that target returns are earned with sufficient consideration as to the inherent risk generated for a given transaction. This approach allows us to embed risk and capital discipline at the level of deal initiation. This compels a wider population (beyond the formal governance committees) to understand the capital implications of business activity and ensure that risk is priced appropriately.

These processes have been embedded across the business with the process designed to ensure that risk and capital management form the basis for key processes at both a group and a transactional level. Responsibility for oversight for each of these processes ultimately falls to the BRCC. This process forms the fundamental structure of our capital adequacy assessment process.

Responsibility for the risk and capital management process

The Investec plc and Investec Limited boards of directors are ultimately responsible for the respective silo's capital management. At the highest level, the boards have delegated direct responsibility for capital management to the BRCC, and in turn the DLC Capital Committee, to oversee the effective control and use of capital. These forums have been in place for several years and their roles and responsibilities are discussed on pages 158 to 161.

In order to feed into this forum, Investec plc convenes a separate capital committee on a weekly basis to monitor the capital positions of its various subsidiaries, in particular the businesses in the UK and Australia. A formally constituted capital management committee also exists in Australia. The Southern African operations meet monthly through the Regulatory Forum, which analyses regulatory information, including capital use in Investec Bank Limited and Investec Bank (Mauritius) Limited. This structure ensures that capital is actively managed from the lowest reporting level and cascades up to the ultimate responsible body - the BRCC.

Organisational structure

The following areas within the structure of the business have capital management responsibilities:

- Business units, especially those which conduct their business out of a regulated entity and use large amounts of capital (Private Bank and Capital Markets):
  - The transactional consultants within the business units consider the capital implications on a deal-by-deal basis as this ultimately affects the internal capital used and, hence, the pricing and profitability of the transaction,
  - Each business unit is responsible for translating their detailed individual strategies into a 'bottom-up" capital usage projection for incorporation into the group capital plan.
- Risk Management:
  - For transactions based on an establishment of credit risk, the capital implications of transactions are considered independently through the approval process to ensure that each transaction is accurate and reasonable. This serves as an additional verification of the capital implication of the particular transaction,
  - For exposures which generate market risk, the market risk management team performs the quantification of trading capital used by the trading activities throughout the group. This is tested for reasonableness at the various capital management forums explained above,
  - As part of operational risk management, a process managed by centralised operational risk management and embedded risk managers within each business unit identifies, assesses and quantifies key operational risks arising from Investec's operations. Quantification is then used as the basis for the operational risk capital used within the internal capital framework,
  - Underpinning all risk management functions is their IT support division, which ensures that all applications used to calculate and report risk are functioning properly and reconcile to underlying source systems.
- Group Finance:
  - Financial control, through the capital management function, includes responsibility for the development and implementation of the internal capital framework and to manage and report on regulatory capital requirements. The development of the internal capital framework includes the result of analysis performed by Risk Management,
  - Group Finance is also responsible for co-ordinating, with business units, the development of the Groups capital plan,
  - As part of the responsibility for the internal capital framework, the allocation of capital is managed centrally by Group Finance,
  - As with Risk Management, the Group Finance IT division plays a critical role in ensuring the integrity of the ledger and all supporting applications which contribute to the regulatory and business intelligence reporting processes.
- Board and Group Executive:
  - The BRCC has ultimate responsibility for the oversight of day to day risk management, capital management and ensuring that both risk and capital are managed commensurate with our strategy and risk appetite.
  - The BRCC has delegated management of capital to the DLC Capital Committee and risk management to ERRF.

Conclusion

We optimise the use of capital through a rigorous risk based approach to pricing, performance and remuneration. Capital is managed closely for return and risk from the inception of a transaction. This approach ensures that the linkage of risk to target capital sufficiency is entrenched in our transactional processes.

This results in a capital management process driven by capital adequacy goals which are closely monitored by strategic capital plans. These strategic capital plans, as with all elements of internal capital, are subject to a robust approval process involving senior business unit managers, Group Executive and the board.

Capital disclosures in terms of Basel II

The tables that follow provide information as required in terms of Basel II.

Accounting and regulatory treatment of group subsidiaries

Investec plc and Investec Limited are the two listed holding companies in terms of the DLC structure. Investec Bank (UK) Limited (IBUK) and Investec Bank Limited (IBL) are the main banking subsidiaries of Investec plc and Investec Limited, respectively. Investec Bank (Australia) Limited (IBAL) is a subsidiary of IBUK.

Investec plc

Identity of investment/interest held	Regulator	% interest held	Regulatory treatment: Fully consoli-dated	Regulatory treatment: Entities that are given a deduction treatment	Country of operations	Restrictions and major impediments on the transfer of funds and regulatory capital within the group
Bank controlling company						
Investec plc	Subject to consolid-ated super-vision				UK	None
Investec 1 Limited	Subject to consolid-ated super-vision	100%	Yes		UK	None
Regulated subsidiaries						
Banking and securities trading						
Investec Bank (Australia) Limited	Australian Prudential Regulation Authority	100%	Yes		Australia	Subject to regulatory rules
Investec Bank (UK) Limited	FSA	100%	Yes		UK	Subject to regulatory rules
Investec Bank (Channel Islands) Limited	Guernsey Financial Services Commission	100%	Yes		Guernsey	Subject to regulatory rules
Investec Bank (Switzerland) AG	Swiss Federal Banking Commission	100%	Yes		Switzerland	Subject to regulatory rules
Investec Ireland Limited	Irish Financial Services Regulatory Authority	100%	Yes		Ireland	Subject to regulatory rules
Investec Trust (Guernsey) Limited	Guernsey Financial Services Commission	100%	Yes		Guernsey	Subject to regulatory rules
Investec Trust (Jersey) Limited	Jersey Financial Services Commission	100%	Yes		Jersey	Subject to regulatory rules
Investec Securities (US) LLC	Securities and Exchange Commission and Financial Industry Regulatory Authority	100%	Yes		USA	Subject to regulatory rules
Kensington Mortgage Company Limited	FSA	100%	Yes		UK	Subject to regulatory rules
Kensington Personal Loans Limited	FSA	100%	Yes		UK	Subject to regulatory rules
Rensburg Sheppards Investment Management Limited	FSA	47.3%	Proportio-nately consolidated		UK	Subject to regulatory rules
Rensburg Fund Management Limited	FSA	47.3%	Proportio-nately consolidated		UK	Subject to regulatory rules
Rensburg Sheppards Trustees Limited	FSA	47.3%	Proportio-nately consolidated		UK	Subject to regulatory rules

Investec plc (continued)

Identity of investment/interest held	Regulator	% interest held	Regulatory treatment		Country of operations	Restrictions and major impediments on the transfer of funds and regulatory capital within the group
			Fully consoli-dated	Entities that are given a deduction treatment		
Mayflower Management Limited	FSA	47.3%	Proportio-nately consolidated		UK	Subject to regulatory rules
Hargreave Hale Limited	FSA	35%	Proportio-nately Proportio-		UK	Subject to regulatory rules
European Capital Company Limited	FSA	100%	Yes		UK	Subject to regulatory rules
Asset Management						
Investec Asset Management Limited	FSA	100%	Yes		UK	Subject to regulatory rules
Investec Asset Management US Limited	FSA	100%	Yes		UK	Subject to regulatory rules
Investec Management Ltd	FSA	100%	Yes		UK	Subject to regulatory rules
Investec Fund Managers Ltd	FSA	100%	Yes		UK	Subject to regulatory rules
Investec Investment Management Ltd	FSA	100%	Yes		UK	Subject to regulatory rules
Investec Asset Management Asia Ltd	Hong Kong Securities and Futures Commission	100%	Yes		Hong Kong	Subject to regulatory rules
Investec Asset Management (Guernsey) Limited	Guernsey Financial Services Commission	100%	Yes		Guernsey	Subject to regulatory rules
Investec Asset Management (Ireland) Limited	Irish Financial Services Regulatory Authority	100%	Yes		Ireland	Subject to regulatory rules
Unregulated subsidiaries	**Not regulated subject to consolid-ated super-vision**					
Investec Holdings (UK) Limited		100%	Yes		UK	None
Investec Group (UK) PLC		100%	Yes		UK	None
Investec Asset Finance PLC		100%	Yes		UK	None
Investec Finance plc		100%	Yes		UK	None
Investec Group Investments (UK) Limited		100%	Yes		UK	None
Investec Investment Holdings AG		100%	Yes		Switzerland	None
Investec Trust (Switzerland) S.A.		100%	Yes		Switzerland	None
Kensington Group plc		100%	Yes		UK	None
Kensington Mortgages Limited		100%	Yes		UK	None
Newbury Park Mortgage Funding Limited		100%	Yes		UK	None
St James's Park Mortgage Funding Limited		100%	Yes		UK	None
Start Mortgages Limited		65.1%	Yes		Ireland	Minority interests
Experien Pty Limited		100%	Yes		Australia	None
Guinness Mahon & Co Limited		100%	Yes		UK	None
Global Ethanol Holdings Limited		44.4%	No	Deduction	USA	Minority interests
Global Ethanol LLC		26.6%	No	Deduction	USA	Minority interests
Ida Tech plc		73.1%	No	Deduction	USA	Minority interests

Investec Limited

Identity of investment/interest held	Regulator	% interest held	Regulatory treatment Fully consolidated	Regulatory treatment Entities that are given a deduction treatment	Country of operations	Restrictions and major impediments on the transfer of funds and regulatory capital within the group
Bank controlling company						
Investec Limited	SARB				SA	None
Regulated subsidiaries						
Banking and securities trading						
Investec Bank Limited	SARB	100%	Yes		SA	None
Investec Bank Mauritius	Bank of Mauritius	100%	Yes		Mauritius	None
Investec Securities Limited	JSE, FSB, BESA, SAFEX	100%	Yes		SA	None
Asset Management						
Investec Asset Management Holdings (Pty) Ltd	FSB/SAFEX	100%	Yes		SA	None
Insurance						
Investec Employee Benefits Holdings (Pty) Ltd	FSB	100%	deconsolidated		SA	None
Investec Assurance Limited	FSB and Long Term Insurance Act	100%	deconsolidated		SA	None
Inbox Investments Limited	FSB	100%	Yes		SA	None
Unregulated subsidiaries	**Not regulated subject to consolidated supervision**					
Reichmans Holdings Limited		100%	Yes		SA	None
AEL Investment Holdings (Pty) Ltd		100%	Yes		SA	None
Investpref Ltd		100%	Yes		SA	None
KWJ Investments (Pty) Ltd		100%	Yes		SA	None
Securities Equities (pty) Ltd		100%	Yes		SA	None
Sechold Finance Services (Pty) Ltd		100%	Yes		SA	None
Investec Personal Financial Services (Pty) Ltd (HSBC)		100%	Yes		SA	None
Fedsure International Ltd		100%	Yes		SA	None
Investec Employee Share Incentive Scheme Services (Pty) Ltd		100%	Yes		SA	None
Investec International Holdings (Gibraltar) Ltd		100%	Yes		SA	None
Sibvest Ltd		100%	Yes		SA	None
SIB Investments Ltd		100%	Yes		SA	None
Grayinvest Ltd		100%	Yes		SA	None
Westrust (Pty) Ltd		100%	Yes		SA	None
Quyn Martin Asset Management (Pty) Ltd		100%	Yes		SA	None
Investec Trust (Pty) Ltd		100% - dormant	Yes		SA	None
Investec Hong Kong (Pty) Ltd		100%	Yes		SA	None
Investec Group Data (Pty) Ltd		100%	Yes		SA	None

Investec Limited (continued)

Identity of investment/interest held	Regulator	% interest held	Regulatory treatment Fully consolidated	Entities that are given a deduction treatment	Country of operations	Restrictions and major impediments on the transfer of funds and regulatory capital within the group
Unregulated subsidiaries (continued)	Not regulated subject to consolidated supervision					
APA Network Consultants (Pty) Ltd		100%	Yes		SA	None
Fuzztique (Pty) Limited		100%	Yes		SA	None
MTEL Rentals (PTY) Ltd		100%	Yes		SA	None
Hugh's Haven (Pty) Ltd		100%	Yes		SA	None
Cordatus Capital (Pty) Ltd		100%	Yes		SA	None
Investec Properties Group Holdings Ltd		100%	Yes		SA	None

Capital structure

Summary information on the terms and conditions of the main features of all capital instruments is provided on pages 265 to 270.

As at 31 March 2008	Investec plc £'000	Investec Limited R'000
Regulatory capital		
Tier 1		
Share capital	131	148
Share premium	651 023	3 918 743
Non-redeemable, non-cumulative, non-participating preference shares	129 558	3 277 549
Retained income	299 345	6 507 782
Treasury shares	(16 511)	-
Other reserves	89 522	47 996
Minority interests in subsidiaries	159 420	-
Less: impairments (goodwill and other deductions)	(376 675)	(642 022)
	935 813	**13 110 196**
Tier 2		
Aggregate amount	735 462	5 289 667
Less: deductions	(69 015)	(203 912)
	666 447	**5 085 755**
Tier 3		
Aggregate amount	18 087	-
Less: deductions	-	-
	18 087	**-**
Other deductions from Tier 1 and Tier 2	**(66 838)**	**-**
Total eligible capital	**1 553 509**	**18 195 951**

Capital requirements

As at 31 March 2008	Investec plc		Investec Limited	
	Capital requirements £'000	Risk-weighted assets £'000	Capital requirements R'000	Risk-weighted assets R'000
Credit risk - standardised approach	675 140	8 439 250	10 579 149	111 359 465
Equity risk - standardised approach	11 363	142 038	360 829	3 798 204
Market risk	29 717	371 463	194 398	2 046 288
Capital requirements for portfolios subject to internal models approach				
- Interest rate	20 380	254 749	9 011	94 850
- Foreign exchange	1 041	13 013	17 491	184 113
- Commodities	2 657	33 213	3 432	36 125
- Equities	5 639	70 488	164 464	1 731 200
Operational risk - standardised approach	96 749	1 209 363	1 260 648	13 269 977
Total	812 969	10 162 114	12 395 024	130 473 934

Capital adequacy

At 31 March 2008	Investec plc £'million	IBUK* £'million	IBAL* A$'million	Investec Limited R'million	IBL* R'million
Primary capital (Tier 1)	1 005	894	637	13 752	12 628
Other capital (Tier 2 and 3)	754	620	118	5 290	5 006
	1 759	1 514	755	19 042	17 634
Less: impairments	(205)	(248)	(213)	(846)	(607)
Net qualifying capital	**1 554**	**1 266**	**542**	**18 196**	**17 027**
Risk-weighted assets (banking and trading)	**10 162**	**8 687**	**2 933**	**130 474**	**118 792**
Credit risk	8 439	7 174	2 509	111 360	105 593
Equity risk	142	138	102	3 798	3 645
Market risk	372	371	18	2 046	605
Operational risk	1 209	1 004	304	13 270	8 949
Capital adequacy ratio	**15.3%**	**14.6%**	**18.5%**	**13.9%**	**14.3%**
Tier 1 ratio	9.2%	9.1%	15.3%	10.0%	10.3%
Capital adequacy ratio - pre operational risk	**17.4%**	**16.5%**	**20.6%**	**15.5%**	**15.5%**
Tier 1 ratio - pre operational risk	10.5%	10.3%	17.1%	11.2%	11.1%

* Where: IBUK is Investec Bank (UK) Limited; IBAL is Investec Bank (Australia) Limited and IBL is Investec Bank Limited

Basel I vs Basel II

The most material difference in calculating our minimum capital requirements under Basel II vs Basel I regimes arises from capital to be held with respect to operational risk. There are a number of other adjustments which result in higher or lower adjustments to capital, but these are relatively immaterial in nature and substantially net off against one another. However, under the principles of Basel II, Pillar 2, a significant difference between the two regimes has been introduced. Pillar 2 has led to the introduction and use of the Internal Capital framework. The Internal Capital framework (as discussed in the capital management section) seeks to utilise the identification and quantification of all key risks (as described in this section) to internally derive capital requirements across the group. This has led to a regime where capital is increasingly allocated on a risk basis rather than utilising regulatory capital as a proxy for risk.

ROE and economic capital

For an assessment of ROE and our return on economic capital utilised refer to page 26.

Internal Audit

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

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

As a result of the silo specific regulatory responsibilities arising from our DLC structure, there are two group Internal Audit departments located in London and Johannesburg, responsible for Investec plc and Investec Limited respectively. An Internal Audit function reporting into Investec plc also exists in Sydney. The combined functions cover all of the geographies in which we operate. These departments use similar risk based methodologies and co-operate technically and operationally. The heads of Internal Audit report at each Audit Committee meeting and have a direct reporting line to the Chairman of the Audit Committee. They operate independently of executive management but have access to their local Chief Executive Officer and the Chairman of the Audit Committee. For administrative and co-ordination purposes, they also report to the Global Head of Corporate Governance and Compliance. This year we have adopted and will comply with the International Standards for the Professional Practice of Internal Auditing.

Annually, Internal Audit conducts a formal risk assessment of all businesses, incorporating management's assessment of risk, which is documented within the Enterprise Risk Assessor Operational Risk system. A comprehensive risk based annual audit plan is derived from this assessment, which identifies areas of focus. These are then confirmed with executive management and approved by the responsible Audit Committee. High risk businesses and processes are audited annually, with other areas covered at regular intervals based on their risk profile. There is an ongoing focus on identifying fraud risk as well as auditing technology risks given our dependence on IT systems. In the past year, there was continued focus on reviewing and providing assurance on our readiness for Basel II and other new regulatory requirements. We also liaise with the external auditors to enhance efficiencies. The annual plan is reviewed regularly to ensure that it remains relevant and responsive, given changes in our operating environment. The Audit Committee approves any changes to the plan.

Internal Audit proactively reviews its practices and resources for adequacy and appropriateness, to meet our increasingly demanding corporate governance and regulatory environment. Audit teams comprising well-qualified, experienced staff ensure that the function has the competence to match our diverse requirements. Where specific specialist skills or additional resources are required, these will be obtained from third parties as appropriate. The Internal Audit resources are subject to review by the respective Audit Committees at least once a year.

Significant control weaknesses are reported, in terms of an escalation protocol, to the Audit and Compliance Implementation Forums, where rectification procedures and progress are considered and monitored at a detailed level by management. The Audit Committee receives a report on significant issues and actions taken by management to enhance controls.

Compliance

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

We are subject to extensive supervisory and regulatory governance in the countries in which we operate. The SARB is our lead regulator. Significant business developments in any of our operations must be approved by the Reserve Bank as well as by the business's home country regulatory authority.

Under the DLC structure, both Investec plc and Investec Limited maintain separate Compliance structures. Each Compliance structure operates under terms of reference which are approved by its listed company board and Audit Committee. Each Compliance structure is headed by a Group Compliance Officer, who operates independently from operational management and is responsible for ensuring adequate management of compliance risk within their silo. Each Group Compliance Officer reports to the Chief Executive Officer of their listed company as well as to the Global Head of Compliance, who is ultimately responsible for management of the Compliance function of both listed groups. The Group Compliance Officers have unrestricted access to the Chairman of their Audit Committee.

The Compliance divisions operate under matrix management reporting structures and are decentralised throughout the businesses. Under these arrangements, Compliance Officers are appointed to all significant business units and report to the business heads, but remain under the general supervision of Group Compliance. Where appropriate, certain cross-enterprise compliance functions, such as Compliance Monitoring, are centralised and report directly to the Group Compliance Officer.

Compliance risk is managed through internal policies and processes, which include legal, regulatory and other technical requirements relevant to the business. The Compliance Officers provide regular training to ensure that all employees are familiar with regulatory obligations. They also provide advice on regulatory issues. Compliance staff independently monitor the business units to ensure adherence to policies and procedures and other technical requirements.

Compliance staff work closely with business and operational units to ensure consistent management of compliance risk. The group's Compliance Officers are charged with developing and maintaining constructive working relationships with regulators and supervisors in all our geographies.

UK and Europe - year in review

Regulatory activity in the UK and Europe continued to be focused on the implementation of various European directives and initiatives of the UK's FSA.

These included:
- More principles based regulation.
- Markets in Financial Instruments Directive (MiFID).
- Treating Customers Fairly (TCF).
- Management and control of inside information.
- Anti-money laundering (AML) and financial crime.
- Capital Requirements Directive (CRD).

More principles based regulation

We continue to monitor the FSA's Better Regulation Action Plan, which aims to improve future regulation in the UK. This plan is underpinned by the FSA's objective to become a more principles based regulator by moving the balance of financial services regulation towards high-level principles rather than detailed rules and guidance. Our Compliance function is closely involved with the development of more principles based regulation. The business has dealt effectively with practical issues arising out of the principles based initiatives to date. These include TCF, the deletion of the Money Laundering sourcebook in favour of high level principles and proposals to delete the Training and Competence sourcebook.

MiFID

MiFID came into force across Europe on 1 November 2007 and aims to create a single set of rules for certain investment services and activities for a defined list of financial instruments (MiFID business). Where firms carry on MiFID business, a number of new requirements have come into force in relation to matters such as conflicts of interest, outsourcing, client categorisation, inducements, best execution and transaction reporting. We ran a cross-divisional project to implement MiFID across our European jurisdictions.

Compliance

TCF

At the forefront of the more principles based regulation agenda has been an initiative to ensure that the principle of TCF is embedded in an organisation's culture. In addition, the FSA requires organisations to have practical arrangements in place that measure and demonstrate that customers are consistently being treated fairly. Principle 6 states that "A firm must pay due regard to the interests of its customers and treat them fairly". The FSA's approach is focused on the culture that an organisation has and, for us, the TCF agenda is closely aligned to our core values.

We have met the March 2008 deadline which required authorised firms to have management information in place to test whether they are delivering against the TCF consumer outcomes. The next step is to ensure that by the end of December 2008 we are able to prove that this management information demonstrates that we are consistently treating customers fairly.

Management and control of inside information

Since 2005 one of the FSA's key objectives has been the prevention and combating of what they call "institutional market abuse", i.e. the exploitation of information that financial institutions legitimately receive for illegitimate purposes. In mid-2007 the FSA published a document outlining good practice guidelines in relation to the management and control of inside information which it expected financial institutions to adopt. We subsequently conducted a group-wide review of our flows of inside information and the controls we have to manage them. Our work included enhancing policies and procedures and an extensive training and awareness programme for employees.

AML and financial crime

There has been considerable focus on implementing new directive and legislative requirements related to anti-money laundering and financial crime across the European businesses. On 15 December 2007 the UK adopted the 3rd EU Money Laundering Directive through the implementation of the Money Laundering Regulations 2007. The UK bank's policies and procedures have been reviewed for compliance with the new regulations. On the same date the EU Wire Transfer Directive came into force requiring originator names, address details and account numbers to be quoted on incoming and outgoing payments. We have implemented procedures to ensure compliance with this directive.

On 15 December 2007 Guernsey introduced the amended Criminal Justice Regulations and Money Laundering handbook. On 4 February 2008 Jersey introduced the new Money Laundering Order 2008 and a new Money Laundering Handbook and on 19 February 2008 they also introduced new Proceeds of Crime Regulations.

South Africa - year in review

Anti-money laundering

The implementation of the Financial Intelligence Centre Act (FICA) and Protection of Constitutional Democracy against Terrorist and Related Activities is ongoing. In response to international best practice standards of anti-money laundering and anti-terror financing and in particular to Guidance Note 3 issued by the Financial Intelligence Centre, which permits an accountable institution to adopt a risk based approach, we have developed and implemented a centralised AML system that has the capability to:

- Risk weight clients according to the money laundering and/or terror financing risks they may potentially pose.
- Compare client lists to databases of adverse client information issued by regulatory authorities (which includes persons named on the United Nations lists).
- Administer in a central repository the ongoing maintenance of a client's identification and verification and risk weighting.

A further enhancement to the AML system to more adequately address the legislative requirements of suspicious activity reporting is planned for implementation by the end of 2008. These systematic developments are supported by an enhanced Group Anti-Money Laundering and Anti-Terror Financing Policy which incorporates a Client Acceptance Policy to accommodate this risk weighting and the screening of clients.

Consumer law

The National Credit Act was successfully implemented during June 2007 in affected entities which have been registered as credit providers. The Act imposes strict requirements on credit providers including affordability assessments, disclosure to consumers, advertising and marketing practices, complaints, pricing and reporting to the National Credit Regulator.

Compliance

The past year saw further regulatory reform pertaining to the financial services industry, particularly relating to legislation aimed at consumer protection in the form of progress made towards the Consumer Protection Bill. The Bill aims to provide a legal framework for consumer protection by attempting to codify the common law with specific regard to the rights of consumers and the obligations of those providing services and products to them. The developments are being closely monitored to assess the impact on affected entities.

Conflicts of interest

Conflicts of interest are inherent in our business. We are not required to avoid conflicts but rather to ensure that they are managed appropriately.

Accordingly we have engaged in a group-wide initiative for identifying and managing the conflicts of interest that exist across our various businesses. Following the implementation of an enhanced framework in the United Kingdom, this initiative has commenced in South Africa with a project to identify all conflicts of interest within and between the South African areas of business as well as a review of all existing mitigations and controls. Mitigations and controls will be in line with international best practice in this area, including policies and procedures, information flow management, disclosure and declining to act.

Risk based monitoring

A project was initiated in October 2006 to align the existing compliance monitoring process with the operational risk processes. The project entails the adoption of the Enterprise Risk Assessor risk based methodology used by the Operational Risk division. The project is due for completion by 30 September 2008.

The first phase of the project involved a comprehensive analysis of all acts, regulations, guidance notes and codes of conduct affecting each of the operating units, the performance of a risk assessment of each underlying regulatory risk and the identification and recording of all controls the operating units have adopted to mitigate such risks. The first phase of the project was completed in March 2008.

The second phase of the project involves the review of compliance monitoring programmes used within the operating units and the design and migration of a fully comprehensive risk based monitoring programme onto the Enterprise Risk Assessor software. The second phase of the project is due for completion by 30 September 2008.

Mauritius - year in review

There were no major compliance developments in the region during the period under review. The Mauritian entities strongly align themselves with the policies and procedures adopted by the broader group.

Australia - year in review

The main areas of regulatory focus were:

Anti-Money Laundering/Counter Terrorism Financing Act 2006 (AML/CTF Act)

This year has seen the continued roll out of anti-money laundering/counter terrorism financing procedures as a number of AML obligations came into effect on 12 December 2007.

The AML/CTF Act, which is being implemented in stages, includes obligations such as customer identification and verification, record-keeping and the establishment and maintenance of an AML/CTF programme. Part A of the programme outlines the framework which we use to identify, mitigate and manage the risks which we may reasonably face should the provision of our products and services, whether inadvertently or otherwise, involve or facilitate money laundering or financing of terrorism.

Part B, encompasses our ongoing customer due diligence procedures and takes into account the risk profiles and types of clients we deal with.

Licensing

Various Investec Australian Financial Services Licenses have been amended to reflect recent changes in our activities.

All jurisdictions - Basel II capital requirements

The new Basel Accord was implemented and came into effect on 1 January 2008. As discussed in the various risk sections we have implemented these requirements across the group.

Credit ratings

In general, we were assigned strong ratings for credit quality, capacity for timely repayment and financial strength. In terms of our Dual Listed Companies structure, Investec plc and Investec Limited are treated separately from a credit point of view. As a result, the rating agencies have assigned ratings to the significant banking entities within the group, namely Investec Bank (UK) Limited, Investec Bank Limited and Investec Bank (Australia) Limited. Certain rating agencies have assigned ratings to the holding companies, namely, Investec plc and Investec Limited.

Ratings for Investec plc

Moody's

Short-term deposit rating	Prime-2
Long-term deposit rating	Baa2 (negative outlook)

Ratings for Investec Bank (UK) Limited - a subsidiary of Investec plc

Fitch

Individual rating	B/C
Support rating	5
Foreign currency short-term rating	F2
Foreign currency long-term rating	BBB+

Global Credit Rating Co.

Short-term rating	A2
Long-term rating	A-

Moody's

Financial strength rating	C-
Short-term deposit rating	Prime-2
Long-term deposit rating	Baa1 (negative outlook)

Ratings for Investec Bank (Australia) Limited - a subsidiary of Investec Bank (UK) Limited

Moody's

Financial strength rating	C-
Short-term deposit rating	Prime-1
Long-term deposit rating	A3

Fitch

Individual rating	C
Support rating	2
Foreign currency short-term rating	F2
Foreign currency long-term rating	BBB

Credit ratings

Ratings for Investec Limited

Fitch

Individual rating	B/C
Support rating	5
Foreign currency short-term rating	F2
Foreign currency long-term rating	BBB+

Ratings for Investec Bank Limited - a subsidiary of Investec Limited

Fitch

Individual rating	B/C
Support rating	2
Foreign currency short-term rating	F2
Foreign currency long-term rating	BBB+
National short-term rating	F1+ (zaf)
National long-term rating	AA- (zaf)

Global Credit Rating Co.

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

Moody's

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

Corporate governance

Introduction

We are committed to promoting sustainable stakeholder confidence in our conduct as a business and as a corporate citizen.

While the board oversees the overall process and structure of corporate governance, each business area and every employee worldwide is responsible for acting in accordance with good corporate governance practices.

In formulating our governance framework, we apply recognised corporate governance practices pragmatically so as to:
- Identify and mitigate significant risks, including reputational risk.
- Exercise effective review and monitoring of our activities.
- Promote informed and sound decision making.
- Enable effectiveness, efficiency, responsibility and accountability.
- Enhance the capital market's perception of us.
- Facilitate legal and regulatory compliance.
- Secure trust and confidence of all stakeholders.
- Protect our brand and reputation.
- Ensure sustainable business practices, including social and environmental activities.
- Disclose the necessary group information to enable all stakeholders to make a meaningful analysis of our financial position and actions.

Our values and philosophies are the framework against which we measure behaviour and practices so as to assess the characteristics of good governance. Our values require that directors and employees behave with integrity, displaying consistent and uncompromising moral strength and conduct in order to promote trust.

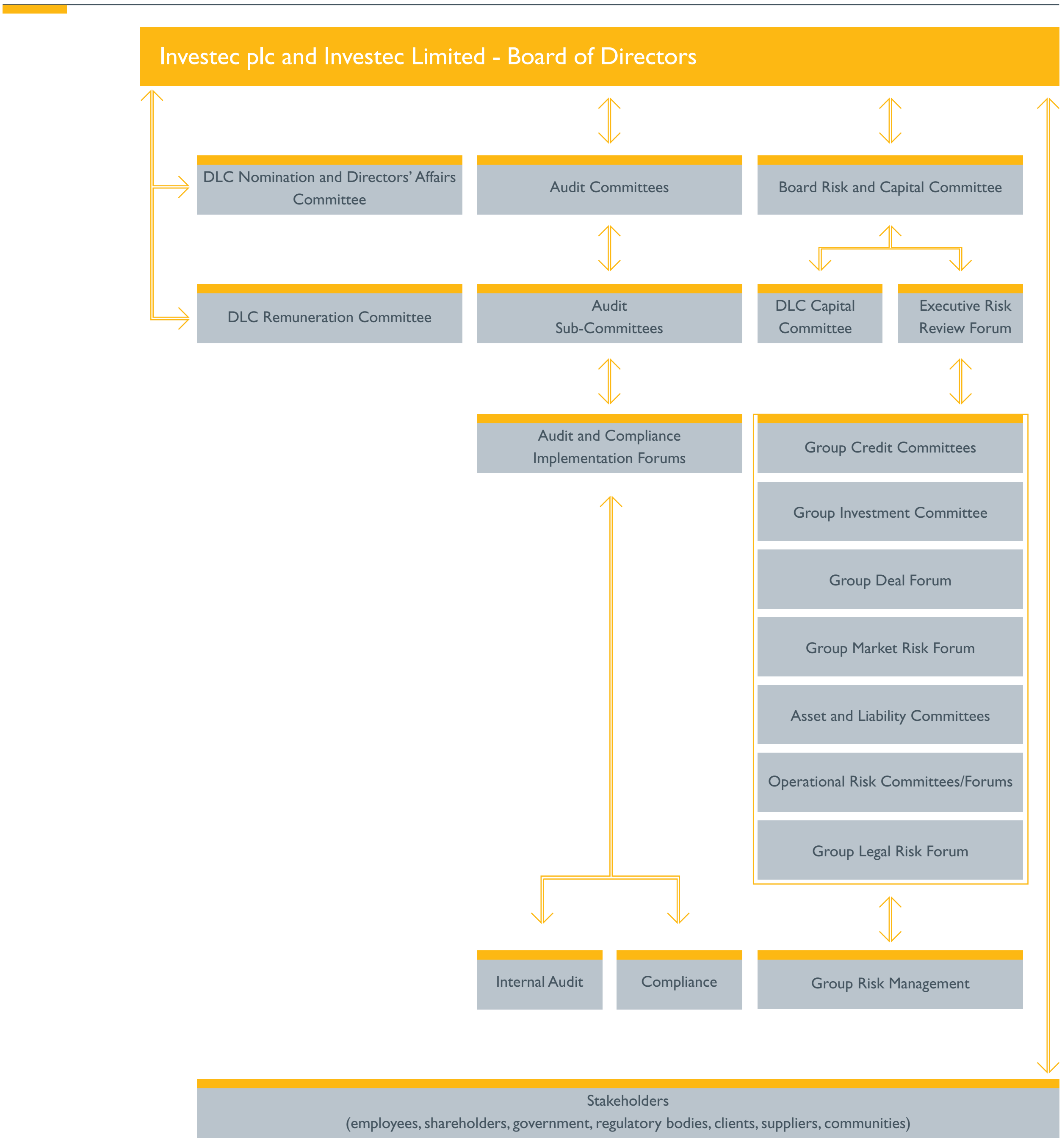
Sound corporate governance is implicit in our values, culture, processes, functions and organisational structure. Structures are designed to ensure that the values remain embedded in all businesses and processes. We continually refine these structures and a written Statement of Values serves as our Code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

We operate under a Dual Listed Company (DLC) structure, and we adhere to the corporate governance regulations of the UK and South Africa.

All international business units operate in accordance with the corporate governance recommendations of their jurisdictions, but with clear reference at all times to group values and culture.

Governance framework

Our governance framework can be depicted as follows:



Board statement

The board, management and employees of Investec are in full support of and committed to complying with the Disclosure and Transparency Rules and Listing Rules of the United Kingdom Listing Authority (UKLA), the JSE Limited (JSE) Listings Requirements, regulatory requirements in the countries in which we operate, the London Combined Code (2006) and the King Code of Corporate Practices and Conduct (King II), whereby all stakeholders are assured that we are being managed ethically and in compliance with the latest legislation, regulations and best practices.

The board is of the opinion that Investec has complied with the Principles of Good Governance and Code of Best Practice contained in section 1 of the London Combined Code (2006) as well as King II, during the period under review, except as outlined below.

London Combined Code A.3.1. and King II - Independence of the Chairman

The Chairman, Hugh Herman, is not considered to be independent. At the time of his appointment, his duties included promoting the group and introducing clients but excluded day-to-day executive decisions. His role was full time and he sat on certain management forums. He was also included in various management incentive and share ownership schemes. For these reasons, he is not considered by the board to be independent in accordance with the London Combined Code and King II. However, since 2005 Hugh has distanced himself from executive responsibilities.

This opinion of the board is based on the practices below which were in operation during the period under review.

Financial reporting and going concern

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

In undertaking this responsibility, the directors are supported by an ongoing process for identifying, evaluating and managing the significant risks we face in preparing the financial and other information contained in this annual report. This process was in place for the year under review and up to the date of approval of the annual report and financial statements. The process is implemented by management and independently monitored for effectiveness by the Audit, Risk and other sub-committees of the board, which are referred to below.

Our financial statements were prepared on a going concern basis, taking into consideration:

- Corporate governance practices.
- Accounting policies adopted.
- The desire to provide relevant and clear disclosures
- The nature and complexity of our business
- The risks we assume, and their management and mitigation.
- Key business and control processes in operation.
- The operation of board committee support structures.
- Operational soundness.
- Our credit rating and access to capital.
- The needs of all our stakeholders.

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

Board of directors

Role and responsibilities

The board is accountable for the performance and affairs of Investec. It provides entrepreneurial leadership for the company within a framework of prudent and effective controls which allows risk to be assessed and managed. Specifically, it is responsible for the adoption of strategic plans, monitoring of operational performance and management, ensuring an effective risk management strategy, compliance with applicable legislation, upholding corporate governance standards and succession.

The board meets its objectives by reviewing and guiding corporate strategy, setting the company's values and standards, approving key policies and objectives, ensuring that obligations to its shareholders and other stakeholders are understood and met, understanding the key risks we face, determining our risk tolerance and approving and reviewing the processes in operation to mitigate risk from materialising, including the approval of the terms of reference of key supporting board committees.

Corporate governance

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

In fulfilling its responsibilities, the board is supported by management in implementing the plans and strategies approved by the board. The board monitors and evaluates management's progress on an ongoing basis.

Furthermore, the board, directly or through its sub-committees:
- Assesses the quantitative and qualitative aspects of our performance through a comprehensive system of financial and non-financial monitoring involving an annual budget process, detailed monthly reporting, regular review of forecasts and regular management strategic and operational updates.
- Approves annual budgets, capital projections and business plans.
- Monitors our compliance with relevant laws, regulations and codes of business practice.
- Monitors our communication with all stakeholders.
- Identifies and monitors key risk areas and key performance indicators.
- Reviews processes and procedures to ensure the effectiveness of our internal systems of control.
- Ensures we adopt sustainable business practices, including our social and environmental activities.
- Evaluates the performance of senior management and considers succession planning.

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

Composition, structure and process

Membership

In terms of the DLC arrangements, the boards of Investec plc and Investec Limited are identical and Investec is managed as a unified economic enterprise. At the end of the period under review, the board, excluding the Chairman, comprised four executive directors and eleven non-executive directors. As set out below, the board concluded that the majority (i.e. eight) of the non-executive directors are independent in terms of the London Combined Code and King II. Biographical details of the directors are set out on pages 189 to 192. The names of the directors, the year of their appointment, their independence status and whether they will retire and seek re-election at the 2008 Annual General Meeting, are set out in the table below.

	Date of appointment		Independent	Last elected	Retiring and seeking re-election in 2008
	Investec plc	Investec Limited			
Executive directors					
S Koseff (Chief Executive Officer)	26 Jun 02	06 Oct 86	-	2006	No
B Kantor (Managing Director)	26 Jun 02	08 Jun 87	-	2006	Yes
GR Burger (Group Risk and Finance Director)	03 Jul 02	03 Jul 02	-	2007	No
A Tapnack	01 Jul 02	01 Jul 02	-	2007	No
Non-executive directors					
HS Herman (Chairman)	26 Jun 02	01 Jan 94	No	2007	Yes
SE Abrahams	26 Jun 02	21 Oct 96	Yes	2007	Yes
GFO Alford	26 Jun 02	26 Jun 02	Yes	2007	No
CA Carolus	18 Mar 05	18 Mar 05	Yes	2005	Yes
H Fukuda OBE	21 Jul 03	21 Jul 03	Yes	2005	Yes
GMT Howe	21 Jul 03	21 Jul 03	Yes	2005	Yes
IR Kantor	26 Jun 02	30 Jul 80	No	2007	Yes
Sir C Keswick (Senior Independent Director)	26 Jun 02	26 Jun 02	Yes	2005	Yes
MP Malungani	26 Jun 02	26 Jun 02	No	2005	Yes
Sir D Prosser	23 Mar 06	23 Mar 06	Yes	2006	No
PRS Thomas	26 Jun 02	29 Jun 81	Yes	2007	Yes
F Titi	30 Jan 04	30 Jan 04	No	2007	No

Donn Jowell resigned from the boards with effect 30 September 2007.

Corporate governance

Independence

In accordance with the London Combined Code, more than half the board (excluding the Chairman) comprised non-executive directors considered by the board to be independent within the meaning of and with regard to the criteria set out in the London Combined Code and King II.

A summary of the factors the board has taken into account in determining the independence of directors is detailed below.

Chairman

The Chairman of the board is not considered to be independent as described in the board statement on page 150.

Relationships and associations

Peter Malungani is the chairman of Peu Group (Proprietary) Limited and Fani Titi was until recently Chairman of Tiso Group Limited. Both companies have a material relationship with Investec Limited as a result of the empowerment transaction concluded in 2003 in light of South Africa's Financial Sector Charter. Accordingly, the board concluded that Peter and Fani could not be considered independent under the London Combined Code and King II.

Ian Kantor is the brother of Bernard Kantor, Investec's Managing Director and a previous CEO of Investec. Accordingly, the board concluded that Ian could not be considered independent under the London Combined Code and King II.

Despite the board concluding that Ian, Peter and Fani cannot be considered independent, the board is of the view that their skills, knowledge, experience and attributes are nonetheless valuable to the organisation and believe that they will use their independent judgement when making decisions that effect the organisation and stakeholders.

Attendance at risk management meetings

Sam Abrahams regularly attends, by invitation, certain risk management committees of Investec Limited. The board considers his attendance at these committees to be desirable in terms of developing an understanding of the day-to-day issues facing the business. This allows him to discharge his responsibilities more effectively as a member of the board and Chairman of the Investec plc and Investec Limited Audit Committees. The board therefore concluded that Sam retains independence of character and judgement.

Tenure

The board does not believe that any current non-executive director has served on the board for a period which could materially interfere with the director's ability to act in our best interests. The board has concluded that Peter Thomas and Sam Abrahams, despite having been directors of Investec for more than nine years, retain both financial independence and independence of character and judgement.

The board does not believe that any current director, who has served for more than nine years, is not independent. In the spirit of complying with the highest standards of corporate governance, each such director stands for annual re-election.

Notwithstanding the guidelines set out in the London Combined Code and King II, the board is of the view that most of the non-executive directors are independent of management and promote the interests of stakeholders. The balance of executive and non-executive directors is such that there is a clear division of responsibility to ensure a balance of power, such that no one individual or group can dominate board processes or have unfettered powers of decision making. The board believes that it functions effectively and evaluates its performance annually.

Skills, knowledge, experience and attributes of directors

The board considers that the skills, knowledge, experience and attributes of the directors as a whole are appropriate for their responsibilities and our activities. The directors bring a range of skills to the board, including:

- International business and operational experience.
- Understanding of the economics of the sectors in which we operate.
- Knowledge of the regulatory environments in which we operate.
- Financial, accounting, legal and banking experience and knowledge.

The skills and experience profile of the board is reviewed regularly by the DLC Nomination and Directors' Affairs Committee, to ensure an appropriate and relevant board composition from a governance, succession and effectiveness perspective.

Board and directors' performance evaluation

The board and directors' performance is evaluated annually based on recognised codes of corporate governance and covers areas of the board's processes and responsibilities, according to leading practice.

The performance evaluation process takes place both informally through personal observations and discussions and regularly in the form of a detailed questionnaire. The results, including additional comments in such questionnaires, are incorporated into a matrix which is considered and discussed by the board.

The Chairman holds regular one-on-one meetings with each director to discuss the results of the formal and informal evaluations, and in particular to seek comments on strengths and developmental areas of the members, the chairman and the board as a whole. Individual training and development needs are discussed with each board member and any requests for training are communicated with the Company Secretary for implementation.

The Chairman reports the results of these evaluations to the boards and matters identified during the course of the review are scheduled for appropriate action and later reviewed to ensure implementation.

Terms of appointment

On appointment, non-executive directors are provided with a letter of appointment. The letter sets out, among other things, the duties and responsibilities and the expected time commitment of non-executive directors, details of our policy on obtaining independent advice and, where appropriate, details of the board committees of which the non-executive director is a member. We have a policy that insures directors against certain liabilities they may incur in carrying out their duties.

Ongoing training and development

On appointment, directors are provided with an induction pack and participate in an induction programme tailored to their needs, including meeting with business unit and central services' heads to ensure that they become familiar with our business operations, senior management, our business environment and internal controls, policies, processes and systems for managing risk.

The board recently adopted an updated directors' ongoing training and development programme. Board members receive regular formal presentations on regulatory and governance matters as well as on the business and support functions. Directors have unfettered access to the heads of risk management, control functions and business units.

The Company Secretary liaises with the directors to source relevant seminars and conferences which directors attend, funded by us.

Following the board's and directors' performance evaluation process, any training needs are communicated to the Company Secretary who ensures that these needs are addressed.

Independent advice

Through the Senior Independent Director or the Company Secretary, individual directors are entitled to seek professional independent advice on matters related to the exercise of their duties and responsibilities at the expense of Investec. No such advice was sought during the 2008 financial year.

Remuneration

Details of the directors' remuneration and remuneration process are set out in the "remuneration report" on pages 166 to 182.

Chairman and Chief Executive Officer

The respective responsibilities of the Chairman and Chief Executive Officer are set out in writing, are clearly defined and have board approval. The Chairman leads the board and is responsible for ensuring that the board receives accurate, timely and clear information to ensure that directors can perform their duties effectively.

Details of the Chairman's external directorships are set out on page 190. The board does not consider that the Chairman's external commitments interfere with his performance and responsibilities to Investec. The board is satisfied that the Chairman makes sufficient time available to serve Investec effectively.

The board has not appointed a Deputy Chairman.

Senior Independent Director

Sir Chips Keswick was appointed Senior Independent Director on 7 July 2004. He is available to address any concerns or questions from shareholders and non-executive directors.

Company Secretaries

David Miller is the Company Secretary of Investec plc and Benita Coetsee is the Company Secretary of Investec Limited. They are responsible for the flow of information to the board and its committees and for ensuring compliance with board procedures. All directors have access to the advice and services of the Company Secretaries whose appointment and removal are a board matter. Les Penfold is Global Head of Company Secretarial and co-ordinates and drives the secretarial functions.

Board meetings

The combined boards of Investec plc and Investec Limited met six times during the year. Three board meetings were held in the UK and three in South Africa, in line with the requirements of our DLC structure. Furthermore, the boards of Investec plc and Investec Limited held one additional meeting each in the UK and South Africa respectively.

The Chairman is responsible for setting the agenda for each meeting, in consultation with the Chief Executive Officer and the Company Secretaries. Comprehensive information packs on matters to be considered by the board are provided to directors in advance.

The non-executive directors met during the period under review in the absence of the executive directors.

Details of directors' attendance at board meetings are shown in the table below.

Investec plc and Investec Limited board	Number of meetings held during the year	Number of meetings attended during the year	Independent
Executive directors			
S Koseff (Chief Executive Officer)	6	6	-
B Kantor (Managing Director)	6	6	-
GR Burger (Group Risk and Finance Director)	6	6	-
A Tapnack	6	6	-
Non-executive directors			
H Herman (Chairman)	6	6	No
SE Abrahams	6	6	Yes
GFO Alford	6	5	Yes
CA Carolus	6	6	Yes
H Fukuda OBE	6	6	Yes
GMT Howe	6	4	Yes
DE Jowell*	6	3	No
IR Kantor^	6	2	No
Sir C Keswick (Senior Independent Director)°	6	2	Yes
MP Malungani	6	6	No
Sir D Prosser	6	6	Yes
PRS Thomas	6	6	Yes
F Titi	6	6	No

* Donn Jowell, who resigned from the boards with effect 30 September 2007, attended all three board meetings prior to his retirement.

^ Ian Kantor was excused from attending four board meetings between 1 April 2007 and 30 November 2007 due to health reasons.

° Sir Chips Keswick was excused from attending two board meetings between 1 January 2008 and 31 March 2008 due to health reasons.

Re-election of board members

All directors are subject to re-election at the first Annual General Meeting following their appointment. Thereafter, in accordance with the Articles of Association of Investec plc and Investec Limited, at least one third of the directors will retire at each Annual General Meeting. In compliance with the London Combined Code A.7.2., non-executive directors who have served on the board for more than nine years from the date of their first election are re-elected annually. Retiring directors are subject to an assessment of their performance by the Chairman and Nominations and Directors Affairs Committee before nomination for re-election and re-appointment. Biographical details of the directors standing for re-election at the 2008 Annual General Meeting are on pages 189 to 192.

Board committees

The board is supported by key committees, as follows:
- DLC Audit Committee
- Investec plc Audit Committee
  - Audit Sub-Committees
  - Audit and Compliance Implementation Forums
- Investec Limited Audit Committee
  - Audit Sub-Committees
  - Audit and Compliance Implementation Forums
- Board Risk and Capital Committee
  - DLC Capital Committee
  - Executive Risk Review Forum
  - Various specialist risk committees and forums as described in the risk management section on pages 76 to 147.
- DLC Nomination and Directors' Affairs Committee
- DLC Remuneration Committee

These committees have specific terms of reference, appropriately skilled members, independent non-executive director membership, senior management participation and access to specialist advice when necessary.

Audit Committees

In terms of our DLC structure, the board has mandated authority to the Investec plc Audit Committee and the Investec Limited Audit Committee to be the audit committees for those respective companies. A DLC Audit Committee also assists the board with matters common to Investec plc and Investec Limited.

Role and responsibilities

The responsibilities of the Audit Committees include:
- Reviewing and making recommendations for the board's approval of our combined and individual company reports and financial statements and other published or released financial reporting documents or statements.
- Reviewing the appropriateness of the combined group's and individual companies' accounting policies and their application.
- Overseeing the external audit process in the review of reports and accounts.
- Considering the external audit scope, fees and audit findings.
- Reviewing internal audit plans, reports, capacity and capability, and the reliance by the external auditors on the work and findings of Internal Audit.
- Reviewing non-audit services provided by the external auditors.
- Focusing on our compliance with legal requirements, accounting standards and the relevant listing requirements.
- Implementing measures to maintain effective systems of internal financial control and for reporting non-financial operating data.

We believe that the Audit Committee has the necessary expertise to discharge its responsibilities effectively. The committee's terms of reference are available on our website.

Membership and attendance

Details of membership, relevant qualifications and experience, as well as attendance at Audit Committee meetings, are shown below and on the opposite page.

DLC Audit Committee	Number of meetings held during the year	Number of meetings attended during the year	Independent	Qualifications and experience
SE Abrahams (Chairman)	4	4	Yes	FCA CA (SA) - Sam is a former international partner and South African Managing Partner of Arthur Andersen
GFO Alford	4	4	Yes	BSc (Econ) FCIS FIPD MSI - George is a former Head of Private Banking and Personnel at Kleinwort Benson Group and was a senior advisor to the UK Financial Services Authority
GMT Howe	4	4	Yes	MA (Hons) - Geoffrey is a former Managing Partner at Clifford Chance LLP and Director and Group General Counsel of Robert Fleming Holdings Ltd
Sir C Keswick	4	4	Yes	Sir Chips is a former Chairman of Hambros Bank Limited and Hambros PLC and former director of Anglo American plc
DE Jowell*	4	2	No	B Com LLB - Donn was previously Chairman of and a consultant to Jowell Glyn & Marais Inc, the South African legal advisors to Investec Limited. He was also a director of Werksmans Attorneys.
Sir D Prosser	4	4	Yes	BSc (Hons) FIA - Sir David was previously Chief Executive of Legal & General Group PLC and Chairman of the Financial Services Skills Council
PRS Thomas	4	4	Yes	CA (SA) - Peter was the former Managing Director of The Unisec Group Limited

* Donn Jowell, who resigned from the boards with effect 30 September 2007, attended both meetings prior to his retirement.

Investec plc Audit Committee	Number of meetings held during the year	Number of meetings attended during the year	Independent	Qualifications and experience
SE Abrahams (Chairman)	5	5	Yes	Refer as above
GFO Alford	5	5	Yes	Refer as above
GMT Howe	5	4	Yes	Refer as above
Sir C Keswick^	5	3	Yes	Refer as above
Sir D Prosser	5	5	Yes	Refer as above
PRS Thomas	5	5	Yes	Refer as above

^ Sir Chips Keswick was excused from attending two Investec Audit Committee meetings between 1 January 2008 and 31 March 2008 due to health reasons.

Investec Limited Audit Committee	Number of meetings held during the year	Number of meetings attended during the year	Independent	Qualifications and experience
SE Abrahams (Chairman)	5	5	Yes	Refer as above
GFO Alford	5	5	Yes	Refer as above
GMT Howe	5	4	Yes	Refer as above
DE Jowell*	5	2	No	Refer as above
Sir C Keswick^	5	3	Yes	Refer as above
Sir D Prosser	5	5	Yes	Refer as above
PRS Thomas	5	5	Yes	Refer as above
CB Tshili°	5	2	No	CA (SA) - Busi is Group Finance Director of Peu Group (Pty) Ltd

* Donn Jowell, who resigned from the boards with effect 30 September 2007, attended both meetings prior to his retirement.

^ Sir Chips Keswick was excused from attending two Investec Limited Audit Committee meetings between 1 January 2008 and 31 March 2008 due to health reasons.

° Busi Tshili is a non-executive director of Investec Bank Limited, a major subsidiary of Investec Limited, and represents its interest on this committee. Busi was appointed to the committee in October 2007, and attended both meetings held since her appointment.

Audit Sub-Committees

Audit Sub-Committees for Investec plc and Investec Limited and other regulated subsidiaries have been established to allow senior managers of the business units, who do not attend the main Investec plc and Investec Limited Audit Committee meetings, to meet with the risk and control functions and to provide input on the risk and control environment of the business units. The members of the Investec plc and Investec Limited Audit Committees are entitled to attend these meetings and, as a matter of practice, at least one non-executive member generally does.

Audit and Compliance Implementation Forums

Audit and Compliance Implementation Forums have been established for Investec plc and Investec Limited and their principal operating subsidiaries. Each Audit and Compliance Implementation Forum is attended by key executives and heads of risk and control functions. Non-executive directors have an open invitation to attend. These forums monitor and report on the implementation of recommendations and other matters that the relevant Audit Committee or Audit Sub-Committee consider important and facilitate the timely escalation, response and understanding of risk and control matters that require a response from management. The forums are key to enhancing risk and control consciousness and the associated control environment of the group. The forums also support and provide important insight to the Audit Committees. Essentially, the forums act as a filter, enabling the Audit Committees to concentrate their efforts on matters of appropriate materiality.

DLC Remuneration Committee

Role and responsibilities

Details of the role and responsibilities of the Remuneration Committee are set out in the "remuneration report" on page 167.

Membership and attendance

Details of membership and attendance at Remuneration Committee meetings are shown below.

DLC Remuneration Committee	Number of meetings held during the year	Number of meetings attended during the year	Independent
GFO Alford (Chairman)	8	8	Yes
GMT Howe	8	8	Yes
Sir C Keswick	8	7	Yes

Additional meetings are held throughout the year when necessary.

DLC Nomination and Directors' Affairs Committee

The boards of Investec plc and Investec Limited had previously established a Nominations Committee as a sub-committee of the boards. The boards resolved to amend the duties and responsibilities of the Nomination Committee to reflect the requirements of the South African Banks Amendment Act 2007 (the "SA Banks Act"). Specifically, the Nomination Committee's duties were amended to reflect the requirements of section 64B of the SA Banks Act being the establishment of a directors' affairs committee as a sub-committee of Investec Limited as a bank controlling company. We are currently awaiting formal approval from the Registrar of Banks. Accordingly, the Nominations Committee, which retains all previous duties and responsibilities, was renamed the Nomination and Directors' Affairs Committee. This committee also assumed the responsibilities of the Directors' Affairs Committee for Investec Bank Limited, which had previously been in existence as required by the SA Banks Act.

Role and responsibilities

The Nomination and Directors' Affairs Committee is responsible for, among other things:

- Identifying and nominating the approval of the boards' candidates to fill board vacancies as and when they arise.
- Determining and evaluating the adequacy, efficiency and appropriateness of the corporate governance structure and practices of the group.
- Establishing and maintaining a board directorship continuity programme.
- Regularly reviewing the structure, size and composition (including the skills, knowledge and experience) of the boards compared to their current positions and make recommendations to the boards regarding any changes.
- The nomination of successors to the key positions in Investec Limited or Investec Bank Limited, its major subsidiary, in order to ensure that a management succession plan is in place.

The committee's terms of reference are available on our website.

Membership and attendance

Details of attendance and membership are shown below.

DLC Nomination and Directors' Affairs Committee	Number of meetings held during the year	Number of meetings attended during the year	Independent
HS Herman (Chairman)	2	2	No
SE Abrahams	2	2	Yes
Sir C Keswick	2	2	Yes
F Titi**	2	-	No
PRS Thomas***	2	-	Yes

** Fani Titi was appointed to the committee on 26 March 2008, and no meetings were held in the current year subsequent to his appointment.

*** Peter Thomas was appointed to the committee on 14 May 2008, and no meetings were held in the current year subsequent to his appointment.

Board Risk and Capital Committee

This committee's terms of reference were changed during the year under review in response to regulatory developments. They now include responsibility to review our capital requirements, including receiving and reviewing appropriate reports.

Role and responsibilities

The purpose of the committee is to ensure that:

- All decisions of the board on risk management policies and procedures are implemented and monitored throughout Investec.
- The risk management structure is adequate, with sufficient resources and budget, and exceptions are reported to the board.
- Exposure limits for market, counterparty and credit risk are ratified. Liquidity and operational risk are also monitored.
- There is an ongoing process of risk and control identification, particularly for any changes to business objectives and the bases of measuring risk.

The Board Risk and Capital Committee defines the processes by which internal financial control, risk and capital management are assumed and monitored. The Group Risk Management division provides the expertise, processes and techniques from which the processes can be built and monitored daily.

A number of committees are dedicated to aspects of risk management and report directly to the Board Risk and Capital Committee and the board. These include the Capital Committee, the Executive Risk Review Forum, Asset and Liability Committees, Group Credit Committees, Group Market Risk Forum, Group Deal Forum, Operational Risk Committees/Forums, Group Investment Committee and Group Legal Risk Forum. The committee's terms of reference are available on our website.

Corporate governance

Membership and attendance

Board Risk and Capital Committee	Number of meetings held during the year	Number of meetings attended during the year	Independent
S Koseff (Chairman)	6	5	No
SE Abrahams	6	6	Yes
GFO Alford	6	6	Yes
GR Burger (Group Risk and Finance Director)	6	5	No
GMT Howe	6	5	Yes
B Kantor (Managing Director)	6	6	No
Sir C Keswick^	6	2	Yes
DE Jowell*	6	3	No
MP Malungani	6	3	No
K Socikwa***	6	3	Yes
A Tapnack	6	5	No
PRS Thomas	6	5	Yes
F Titi	6	6	No

* Donn Jowell, who resigned from the boards with effect 30 September 2007, attended all three meetings prior to his retirement.

^ Sir Chips Keswick was excused from attending two Board Risk and Capital Committee meetings between 1 January 2008 and 31 March 2008 due to health reasons.

*** Karl Socikwa is a non-executive director of Investec Bank Limited, a major subsidiary of Investec Limited and represents its interests on this committee. He was appointed to the committee in October 2007 and attended all three meetings since his appointment.

Executive Risk Review Forum

Role and responsibilities

The Executive Risk Review Forum supplements the Board Risk and Capital Committee and its purpose is to:

- Evaluate the most significant risks we face in the ordinary course of business.
- Ensure that limits are adhered to and that agreed recommendations to mitigate risk are implemented.
- Act as agents of the board to ensure that all decisions of the board on risk management policies and procedures are implemented and monitored throughout the group.
- Ensure the group-wide risk management structure is adequately resourced and has an appropriate budget.
- Provide regular reports to the board focusing on effectiveness of the control framework.
- Provide regular reports on group-wide adherence to regulatory requirements and advise on how changes to regulatory requirements will affect us.
- Ensure that there is an ongoing process of risk and control identification, particularly in line with any changes to business objectives, such as the commencement of a new trading area or product stream.

Membership

Chairman	S Koseff (Chief Executive Officer)
Membership	**Executive directors** GR Burger (Group Risk and Finance Director) B Kantor (Managing Director) A Tapnack **Senior management** B Fried C Daleski RJ Cowley PR Jacobson DM Lawrence B Tapnack M Trollip DM van der Walt RJ Wainwright JKC Whelan IR Wohlman
Meeting frequency	Every Friday except on Board Risk and Capital Committee dates

DLC Capital Committee

Role and responsibilities

During the year under review, the Board Risk and Capital Committee's terms of reference were amended to include the responsibility for reviewing the group's capital requirements.

Accordingly, amendments were made to the DLC Capital Committee's terms of reference and this committee's role is therefore to make recommendations as appropriate to the Board Risk and Capital Committee to ensure that there is effective capital management governance and that the capital management structure is optimised.

The DLC Capital Committee is responsible for:
- Determining the DLC group's capital requirements.
- Reviewing capital adequacy submissions to be made to regulators.
- Considering the ongoing requirements and consequences of Basel II and other regulatory requirements and their impacts on regulatory capital requirements.
- Consider, determine and approve capital issues relating to any corporate structuring for acquisitions.
- Monitoring the capital positions and returns on internal capital of each business unit.
- Submission of capital recommendations to the Board Risk and Capital Committee.

Membership

Chairman	S Koseff (Chief Executive Officer)
Membership	**Non-executive directors** SE Abrahams **Executive directors** GR Burger (Group Risk and Finance Director) B Kantor (Managing Director) A Tapnack B Tapnack **Senior management** SM Burgess B Fried RJ Jacobson L Penfold N Samujh DM van der Walt JKC Whelan IR Wohlman
Meeting frequency	At least quarterly

Management and succession planning

Global business unit heads, geographic management, and the heads of central and group service functions are appointed by executive management and are endorsed by the board, based on the skills and experience deemed necessary to perform the required function. In general, managers do not have fixed term employment contracts and there are no employment contracts with managers for a term of more than three years. Our management structure, reporting lines and the division of responsibilities are built around a geographic, divisional and functional network, as depicted on page 34.

Each strategic business unit has an executive management committee and is responsible for taking and implementing operational decisions, managing risk and aligning divisional objectives with the group strategy and vision.

Matters of succession are considered regularly. Decision making is spread to encourage and develop an experienced pool of talent.

Internal control

We have adopted the Turnbull guidance ("Internal Control: Guidance for Directors on the Combined Code" issued by the Institute of Chartered Accountants of England and Wales in 1999 and revised in 2005), and continued to embed the principles throughout the group during the year under review. Cognisance has also been taken of the King II requirements in South Africa.

Risks and controls are reviewed and monitored regularly for relevance and effectiveness. The Board Risk and Capital Committee and Audit Committees assist the board in this regard. Sound risk management practices are promoted by the Group Risk Management function, which is independent of operational management. The board recognises its responsibility for the overall risk and control framework and for reviewing its effectiveness.

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

Internal Audit reports any control recommendations to senior management, Group Risk Management and the relevant Audit Committee. Appropriate processes, including review by the Audit and Compliance Implementation Forums, ensure that timely corrective action is taken on matters raised by Internal Audit. Significant risks are reviewed weekly by the Executive Risk Review Forum and regularly by the Board Risk and Capital Committee. Material incidents and losses and significant breaches of systems and controls are reported to the Board Risk and Capital Committee and the Audit Committees. Reports from the Audit Committees, Board Risk and Capital Committee and Risk and Control functions are reviewed at each board meeting.

Internal financial controls

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

Processes are in place to monitor internal control effectiveness, identify and report material breakdowns, and ensure that timely and appropriate corrective action is taken. Group Finance and Investor Relations coordinate, review and comment on the monthly financial and regulatory reports, and facilitate the interim and annual financial reporting process, including independent audit.

The directors consider that our system of internal control is appropriately designed to:

- Provide reasonable, although not absolute, assurance of both the integrity and reliability of financial information.
- Identify and appropriately mitigate significant risks.
- Safeguard, verify and maintain accountability of assets.
- Mitigate risk exposure to fraud and misappropriation.
- Support business objectives and sustainability under normal and adverse operating conditions.
- Ensure compliance with applicable laws and regulations.

Risk management

The board is responsible for the total process of risk management and the system of internal control. A number of committees and forums assist in this regard. Senior management is responsible for identifying risks and implementing appropriate mitigation and controls within their businesses. An independent Group Risk Management division, which is accountable to the board, is responsible for designing and reviewing the process of risk management. Group Risk Management reports regularly to the Board Risk and Capital Committee and the Executive Risk Review Forum.

Risk management is discussed in more detail on pages 76 to 147.

Internal Audit

Each significant jurisdiction has an Internal Audit presence that is appropriate for the size, nature and extent of business conducted. Smaller geographies are supported by the Internal Audit teams of the Investec plc and Investec Limited groups.

A risk based audit approach is followed and the Audit Committee approves annual audit plans.

Heads of Internal Audit report to the Chairmen of the relevant Audit Committees and to the Head of Corporate Governance and Compliance.

For further details on the Internal Audit function, see page 142.

External audit

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

The Audit Committees meet with the external auditors to review the scope of the external audit, budgets the extent of non-audit services rendered and any other audit matters.

The external auditors are invited to attend Audit Committee meetings and have access to the Chairman of each Audit Committee. Recommendations on the rotation of auditors, as laid out in the UK Auditing Practices Board Ethical Standard 3 as well as circular 16/2004 of the South African Banks Act, were adhered to during the period under review.

Non-audit services are dealt with in terms of an agreed policy which states that:

- External audit firms will have internal standards and processes to monitor and maintain their independence and these must be presented to the Audit Committees on an annual basis. These will be considered based on the explicit exclusions contained in existing rules and guidelines.
- Safeguards must be in place to ensure that there is no threat to the objectivity and independence in the conduct of the audit, resulting from the provision of non-audit services by the external auditors.

Total audit fees paid to all auditors for the year were £7.1 million (2007: £5.8 million), of which £1.4 million (2007: £0.4 million) related to the provision of non-audit services.

Compliance

The Compliance function ensures that we continuously comply with existing and emerging regulation impacting on our operations. We recognise our responsibility to conduct business in accordance with the laws and regulations in the countries and areas in which we operate. The Compliance function is supported by Group Compliance and compliance officers in the business units. For further details on the Compliance function, see pages 143 to 145.

Regulation and supervision

We are subject to external regulation and supervision by various supervisory authorities, the main ones being the South African Reserve Bank (SARB), the UK Financial Services Authority (FSA) and the Australian Prudential Regulatory Authority (APRA). Some of our businesses are subject to supervision by the South African Financial Services Board, South African National Credit Regulator and the South African Financial Intelligence Centre.

In terms of the DLC structure, the SARB Banking Supervision Department is the lead supervisor of the combined Investec group, comprising Investec plc and Investec Limited. SARB is the supervisor of Investec Limited, while the FSA is the supervisor of Investec plc. We strive to establish and maintain open and active dialogue with regulators and supervisors. Processes are in place to respond proactively and pragmatically to emerging issues and we report to regulators and supervisory bodies regularly. Where appropriate, we participate in industry committees and discussion groups to maintain and enhance the regulatory environment in which we operate.

Communication, public disclosure obligations and stakeholder relations

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

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

Our primary stakeholders include employees, shareholders, government, regulatory bodies, clients, suppliers, rating agencies, the media, communities and industry equity and debt analysts. The board appreciates the importance of ensuring an appropriate balance in meeting the diverse needs and expectations of all our stakeholders and building lasting relationships with them. As a requirement of our DLC structure, we comply with the disclosure obligations contained in the applicable listing rules of the UKLA and JSE and other exchanges on which our shares are listed and with any public disclosure obligations as required by the FSA and SARB. We also recognise that from time to time we may be required to adhere to public disclosure obligations in other countries where we have operations, for example Australia. The board is committed to adopting the better and/or stricter of the existing governance and regulatory standards between the UK and South Africa.

The Investor Relations' division has day-to-day responsibility for ensuring appropriate communication with stakeholders and, together with the Company Secretarial division, ensures that we meet our public disclosure obligations.

We have a board approved policy statement in place to ensure that we comply with all relevant public disclosure obligations and uphold the board's communication and disclosure philosophy.

Corporate governance

The processes that we have adopted to ensure that we comply with all public disclosure obligations are set out below:

- Significant announcements are released directly to the market primarily via the services offered by the London and Johannesburg stock exchanges, and also via the services offered by the other exchanges where our shares are listed. In terms of our DLC structure, announcements are released virtually simultaneously on all exchanges, thereby ensuring fair treatment of all stakeholders. Copies of these announcements are placed on the Investec website as soon as possible following confirmation of release on the relevant exchanges, but within 24 hours at the latest.
- We maintain a comprehensive investor relations website, which ensures that all stakeholders readily have access to historical and current information.
- We host at least four investor presentations a year: two before we enter a closed period and on the day we release interim and year end results. Investor presentations are broadcast live via video conference from our offices in the UK and South Africa. Stakeholders are notified of these events via the stock exchange news or regulatory information services and are welcome to attend and engage with executive and non-executive directors. Stakeholders also have the option of using a live telephone conference facility or accessing the audio webcasts of the presentation via our website. Occasionally, we are invited to attend external third party investor conferences at which we present our financial and operational performance.
- Regular contact is maintained with major stakeholders through a comprehensive investor relations programme, which includes meetings with executive management, investor road shows and presentations to the investment community, communication by email, regular telephone conferences and liaison with private shareholders in response to their enquiries. The Investor Relations division reports back regularly to the operating divisions, the group executive and the board on matters and concerns raised by stakeholders. Copies of analyst, rating agency and other relevant reports are also circulated to the board.
- Our communication policy focuses on ensuring that all employees worldwide are informed of business developments and activities. Our quarterly magazine, Impact, provides all employees worldwide with information on the latest events within Investec. Furthermore, we have comprehensive intranet sites in South Africa, the UK and Australia, which keep employees updated on group developments and topics of interest. Urgent notices are sent to all staff through our internal email system.
- All shareholders are encouraged to attend the Annual General Meeting and to raise issues and participate in discussions on items included in the notice of the meeting. The meeting enables the board to communicate with shareholders and for shareholders to ask questions in person. The Chairmen of the Audit, Remuneration and Nomination and Directors Affairs Committees as well as the Senior Independent Director attend the meeting to respond to relevant questions. All valid proxy appointments are recorded and counted and, at general meetings, a schedule of the proxy votes cast is available to all shareholders. We propose a separate resolution on each substantially separate issue and do not bundle resolutions together inappropriately. All resolutions are determined on a poll. Shareholders are requested to approve our report and accounts and our remuneration report. The outcome of the voting on the items of business are released on the stock exchange news services or regulatory information and posted on our website after the meeting.

During the year, the Chief Executive Officer, the group Managing Director and other members of executive management continued to meet with shareholders in the UK, Europe, the USA and South Africa, to understand their issues and concerns and discuss matters relating to our activities and performance. No new material or price sensitive information is provided at such meetings. Non-executive directors and the Senior Independent Director are available and will attend meetings if requested and, as mentioned above, feedback on any issues or concerns raised by investors is provided to the board.

The Chairman and the non-executive directors are committed to communicating with shareholder bodies, to help develop a balanced understanding of their issues and concerns. We will continue to engage these bodies so as to remain informed of emerging governance issues.

Dealings in securities

Dealings in securities are subject to the Personal Account Dealing Policy that has been in operation for a number of years. The policy is based on regulatory guidance and industry practice and is updated to ensure compliance with applicable regulations and industry best practice.

The policy discourages speculative trading and highlights the conflict of interest in which an employee's personal interest may not conflict in any way with the interest of the Investec group or any of its clients, shareholders or potential shareholders.

The UK's Market Abuse Directive requires us to disclose transactions in shares and related securities by all persons discharging management responsibilities and their 'connected persons'. These include directors and senior executives of the group.

Directors' dealings

The "Remuneration report", as set out on pages 166 to 182, contains details of Investec shares held by directors. Directors' dealings in the securities of Investec plc and Investec Limited are subject to a policy based on regulatory requirements and governance best practice.

All directors' dealings require the prior approval of the Compliance division and the Chairman or, in the Chairman's absence, Sam Abrahams or Sir Chips Keswick. All dealings of persons discharging management responsibilities require approval by line management, the Compliance division and the Chairman.

Values and code of conduct

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

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

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

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

Sustainable business practices

We have an acute awareness of the need for longevity and durability, across all our businesses, and an ingrained understanding of the practices that underpin sustainability. Our triple bottom line approach is documented on pages 182 and 183 and further detail can be found on our website.

Remuneration report

Remuneration report

Statement from the Chairman of the Board Remuneration Committee - an overview

The remuneration report was prepared by the Remuneration Committee and approved by the board.

The board believes that a properly constituted and effective remuneration committee is key to improving the link between directors' pay and performance, with the ultimate aim of enhancing our competitiveness. The primary purpose of the committee is to determine our policy on the remuneration of executive directors and the remuneration package for each executive director. The committee is made up of non-executive directors, and executive directors are not involved in determining their own remuneration packages.

This report describes our remuneration policy (which has remained unchanged) and directors' remuneration for the 2008 financial year.

During the period, in addition to its regular business, the committee continued to focus specifically on:
- Talent management and the retention of senior management and executives.
- The appropriateness of the various share option and long-term incentive plans currently in place, including inter alia, grant levels, dilution limits, performance criteria and vesting schedules.

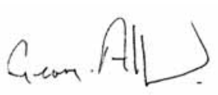
Key points to note for the period under review include:
- Investec has posted an increase in attributable earnings of 14.6% from £300.7 million to £344.7 million.
- Executive directors hold 1.8% and 2.6% of the issued share capital of Investec plc and Investec Limited, respectively. Non-executive directors hold 0.8% and 4.3% of the issued share capital of Investec plc and Investec Limited, respectively (see table on page 177).
- Our total shareholder return was negative 44.8% for Investec plc in Pounds Sterling and negative 34.8% for Investec Limited in Rands. This compares to a negative return of 15.3% for the FTSE 350 General Finance Index. The group increased its dividend return by 18.9% in Pounds Sterling and 28.9% in Rand over the year. We have however, experienced a decline in our share price as a result of the global credit and liquidity crisis. This decline is not out of line with the fall in share prices of other UK universal and global investment banks. Since listing on the London Stock Exchange in 2002, Investec plc has outperformed the FTSE 350 General Finance Index (see graph on page 174).

The report complies with the provisions of the 2006 London Combined Code, Schedule 7A of the UK Companies Act 1985, the UK Financial Services Authority Listing Rules, the South African King II "Code of Corporate Practice and Conduct" and the JSE Limited Listing Rules. Additional information has also been included to reflect the most common enquiries received.

Furthermore, the auditors are of the opinion that the auditable part of this report on pages 175 to 182 was properly prepared, in accordance with Schedule 7A of the UK Companies Act 1985.

The committee unanimously recommends that you vote to approve this report at the 2008 Annual General Meeting.

Signed on behalf of the board



George Alford
Chairman, Remuneration Committee

17 June 2008

Composition and role of the committee

The members of the Remuneration Committee throughout the year were George Alford (Chairman), Geoffrey Howe and Sir Chips Keswick. The members are independent non-executive directors and are free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The committee's principal responsibilities and objectives are to:

- Determine, develop and agree with the board, the framework or broad policy for the remuneration of executive directors and executive management (comprising individuals discharging managerial responsibilities, who are the global heads of our core areas of activity and are members of our global operations forum).
- Ensure that qualified and experienced management and executives will be provided with appropriate incentives to encourage enhanced performance and will be, in a fair and responsible manner, rewarded for their contribution to the success of the group and alignment with the corporate objectives and business strategy.
- Review and approve the design of, and determine targets and objectives for any performance related pay schemes for directors and executive management and approve annual payouts under such schemes.
- Determine, within the terms of the agreed policy, the total individual remuneration packages of executive directors and executive management including, where appropriate, bonuses, incentive payments and share scheme awards.
- Oversee any major changes in our employee benefit structures.
- Ensure that the comments, recommendations and rules within the UK and South Africa pertaining to director's remuneration are given due regard, in determining the packages of executive directors. The committee is authorised by the board to seek any information it requires from any employee in order to perform its duties.

The committee's terms of reference are available on our website.

Meetings

The committee met eight times during the financial year with full attendance other than for one meeting which Sir Chips Keswick was unable to attend. The Company Secretary of Investec plc acts as Secretary to the committee. Executive directors do not attend these meetings, although the Chairman of the board has attended on one occasion. The Chairman of the committee reports on the activities of the committee at each meeting of the full board.

Advisers to the committee

Where appropriate, the committee has access to independent executive remuneration consultants. The selection of the advisers is at the discretion of the committee Chairman, and Investec funds any expenses relating to the appointment of external consultants.

During the financial year, the committee continued to use the services of its advisers, Hewitt New Bridge Street, which amongst other things specifically reviewed and provided information on appropriate benchmark, industry and comparable organisations' remuneration practices.

Furthermore, we have used the services of Linklaters, which have advised on a number of issues pertaining to our incentive plans. Linklaters is one of Investec plc's legal advisers.

Certain specialist divisions within the group, for example, Human Resources and the Staff Shares division, provide supporting information and documentation relating to matters that are presented to the committee. This includes, for example, comparative data and motivations for proposed salary, bonus and share awards. The employees within these specialist divisions, which provide support to the committee, are not board directors and are not appointed by the committee. While executive directors have the right to address any meeting of the committee, they play no role in the determination of their remuneration package or that of any other executive director.

Policy on executive directors' and employees' remuneration

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

We reward executive directors and employees for their contribution through payment of an industry competitive annual package, a variable performance reward and ownership in the form of share incentive scheme participation. Overall rewards are considered as important as our core values of work content (greater responsibility, variety of work and high level of challenge) and work affiliation (entrepreneurial feel to the company and unique culture) in the attraction, retention and motivation of employees.

Remuneration report

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

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

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

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

Policy on non-executive directors' remuneration

The board agrees and determines the fees of non-executive directors and the fees are reviewed annually. The board's policy is that fees should reflect individual responsibilities and membership of board committees. The fee structure covers the dual roles that the directors perform for the UK listed Investec plc and the South African listed Investec Limited boards. The fee structure for non-executive directors (except the Chairman) for the 2008 and 2009 financial years is shown below:

Non-executive directors' remuneration	2008 financial year	As approved by the board for the 2009 financial year
Basic fee	£50 000 per year	£53 000 per year
Chairman of the DLC Audit Committee	£40 000 per year	£45 000 per year
Chairman of the DLC Remuneration Committee	£30 000 per year	£32 000 per year
Member of the DLC Audit Committee	£12 500 per year	£13 000 per year
Member of the DLC Remuneration Committee	£12 000 per year	£12 500 per year
Member of Investec Bank (UK) Limited board	£8 500 per year	£9 000 per year
Member of the Investec Bank Limited board	R135 000 per year	R150 000 per year
Fees are also payable for any additional time committed to the group including attendance at certain other meetings		

During the 2008 financial year, the Chairman received a total fee of £340 000 for his services as a director and it is intended that he will receive £360 000 for the 2009 financial year.

Non-executive directors may not participate in our share option plans or our long-term share incentive and pension plans. Prior to the implementation of our Dual Listed Companies (DLC) structure in July 2002, certain non-executive directors did participate in Investec Group Limited's (now Investec Limited's) leveraged equity plans.

There is no requirement for non-executive directors to hold shares in the company. The company has left this choice to the discretion of each non-executive director.

Service contracts and terms of employment

Our executive directors have indefinite contracts of employment, terminable by either party giving six months' written notice to the other. Each executive director is entitled to receive a basic salary and is also eligible for an annual bonus, the amount of which will be determined at the discretion of the Remuneration Committee. Furthermore, the executive directors may elect to sacrifice a portion of their annual salary to receive company benefits such as a travel allowance and medical aid. The full costs of these benefits will be deducted from their annual salary. The contracts of employment do not contain provisions for compensation payable on early termination.

Executive directors are permitted to accept outside appointments on external boards or committees so long as these are not deemed to interfere with the business of the Company. Any fees earned by executives in this regard are not retained and are given back to the respective companies.

Non-executive directors do not have service contracts and letters of appointment confirm the terms and conditions of their service. The letters of appointment do not contain provisions for compensation payable on early termination. Unless the non-executive directors resign earlier or are removed from their positions, they will remain appointed as directors until the close of our annual general meeting in 2009 (subject to rotational re-election as directors at the 2008 meeting and in terms of the provision of the Articles of Association). All non-executive directors who have been members of the board for longer than nine years are subject to annual re-election as required in terms of our Articles of Association. Those directors seeking rotational re-election at the 2008 Annual General Meeting are shown on page 151.

Biographical details of the directors of the board

These details can be found on pages 189 to 192.

Dates of appointment to the board

The boards of Investec plc and Investec Limited are separate and subject to separate legal obligations for each company. In terms of the DLC arrangements, they comprise the same persons who are authorised, as boards, to manage Investec as if it were a unified economic enterprise. Details on the dates the directors were appointed to the board can be found on page 151.

Policies on the components of remuneration and employment

The reward package for executive directors and employees comprises:
- Base salary and benefits.
- Annual bonuses.
- Long-term share incentive plans.

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

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

Base salary and benefits

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

Benefits are targeted at competitive levels and are delivered through flexible and tailored packages. Benefits include pension schemes; life, disability and personal accident insurance; medical cover; and other benefits, as dictated by competitive local market practices. Only salaries are pensionable, the annual bonuses paid are not pensionable. Our disclosure of executive directors' salaries on page 175 has been done on a gross basis (i.e. inclusive of pension fund contributions from the company). It is the company's policy to seek to set base salaries (including benefits) at median market levels.

Annual bonus

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

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

As explained in the prior year's report, the committee undertook a thorough assessment of the executive remuneration structure in 2007 which resulted in the removal of the annual bonus limit. This practice was maintained during the 2008 financial year. The committee still believes that an upper limit on the bonus award is inappropriate given the remuneration practices within the group and in similar financial services businesses. Our policy remains to target at median salaries and upper quartile for total compensation in order to limit the increase in fixed costs.

Share option and long-term share incentive plans

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

Prior to the implementation of our DLC structure and our listing on the London Stock Exchange in July 2002, we had a number of share option, share purchase and leveraged share schemes in place that were appropriate for a South African listed company. However, at the time of the London listing it was necessary for us to consider implementing a more internationally recognised share scheme structure and philosophy. As a result, a number of share option plans were introduced to cater for regulatory, tax and other considerations pertaining to the various jurisdictions in which we operated. At the same time, however, a decision was taken to maintain the schemes that were in place prior to the London listing until the allocations made in terms of those schemes matured. While this gives rise to what appears to be a multitude of schemes, the philosophy and practical implications are fairly simple - the appropriate level of equity allocation is determined for each employee and then awards are made out of the scheme that is considered most appropriate for that individual given his/her location, tax and regulatory environment.

The share option and long-term share incentive plans in operation, and in which the directors are eligible to participate, are summarised in the table below and further details are provided on our website.

Executive directors collectively hold approximately 2.1% of our issued share capital.

Leveraged equity plans

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

Summary of Investec's share option and long-term share incentive plans

Plan	Eligibility	Date implemented	Options/ shares	Maximum award per individual[1]	Performance conditions[2]	Vesting period	Awards made during the year[3]	Total unvested as at 31 March 2008[4/5/6]
Current share option plans								
Investec plc Share Option Plan 2002 (approved plan)	• New and existing UK full-time employees - grants up to the value of £30 000 • Directors and executives	28 Aug 2002	Investec plc	• Cumulative limit of 2 500 000 across all option plans • In any financial year: 1x remuneration package	Growth in headline EPS ≥ UK RPI plus 3% compounded annually over the period of the grant	Tranches of 50%, 25% and 25% at the third, fourth and fifth anniversaries respectively	Nil	Number: 1 846 230 % of issued share capital of company: 0.4%
Investec plc Share Option Plan 2002 (unapproved plan)	• New and existing full-time employees • Excluding employees in SA, Botswana, Namibia and Mauritius • UK employees - grants exceeding £30 000 • Directors and executives	28 Aug 2002	Investec plc	• Cumulative limit of 2 500 000 across all option plans • In any financial year: 1x remuneration package	Growth in headline EPS ≥ UK RPI plus 3% compounded annually over the period of the grant	Tranches of 25% each on the second, third, fourth and fifth anniversaries	360 103	Number: 2 767 745 % of issued share capital of company: 0.7%
Long-term incentive plans[7]								
Investec 1 Limited Share Incentive Plan - nil cost options	• New and existing full time employees • Excluding employees in SA, Botswana, Namibia and Mauritius • Excluding executive directors	16 Mar 2005	Investec plc	• Cumulative limit of 2 500 000 across all option plans • In any financial year: 1x remuneration package	None	75% end of year 4 and 25% end of year 5	6 780 166	Number: 20 829 786 % of issued share capital of company 4.9%
Investec Limited Share Incentive Plan - nil cost options	• New and existing full time employees in SA, Botswana, Namibia and Mauritius • Excluding executive directors	16 Mar 2005	Investec Limited	• Cumulative limit of 2 500 000 across all option plans • In any financial year: 1x remuneration package	None	75% end of year 4 and 25% end of year 5	7 601 180	Number: 23 598 776 % of issued share capital of company 10.1%

Summary of Investec's share option and long-term share incentive plans (continued)

Plan	Eligibility	Date implemented	Options/ shares	Maximum award per individual[1]	Performance conditions[2]	Vesting period	Awards made during the year[3]	Total unvested as at 31 March 2008[4/5/6]
Long-term incentive plans[7]								
Investec plc Share Matching Plan 2005	• Executive directors	14 Nov 2005	Matching awards of Investec Limited and Investec plc shares in the ratio of 1:1 against shares invested in plan by the director	• A maximum of 750 000 investment shares may be invested in the plan each time the plan is operated	Vesting scale over the period based on normalised EPS growth in excess of UK RPI, with 0% vesting if EPS growth is less than 4% plus RPI p.a. and 100% vesting if EPS growth is in excess of RPI plus 12% p.a.	75% end of year 4 and 25% end of year 5	150 000	Number 2 450 000 % of issued share capital of company 0.4%
Plan introduced in terms of our empowerment transaction								
The Investec Limited Security Purchase Scheme 2003	• Employees of Investec Limited who are African, Coloured or Indian individuals • Excluding executive directors	15 May 2003	Investec Limited	• 500 000 individual limit in terms of this scheme • Cumulative limit of 2 500 000 across all option plans • In any financial year: 1x remuneration package	None	Tranches over eight years ending 15 May 2011	2 733 409	Number: 10 739 994 % of issued share capital of company: 4.6%
Share plans not currently in use								
Investec plc Share Appreciation Option Plan 2002	• New and existing full-time employees • Excluding employees in SA, Botswana, Namibia and Mauritius • UK employees - grants exceeding £30 000 • Directors and executives	28 Aug 2002	Cash settled based on the increase in the Investec Limited share price	• Cumulative limit of 2 500 000 across all option plans • In any financial year: 1x remuneration package	Growth in headline EPS ≥ UK RPI plus 3% compounded annually over the period of the grant	Tranches of 25% each on the second, third, fourth and fifth anniversaries	Last grant made on 17 June 2003	Number: 10 440 % of issued share capital of company: 0%
Investec Limited Security Purchase and Option Scheme Trust 2002	• New and existing full-time employees in SA, Botswana, Namibia and Mauritius • Directors and executives	20 June 2002	Investec Limited and Investec plc	• Cumulative limit of 2 500 000 across all option plans • In any financial year: 1x remuneration package	Growth in headline EPS ≥ UK RPI plus 3% compounded annually over the period of the grant	Tranches of 25% each on the second, third, fourth and fifth anniversaries	Last grant made on 14 Dec 2005	Number: 2 778 206 % of issued share capital of company: 0.4%

Summary of Investec's share option and long-term share incentive plans (continued)

Plan	Eligibility	Date implemented	Options/ shares	Maximum award per individual[1]	Performance conditions[2]	Vesting period	Awards made during the year[3]	Total unvested as at 31 March 2008[4/5/6]
Share plans introduced prior to implementation of the DLC structure								
Investec Group Limited UK Share Option Plan	• Employees - excluding SA, Botswana, Namibia and Mauritius • Directors and executives	1 Nov 1999	Investec Group Limited (prior to implementation of DLC structure) (now Investec Limited and Investec plc)	• Cumulative limit of 2 500 000 across all option plans • In any financial year: 1x remuneration package	None	Tranches of 25% each on the second, third, fourth and fifth anniversaries. Awards lapse 10 years after grant.	Last grant made on 20 June 2002. No further grants will be made	Number: 410 510 % of issued share capital of company 0.1%
Investec Limited Security Purchase and Option Scheme Trust	• Employees in SA, Botswana, Namibia and Mauritius • Directors and executives	25 Nov 1988	Investec Limited and Investec plc	• Cumulative limit of 2 500 000 across all option plans • In any financial year: 1x remuneration package	None	Tranches of 25% each on the second, third, fourth and fifth anniversaries. Awards lapse 10 years after grant.	Last grant made on 2 May 2002. No further grants will be made	Number: 2 540 824 % of issued share capital of company 0.4%

Notes:

1 The limits for allocations to employees and executive management during a financial year may be exceeded if the directors determine that exceptional circumstances make it desirable that options should be granted in excess of that limit.

2 These conditions require growth in headline earnings per share (EPS) over the relevant option period to equal or exceed the UK Retail Price Index (RPI) plus 3% compounded annually over the same period. In choosing the performance targets for this plan, the committee considered the merits of EPS-based targets against other possibilities, such as comparative performance or comparative growth in return on average shareholders' funds (ROE) against a basket of other companies. The committee determined that EPS-based targets are most appropriate as they measure our underlying growth. The committee intends to continue to apply this during the 2009 financial year but keeps the whole matter of the suitability of target-linked share based remuneration under periodic review. This note does not apply to the Share Matching Plan 2005 which has different performance conditions as approved by shareholders (further information is available on our website).

3 This represents the number of awards made to all participants. For further details, see the directors' report on page 199. More details on the directors' shareholdings are also provided in tables accompanying this report.

4 Dilution limits: Investec is committed to following the Association of British Insurers' (ABI) guidelines and accordingly, as from the date of the implementation of our DLC structure (29 July 2002), the maximum number of new shares which may be issued by the company under all of the share plans (in respect of grants made after July 2002) may not exceed 10% of the issued share capital of the company over a rolling ten-year period. The committee regularly monitors the utilisation of dilution limits and available headroom to ensure that these guidelines are complied with. The issued share capital of Investec plc and Investec Limited at 31 March 2008 was 423.3 million shares and 234.3 million shares, respectively. As announced on the stock exchange news services, 4.9 million Investec plc and 6.7 million Investec Limited shares were issued to the staff share schemes during the year.

5 The market price of an Investec plc share as at 31 March 2008 was £3.39 (2007: £6.58), ranging from a low of £2.94 to a high of £7.65 during the financial year.

6 The market price of an Investec Limited share as at 31 March 2008 was R57.43 (2007: R93.30), ranging from a low of R50.90 to a high of R104.40 during the financial year.

7 The rules of these long-term incentive plans do not allow Investec to issue new shares to the plan to satisfy any awards made to participants, nor may awards be made to executive directors.

Performance graph total shareholder return

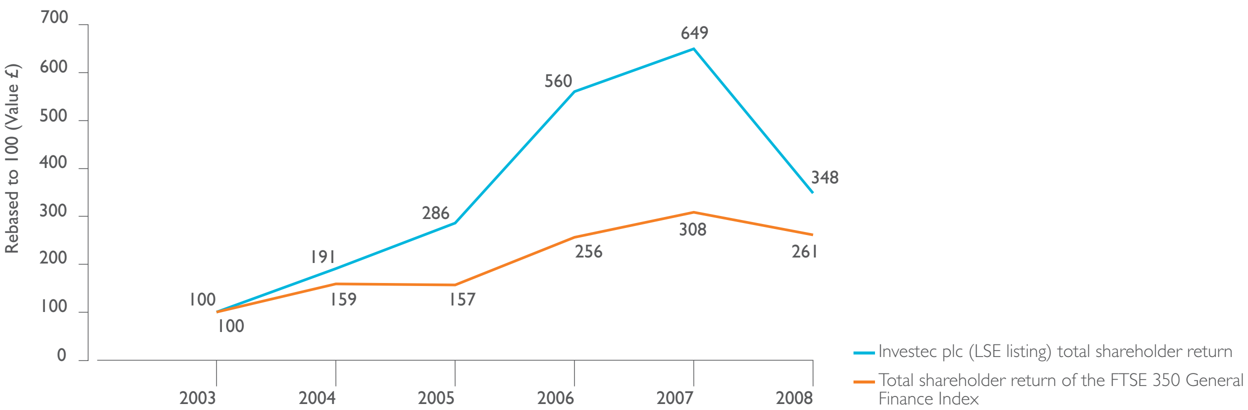
We have implemented a DLC structure, in terms of which we have primary listings in London and Johannesburg. The listing on the London Stock Exchange (LSE) took place on 29 July 2002, although we have been listed in South Africa since 1986.

Schedule 7A of the UK Companies Act 1985 requires this report to include a performance graph of Investec plc's total shareholder return (TSR) performance against that of a broad market index. We found it difficult to locate an appropriate group of companies to benchmark ourselves against because of our specialist activities. A number of companies within the FTSE 350 General Finance Index conduct similar activities to us, although they do not necessarily have the same geographical profile. Nevertheless, we believe that this is the most appropriate index against which to measure our performance on the LSE.

The graph below shows the cumulative shareholder return for a holding of our shares (in blue) in Pounds Sterling on the LSE, compared to the average total shareholder return of other members of the FTSE 350 General Finance Index. It shows that, at 31 March 2008, a hypothetical £100 invested in Investec plc at the time of its listing on the LSE in July 2002 would have generated a total return of £248 compared with a return of £161 if invested in the FTSE 350 General Finance Index. Investec plc has therefore outperformed the FTSE 350 General Finance Index over the period.

During the period from 1 April 2007 to 31 March 2008, the return to shareholders of Investec plc (measured in Pounds Sterling) and Investec Limited (measured in Rands) was negative 44.8% and negative 34.8%, respectively. This compares to a negative return of 15.3% for the FTSE 350 General Finance Index.

The market price of our shares on the LSE was £3.39 as at 31 March 2008, ranging from a low of £2.94 to a high of £7.65 during the financial year. Furthermore, the market price of our shares on the JSE Limited was R57.43 as at 31 March 2008, ranging from a low of R50.90 to a high of R104.40 during the financial year.



Source: Datastream

Audited information

Director's annual remuneration

The following table shows a breakdown of the annual remuneration (excluding share based payments and equity awards) of directors for the year ended 31 March 2008:

Name	Salaries, directors fees and other remuneration 2008 £	Total other benefits 2008[3] £	Gross remuneration 2008[1/2] £	Annual bonus 2008 £	Total remuneration 2008 £	Total remuneration 2007[4] £
Executive directors						
S Koseff (Chief Executive Officer)	323 740	73 760	397 500	2 900 000	3 297 500	3 435 000
B Kantor (Managing Director)	370 236	37 723	407 959	2 900 000	3 307 959	3 435 000
GR Burger (Group Risk and Finance Director)	219 729	42 830	262 559	2 445 842	2 708 401	2 511 121
A Tapnack	258 333	30 844	289 177	750 000	1 039 177	1 323 304
Total Pounds Sterling	**1 172 038**	**185 157**	**1 357 195**	**8 995 842**	**10 353 037**	**10 704 425**
Non-executive directors						
HS Herman (Chairman)	340 000	-	340 000	-	340 000	340 000
SE Abrahams	171 826	-	171 826	-	171 826	152 471
GFO Alford	114 000	-	114 000	-	114 000	107 000
CA Carolus	51 572	-	51 572	-	51 572	45 000
H Fukuda OBE	50 000	-	50 000	-	50 000	45 000
GMT Howe	82 000	-	82 000	-	82 000	76 000
DE Jowell[5]	83 229	-	83 229	-	83 229	185 506
IR Kantor	58 500	-	58 500	-	58 500	53 000
Sir C Keswick	83 000	-	83 000	-	83 000	77 000
MP Malungani	57 862	-	57 862	-	57 862	53 965
Sir D Prosser	62 500	-	62 500	-	62 500	57 000
PRS Thomas	137 244	-	137 244	-	137 244	127 977
F Titi	132 968	-	132 968	-	132 968	53 966
Total Pounds Sterling	**1 424 701**	**-**	**1 424 701**	**-**	**1 424 701**	**1 373 885**
Total Pounds Sterling	**2 596 739**	**185 157**	**2 781 896**	**8 995 842**	**11 777 738**	**12 078 310**

Notes:

1 Gross remuneration comprises base salary and other benefits (see point 2 and 3 below).

2 Gross remuneration of S Koseff, B Kantor and A Tapnack has increased on average by approximately 5.0%. The gross remuneration of GR Burger is determined in Rands and converted into Pounds Sterling. In Rand terms GR Burger's gross remuneration increased by 6.5% from R2 625 000 to R2 795 833. Gross remuneration increases for other employees across the group have generally been in the range of 4% to 10% depending on where they are employed, and the increases awarded to executive directors are consistent with this.

3 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.

[4] A breakdown of the components of the reward packages for the executive directors in the 2007 financial year is as follows:

Name	Salary £	Total other benefits £	Gross remuneration £	Annual bonus £	Total remuneration £
Executive directors					
S Koseff (Chief Executive Officer)	315 644	69 356	385 000	3 050 000	3 435 000
B Kantor (Managing Director)	354 796	30 204	385 000	3 050 000	3 435 000
GR Burger (Group Risk and Finance Director)	212 944	48 177	261 121	2 250 000	2 511 121
A Tapnack	244 167	29 137	273 304	1 050 000	1 323 304
Total Pounds Sterling	1 127 551	176 874	1 304 425	9 400 000	10 704 425

[5] Resigned with effect from 30 September 2007.

Retirement benefits

None of the executive directors belong to a defined benefit pension scheme and all are members of one of our 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 tables above, is as follows:

Name	2008 £	2007 £
Executive directors		
S Koseff (Chief Executive Officer)	54 813	49 828
B Kantor (Managing Director)	27 563	21 021
GR Burger (Group Risk and Finance Director)	26 841	29 418
A Tapnack	25 833	24 417
Total Pounds Sterling	135 050	124 684

Executive directors' total assumed cost to company

The table below provides an indication of the total cost to the company in relation to executive directors' remuneration. Total cash payments and benefits reflect the information disclosed in the tables above. The IFRS accounting charge (in terms of IFRS 2) reflects the cost that has been expensed by the company in its income statement in the relevant period in relation to share options and long-term incentive awards that have been granted to the executives. Further details on these equity awards are provided in the tables that follow.

Name	Salary, bonus and other benefits 2008 £	Accounting IFRS charge in relation to equity awards 2008 £	Total assumed remuneration expense 2008 £	Salary, bonus and other benefits 2007 £	Accounting IFRS charge in relation to equity awards 2007 £	Total remuneration expense 2007 £
Executive directors						
S Koseff (Chief Executive Officer)	3 297 500	636 737	3 934 237	3 435 000	662 087	4 097 087
B Kantor (Managing Director)	3 307 959	633 809	3 941 768	3 435 000	653 331	4 088 331
GR Burger (Group Risk and Finance Director)	2 708 401	647 000	3 355 401	2 511 121	552 800	3 063 921
A Tapnack	1 039 177	170 075	1 209 252	1 323 304	179 591	1 502 895
Total Pounds Sterling	10 353 037	2 087 621	12 440 658	10 704 425	2 047 809	12 752 234

Directors' shareholdings, options and long-term incentive awards

The company's register of directors' interests contains full details of directors' shareholdings, options and long-term incentive awards. The tables that follow provide information on the directors' shareholdings, options and long-term incentive awards for the year ended 31 March 2008.

Directors' shareholdings in Investec plc and Investec Limited shares as at 31 March 2008

Name	Beneficial and non-beneficial interest Investec plc[2] 1 April 2007	Beneficial and non-beneficial interest Investec plc[2] 31 March 2008	% of shares in issue[1] Investec plc 31 March 2008	Beneficial and non-beneficial interest Investec Limited[3] 1 April 2007	Beneficial and non-beneficial interest Investec Limited[3] 31 March 2008	% of shares in issue[1] Investec Limited 31 March 2008
Executive directors						
S Koseff	4 845 383	4 886 633	1.2%	420 265	441 515	0.2%
B Kantor[4]	1 500	1 500	-	6 336 200	5 001 000	2.1%
GR Burger	2 410 095	2 530 095	0.6%	432 385	499 885	0.2%
A Tapnack	-	88 900	-	185 105	185 105	0.1%
Total number	**7 256 978**	**7 507 128**	**1.8%**	**7 373 955**	**6 127 505**	**2.6%**
Non-executive directors						
HS Herman	1 369 915	1 369 915	0.3%	44 525	44 525	-
SE Abrahams	30 000	30 000	-	-	-	-
GFO Alford	-	3 100	-	-	-	-
CA Carolus	-	-	-	-	-	-
H Fukuda OBE	5 000	5 000	-	-	-	-
GMT Howe	-	-	-	-	-	-
IR Kantor	1 380 066	1 512 570	0.4%	2 126 536	2 002 100	0.9%
Sir C Keswick	15 750	15 750	-	9 250	9 250	-
MP Malungani[5]	-	-	-	7 728 890	7 728 890	3.3%
Sir D Prosser	10 000	10 000	-	-	-	-
PRS Thomas	415 855	415 855	0.1%	255 955	255 955	0.1%
F Titi[5]	-	-	-	1 540 000	-	-
Total number	**3 226 586**	**3 362 190**	**0.8%**	**11 705 156**	**10 040 720**	**4.3%**
Total number	**10 483 564**	**10 869 318**	**2.6%**	**19 079 111**	**16 168 225**	**6.9%**

Notes:

1 The total number of Investec plc and Investec Limited shares in issue as at 31 March 2008 was 423.3 million and 234.3 million, respectively.

2 The market price of an Investec plc share as at 31 March 2008 was £3.39 (2007: £6.58), ranging from a low of £2.94 to a high of £7.65 during the financial year.

3 The market price of an Investec Limited share as at 31 March 2008 was R57.43 (2007: R93.30), ranging from a low of R50.90 to a high of R104.40 during the financial year.

4 In addition to his shareholdings reflected in the table above, B Kantor has an interest in Investec Limited shares via futures contracts, the details of which are as follows:
- B Kantor purchased single stock futures over 800 000 Investec Limited shares at a strike price of R62.30 per share.

5 In November 2003, Investec Limited concluded an empowerment transaction with Tiso Group (Tiso), Peu Group (Proprietary) Limited (Peu), a broad-based Entrepreneurship Development Trust and an Employee Share Trust in terms of which they acquired a 25.1% stake in the issued share capital of Investec Limited. MP Malungani is the Chairman of Peu and F Titi was the former Chief Executive Officer of Tiso. F Titi disposed of his entire interest in Tiso on 31 January 2008, resulting in his indirect interest in Investec Limited reducing to nil.

Directors' interest in preference shares as at 31 March 2008

Name	Investec Bank Limited 1 April 2007	Investec Bank Limited 31 March 2008	Investec Limited 1 April 2007	Investec Limited 31 March 2008	Investec plc 1 April 2007	Investec plc 31 March 2008
Executive directors						
S Koseff	4 000	4 000	3 000	3 000	21 198	21 198
Non-executive directors						
HS Herman	1 135	1 135	-	-	-	-

Notes:
- The market price of an Investec Bank Limited preference share as at 31 March 2008 was R91.00 (2007: R103.10).
- The market price of an Investec Limited preference share as at 31 March 2008 was R84.40 (2007: R95.00).
- The market price of an Investec plc preference share as at 31 March 2008 was R98.00 (2007: R124.99).

Directors' attributable interest in Investec plc and Investec Limited shares through a leveraged equity plan called Fintique II as at 31 March 2008

Name	Entitlement to Investec plc shares 1 April 2007	Entitlement to Investec plc shares 31 March 2008	Entitlement to Investec Limited shares 1 April 2007	Entitlement to Investec Limited shares 31 March 2008	Settlement period	Total entitlement (i.e. Investec plc and Investec Limited shares) - % interest in scheme 31 March 2008
Executive directors						
S Koseff	918 420	918 420	539 395	539 395	1 April 2008 to 31 July 2008	8.2%
B Kantor[1]	-	-	221 500	-	1 April 2008 to 31 July 2008	-
GR Burger	629 515	629 515	369 715	369 715	1 April 2008 to 31 July 2008	5.6%
A Tapnack	-	-	168 340	168 340	1 April 2008 to 31 July 2008	0.9%
Non-executive directors						
HS Herman	451 045	451 045	264 900	264 900	1 April 2008 to 31 July 2008	4.0%
Total number	**1 998 980**	**1 998 980**	**1 563 850**	**1 342 350**		**19.0%**

Notes:

- Fintique II was constituted on 31 July 1996, via a special purpose vehicle (SPV), initially available to 235 selected executives, senior managers and directors. Participants acquired units in the SPV, where the underlying instruments are compulsory convertible debentures, which convert into 4 430 Investec shares for every 1 000 units in Fintique II. The scheme was funded through cash contributions from participants and the upfront sale of the income stream on the debentures and the right to the redemption proceeds. A total of 4.0 million units were issued in terms of the scheme, converting into approximately 17.8 million shares.
- All the shares to which the directors are entitled in terms of the Fintique II scheme are fully tradable and so "fully vested" as the term is understood in the UK, and can be taken up at a price of R3.52 per share, based on the valuation of the scheme as at 31 March 2008. The market price of an Investec plc share and an Investec Limited share as at 31 March 2008 was £3.39 and R57.43, respectively. While the combined Investec plc and Investec Limited share entitlement will remain unchanged, the mix of Investec plc and Investec Limited shares may vary from time to time. The directors are at risk for any shortfall on maturity of the scheme.

[1] In terms of the scheme B Kantor disposed of his entitlements in respect of 221 500 Investec Limited shares at a market price of R61.61 per share on 28 February 2008. Following the disposal of the 221 500 Investec Limited shares, B Kantor has no remaining entitlements in terms of the Fintique II scheme.

Directors' interest in options as at 31 March 2008

Investec plc shares

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2007	Exercised during the year[1]	Options granted/ lapsed during the year	Balance at 31 March 2008	Market price at date of exercise[1]	Gross gains made on date of exercise[1]	Period exercisable
Executive directors									
S Koseff	20 Dec 2002	R22.39	41 250	41 250	-	-	R58.20	R1 477 162	
B Kantor	20 Dec 2002	£1.59	72 905	57 775	-	15 130	£4.18	£149 637	Vesting scale in terms of the scheme rules. Vesting ends 20 March 2012
GR Burger	20 June 2002	R32.90	78 750	78 750	-	-	R72.52	R3 120 075	
	20 Dec 2002	R22.39	41 250	41 250	-	-	R58.20	R1 477 162	
A Tapnack	28 June 2002	£2.10	59 070	59 070	-	-	£4.90	£165 396	Vesting scale in terms of the scheme rules. Vesting ends 20 March 2012
	20 Dec 2002	£1.59	72 905	57 775	-	15 130	£3.19	£92 440	

Directors' interest in options as at 31 March 2008 (continued)

Investec Limited shares

Name	Date of grant	Exercise price	Number of Investec Limited shares at 1 April 2007	Exercised during the year[1]	Options granted/ lapsed during the year	Balance at 31 March 2008	Market price at date of exercise[1]	Gross gains made on date of exercise[1]
Executive directors								
S Koseff	20 Dec 2002	R22.26	21 250	21 250	-	-	R59.29	R786 888
GR Burger	20 June 2002	R32.90	46 250	46 250	-	-	R72.40	R1 826 875
	20 Dec 2002	R22.26	21 250	21 250	-	-	R59.29	R786 888
A Tapnack	20 June 2002	R32.90	34 680	34 680	-	-	R72.40	R1 369 860

Notes:

No new option grants were made to executive directors during the financial year. The market price of an Investec plc share as at 31 March 2008 was £3.39 (2007: £6.58), ranging from a low of £2.94 to a high of £7.65 during the financial year. A total of 423.3 million Investec plc shares were in issue as at 31 March 2008. The market price of an Investec Limited share as at 31 March 2008 was R57.43 (2007: R93.30), ranging from a low of R50.90 to a high of R104.40 during the financial year. A total of 234.3 million Investec Limited shares were in issue as at 31 March 2008.

[1] Details with respect to options exercised:

- S Koseff exercised his options and bought 41 250 Investec plc shares and 21 250 Investec Limited shares on 18 January 2008, when the share price was R58.20 and R59.29 per Investec plc and Investec Limited share, respectively. The performance conditions with respect to these options were met.
- B Kantor exercised his options and bought 57 775 Investec plc shares on 18 January 2008, when the share price was £4.18 per share. The performance conditions with respect to these options were met.
- GR Burger exercised his options and bought 78 750 Investec plc shares and 46 250 Investec Limited shares on 18 September 2007, when the share price was R72.52 and R72.40 per Investec plc and Investec Limited share, respectively. GR Burger exercised his options and bought 41 250 Investec plc shares and 21 250 Investec Limited shares on 18 January 2008, when the share price was R58.20 and R59.29 per Investec plc and Investec Limited share, respectively. The performance conditions with respect to these options were met.
- A Tapnack exercised his options and bought a net 3 180 Investec plc shares and sold 34 680 Investec Limited shares on 18 September 2007, when the share price was £4.90 and R72.40 per Investec plc and Investec Limited share, respectively. A Tapnack exercised and bought 57 775 Investec plc shares on 19 March 2008, when the share price was £3.19 per share. The performance conditions with respect to these options were met.

General comments:

- S Koseff's and GR Burger's options were granted in terms of the Investec Limited Share Option and Purchase Scheme Trust 2002.
- B Kantor's and A Tapnack's options were granted in terms of the Investec plc Share Option Plan 2002.
- The options granted on 20 June 2002 and 20 December 2002 were made for no consideration.
- The options granted on 20 December 2002 have performance conditions attached which require growth in headline earnings per share over the relevant option period to equal or exceed the UK RPI plus 3% (compounded annually over the same period). There were no performance conditions attached to the options granted on 20 June 2002.

Directors' interest in the Share Matching Plan 2005 as at 31 March 2008

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2007[1]	Balance at 31 March 2008	Period exercisable
Executive directors					
S Koseff	21 Nov 05	£0.00	750 000	750 000	75% of the matching award is exercisable on 30 June 2009 and 25% on 30 June 2010
B Kantor	21 Nov 05	£0.00	750 000	750 000	75% of the matching award is exercisable on 30 June 2009 and 25% on 30 June 2010
GR Burger[1]	21 Nov 05	£0.00	600 000	600 000	75% of the matching award is exercisable on 30 June 2009 and 25% on 30 June 2010
	25 Jun 07	£0.00	-	150 000	75% of the matching award is exercisable on 25 June 2011 and 25% on 25 June 2012
A Tapnack	21 Nov 05	£0.00	200 000	200 000	75% of the matching award is exercisable on 30 June 2009 and 25% on 30 June 2010

Notes:

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

[1] GR Burger was awarded nil cost options over 150 000 Investec plc shares on 25 June 2007 and has pledged the equivalent number of shares in terms of the plan rules. The award is subject to performance conditions.

Summary: total interest in Investec plc and Investec Limited ordinary shares, options and long-term incentive awards as at 31 March 2008

Investec plc

Name	Beneficially and non-beneficially held	Fintique II	Options	Share Matching Plan	Balance at 31 March 2008	Balance at 31 March 2007
Executive directors						
S Koseff	4 886 633	918 420	-	750 000	6 555 053	6 555 053
B Kantor	1 500	-	15 130	750 000	766 630	824 405
GR Burger	2 530 095	629 515	-	750 000	3 909 610	3 759 610
A Tapnack	88 900	-	15 130	200 000	304 030	331 975
Total number	**7 507 128**	**1 547 935**	**30 260**	**2 450 000**	**11 535 323**	**11 471 043**

Summary: total interest in Investec plc and Investec Limited ordinary shares, options and long-term incentive awards as at 31 March 2008 (continued)

Investec Limited

Name	Beneficially and non-beneficially held	Fintique II	Options	Share Matching Plan	Balance at 31 March 2008	Balance at 31 March 2007
Executive directors						
S Koseff	441 515	539 395	-	-	980 910	980 910
B Kantor[1]	5 001 000	-	-	-	5 001 000	6 557 700
GR Burger	499 885	369 715	-	-	869 600	869 600
A Tapnack	185 105	168 340	-	-	353 445	388 125
Total number	**6 127 505**	**1 077 450**	**-**	**-**	**7 204 955**	**8 796 335**

Notes:
The total number of Investec plc and Investec Limited shares in issue as at 31 March 2008 was 423.3 million and 234.3 million, respectively. The market price of an Investec plc share as at 31 March 2008 was £3.39 (2007: £6.58), ranging from a low of £2.94 to a high of £7.65 during the financial year. The market price of an Investec Limited share as at 31 March 2008 was R57.43 (2007: R93.30), ranging from a low of R50.90 to a high of R104.40 during the financial year.

[1] In addition to his shareholdings reflected in the table above, B Kantor has an interest in Investec Limited shares via futures contracts, the details of which are as follows:
- B Kantor purchased single stock futures over 800 000 Investec Limited shares at a strike price of R62.30 per share.

Conclusion

The Remuneration Committee will continue to ensure that reward packages remain competitive, provide appropriate incentive for performance and take due regard of our culture, values and philosophies. The committee will keep the existing remuneration arrangements, as discussed in this report, under review during the 2009 financial year.

Our business responsibility

Our Business Responsibility

Taking stock

Just as international sustainability issues are showing signs of becoming mainstream, the realities of the global economic cycle have surfaced to push back against an excessive business focus on non-financial matters. Inevitably, fears about the deepening international global credit crunch, deteriorating health of the international banking system, sharply weakening economic and inflation outlook, and the rising threat of international protectionism, took precedence during the reporting period. Whereas this inevitably reduced some of the momentum that had previously built up around broader sustainability issues within business, the financial concerns of the period did not result in an outright reversal of focus on the non-financial components of sustainability. Rather, the period merely manifested a changed balance of emphasis, all the while within the broad realm of sustainability, and any tensions that may have arisen between the different elements during the period were clearly seen to be cyclical not structural.

From an Investec standpoint, the reporting period saw continued efforts at cementing and entrenching Our Business Responsibility within the bank. Increasingly understood as Investec's adopted terminology for sustainability, Our Business Responsibility has now come to be seen as the logical confluence between Profits, People and Planet.

Developments during the year

The detail pertaining to group-wide developments relating to the different aspects of Our Business Responsibility during the reporting period can be accessed in full elsewhere, on our website. The period saw continued solid progress on a broad array of fronts.

The non-financial dimensions of Our Business Responsibility saw continued focus on the many different aspects of our people and environmental endeavours, inside and outside the organisation. On the people front, continued internal focus on diversity, talent and leadership development commanded much time and attention, while our external people focus revolved around the developmental aspect of our CSI activities. Our environmental endeavours, everywhere, continued to gain traction.

Specific sustainability initiatives on the South African front during the period included a commissioned third-party review of the CIDA City Campus. Designed to provide assurance regarding both the financial and non-financial sustainability dimensions of the institution, the review was also intended to inform our continued involvement with CIDA in the context of so many competing demands on our resources. On the environmental front, South Africa launched an internal countrywide paper reduction campaign, aimed at effecting a 15% reduction in per capita consumption, the eventual outcome of which was a per capita decrease in consumption in excess of 20%. A new South African staff initiative, Team Green, modelled on the success of its Investec UK equivalent, was established to help change internal environmental behaviours. We also featured very strongly in this year's Financial Mail Top Empowerment Company awards, ranking sixth and placing first of the banking groups in the overall ranking.

On the UK front, traditional CSI activities remained an ongoing source of focus but an extensive review throughout the period may drive some strategic change in emphasis going forward. The UK's internal environmental activities, further established than elsewhere in the group, continued to win external plaudits and, for the second successive year, we featured very strongly in the prestigious City of London Prize, winning the Chairman's Cup.

Outside of our principal geographies, sustainability has been more a function of the financial prerequisites associated with the need to grow, build critical mass and ensure the successful integration of acquired business. However, here too, steps are being taken to broaden the understanding of Our Business Responsibility and to cement the notion of the triple bottom line.

Looking ahead

In seeking to demystify what sustainability means for our organisation, we have adopted the approach that Our Business Responsibility is not something that we are looking to do as an aside. Rather, in the context of the culture and values that drive our organisation, Our Business Responsibility is a logical extension of who we are and how we go about things. Indeed, increasingly within Investec, the recognition is that Our Business Responsibility is simply 'good business'.

As sustainability issues worldwide have become increasingly mainstream in recent years, so have they within Investec. There is now a more soundly based appreciation of our responsibilities as an effective corporate citizen. Having always had an innate sense of wanting to do the right thing, the adoption of a formal group philosophy in respect of Our Business Responsibility now not only seeks to align the interests of both shareholders and stakeholders over time, but provides the business units and regions with a framework of reference within which to determine their own approach.

This philosophy very simply states that 'in pursuit of sustainable profits, we seek to be a positive influence in all our business activities, in each of the societies in which we operate. We do this by empowering communities through entrepreneurship and education, recognising the true value of diversity and addressing the challenges posed by climate change, and our use of natural resources'.

Our Business Responsibility

From an overall group perspective, there is a certain asymmetry in our non-financial sustainability endeavours. South Africa, where our focus on sustainability has its roots, has long prioritised the social aspects of the triple bottom line, embracing only recently the environmental dimensions, whereas the emphasis has been exactly the other way around in our other principal geographies.

The social aspects which underpin our approach to Our Business Responsibility revolve around education and entrepreneurship. We boast a long-standing and credible track record whereby we have sought to satisfy unmet needs, principally in South Africa, by means of entrepreneurial flair and innovation (examples are the CIDA City Campus and The Business Place). On the Black Economic Empowerment front, too, we have been consistently proactive, and are a recognised leader in the identification, financing, creation and replication of BEE platforms within South Africa.

Outside of South Africa, the other principal geographies are also beginning to focus more attention on the specific social dynamics within their respective operating environments and drawing where possible on the essence of the group approach. As has been the case in South Africa, education and entrepreneurship are being singled out for pursuit, with the same regional desire for active engagement.

The environmental dimensions of sustainability remain an incremental advance for us. As a specialist bank, we continue to ponder the ramifications, and value-add, of signing up to inviolable commitments around our carbon-emissions or financing status. That said, we have actively explored, and continue to explore, ways in which we can address our own internal behaviours, and are looking to cement, in a more structured way, an understanding of the risks posed by environmental considerations. All regions are now looking to begin the exercise of measuring their respective carbon footprint, and the pursuit of commercial opportunity within the environmental space is well understood, and selectively pursued.

The ongoing electricity crisis in South Africa has highlighted the need to preserve energy and this theme, which will also translate well outside of South Africa, will represent the next phase in our group-wide internal environmental awareness campaign. Beyond that, the year ahead will see continued focus on the many multifaceted sub-components of sustainability, on the recognition that the business units will be the primary driver of our energies on this front, with the centre merely seeking to maintain responsibility for oversight, coordination and integration.

Having accomplished the goal of re-energising our sustainability efforts in the past year, and formally incorporating the missing component of the environment, we have now built an appropriate platform from which to progress further. Our more comprehensive, widespread and mature understanding of Our Business Responsibility will provide us with the sense of purpose to guide our continued sustainability journey and, the vagaries of the economic cycle permitting, the year ahead will enable us to make additional advances.

The 2008 Our Business Responsibility report can be accessed on our website at www.investec.com/grouplinks/obr

Additional information

Shareholder analysis

We have implemented a Dual Listed Companies (DLC) structure in terms of which we have primary listings both in Johannesburg and London. Investec plc, which houses the majority of our non-Southern African businesses, was listed on the London Stock Exchange on 29 July 2002. Investec plc also has a secondary listing on the JSE Limited (JSE). Investec Limited, which houses our Southern African and Mauritius operations, has been listed in South Africa since 1986.

As at 31 March 2008 Investec plc and Investec Limited had 423.3 million and 234.3 million ordinary shares in issue, respectively.

Spread of ordinary shareholders as at 31 March 2008

Investec plc ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
6 164	1 to 500	32.6	1 765 234	0.4
4 385	501 to 1 000	23.2	3 477 335	0.8
5 596	1 001 to 5 000	29.6	13 235 804	3.1
1 026	5 001 to 10 000	5.3	7 664 017	1.8
1 031	10 001 to 50 000	5.4	23 804 401	5.6
257	50 001 to 100 000	1.4	17 990 847	4.2
464	100 001 and over	2.5	355 381 861	84.1
18 923		**100.0**	**423 319 499**	**100.0**

Investec Limited ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
4 235	1 to 500	41.3	1 070 304	0.5
2 105	501 to 1 000	20.5	1 631 496	0.7
2 588	1 001 to 5 000	25.3	5 911 003	2.5
446	5 001 to 10 000	4.4	3 278 657	1.4
514	10 001 to 50 000	5.0	11 844 549	5.1
142	50 001 to 100 000	1.4	10 368 935	4.4
218	100 001 and over	2.1	200 206 370	85.4
10 248		**100.0**	**234 311 314**	**100.0**

Shareholder classification as at 31 March 2008

	Investec plc number of shares	% holding	Investec Limited number of shares	% holding
Public*	410 337 813	96.9	191 902 690	81.9
Non-public	12 981 686	3.1	42 408 624	18.1
Non-executive directors of Investec plc/Investec Limited**	3 362 190	0.8	2 311 830	1.0
Executive directors of Investec plc/Investec Limited	*7 507 128	1.8	6 127 505	2.6
Investec staff share schemes	2 112 368	0.5	20 913 734	8.9
Peu Group (Proprietary) Limited**	-	-	13 055 555	5.6
Total	**423 319 499**	**100.0**	**234 311 314**	**100.0**

* As per the JSE Limited listing requirements.

** In November 2003, Investec implemented an empowerment transaction. The shareholding of MP Malungani (non-executive director of Investec) is shown under the holding of Peu Group (Proprietary) Limited.

Shareholder analysis

Largest shareholders as at 31 March 2008

In accordance with the terms provided for in Section 793 of the UK Companies Act 2006 and Section 140A of the South African Companies Act, 1973, we have conducted investigations into the registered holders of our ordinary shares (including nominee and asset management companies) and the results are as disclosed below.

Investec plc

Shareholder analysis by manager group	Number of shares	% holding
1 Public Investment Commissioner (ZA)	38 386 376	9.1
2 Old Mutual Asset Managers (ZA)	30 738 426	7.3
3 Investec Securities (Pty) Limited (ZA)*	27 170 269	6.4
4 Legal & General Investment Mgmt Ltd (UK)	19 383 804	4.6
5 Coronation Fund Managers (ZA)	19 212 614	4.5
6 RMB Asset Management (ZA)	15 332 295	3.6
7 JP Morgan Asset Management (UK)	14 320 783	3.4
8 Jupiter Asset Management Limited (UK)	13 173 074	3.1
9 Investec Asset Management (ZA)*	10 663 833	2.5
10 Sanlam Investment Management (ZA)	10 232 649	2.4
Cumulative total	**198 614 123**	**46.9**

The top 10 shareholders account for 46.9% of the total shareholding in Investec plc. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

Investec Limited

Shareholder analysis by manager group	Number of shares	% holding
1 Public Investment Commissioner (ZA)	28 825 669	12.3
2 Investec Staff Share Schemes (ZA)	20 913 734	8.9
3 Investec Asset Management (ZA)*	15 778 185	6.7
4 STANLIB Asset Management (ZA)	15 671 328	6.7
5 Tiso INL Investments (Pty) Ltd (ZA)**	14 000 000	6.0
6 Entrepreneurial Development Trust (ZA)**	14 000 000	6.0
7 Peu INL Investment 1 (Pty) Ltd (ZA)**	13 055 555	5.6
8 Old Mutual Asset Managers (ZA)	11 452 929	4.9
9 Investec Securities (Pty) Limited (ZA)*	8 843 792	3.8
10 RMB Asset Management (ZA)	7 147 243	3.1
Cumulative total	**149 688 435**	**64.0**

The top 10 shareholders account for 64.0% of the total shareholding in Investec Limited. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

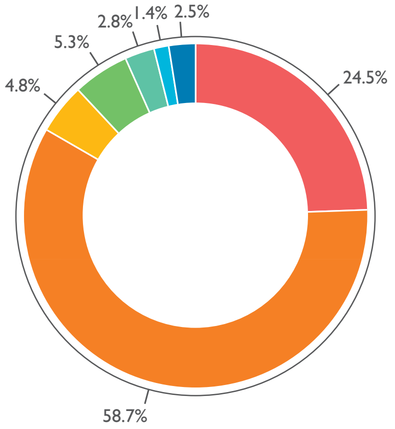
* Managed on behalf of clients.

** In November 2003, Investec Limited implemented an empowerment transaction in which empowerment partners and an employee share scheme acquired 25.1% of the equity shareholding in Investec Limited.

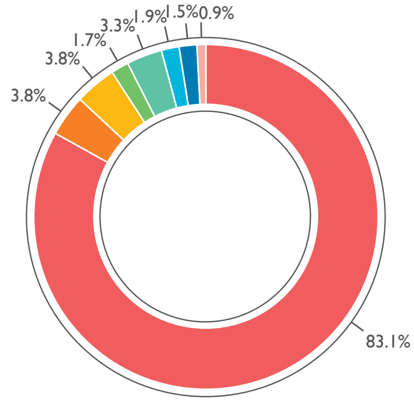
Shareholder analysis

Geographic holding by beneficial owner as at 31 March 2008

Investec plc



Investec Limited



Share statistics

Investec plc ordinary shares in issue

For the year ended 31 March[1]	2008	2007	2006	2005	2004	2003
Closing market price per share (Pounds)[2]						
- year end	3.39	6.58	5.88	3.11	2.18	1.23
- highest	7.65	6.76	6.07	3.47	2.36	1.92
- lowest	2.94	4.95	3.04	1.84	1.22	1.21
Number of ordinary shares in issue (million)[2]	423.3	381.6	373.0	373.0	373.0	373.0
Market capitalisation (£'million)[3]	1 435	2 511	2 194	1 160	812	459
Daily average volume of shares traded ('000)	3 925.9	2 832.5	1 489.0	741.0	498.0	349.5
Price earnings ratio[4]	6.0	12.4	14.0	11.6	10.5	6.3
Dividend cover (times)[4]	2.3	2.3	2.3	2.0	1.8	1.8
Dividend yield (%)[4]	7.4	3.5	3.1	4.3	5.3	8.8
Earnings yield (%)[4]	16.7	8.1	7.1	8.6	9.5	15.6

Investec Limited ordinary shares in issue

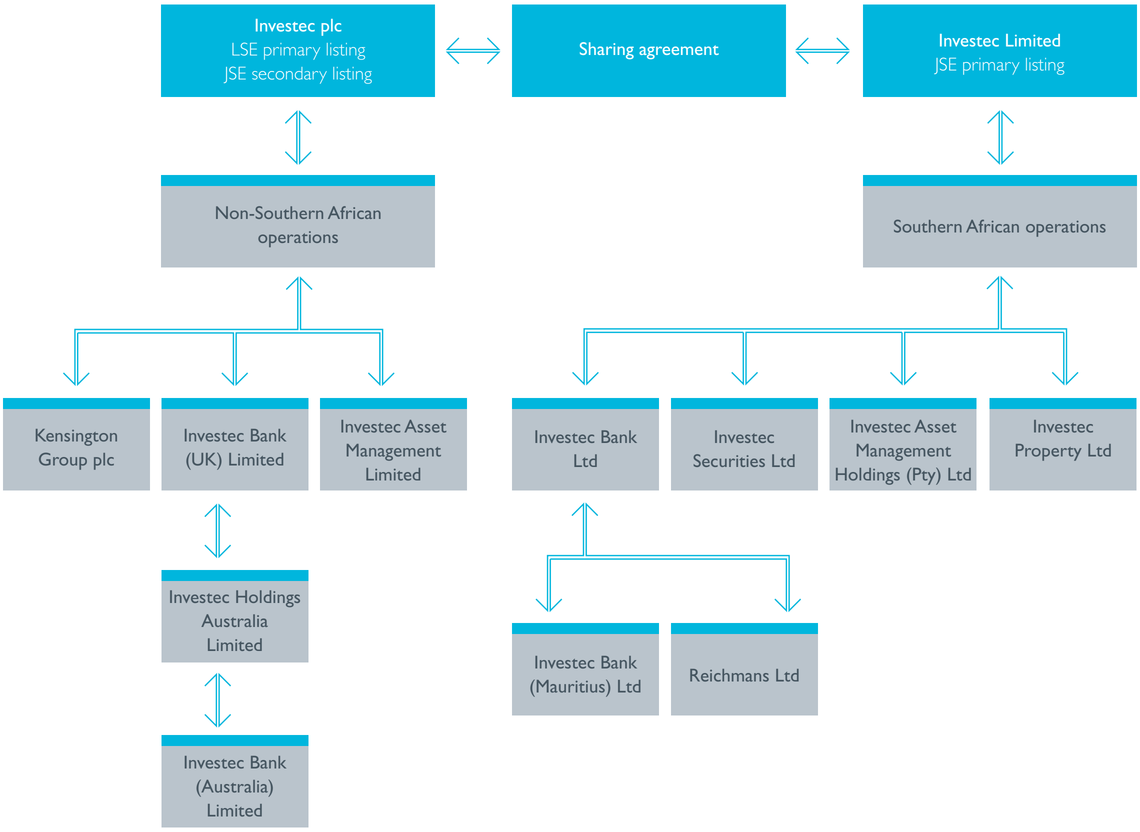
For the year ended 31 March	2008	2007	2006	2005	2004	2003
Closing market price per share (Rands)[2]						
- year end	57.43	93.30	62.60	35.60	25.06	15.30
- highest	104.40	94.60	66.50	38.00	30.20	34.88
- lowest	50.90	59.06	34.10	21.56	15.50	15.30
Number of ordinary shares in issue (million)[2]	234.3	227.7	220.0	220.0	220.0	192.0
Market capitalisation (R'million)[5]	37 766	56 848	37 121	21 111	14 860	8 645
Market capitalisation (£'million)	2 229	4 009	3 488	1 844	1 292	695
Daily average volume of shares traded ('000)	840.6	619.7	478.0	510.5	495.0	527.0

Notes:

1. Investec plc has been listed on the LSE since 29 July 2002.
2. On 4 September 2006 we implemented a 5:1 share split of Investec plc and Investec Limited shares. Historical information has been restated for comparative purposes.
3. The LSE only include the shares in issue for Investec plc i.e. 423.3 million, in calculating market capitalisation, as Investec Limited is not incorporated in the UK.
4. Calculations are based on the group's consolidated earnings per share before goodwill and non-operating items and dividends per share as prepared in accordance with IFRS and denominated in Pounds Sterling.
5. The JSE have agreed to use the total number of shares in issue for the combined group, comprising Investec Limited and Investec plc, in calculating market capitalisation i.e. a total of 657.6 million shares in issue.

Organisational structure

The diagram below depicts our DLC structure and our main operating subsidiaries.



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

The directorate of the main operating entities and subsidiaries are indicated on the pages that follow.

Directorate Investec plc and Investec Limited

Executive directors

Name	Age at 31 March 2008	Qualifications	Current directorships	Investec committee membership	Brief biography
Chief Executive Officer Stephen Koseff	56	BCom CA (SA) H Dip BDP MBA	The Bidvest Group Limited, JSE Limited, Rensburg Sheppards plc and a number of Investec subsidiaries	Board Risk and Capital Committee and DLC Capital Committee	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.
Managing director Bernard Kantor	58	CTA	Phumelela Gaming and Leisure Limited, Rensburg Sheppards plc and a number of Investec subsidiaries	Board Risk and Capital Committee and DLC Capital Committee	Bernard joined Investec in 1980. He has had varied experience within Investec as a Manager of the Trading division, Marketing Manager and Chief Operating Officer.
Group Risk and Finance director Glynn R Burger	51	BAcc CA(SA) H Dip BDP MBL	Investec Bank Limited and a number of Investec subsidiaries	Board Risk and Capital Committee and DLC Capital Committee	Glynn joined Investec in 1980. His positions within Investec have included Chief Accounting Officer, Group Risk Manager and Joint Managing Director for South Africa.
Alan Tapnack	61	BCom CA (SA)	Investec Bank (UK) Limited and a number of Investec subsidiaries	Board Risk and Capital Committee and DLC Capital Committee	Alan is a former partner of Price Waterhouse and former Managing Director of Grey Phillips Bunton Mundell and Blake, a leading South African marketing services group. Alan joined Investec in 1991 and has held the positions of Chief Finance Officer and Chief Executive Officer of Investec Bank (UK) Limited and Chief Executive Officer of Investec's UK operations.

Directorate Investec plc and Investec Limited

Non-executive directors

Name	Age at 31 March 2008	Qualifications	Current directorships	Investec committee membership	Brief biography
Non-executive Chairman Hugh S Herman	67	BA LLB LLD (hc)	Growthpoint Properties Limited, Pick 'n Pay Holdings Limited, Pick 'n Pay Stores Limited and a number of Investec subsidiaries	DLC Nomination and Directors' Affairs Committee	Hugh practised as an attorney before joining Pick 'n Pay, a leading South African retail group, where he became Managing Director.
Sam E Abrahams	69	FCA CA (SA)	Investec Bank Limited, Foschini Limited, Super Group Limited and Phumelela Gaming and Leisure Limited	DLC Audit Committee, Investec plc Audit Committee, Investec Limited Audit Committee, DLC Nomination and Directors' Affairs Committee, Board Risk and Capital Committee and DLC Capital Committee	Sam is a former international partner and Auditing South African Managing Partner of Arthur Andersen.
George FO Alford	59	BSc (Econ) FCIS FIPD MSI	Investec Bank (UK) Limited	DLC Audit Committee, Investec plc Audit Committee Investec Limited Audit Committee, Remuneration Committee and Board Risk and Capital Committee	George is a former Head of Private Banking and Personnel at Kleinwort Benson Group and was a senior advisor to the UK Financial Services Authority.
Cheryl A Carolus	49	BA (Law) B Ed	De Beers Consolidated Mines Limited, The IQ Business Group (Pty) Limited, Fenner Conveyor Belting South Africa (Pty) Limited, Ponahalo Capital (Pty) Ltd, Investec Asset Management Holdings (Pty) Ltd and Executive Chairperson of Peotona Group Holdings (Pty) Limited	-	Cheryl acted as the South African High Commissioner to London between 1998 and 2001 and was Chief Executive Officer of South African Tourism. She is Chairperson of South African National Parks.

Directorate Investec plc and Investec Limited

Non-executive directors

Name	Age at 31 March 2008	Qualifications	Current directorships	Investec committee membership	Brief biography
Haruko Fukuda OBE	61	MA (Cantab) DSc	Chairman Caliber Global Investments Ltd, Aberdeen Asian Smaller Companies Investment Trust PLC. She is an adviser to Metro AG, Centaurus Capital Ltd and Aspis Bank SA	-	Haruko was previously Chief Executive Officer of the World Gold Council, and senior advisor at Lazard. She is former vice Chairman of Nikko Europe plc and a partner of James Capel & Co and a former director of AB Volvo and of Foreign and Colonial Investment Trust plc.
Geoffrey MT Howe	58	MA (Hons)	Jardine Lloyd Thompson Group plc (Chairman) and Nationwide Building Society (Chairman)	DLC Audit Committee, Investec plc Audit Committee, Investec Limited Audit Committee, Remuneration Committee and Board Risk and Capital Committee	Geoffrey is a former Managing Partner of Clifford Chance LLP and was Director and Group General Counsel of Robert Fleming Holdings Ltd. He is also a former Chairman of Railtrack Group plc.
Ian R Kantor	61	BSc (Eng) MBA	Insinger de Beaufort Holdings SA (in which Investec holds an 9.2% interest), Bank Insinger de Beaufort NV where he is Chairman of the management board	-	Former Chief Executive of Investec Limited.
Senior independent director					
Sir Chips Keswick	68	-	Investec Bank (UK) Limited, De Beers SA, Arsenal Holdings Plc and Arsenal Football Club Plc	DLC Audit Committee, Investec plc Audit Committee, Investec Limited Audit Committee, Remuneration Committee, DLC Nomination and Directors' Affairs Committee and Board Risk and Capital Committee	Sir Chips is former Chairman of Hambros Bank Limited and Hambros PLC and a former director of Anglo American plc. He was on the Court of the Bank of England.

Additional information

Directorate Investec plc and Investec Limited

Non-executive directors

Name	Age at 31 March 2008	Qualifications	Current directorships	Investec committee membership	Brief biography
M Peter Malungani	50	BCom MAP LDP	Super Group Limited (Chairman), Phumelela Gaming and Leisure Limited (Chairman), Investec Bank Limited, Investec Asset Management Holdings (Pty) Limited, Peu Group (Pty) Limited and a number of Peu subsidiaries	Board Risk and Capital Committee	Peter is Chairman and founder of Peu Group (Pty) Limited.
Sir David Prosser	64	BSc (Hons) FIA	Pippbrook Limited, Epsom Downs Racecourse Limited, The Royal Automobile Club Limited and Intercontinental Hotels Group PLC	DLC Audit Committee, Investec plc Audit Committee and Investec Limited Audit Committee	Sir David was previously Chief Executive of Legal & General Group PLC, joining Legal & General in 1998 as Group Director (Investments) becoming Deputy Chief Executive in January 1991 and Group Chief Executive in September 1991. Sir David was previously Chairman of the Financial Services Skills Council.
Peter RS Thomas	63	CA (SA)	Investec Bank Limited, various Investec companies and JCI Limited	DLC Audit Committee, Investec plc Audit Committee, Investec Limited Audit Committee, Board Risk and Capital Committee and DLC Nomination and Directors' Affairs Committee. Peter is the director responsible for our Sustainability process.	Peter was the former Managing Director of The Unisec Group Limited.
Fani Titi	45	BSc (Hons) MA MBA	Investec Bank Limited (Chairman), AECI Limited and Investec Asset Management Holdings (Pty) Ltd	Board Risk and Capital Committee and DLC Nomination and Directors' Affairs Committee	Fani is Chairman of Investec Bank Limited and was the former Chairman of Tiso Group Limited.

Notes:
- Donn Jowell resigned with effect from 30 September 2007.
- The dates on which the directors were appointed to the boards of Investec plc and Investec Limited can be found on page 151.
- Details of the Investec committees can be found on pages 155 to 161.

Directorate

Investec Bank Ltd

A subsidiary of Investec Limited

Fani Titi (45)
BSc (Hons) MA MBA
Non-Executive Chairman (appointed 1 June 2007)

David M Lawrence (57)
BA(Econ) (Hons) MCom
Deputy Chairman

Sam E Abrahams (69)
FCA CA(SA)

Glynn R Burger (51)
BAcc CA(SA) H Dip BDP MBL

Richard MW Dunne (60)*
CA(SA)

Bernard Kantor (58)
CTA

Stephen Koseff (56)
BCom CA(SA) H Dip BDP MBA

M Peter Malungani (50)
BCom MAP LDP

Karl-Bart XT Socikwa (39)
BCom LLB MAP IPBM

Bradley Tapnack (61)
BCom CA(SA)

Peter R S Thomas (63)
CA(SA)

C Busi Tshili (44)
CA(SA)

Donn Jowell resigned with effect from 30 September 2007.
Hugh Herman resigned with effect from 1 June 2007.
* Appointed with effect from 2 June 2008.

Investec Asset Management Holdings (Pty) Ltd

A subsidiary of Investec Limited

Hugh S Herman (67)
BA LLB LLD (hc)
Non-Executive Chairman

Hendrik J du Toit (46)
BCom (Law) BCom Hons (cum laude) MCom (cum laude)
MPhil (Cambridge)
Chief Executive Officer

Cheryl A Carolus (49)
BA (Law) B Ed

Gail Daniel (40)
BA (Hons) MBA

Domenico Ferrini (39)
BCom

Jeremy B Gardiner (42)**
BCom (Hons)

Noluthando P Gosa (45)
BA (Hons) MBA

John C Green (42)
BCom LLB

Bernard Kantor (58)
CTA

Thabo Khojane (35)
BA (Econ) (Hons) BSc (Eng)

Stephen Koseff (56)
BCom CA(SA) H Dip BDP MBA

M Peter Malungani (50)
BCom MAP LDP

Kim M McFarland (43)
BAcc BCom CA(SA) MBA

John T McNab (41)
BEng MEng CFA

Bradley Tapnack (61)
BCom CA(SA)

Fani Titi (45)
BSc (Hons) MA MBA

** Appointed with effect from 1 April 2008.

Directorate

Investec Securities Ltd

A subsidiary of Investec Limited

Andrew WJ Leith (48)^
BCom CA(SA)
Chairman

Sam E Abrahams (69)
FCA CA(SA)

Reginald S Berkowitz (71)
Natal Law Certificate

Henry E Blumenthal (49)
BCom BAcc CA(SA)

Kevin Brady (41)
BA (Hons)

Joubert D Hay (42)*
BCom (Hons) (Acc) CA(SA)

Stephen Koseff (56)
BCom CA(SA) H Dip BDP MBA

Kevin P McKenna (41)
CA(SA)

* Appointed with effect from 31 July 2007.
^ Appointed with effect from 1 April 2007.

Investec Property Ltd

A subsidiary of Investec Limited

Stephen Koseff (56)
BCom CA(SA) H Dip BDP MBA
Chairman

Glynn R Burger (51)
BAcc CA(SA) H Dip BDP MBL

Angelique N du Hecquet De Rauville (33)
BSSc, FSA, FSB

Dave AJ Donald (57)
BCom CA H Dip Tax Law

Sam Hackner (52)
BCom (Hons) CA(SA)

Sam R Leon (58)
LLB (London)

Robin Magid (35)**
BCom

David M Nurek (58)
Dip Law Dip Advanced Company Law

Ronnie Sevitz (64)

David Kuper, previous Chairman, passed away on 20 August 2007.
** Appointed with effect from 7 December 2007.

Directorate

Investec Bank (Mauritius) Ltd

A subsidiary of Investec Bank Ltd

David M Lawrence (57)
BA(Econ) (Hons) MCom
Chairman

Pierre de Chasteigner du Mee (55)
ACEA FBIM FMAAT

Angelique A Desvaux de Marigny (32)
LLB, Barrister-at-Law
Maitrise en Droit (Université de Paris I-Panthéon - Sorbonne)

Hugh S Herman (67)
BA LLB LLD (hc)

Craig C McKenzie (47)
BSc MSc CFA

Peter RS Thomas (63)
CA(SA)

David M van der Walt (43)
BCom (Hons) CA(SA)

Investec Bank (UK) Limited

A subsidiary of Investec plc

Hugh S Herman (67)
BA LLB LLD (hc)
Non-Executive Chairman

Bradley Fried (42)
BCom CA(SA) MBA
Chief Executive Officer

George F O Alford (59)
BSc (Econ) FCIS FIPD MSI

Bernard Kantor (58)
CTA

Ian R Kantor (61)
BSc(Eng) MBA

Sir Chips Keswick (68)

Stephen Koseff (56)
BCom CA(SA) H Dip BDP MBA

Alan Tapnack (61)
BCom CA(SA)

David M van der Walt (43)
BCom (Hons) CA (SA)

Ian R Wohlman (53)
ACIB

Directorate

Investec Asset Management Limited

A subsidiary of Investec plc

Hugh S Herman (67)
BA LLB LLD (hc)
Non-Executive Chairman

Hendrik J du Toit (46)
BCom (Hons, cum laude) MCom (cum laude) MPhil (Cambridge)
Chief Executive Officer

David J Aird (41)
BA (Hons)

Domenico Ferrini (39)
BCom

Howard E Flight (59)
MA MBA

Luc JJJ van Hoof (55)

Bernard Kantor (58)
CTA

Stephen Koseff (56)
BCom CA(SA) H Dip BDP MBA

Kim M McFarland (43)
BAcc CA(SA) MBA

Mark I Samuelson (43)
BCom CFA

Philip GS Saunders (50)
MA (Hons)

Bradley Tapnack (61)
BCom CA(SA)

Investec Bank (Australia) Limited

A subsidiary of Investec Bank (UK) Limited

David M Gonski (54)
BCom LLB
Non-Executive Chairman

Geoffrey Levy AO (49)
BCom LLB FFIN
Non-Executive Deputy Chairman

Brian M Schwartz (55)
FCA
Chief Executive Officer

Alan H Chonowitz (53)
BAcc MCom CA(SA)

Stephen Koseff (56)
BCom CA(SA) H Dip BDP MBA

Richard A Longes (62)
BA LLB MBA

Robert C Mansfield (56)
BCom FCPA

John W Murphy (55)
BCom MCom ACA FASA

Kathryn Spargo (56)
BA LLB (Hons)

Bradley Tapnack (61)
BCom CA(SA)

Peter RS Thomas (63)
CA(SA)

Financial statements

Directors' report

Extended business review

We are an international, specialist banking group that provides a diverse range of financial products and services to a niche client base in three principal markets, the UK, South Africa and Australia, as well as certain other markets. We are organised into five principal business divisions: Private Client Activities, Capital Markets, Investment Banking, Asset Management and Property Activities. In addition, our head office provides certain group-wide integrating functions such as Risk Management, Information Technology, Finance, Investor Relations, Marketing, Human Resources and Organisational Development. It is also responsible for our central funding as well as other activities, such as trade finance.

The operating financial review on pages 6 to 9 provides an overview of the our strategic position, performance during the financial year and outlook for the business. It should be read in conjunction with the sections on pages 10 to 196 which elaborate on the aspects highlighted in this review.

The directors' report deals with the requirements of the combined consolidated Investec group, comprising the legal entities Investec plc and Investec Limited.

Authorised and issued share capital

Investec plc and Investec Limited

Details of the share capital are set out in note 35 to the financial statements.

Investec plc

During the year the following shares were issued:
- 3 003 040 ordinary shares on 25 June 2007 at 213 pence per share.
- 3 772 740 special converting shares on 25 June 2007 at par.
- 37 449 427 ordinary shares on 8 August 2007 at 587.5 pence.
- 1 253 825 ordinary shares on 23 November 2007 at 196 pence per share.
- 2 867 154 special converting shares on 23 November 2007 at par.

Investec Limited

During the year the following shares were issued:
- Allotment on 20 June 2007 and issue on 25 June 2007 of 3 772 740 ordinary shares of R0.0002 each at a premium of R32.4098 per share (total issue price of R32.41 per share).
- Allotment on 20 June 2007 and issue on 25 June 2007 of 3 003 040 special convertible redeemable preference shares at par.
- Allotment and issue on 8 August 2007 of 37 449 427 special convertible redeemable preference shares at par.
- Allotment and issue on 23 November 2007 of 2 867 154 ordinary shares of R0.0002 each at a premium of R25.0498 per share (total issue price of R25.05 per share).
- Allotment and issue on 23 November 2007 of 1 253 825 special convertible redeemable preference shares at par.

Financial results

The combined results of Investec plc and Investec Limited are set out in the financial statements and accompanying notes for the year ended 31 March 2008.

Ordinary dividends

Investec plc

An interim dividend was declared to shareholders as follows:
- 11.5 pence per ordinary share to non-South African resident shareholders (2007: 10 pence) registered on 14 December 2007.
- to South African resident shareholders registered on 14 December 2007, a dividend paid by Investec Limited on the SA DAS share, equivalent to 5.5 pence per ordinary share and 6 pence per ordinary share paid by Investec plc.

The dividends were paid on 21 December 2007.

Directors' report

The directors have proposed a final dividend to shareholders registered on 25 July 2008, which is subject to the approval of the members of Investec plc at the Annual General Meeting which is scheduled to take place on 7 August 2008 and, if approved, will be paid on 12 August 2008 as follows:

- 13.5 pence per ordinary share to non-South African resident shareholders (2007: 13 pence) registered on 25 July 2008.
- to South African resident shareholders registered on 25 July 2008, a dividend paid by Investec Limited on the SA DAS share, equivalent to 9.0 pence per ordinary share and 4.5 pence per ordinary share paid by Investec plc.

Shareholders in Investec plc will receive a distribution of 13.5 pence (2007: 13 pence) per ordinary share.

Investec Limited

An interim dividend of 159.5 cents per ordinary share (2006: 138 cents) was declared to shareholders registered on 14 December 2007 and was paid on 21 December 2007.

The directors have proposed a final dividend of 202 cents per ordinary share (2007: 180 cents) to shareholders registered on 25 July 2008 to be paid on 12 August 2008. The final dividend is subject to the approval of members of Investec Limited at the Annual General Meeting scheduled for 7 August 2008.

The holders of 3 700 000 Investec Limited shares have agreed to waive their rights to dividends payable up to 31 March 2008.

Preference dividends

Investec plc

Perpetual preference shares

Preference dividend number 3 for the period 1 April 2007 to 30 September 2007, amounting to 32.93 pence per share, was declared to members holding preference shares registered on 30 November 2007 and was paid on 11 December 2007.

Preference dividend number 4 for the period 1 October 2007 to 31 March 2008, amounting to 32.67 pence per share, was declared to members holding preference shares registered on 20 June 2008 and will be paid on 3 July 2008.

Preferred securities

The third annual distribution, fixed at 7.075 per cent, on the €200 million fixed/floating rate, guaranteed, non-voting, non-cumulative perpetual preferred callable securities issued by Investec Tier 1 (UK) LP on 24 June 2005, is due on 24 June 2008 and will be paid on 24 June 2008.

Investec Limited

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

Preference dividend number 6 for the period 1 April 2007 to 30 September 2007 amounting to 454.04 cents per share was declared to members holding preference shares registered on 30 November 2007 and was paid on 11 December 2007.

Preference dividend number 7 for the period 1 October 2007 to 31 March 2008 amounting to 501.41 cents per share was declared to members holding preference shares registered on 20 June 2008 and will be paid on 3 July 2008.

Redeemable cumulative preference shares

Dividends amounting to R38 108 887.64 were paid on the redeemable cumulative preference shares.

Directors and secretaries

Details of directors and secretaries of Investec plc and Investec Limited are reflected on pages 189 to 192 and at the beginning of the annual report.

In accordance with the Articles of Association, SE Abrahams, CA Carolus, H Fukuda OBE, HS Herman, GMT Howe, B Kantor, IR Kantor, Sir Chips Keswick, MP Malungani and PRS Thomas retire by rotation at the forthcoming Annual General Meeting but, being eligible, offer themselves for re-election.

DE Jowell resigned as a director of Investec plc and Investec Limited with effect from 30 September 2007.

Directors and their interests

Directors' shareholdings and options to acquire shares are set out on pages 176 to 182.
The register of directors' interests contains full details of directors' shareholdings and options to acquire shares.

Share incentive trusts

Details regarding options granted during the year are set out on pages 234 and 235.

Audit Committee

The Audit Committee comprising non-executive directors meets regularly with senior management, the external auditors, Operational Risk, Internal Audit, Group Compliance and the Finance division, to consider the nature and scope of the audit reviews and the effectiveness of our risk and control systems. Further details on the role and responsibility of the Audit Committee are set out on page 155.

Auditors

Ernst & Young LLP and Ernst & Young Inc. have indicated their willingness to continue in office as auditors of Investec plc and Investec Limited respectively. A resolution to reappoint them as auditors will be proposed at the next Annual General Meeting scheduled to take place on 7 August 2008.

Contracts

Refer to page 169 for details of contracts with directors.

Subsidiary and associated companies

Details of principal subsidiary and associated companies are reflected on pages 279 and 280.

Major shareholders

The largest shareholders of Investec plc and Investec Limited are reflected on page 186.

Special resolutions

Investec plc

At the Annual General Meeting held on 8 August 2007, special resolutions were passed in terms of which:
- A renewable authority was granted to Investec plc to acquire its own shares in terms of Section 166 of the Companies Act, 1985.
- A renewable authority was granted to Investec plc to allot equity securities of the company for cash without application of the pre-emption rights provided by section 89 of the UK Companies Act, 1985.
- An amendment was made to Article 85 of the Articles of Association of Investec plc to reflect the implementation of a policy in accordance with the best practice principles of corporate governance requiring non-executive directors serving more than 9 (nine) years to seek annual re-election and that all eligible directors retiring by rotation, could offer themselves for re-election.

Investec Limited

At the Annual General Meeting held on 8 August 2007, the following special resolutions were passed in terms of which:
- A renewable authority was granted to Investec Limited and its subsidiaries to acquire its own ordinary and non-redeemable, non-cumulative, non-participating preference shares in terms of Section 85 and 89 of the South African Companies Act No 61 of 1973.
- An amendment was made to Article 85 of the Articles of Association of Investec Limited to reflect the implementation of a policy in accordance with the best practice principles of corporate governance requiring non-executive directors serving more than 9 (nine) years to seek annual re-election and that all eligible directors retiring by rotation, could offer themselves for re-election.

Directors' report

Accounting policies and disclosure

Accounting policies are set having regard to commercial practice and comply with applicable United Kingdom and South African law and International Financial Reporting Standards. These policies are set out on pages 213 to 223.

Creditor payment policy

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

Employees

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

Donations

During the year, Investec plc made donations for charitable purposes, totalling £1.1 million and Investec Limited made donations for charitable purposes, totalling £2.3 million.

Environment

We are committed to pursuing sound environmental policies in all aspects of our business and seek to encourage and promote good environmental practice among our employees and within the community in which we operate. Further information on our sustainability practices can be found on pages 183 and 184 and on our website.

Additional information for shareholders

Schedule A to the directors' report is a summary of certain provisions of Investec plc's current Articles of Association and applicable English law concerning companies (the Companies Act 1985 and the Companies Act 2006).

David Miller
Company Secretary
Investec plc

Benita Coetsee
Company Secretary
Investec Limited

17 June 2008

Directors' responsibility statement

The following statement, which should be read in conjunction with the auditors' report set out on pages 206 to 208, is made with a view to distinguishing for stakeholders the respective responsibilities of the directors and of the auditors in relation to the combined consolidated financial statements.

The directors are responsible for the preparation, integrity and objectivity of the combined consolidated financial statements that fairly present the state of affairs of the company and the group at the end of the financial year and the net income and cash flows for the year, and other information contained in this report.

To enable the directors to meet these responsibilities:

- The board and management set standards and management implements systems of internal controls and accounting and information systems aimed at providing reasonable assurance that assets are safeguarded and the risk of fraud, error or loss is reduced in a cost effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties;
- The group's Internal Audit function, which operates unimpeded and independently from operational management, and has unrestricted access to the group Audit Committee, appraises and, when necessary, recommends improvements in the system of internal controls and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business; and
- The group Audit Committee, together with the Internal Audit department, plays an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To the best of our knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the system of internal control and procedures has occurred during the year under review.

The group consistently adopts appropriate and recognised accounting policies and these are supported by reasonable judgements and estimates on a consistent basis and provides additional disclosures when compliance with the specific requirements in International Financial Reporting Standards (IFRS) are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance.

The financial statements of the company and the group have been prepared in accordance with the respective Companies Acts of the United Kingdom and South Africa, comply with IFRS and Article 4 of the IAS regulation.

The directors are of the opinion, based on their knowledge of the company, key processes in operation and specific enquiries, that adequate resources exist to support the company on a going concern basis over the next year. These financial statements have been prepared on that basis.

It is the responsibility of the independent auditors to report on the combined consolidated financial statements. Their report to the members of the company and group is set out on pages 206 to 208 of this report. As far as the directors are aware, there is no relevant audit information of which the companies' auditors are unaware. All steps which ought to have been taken as directors have been completed in order to be aware of the relevant audit information and to establish that the companies' auditors are aware of that information.

Approval of financial statements

The directors' report and the financial statements of the company and the group, which appear on pages 197 to 200 and pages 209 to 287, were approved by the board of directors on 17 June 2008.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the companies' website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the board

Stephen Koseff	**Bernard Kantor**
Chief Executive Officer	Managing Director

17 June 2008

Additional information for shareholders

Set out below is a summary of certain provisions of Investec plc's current Articles of Association (the "Articles") and applicable English law concerning companies (the Companies Act 1985 and the Companies Act 2006, together the "Companies Acts"). This is a summary only and the relevant provisions of the Articles or the Companies Acts should be consulted if further information is required. Certain amendments will be proposed to the Articles at the Annual General Meeting to be held on 7 August 2008. Further details are set out in the Notice of the Annual General Meeting on pages 289 to 300.

Authorised share capital

The share capital of Investec plc at 17 June 2008 consists of 560 000 000 plc ordinary shares of £0.0002 each, 1 000 000 plc preference shares of 0.01 each, 100 000 000 non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, 277 500 000 plc special converting shares of £0.0002 each, the special voting share of £0.001, the UK DAN share of £0.001 and the UK DAS share of £0.001 (each class as defined in the Articles).

Purchase of own shares

Subject to the provisions of the Articles, the Companies Act 1985, the Uncertificated Securities Regulations 2001 and every other statute for the time being in force concerning companies and affecting Investec plc, the approval of shareholders as provided in the Investec plc's Articles, and without prejudice to any relevant special rights attached to any class of shares, Investec plc may purchase, or may enter into a contract under which it will or may purchase, any of its own shares of any class, including without limitation any redeemable shares, in any way and at any price (whether at par or above or below par).

Dividends and distributions

Subject to the provisions of the Companies Acts, Investec plc may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the board. The board may pay interim dividends whenever the financial position of Investec plc, in the opinion of the board, justifies such payment.

The board may withhold payment of all or any part of any dividends or other monies payable in respect of Investec plc's shares from a person with a 0.25 per cent. or more interest in nominal value of the issued shares if such a person has been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the Companies Acts.

Voting rights

Subject to any special rights or restrictions attaching to any class of shares, at a general meeting, every member present in person has, upon a show of hands, one vote and on a poll every member who is present in person or by proxy has one vote for each share. In the case of joint holders of a share the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the share. Under the Companies Acts members are entitled to appoint a proxy, who need not be a member of Investec plc, to exercise all or any of their rights to attend and vote on their behalf at a general meeting or class meeting. A member may appoint more than one proxy in relation to a general meeting or class meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint an individual to act on its behalf at a general meeting or class meetings as a corporate representative. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of Investec plc.

Restrictions on voting

No member shall be entitled to vote either in person or by proxy at any general meeting or class meeting in respect of any shares held by him if any call or other sum then payable by him in respect of that share remains unpaid. In addition no member shall be entitled to vote if he has been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the Companies Acts.

Deadlines for exercising voting rights

Votes are exercisable at a general meeting of Investec plc in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representatives. The Articles provide a deadline for submission of proxy forms of not more than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights

Subject to the Companies Acts, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting the quorum shall be two persons or, if there is only one holder, that holder at least holding or representing by proxy at least one third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares). The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking pari passu with them.

Where, under the company's share incentive plan, participants are the beneficial owners of the shares, but not the registered owners, the participants are not entitled to exercise any voting rights until the shares are released to the participants. Under the company's employee trust, the trustee does not vote in respect of unallocated shares.

Transfer of shares

All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. Transfers of shares which are in uncertificated form are effected by means of the CREST system. The directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason, refuse to register any transfer of shares (not being fully paid shares) provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The directors may also refuse to register an allotment or transfer of shares (whether fully-paid or not) in favour of more than four persons jointly. If the directors refuse to register an allotment or transfer they shall within two months after the date on which the letter of allotment or transfer was lodged with Investec plc send to the allottee or transferee a notice of the refusal.

The directors may decline to recognise any instrument of transfer unless the instrument of transfer is in respect of only one class of share and when submitted for registration is accompanied by the relevant share certificates and such other evidence as the directors may reasonably require.

Subject to the Companies Acts and regulations and applicable CREST rules, the directors may determine that any class of shares may be held in uncertificated form and that title to such shares may be transferred by means of the CREST system or that shares of any class should cease to be so held and transferred.

A number of the company's employee share plans include restrictions on transfer of shares while the shares are subject to the plans, in particular, the share incentive plan.

Plc preference shares

The following are the rights and privileges which attach to the plc preference shares:

- to receive a non-cumulative preferential dividend out of the profits of Investec plc in priority to the plc ordinary shares but pari passu with the perpetual preference shares, on such dates in respect of such periods and on such other terms and conditions as may be determined by the directors prior to the allotment thereof;
- the plc preference shares will rank as regards participation in profits pari passu inter se and with the most senior ranking preference shares of Investec plc in issue (if any) from time to time and with the perpetual preference shares;
- on a return of capital, whether or not on a winding up (but not on a redemption or purchase of any shares by Investec plc) or otherwise, the plc preference shares will rank, pari passu inter se and with the most senior ranking preference shares of Investec plc in issue (if any) from time to time and with any other shares of Investec plc that are expressed to rank pari passu therewith as regards participation in the capital, and otherwise in priority to any other class of shares of Investec plc;
- Investec plc may, at its option, redeem all or any of the plc preference shares for the time being issued and outstanding on the first call date or any dividend payment date thereafter; and
- holders of plc preference shares will not be entitled to attend and vote at general meetings of Investec plc. Holders will be entitled to attend and vote at a class meeting of holders of plc preference shares.

Schedule A to the directors' report

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

The following are the rights and privileges which attach to the perpetual preference shares:

- Each perpetual preference share will rank as regards dividends and a repayment of capital on the winding-up of Investec plc prior to the ordinary shares, the plc special converting shares, the UK DAN share, the UK DAS share, but pari passu with the plc preference shares. The perpetual preference shares shall confer on the holders, on a per perpetual preference share and equal basis, the right to a return of capital on the winding-up of Investec plc of an amount equal to the aggregate of the nominal value and premiums in respect of perpetual preference shares issued divided by the number of perpetual preference shares in issue;
- Each perpetual preference share may confer upon the holder thereof the right to receive out of the profits of Investec plc which it shall determine to distribute, in priority to the ordinary shares, the plc special converting shares, the UK DAN share and the UK DAS share, but pari passu with the plc preference shares, the preference dividend calculated in accordance with the Articles;
- The holders of the perpetual preference shares shall be entitled to receive notice of and be present but not to vote, either in person or by proxy, at any meeting of Investec plc, by virtue of or in respect of the perpetual preference shares, unless either or both of the following circumstances prevail as at the date of the meeting:
  (i) the preference dividend or any part thereof remains in arrear and unpaid as determined in accordance with Article 150.2(e).
  (ii) after six months from the due date thereof; and a resolution of Investec plc is proposed which resolution directly affects the rights attached to the perpetual preference shares or the interests of the holders thereof, or a resolution of Investec plc is proposed to wind up or in relation to the winding-up of Investec plc or for the reduction of its capital, in which event the preference shareholders shall be entitled to vote only on such resolution.

Shares required for the DLC structure

Investec SSC (UK) Limited, a UK trust company, specially formed for the purpose of DLC structure, holds the plc special voting share, the plc special converting shares, the UK DAN share and the UK DAS share. These shares can only be transferred to another UK trust company, in limited circumstances.

The plc special voting shares are specially created shares so that shareholders of both Investec plc and Investec Limited effectively vote together as a single decision-making body on matters affecting shareholders of both companies in similar ways, as set out in the Articles.

Prior to a change of control, approval of termination of the sharing agreement (which regulates the DLC), liquidation or insolvency of Investec plc, the plc special converting shares have no voting rights except in relation to a resolution proposing the (i) variation of the rights attaching to the shares or (ii) winding-up, and they have no rights to dividends. The special converting shares are held on trust for the Investec Limited ordinary shareholders.

Investec plc and Investec Limited have established dividend access trust arrangements as part of the DLC. Investec plc has issued two dividend access shares, the UK DAS share and UK DAN share which enables Investec plc to pay dividends to the shareholders of Investec Limited. This facility may be used by the board to address imbalances in the distributable reserves of Investec plc and Investec Limited and/or to address the effects of South African exchange controls and/or if they otherwise consider it necessary or desirable.

Appointment and replacement of directors

Directors shall be no less than four and no more than twenty in number. A director is not required to hold any shares of Investec plc by way of qualification. Investec plc may by special resolution increase or reduce the maximum or minimum number of directors.

At each Annual General Meeting held in each year (other than 2002) any director who was elected or last re-elected or, if later, deemed in terms of the Articles to have been elected or re-elected a director at or before the Annual General Meeting held in the third calendar year before the current year shall retire by rotation. Any further directors, other than those retiring under any other provision in Investec plc's Articles shall retire by rotation to bring the number retiring by rotation up to one-third of the number of directors in office at the date of the notice of meeting.

Investec plc may by ordinary resolution in accordance with the relevant provisions of the Articles appoint any person to be a director (so long as the total number of directors does not exceed the limit prescribed in the Articles). Any such director shall hold office only until the next Annual General Meeting and shall then be eligible for re-election.

Schedule A to the directors' report

Powers of directors

Subject to the Articles, the Companies Acts, the CREST regulations and every other statute for the time being in force concerning companies and affecting Investec plc, and any directions given by ordinary or special resolution, the business of Investec plc will be managed by the board who may exercise all the powers of Investec plc.

The board may exercise all the powers of Investec plc to borrow money and to mortgage or charge any of its undertaking, property, assets and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of Investec plc or of any third party.

Significant agreements: change of control

The Articles of Association of both Investec plc and Investec Limited ensure that a person cannot make an offer for one company without having made an equivalent offer to the shareholders of both companies on equivalent terms.

Pursuant to the terms of the agreements establishing the DLC structure, if either Investec plc or Investec Limited serves written notice on the other at any time after either party becomes a subsidiary of the other party or after both Investec plc and Investec Limited become subsidiaries of a third party the agreements establishing the DLC structure will terminate.

All of Investec plc's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control and, where applicable, subject to the satisfaction of any performance conditions at that time.

Independent auditor's report to the members of Investec plc

We have audited the group and parent company financial statements (the "financial statements") of Investec plc for the year ended 31 March 2008 which comprise the combined consolidated income statements, the combined consolidated and parent company balance sheets, the combined consolidated cash flow statement, the combined consolidated statement of total recognised income and expense, the information in the risk management report contained in the group annual report that has been described as audited and the related notes 1 to 49. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the group financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the parent company financial statements and the directors' remuneration report in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements and the part of the directors' remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985, and whether in addition, the group financial statements have been properly prepared in accordance with Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the corporate governance statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the director's report, the information contained in the risk management report, the directors' remuneration report, the Chairman's statement, the operating and financial review and the corporate governance statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the directors' remuneration report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements, and the part of the directors' remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the directors' remuneration report to be audited.

Independent auditors' report to the members of Investec plc

Opinion

In our opinion:

- The group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 March 2008 and of its profit for the year then ended;
- The group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- The parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 March 2008;
- The parent company financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- The information given in the directors' report is consistent with the financial statements.

Separate opinion in relation to IFRSs

As explained in the accounting policies of the group financial statements, the group, in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board.

In our opinion the group financial statements give a true and fair view, in accordance with IFRSs, of the state of the group's affairs as at 31 March 2008 and of its profit for the year then ended.

Ernst & Young LLP

Ernst & Young LLP
Registered auditors
London

17 June 2008

Notes:

1. The maintenance and integrity of the Investec plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of Investec Limited

We have audited the group annual financial statements of Investec Limited, which comprise the directors' report, the combined consolidated balance sheet as at 31 March 2008, the combined consolidated income statement, the combined consolidated statement of total recognised income and expenses and consolidated cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 197 to 280, the parent company annual financial statements of Investec Limited, which comprise the balance sheet as at 31 March 2008, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 284 to 287 and the information in the risk management report and directors' remuneration report that is marked as audited.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the South African Companies Act of 1973. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the group and the company as of 31 March 2008 and of the financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the South African Companies Act of 1973.

Ernst & Young Inc.

Ernst & Young Inc.
Registered auditors
Johannesburg

17 June 2008

Combined consolidated income statement

For the year to 31 March £'000	Notes	2008	2007
Interest income		2 083 380	1 233 226
Interest expense		(1 499 960)	(889 311)
Net interest income		**583 420**	**343 915**
Fee and commission income		614 357	577 773
Fee and commission expense		(63 061)	(56 275)
Principal transactions	4	276 705	245 463
Operating income from associates	21	12 138	10 685
Investment income on assurance activities	29	89 593	36 821
Premiums and reinsurance recoveries on insurance contracts	29	40 849	80 542
Other operating income	5	50 043	49 685
Other income		**1 020 624**	**944 694**
Claims and reinsurance premiums on insurance business	29	(120 358)	(111 492)
Total operating income net of insurance claims		**1 483 686**	**1 177 117**
Impairment losses on loans and advances	19/20	(114 185)	(16 530)
Operating income		**1 369 501**	**1 160 587**
Administrative expenses	6	(807 500)	(680 687)
Depreciation, amortisation and impairment of property, equipment and intangible assets	24/27	(24 330)	(13 315)
Operating profit before goodwill		**537 671**	**466 585**
Goodwill	26	(62 765)	2 569
Operating profit		**474 906**	**469 154**
Profit on disposal of group operations	28	72 855	-
Profit before taxation		**547 761**	**469 154**
Taxation	8	(127 249)	(119 781)
Profit after taxation		**420 512**	**349 373**
Earnings attributable to minority shareholders		28 954	9 054
Earnings attributable to shareholders		391 558	340 319
		420 512	**349 373**
Earnings per share (pence)			
- Basic	9	57.7	54.7
- Diluted	9	54.0	50.4
Dividends per share (pence)			
- Interim	10	11.5	10.0
- Final	10	13.5	13.0

Combined consolidated balance sheet

At 31 March £'000	Notes	2008	2007
Assets			
Cash and balances at central banks		788 472	102 751
Loans and advances to banks		2 153 773	2 431 769
Cash equivalent advances to customers		504 382	548 602
Reverse repurchase agreements and cash collateral on securities borrowed	15	794 153	2 324 638
Trading securities	16	1 984 580	2 015 144
Derivative financial instruments	17	1 305 264	724 492
Investment securities	18	1 130 872	1 776 601
Loans and advances to customers	19	14 046 135	9 527 080
Securitised assets	20	6 082 975	831 742
Interests in associated undertakings	21	82 576	70 332
Deferred taxation assets	22	84 493	59 394
Other assets	23	882 209	1 420 681
Property and equipment	24	141 352	131 505
Investment properties	25	134 975	85 424
Goodwill	26	271 932	195 883
Intangible assets	27	31 506	35 829
		30 419 649	**22 281 867**
Financial instruments at fair value through income in respect of			
- liabilities to customers	29	2 878 894	3 024 997
- assets related to reinsurance contracts	29	805 009	992 824
		34 103 552	**26 299 688**
Liabilities			
Deposits by banks		3 489 032	2 347 095
Deposits by banks - Kensington warehouse funding		1 778 438	-
Derivative financial instruments	17	881 577	509 919
Other trading liabilities	30	450 580	321 863
Repurchase agreements and cash collateral on securities lent	15	382 384	1 765 671
Customer accounts		12 133 120	10 650 102
Debt securities in issue	31	777 769	1 253 752
Liabilities arising on securitisation		5 760 208	826 627
Current taxation liabilities		132 656	113 967
Deferred taxation liabilities	22	79 172	48 048
Other liabilities	32	1 279 373	1 778 488
Pension fund liabilities	33	-	1 467
		27 144 309	**19 616 999**
Liabilities to customers under investment contracts	29	2 862 916	3 004 254
Insurance liabilities, including unit-linked liabilities	29	15 978	20 743
Reinsured liabilities	29	805 009	992 824
		30 828 212	**23 634 820**
Subordinated liabilities (including convertible debt)	34	1 065 321	844 452
		31 893 533	**24 479 272**
Equity			
Called up share capital	2/35	177	169
Share premium	2	1 360 450	1 129 859
Treasury shares	2/36	(114 904)	(109 279)
Equity portion of convertible debentures	2	2 191	2 191
Perpetual preference shares	2/37	272 335	292 173
Other reserves	2	(42 057)	40 545
Profit and loss account	2	433 012	186 827
Shareholders' equity excluding minority interests		**1 911 204**	**1 542 485**
Minority interests	2/38	298 815	277 931
- Perpetual preferred securities issued by subsidiaries		251 637	241 081
- Minority interests in partially held subsidiaries		47 178	36 850
Total equity		**2 210 019**	**1 820 416**
Total liabilities and shareholders' equity		**34 103 552**	**26 299 688**

Combined consolidated statement of total recognised income and expenses

For the year to 31 March £'000	Notes	2008	2007
Profit after taxation		420 512	349 373
Total gains and losses recognised directly in equity		(110 879)	(175 030)
Fair value movements on available for sale assets		(38 907)	12 287
Foreign currency movements		(79 591)	(184 847)
Pension fund actuarial gains/(losses)	33	7 619	(2 470)
Total recognised income and expenses		**309 633**	**174 343**
Total recognised income and expenses attributable to minority shareholders		17 365	(29 931)
Total recognised income and expenses attributable to ordinary shareholders		270 327	225 114
Total recognised income and expenses attributable to perpetual preferred securities		21 941	(20 840)
		309 633	**174 343**

Combined consolidated cash flow statement

For the year to 31 March £'000	Notes	2008	2007
Operating profit adjusted for non cash items	40	708 295	524 434
Taxation paid		(97 845)	(122 881)
Increase in operating assets		(655 805)	(6 265 563)
Increase in operating liabilities		1 080 433	5 858 320
Net cash inflow/(outflow) from operating activities		**1 035 078**	**(5 690)**
Cash flow on acquisition of subsidiaries	28	(32 419)	(151 402)
Cash flow on net acquisition of associates		(1 563)	(29)
Cash flow on acquisition and disposal of property, equipment and intangible assets		(31 660)	(26 821)
Net cash outflow from investing activities		**(65 642)**	**(178 252)**
Dividends paid to ordinary shareholders		(145 926)	(112 592)
Dividends paid to other equity holders		(45 702)	(38 649)
Proceeds on issue of shares, net of related costs		8 630	90 980
Proceeds on issue of other equity instruments*		6 777	134 503
Proceeds on subordinated debt raised		209 871	356 229
Repayment of subordinated debt		(88 543)	-
Net cash (outflow)/inflow from financing activities		**(54 893)**	**430 471**
Effects of exchange rates on cash and cash equivalents		**(97 791)**	**(301 588)**
Net increase/(decrease) in cash and cash equivalents		**816 752**	**(55 059)**
Cash and cash equivalents at the beginning of the year		1 135 124	1 190 183
Cash and cash equivalents at the end of the year		**1 951 876**	**1 135 124**
Cash and cash equivalents is defined as including:			
Cash and balances at central banks		788 472	102 751
On demand loans and advances to banks		659 022	483 771
Cash equivalent advances to customers		504 382	548 602
Cash and cash equivalents at the end of the year		**1 951 876**	**1 135 124**

* Includes equity instruments issued by subsidiaries.

Note:
(cash and cash equivalents have a maturity profile of less than three months).

Accounting policies

Basis of presentation

The group financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU") which comply with the IFRSs as issued by the International Accounting Standards Board. At 31 March 2008, IFRS standards as endorsed by the EU are identical to current IFRSs applicable to the group.

The group financial statements have been prepared on a historical cost basis, except for investment properties, available for sale investments, derivative financial instruments, financial assets and financial liabilities held at fair value through profit or loss, and pension fund surpluses and deficits that have been measured at fair value.

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

Basis of consolidation

Investec consists of two separate legal entities, being Investec plc and Investec Limited, that operate under a dual listed company ("DLC") structure. The effect of the DLC structure is that Investec plc and its subsidiaries and Investec Limited and its subsidiaries operate together as a single economic entity, with neither assuming a dominant role and accordingly are reported as a single reporting entity under IFRS.

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

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

The combined consolidated financial statements include the attributable share of the results and reserves of associated undertakings. The group's interests in associated undertakings are included in the consolidated balance sheet at the group's share of net assets of the associate plus goodwill arising on acquisition, less any impairment recognised.

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

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

Segmental reporting

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

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

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

A geographical analysis is presented in terms of the main geographies in which the group operates representing the group's exposure to various economic environments.

Goodwill

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

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

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

Goodwill arising on investment in associates is included within the investment in associates.

Share based payments to employees

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

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

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

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

Foreign currency transactions and foreign operations

The presentation currency of the group is Pound Sterling, being the functional currency of Investec plc. The functional currency of Investec Limited is South African Rand.

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

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

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

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

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

Revenue recognition

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

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

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

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

Trading profits are shown net of the funding cost of the underlying positions and includes the unrealised profits on trading portfolios, which are marked to market daily. Equity investments received in lieu of corporate finance fees are included in trading securities and valued accordingly. Trading profits gross of funding costs are disclosed in note 4.

Included in other operating income is revenue from consolidated private equity investments. Operating costs associated with these investments are included in administrative expenses.

Financial instruments

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

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

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

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

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

Financial assets and liabilities are designated as held at fair value through profit and loss only if:

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

Held-to-maturity assets

Held-to-maturity financial assets are non-derivative financial instruments with fixed or determinable payments and maturity dates which the group has the intention and ability to hold to maturity. Held-to-maturity assets are measured at amortised cost using the effective interest method, less impairment losses.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in interest income in the income statement. The losses arising from impairment of such investments are recognised in the income statement.

Accounting policies

Loans and receivables

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

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

Loans and receivables are measured at amortised cost, using the effective interest method, less impairment losses. The effective interest rate represents the rate that exactly discounts future projected cash flows, through the expected life of the financial instrument, to the net carrying amount of the financial instrument. Included in the calculation of the effective interest rate is any discount or premium on acquisition and fees that are an integral part of the effective interest rate.

Losses arising from impairment of such investments are recognised in the income statement line "Impairment losses on loans and advances".

Available for sale assets

Available for sale financial assets are those which are designated as such or do not qualify to be classified as designated at fair value through profit and loss, held-to-maturity, or as loans and receivables. They include strategically held equity instruments that are not associates, joint ventures or subsidiaries of the group. Furthermore, certain loans and receivables that are held at fair value due to being quoted on an active market, which are neither actively traded nor held to maturity instruments, are classified as available for sale financial assets.

Financial assets classified as available for sale are measured at fair value on the balance sheet, with unrealised gains and losses recognised in equity. When the asset is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the income statement. Interest earned whilst holding available for sale financial assets is reported as interest income using the effective interest rate. Dividends earned whilst holding available for sale financial assets are recognised in the income statement when the right of payment has been established.

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

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

Financial liabilities

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

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

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

Valuation of financial instruments

All financial instruments are initially recognised at fair value. On initial recognition, the fair value of a financial instrument is the transaction price unless it is determined appropriate that the fair value of a financial instrument is more accurately determined by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. In circumstances where unobservable data has a significant impact on the valuation of a financial instrument, the entire difference between the model determined fair value and the transaction price is not recognised on initial recognition. The difference arising is recognised in the income statement over the life of the transaction, or when inputs become observable, or when the transaction is effectively closed out.

Subsequent to initial recognition the following financial instruments are measured at fair value:

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

Subsequent to initial recognition, the fair value of financial instruments quoted in an active market is based on published price quotations. Where market prices are not available, fair value is determined by discounting the expected cash flows, using market interest rates taking into account the credit quality and duration of the investment. In certain instances model pricing may be used to determine fair values. For private equity investments that are not publicly traded, management uses comparisons to similar listed companies, relevant third party arms' length transactions and other data specific to the investment.

Impairments of financial assets held at amortised cost

Financial assets carried at amortised cost are impaired if there is objective evidence that the group would not receive cash flows according to the original contractual terms. Financial assets are assessed for objective evidence of impairment at least at each balance sheet reporting date. The test for impairment is based either on specific financial assets or collectively on a portfolio of similar, homogeneous assets. Assets specifically identified as impaired are excluded from the portfolio assessment.

Impairments are credited to an allowance account which is carried against the carrying value of financial assets. Interest continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the group. An allowance for impairment is only reversed when there is objective evidence that the credit quality has improved to the extent that there is reasonable assurance of timely collection of principal and interest in terms of the original contractual agreement.

The impairment is calculated as the difference between the carrying value of the asset and the expected cash flows (including net proceeds on realisation of collateral) discounted at the original effective rate.

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

Derecognition of financial assets and liabilities

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

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

Derivative instruments

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

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

Hedge accounting

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

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

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

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

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

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

Trading derivatives

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

Embedded derivatives

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

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

Offsetting of financial assets and liabilities

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

Issued debt and equity financial instruments

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

Equity instruments issued by subsidiaries of Investec plc or Investec Limited are recorded as minority interests on balance sheet.

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

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

Dividends on ordinary shares are recognised as a deduction from equity at the earlier of payment date or the date that it is approved by Investec plc (in relation to dividends declared by Investec plc) and Investec Limited (in relation to dividends declared by Investec Limited) shareholders.

Sale and repurchase agreements (including securities borrowing and lending)

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

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

Financial guarantees

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

Instalment credit, leases and rental agreements

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

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

Property and equipment

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

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

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

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

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

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

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

Investment property

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

Fair value of investment property is calculated by taking into account the expected rental stream associated with the property, and is supported by market evidence.

Impairment of non-financial assets

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

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

Trust and fiduciary activities

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

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

Taxation and deferred taxation

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

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

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

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

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

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

Insurance contracts

Insurance contracts are those contracts in which the group assumes significant insurance risk. The deposit components of insurance contracts are unbundled and accounted for separately.

Insurance premiums are recognised in income in the period in which the group is entitled to the premium. Insurance claims are recognised in the income statement in the period in which a contractual obligation arises for the group to make payment under an insurance contract.

Reinsurance assets and liabilities and associated premiums/claims are not offset in the income statement or balance sheet.

Insurance liabilities are measured at their actuarial values, and are tested for adequacy on an annual basis. Any deficiency identified is recognised in the income statement.

Employee benefits

The group operates various defined contribution schemes and two closed defined benefit schemes.

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

The assets of the defined benefit schemes are measured at their market value at the balance sheet date and the liabilities of the schemes are measured using the projected unit credit method. The discount rate used to measure the schemes' liabilities is the current rate of return on an AA corporate bond at the balance sheet date of equivalent term and currency to the liabilities. The extent to which the schemes' assets exceed or fall short of the schemes' liabilities is shown as a surplus or deficit in the balance sheet (to the extent that it is considered recoverable). Actuarial gains and losses related to the defined benefit asset or liability are recognised immediately directly in equity.

The group has no liabilities for other post retirement benefits.

Intangible assets

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

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

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

Borrowing costs

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

Provisions, contingent liabilities and contingent assets

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

Standards and interpretations not yet effective

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

Revised IAS 1 - Presentation of Financial Statements (applicable for reporting periods beginning on or after 1 January 2009)

The revised standard introduces changes to the presentation of financial statements and does not affect the recognition, measurement or disclosure of specific transactions. The standard will not affect the financial position or results of the group but will introduce some changes to the presentation of the financial position, changes in equity and financial results of the group. The changes are not expected to be of any significance to the current level of disclosure in the group financial statements.

Amendments to IFRS 2 - Share Based Payments (applicable for reporting periods beginning on or after 1 January 2009)

The amendments clarify that vesting conditions comprise only service conditions and performance conditions and clarifies the accounting treatment of a failure to meet a non vesting condition. Adoption of the standard is not expected to have a significant impact on the group financial statements.

Revised IFRS 3 - Business Combinations and consequential amendments to IAS 27 - Consolidated and Separate Financial Statements (applicable for business combinations for which the acquisition date is on or after the beginning of the reporting periods on or after 1 July 2009)

The main changes to the standard that affects the groups' current policies is that acquisition related costs are expensed in the income statement in the periods in which the costs are incurred and the services received, except for costs related to the issue of debt (recognised as part of the effective interest rate) and the cost of issue of equity (recognised directly in equity). Currently the group recognises acquisition costs as part of the purchase consideration.

IFRS 8 - Operating segments (applicable for reporting periods beginning on or after 1 January 2009)

The standard relates to disclosure requirements for segmental information and replaces IAS 14 Segmental Reporting. The group is of the view that segmental disclosure is closely aligned with the requirements of IFRS 8 and therefore implementation of the standard would result in minimal changes to disclosure.

Amendments to IAS 32 - Financial Instruments Presentation and IAS 1 Presentation of Financial Statements - "Puttable Financial Instruments and Obligations Arising on Liquidation" (applicable for reporting periods beginning on or after 1 January 2009)

The interpretation introduces a restriction on the amount that an entity can recognise in the balance sheet relating to when the entity does not have an unconditional right to a refund. The impact of this standard is currently being evaluated by the group.

IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (applicable for reporting periods beginning on or after 1 January 2008)

The interpretation introduces a restriction on the amount that an entity can recognise in the balance sheet relating to when the entity does not have an unconditional right to a refund. The impact of this is currently being evaluated by the group.

IFRIC 13 - Customer Loyalty Programmes (applicable for reporting periods beginning on or after 1 January 2009)

IFRIC 13 Customer Loyalty Programmes addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The group is currently evaluating the effect of this interpretation on the consolidated financial statements.

The following interpretation has been issued or amended which are deemed to have no impact on the group financial statements but have not been formally adopted by the group:

- IFRIC 12 - Service Concession Arrangements.

Key management assumptions

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

- Valuation of unlisted investments in the private equity and direct investments portfolios. Key valuation inputs are based on observable market inputs, adjusted for factors that specifically apply to the individual investments and recognising market volatility. Details of unlisted investments can be found in note 16 Trading Securities and note 18 Investment Securities.
- Valuation of investment properties is performed twice annually by directors that are qualified valuators. The valuation is performed by capitalising the budgeted net income of a property at the market related yield applicable at the time. Refer to note 25 for the carrying value of investment property.
- The determination of impairments against assets that are carried at amortised cost and impairments relating to available for sale financial assets involves the assessment of future cash flows which is judgmental in nature.
- Determination of interest income and interest expense using the effective interest method involves judgment in determining the timing and extent of future cashflows.

Reclassifications and corrections to prior year financial statements

Reclassifications within asset and liability classifications

- Securitised assets and related liabilities, which continue to be recognised on balance sheet, are now disclosed as separate line items on the face of the balance sheet. In prior periods, securitised assets were included within loans and advances to customers and trading securities and securitised liabilities were included in debt securities in issue. This change in disclosure follows the acquisition of Kensington which resulted in a significant increase in these assets and liabilities, rendering it more appropriate to disclose these financial instruments on separate lines to provide information more relevant and useful to users.
- Following the implementation of IFRS 7 disclosure requirements, the classification of certain financial instruments into balance sheet classes were refined to achieve more appropriate disclosure. Adjustments to the prior year balance sheet includes:
  - £323.3 million reclassified from cash equivalent advances to customers to reverse repurchase agreements and cash collateral on securities borrowed.
  - £1 265.3 million reclassified from debt securities in issue to customer accounts.

Total assets and total liabilities were not affected by these reclassifications.

Corrections

- In the prior year £17.4 million of funding raised by certain consolidated private equity entities was incorrectly classified as minority interest on the balance sheet. The correct classification was subordinated debt. The impact of this correction is a reduction to minority interest (equity) from £291.2 million to £277.9 million at 31 March 2007. There was no effect on reported earnings or financial reporting periods prior to 31 March 2007.

£'000	Share capital Investec Limited	Share premium account Investec Limited	Treasury shares	Share capital Investec plc	Share premium account Investec plc
2. Reconciliation of equity					
At 1 April 2006	46	635 418	(96 300)	119	393 319
Movement in reserves 1 April 2006 - 31 March 2007					
Foreign currency adjustments	-	-	-	-	-
Retained profit for the year	-	-	-	-	-
Fair value movements on available for sale assets	-	-	-	-	-
Pension fund actuarial losses	-	-	-	-	-
Total recognised gains and losses for the year	-	-	-	-	-
Share based payments adjustments	-	-	1 112	-	-
Dividends paid to ordinary shareholders	-	-	-	-	-
Dividends paid to perpetual preference shareholders	-	-	-	-	-
Issue of ordinary shares	-	18 873	-	4	28 984
Issue of perpetual preference shares by the holding company	-	-	-	-	-
Issue of equity by subsidiaries	-	-	-	-	-
Minorities arising on acquisition of subsidiaries	-	-	-	-	-
Share issue expenses	-	(36)	-	-	(23)
Movement of treasury shares	-	20 660	(8 513)	-	32 664
Transfer from capital reserves	-	-	-	-	-
Transfer to regulatory general risk reserve	-	-	-	-	-
Transfer between reserves	-	-	(5 578)	-	-
Dividends paid to minorities	-	-	-	-	-
Capital reduction paid to minority	-	-	-	-	-
At 31 March 2007	46	674 915	(109 279)	123	454 944
Movement in reserves 1 April 2007 - 31 March 2008					
Foreign currency adjustments	-	-	-	-	-
Retained profit for the year	-	-	-	-	-
Pension fund actuarial gains	-	-	-	-	-
Fair value movements on available for sale assets	-	-	-	-	-
Profit on realisation of available for sale assets recycled through income	-	-	-	-	-
Total recognised gains and losses for the year	-	-	-	-	-
Share based payments adjustments	-	-	-	-	-
Dividends paid to ordinary shareholders	-	-	-	-	-
Dividends paid to perpetual preference shareholders	-	-	-	-	-
Issue of ordinary shares	-	13 889	-	8	216 767
Issue of equity by subsidiaries	-	-	-	-	-
Minorities arising on acquisition of subsidiaries	-	-	-	-	-
Share issue expenses	-	-	-	-	(65)
Movement of treasury shares	-	-	(5 625)	-	-
Transfer to capital reserves	-	-	-	-	-
Transfer to regulatory general risk reserve	-	-	-	-	-
Dividends paid to minorities	-	-	-	-	-
At 31 March 2008	46	688 804	(114 904)	131	671 646

Equity portion of convertible debentures	Perpetual preference shares	Other Reserves: Capital reserve account	Other Reserves: Available for sale reserve	Other Reserves: Regulatory general risk reserve	Other Reserves: Foreign currency reserve	Profit and loss account	Share-holder's equity excluding minority interests	Minority interests	Total equity
2 191	215 305	13 243	18 355	50 307	18 593	(24 104)	1 226 492	285 601	1 512 093
-	(52 690)	-	-	-	(93 172)	-	(145 862)	(38 985)	(184 847)
-	-	-	-	-	-	340 319	340 319	9 054	349 373
-	-	-	12 287	-	-	-	12 287	-	12 287
-	-	-	-	-	-	(2 470)	(2 470)	-	(2 470)
-	(52 690)	-	12 287	-	(93 172)	337 849	204 274	(29 931)	174 343
-	-	-	-	-	-	32 878	33 990	-	33 990
-	-	-	-	-	-	(112 592)	(112 592)	-	(112 592)
-	-	-	-	-	-	(31 850)	(31 850)	-	(31 850)
-	-	-	-	-	-	-	47 861	-	47 861
-	131 187	-	-	-	-	-	131 187	-	131 187
-	-	-	-	-	-	-	-	20 949	20 949
-	-	-	-	-	-	-	-	8 111	8 111
-	(1 629)	-	-	-	-	-	(1 688)	-	(1 688)
-	-	-	-	-	-	-	44 811	-	44 811
-	-	(701)	-	-	-	701	-	-	-
-	-	-	-	21 633	-	(21 633)	-	-	-
-	-	-	-	-	-	5 578	-	-	-
-	-	-	-	-	-	-	-	(528)	(528)
-	-	-	-	-	-	-	-	(6 271)	(6 271)
2 191	292 173	12 542	30 642	71 940	(74 579)	186 827	1 542 485	277 931	1 820 416
-	(19 838)	-	-	-	(48 164)	-	(68 002)	(11 589)	(79 591)
-	-	-	-	-	-	391 558	391 558	28 954	420 512
-	-	-	-	-	-	7 619	7 619	-	7 619
-	-	-	(66 306)	-	-	-	(66 306)	-	(66 306)
-	-	-	27 399	-	-	-	27 399	-	27 399
-	(19 838)	-	(38 907)	-	(48 164)	399 177	292 268	17 365	309 633
-	-	-	-	-	-	39 182	39 182	-	39 182
-	-	-	-	-	-	(145 926)	(145 926)	-	(145 926)
-	-	-	-	-	-	(41 779)	(41 779)	-	(41 779)
-	-	-	-	-	-	-	230 664	-	230 664
-	-	-	-	-	-	-	-	6 777	6 777
-	-	-	-	-	-	-	-	665	665
-	-	-	-	-	-	-	(65)	-	(65)
-	-	-	-	-	-	-	(5 625)	-	(5 625)
-	-	(5 609)	-	-	-	5 609	-	-	-
-	-	-	-	10 078	-	(10 078)	-	-	-
-	-	-	-	-	-	-	-	(3 923)	(3 923)
2 191	272 335	6 933	(8 265)	82 018	(122 743)	433 012	1 911 204	298 815	2 210 019

Notes to the financial statements

For the year to 31 March £'000	Private Client Activities	Capital Markets	Investment Banking	Asset Management	Property Activities	Group Services & Other Activities	Total group
3. Combined consolidated segmental analysis							
Business analysis 2008							
Net interest income	**272 742**	**227 174**	**(8 463)**	**7 558**	**(10 513)**	**94 922**	**583 420**
Fee and commission income	160 181	80 983	97 885	253 385	20 764	1 159	614 357
Fee and commission expense	(12 508)	5 848	(9 282)	(45 902)	-	(1 217)	(63 061)
Principal transactions	35 872	97 998	79 583	56	45 275	17 921	276 705
Operating income from associates	11 953	(266)	215	-	-	236	12 138
Investment income on assurance activities	-	-	-	-	-	89 593	89 593
Premiums and reinsurance recoveries on insurance contracts	-	-	-	-	-	40 849	40 849
Other operating income	-	-	44 801	3 603	-	1 639	50 043
Other income	**195 498**	**184 563**	**213 202**	**211 142**	**66 039**	**150 180**	**1 020 624**
Claims and reinsurance premiums on insurance business	-	-	-	-	-	(120 358)	(120 358)
Total operating income net of insurance claims	**468 240**	**411 737**	**204 739**	**218 700**	**55 526**	**124 744**	**1 483 686**
Impairment losses on loans and advances	(33 326)	(79 336)	(1 356)	-	-	(167)	(114 185)
Operating income	**434 914**	**332 401**	**203 383**	**218 700**	**55 526**	**124 577**	**1 369 501**
Administrative expenses	(238 331)	(209 911)	(118 106)	(140 970)	(18 895)	(81 287)	(807 500)
Depreciation, amortisation and impairment of property, equipment and intangible assets	(2 847)	(6 740)	(7 947)	(909)	(310)	(5 577)	(24 330)
Operating profit before goodwill	**193 736**	**115 750**	**77 330**	**76 821**	**36 321**	**37 713**	**537 671**
Goodwill	-	(59 900)	-	(2 865)	-	-	(62 765)
Operating profit	**193 736**	**55 850**	**77 330**	**73 956**	**36 321**	**37 713**	**474 906**
Profit on disposal of group operations	-	-	-	-	72 855	-	72 855
Profit before taxation	**193 736**	**55 850**	**77 330**	**73 956**	**109 176**	**37 713**	**547 761**
Net intersegment revenue	(169 813)	94 865	(17 671)	626	(9 433)	101 426	-
ROE (pre-tax)*	35.3%	23.4%	34.3%	55.0%	>100.0%	1.4%	31.7%
Cost to income ratio	51.5%	52.6%	61.6%	64.9%	34.6%	69.6%	56.1%
Number of permanent employees	2 477	1 042	368	906	71	1 050	5 914
Total assets (£'million)	10 011	18 384	823	460	203	4 223	34 104
Adjusted shareholders' equity (£'million)*	583	647	176	116	30	101	1 653
Adjusted tangible shareholders' equity (£'million)*	543	567	112	10	30	101	1 363

* Refer to calculation on page 28.

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.

Notes to the financial statements

For the year to 31 March £'000	Private Client Activities	Capital Markets	Investment Banking	Asset Management	Property Activities	Group Services & Other Activities	Total group
3. Combined consolidated segmental analysis (continued)							
Business analysis 2007							
Net interest income	**217 441**	**89 078**	**(2 457)**	**5 242**	**(5 801)**	**40 412**	**343 915**
Fee and commission income	148 951	82 741	96 438	219 029	28 354	2 260	577 773
Fee and commission expense	(11 302)	(2 551)	(4 534)	(38 490)	-	602	(56 275)
Principal transactions	19 518	102 700	73 719	171	11 847	37 508	245 463
Operating income from associates	10 253	(11)	147	-	-	296	10 685
Investment income on assurance activities	-	-	-	-	-	36 821	36 821
Premiums and reinsurance recoveries on insurance contracts	-	-	-	-	-	80 542	80 542
Other operating income	100	-	45 482	2 604	-	1 499	49 685
Other income	**167 520**	**182 879**	**211 252**	**183 314**	**40 201**	**159 528**	**944 694**
Claims and reinsurance premiums on insurance business	-	-	-	-	-	(111 492)	(111 492)
Total operating income net of insurance claims	**384 961**	**271 957**	**208 795**	**188 556**	**34 400**	**88 448**	**1 177 117**
Impairment losses on loans and advances	(6 932)	(9 925)	(1)	-	-	328	(16 530)
Operating income	**378 029**	**262 032**	**208 794**	**188 556**	**34 400**	**88 776**	**1 160 587**
Administrative expenses	(198 674)	(143 793)	(113 068)	(119 542)	(20 174)	(85 436)	(680 687)
Depreciation, amortisation and impairment of property, equipment and intangible assets	(2 883)	(948)	(4 491)	(902)	(82)	(4 009)	(13 315)
Operating profit before goodwill	**176 472**	**117 291**	**91 235**	**68 112**	**14 144**	**(669)**	**466 585**
Goodwill	3 560	3 560	-	(6 091)	(2 020)	3 560	2 569
Profit before taxation	**180 032**	**120 851**	**91 235**	**62 021**	**12 124**	**2 891**	**469 154**
Net intersegment revenue	(118 674)	71 903	(19 090)	688	(5 254)	70 427	-
ROE (pre-tax)*	38.7%	37.7%	68.6%	44.9%	50.0%	(0.1%)	36.4%
Cost to income ratio	52.4%	53.2%	56.3%	63.9%	58.9%	>100%	59.0%
Number of permanent employees	2 003	662	320	834	251	940	5 010
Total assets (£'million)	8 043	12 032	804	409	107	4 905	26 300
Adjusted shareholders' equity (£'million) *	522	359	131	123	20	115	1 270
Adjusted tangible shareholders' equity (£'million)*	502	345	71	11	6	115	1 050

* Refer to calculation on page 28.

For the year to 31 March £'000	UK & Europe	Southern Africa	Australia	Other geographies	Total group
3. Combined consolidated segmental analysis (continued)					
Geographical analysis 2008					
Net interest income	**296 362**	**230 580**	**56 478**	**-**	**583 420**
Fee and commission income	324 375	265 183	24 799	-	614 357
Fee and commission expense	(51 916)	(10 084)	(1 061)	-	(63 061)
Principal transactions	60 855	201 182	14 668	-	276 705
Operating income from associates	12 200	(11)	(51)	-	12 138
Investment income on assurance activities	-	89 593	-	-	89 593
Premiums and reinsurance recoveries on insurance contracts	-	40 849	-	-	40 849
Other operating income	44 954	3 589	1 500	-	50 043
Other income	**390 468**	**590 301**	**39 855**	**-**	**1 020 624**
Claims and reinsurance premiums on insurance business	-	(120 358)	-	-	(120 358)
Total operating income net of insurance claims	**686 830**	**700 523**	**96 333**	**-**	**1 483 686**
Impairment losses on loans and advances	(76 989)	(30 844)	(6 352)	-	(114 185)
Net operating income	**609 841**	**669 679**	**89 981**	**-**	**1 369 501**
Administrative expenses	(427 688)	(323 618)	(56 194)	-	(807 500)
Depreciation, amortisation and impairment of property, equipment and intangible assets	(17 525)	(6 091)	(714)	-	(24 330)
Operating profit before goodwill impairment	**164 628**	**339 970**	**33 073**	**-**	**537 671**
Goodwill	(59 900)	(2 865)	-	-	(62 765)
Operating profit	**104 728**	**337 105**	**33 073**	**-**	**474 906**
Profit on disposal of group operations	-	72 855	-	-	72 855
Profit before taxation	**104 728**	**409 960**	**33 073**	**-**	**547 761**
Taxation	(30 964)	(90 289)	(5 996)	-	(127 249)
Profit after taxation	**73 764**	**319 671**	**27 077**	**-**	**420 512**
Earnings attributable to minority shareholders	27 019	743	1 192	-	28 954
Earnings attributable to shareholders	46 745	318 928	25 885	-	391 558
	73 764	**319 671**	**27 077**	**-**	**420 512**
Net intersegment revenue	5 151	(6 613)	1 462	-	-
ROE (post-tax)*	11.8%	41.9%	15.0%	-	23.6%
Cost to income ratio	64.8%	47.1%	59.1%	-	56.1%
Effective operational tax rate	20.3%	24.1%	18.1%	-	22.6%
Number of permanent employees	1 824	3 666	424	-	5 914

* Refer to calculation on page 27.

At 31 March 2008 £'million	UK & Europe	Southern Africa	Australia	Other geographies	Total group
3. Combined consolidated segmental analysis (continued)					
Cash and balances at central banks	608	174	6	-	788
Loans and advances to banks	992	1 024	138	-	2 154
Cash equivalent advances to customers	7	497	-	-	504
Reverse repurchase agreements and cash collateral on securities borrowed	351	443	-	-	794
Trading securities	442	1 527	16	-	1 985
Derivative financial instruments	639	598	68	-	1 305
Investment securities	809	14	307	1	1 131
Loans and advances to customers	7 487	5 732	827	-	14 046
Securitised assets	4 906	831	346	-	6 083
Interests in associated undertakings	80	-	3	-	83
Deferred taxation assets	46	28	11	-	85
Other assets	571	303	8	-	882
Property and equipment	128	9	4	-	141
Investment properties	-	135	-	-	135
Goodwill	215	21	36	-	272
Intangible assets	25	5	2	-	32
	17 306	**11 341**	**1 772**	**1**	**30 420**
Other financial instruments at fair value through income in respect of					
- liabilities to customers	-	2 879	-	-	2 879
- assets related to reinsurance contracts	-	805	-	-	805
	17 306	**15 025**	**1 772**	**1**	**34 104**
Deposits by banks	2 856	583	50	-	3 489
Deposits by banks - Kensington warehouse funding	1 778	-	-	-	1 778
Derivative financial instruments	192	634	56	-	882
Other trading liabilities	193	258	-	-	451
Repurchase agreements and cash collateral on securities lent	288	94	-	-	382
Customer accounts	4 443	7 142	548	-	12 133
Debt securities in issue	223	156	399	-	778
Liabilities arising on securitisation	4 628	784	349	-	5 761
Current taxation liabilities	52	80	1	-	133
Deferred taxation liabilities	42	37	-	-	79
Other liabilities	661	586	32	-	1 279
	15 356	**10 354**	**1 435**	**-**	**27 145**
Liabilities to customers under investment contracts	-	2 863	-	-	2 863
Insurance liabilities, including unit-linked liabilities	-	16	-	-	16
Reinsured liabilities	-	805	-	-	805
	15 356	**14 038**	**1 435**	**-**	**30 829**
Subordinated liabilities (including convertible debt)	737	292	36	-	1 065
	16 093	**14 330**	**1 471**	**-**	**31 894**

For the year to 31 March £'000	UK & Europe	Southern Africa	Australia	Other geographies	Total group
3. Combined consolidated segmental analysis (continued)					
Geographical analysis 2007					
Net interest income	**133 056**	**171 821**	**39 024**	**14**	**343 915**
Fee and commission income	299 027	253 388	24 673	685	577 773
Fee and commission expense	(43 778)	(12 354)	(143)	-	(56 275)
Principal transactions	77 789	159 921	7 753	-	245 463
Operating income from associates	10 523	-	162	-	10 685
Investment income on assurance activities	-	36 821	-	-	36 821
Premiums and reinsurance recoveries on insurance contracts	-	80 542	-	-	80 542
Other operating income	44 362	2 794	2 529	-	49 685
Other income	**387 923**	**521 112**	**34 974**	**685**	**944 694**
Claims and reinsurance premiums on insurance business	-	(111 492)	-	-	(111 492)
Total operating income net of insurance claims	**520 979**	**581 441**	**73 998**	**699**	**1 177 117**
Impairment losses on loans and advances	(6 312)	(9 040)	(1 178)	-	(16 530)
Net operating income	**514 667**	**572 401**	**72 820**	**699**	**1 160 587**
Administrative expenses	(339 409)	(298 911)	(42 049)	(318)	(680 687)
Depreciation, amortisation and impairment of property, equipment and intangible assets	(7 876)	(4 817)	(622)	-	(13 315)
Operating profit before goodwill	**167 382**	**268 673**	**30 149**	**381**	**466 585**
Goodwill	-	(8 111)	10 680	-	2 569
Profit before taxation	**167 382**	**260 562**	**40 829**	**381**	**469 154**
Taxation	(37 370)	(72 938)	(9 473)	-	(119 781)
Profit after taxation	**130 012**	**187 624**	**31 356**	**381**	**349 373**
Earnings attributable to minority shareholders	3 643	3 409	2 002	-	9 054
Earnings attributable to shareholders	126 369	184 215	29 354	381	340 319
	130 012	**187 624**	**31 356**	**381**	**349 373**
Net intersegment revenue	(1 986)	2 513	(527)	-	-
ROE (post-tax)*	19.6%	37.1%	15.0%	(>100.0%)	26.1%
Cost to income ratio	66.7%	52.2%	57.7%	45.5%	59.0%
Effective operational tax rate	23.8%	27.1%	31.6%	-	26.3%
Number of permanent employees	1 294	3 476	235	5	5 010

* Refer to calculation on page 27.

Notes to the financial statements

At 31 March 2007 £'million	UK & Europe	Southern Africa	Australia	Other geographies	Total group
3. Combined consolidated segmental analysis (continued)					
Cash and balances at central banks	31	60	12	-	103
Loans and advances to banks	766	1 590	75	1	2 432
Cash equivalent advances to customers	23	526	-	-	549
Reverse repurchase agreements and cash collateral on securities borrowed	1 980	345	-	-	2 325
Trading securities	491	1 456	68	-	2 015
Derivative financial instruments	255	402	67	-	724
Investment securities	1 392	29	356	-	1 777
Loans and advances to customers	4 004	4 860	663	-	9 527
Securitised assets	-	832	-	-	832
Interests in associated undertakings	53	-	17	-	70
Deferred taxation assets	23	31	5	-	59
Other assets	932	482	7	-	1 421
Property and equipment	120	9	2	-	131
Investment properties	-	85	-	-	85
Goodwill	153	27	16	-	196
Intangible assets	18	18	-	-	36
	10 241	**10 752**	**1 288**	**1**	**22 282**
Other financial instruments at fair value through income in respect of					
- liabilities to customers	-	3 025	-	-	3 025
- assets related to reinsurance contracts	-	993	-	-	993
	10 241	**14 770**	**1 288**	**1**	**26 300**
Deposits by banks	1 434	913	-	-	2 347
Derivative financial instruments	72	399	39	-	510
Other trading liabilities	96	226	-	-	322
Repurchase agreements and cash collateral on securities lent	1 598	168	-	-	1 766
Customer accounts	3 786	6 413	451	-	10 650
Debt securities in issue	681	95	478	-	1 254
Liabilities arising on securitisation	-	827	-	-	827
Current taxation liabilities	38	71	5	-	114
Deferred taxation liabilities	9	39	-	-	48
Other liabilities	1 070	685	23	-	1 778
Pension fund liabilities	1	-	-	-	1
	8 785	**9 836**	**996**	**-**	**19 617**
Liabilities to customers under investment contracts	-	3 004	-	-	3 004
Insurance liabilities, including unit-linked liabilities	-	21	-	-	21
Reinsured liabilities	-	993	-	-	993
	8 785	**13 854**	**996**	**-**	**23 635**
Subordinated liabilities (including convertible debt)	587	216	41	-	844
	9 372	**14 070**	**1 037**	**-**	**24 479**

3. Combined consolidated segmental analysis (continued)

A geographical breakdown of business operating profit before goodwill, non-operating items and taxation is shown below:

For the year to 31 March £'000	UK & Europe	Southern Africa	Australia	Other geographies	Total group
2008					
Private Client Activities	103 548	72 173	18 015	-	193 736
Capital Markets	39 306	68 118	8 326	-	115 750
Investment Banking	7 607	64 775	4 948	-	77 330
Asset Management	24 940	51 881	-	-	76 821
Property Activities	144	36 078	99	-	36 321
Group Services and Other Activities	(10 917)	46 945	1 685	-	37 713
Total group	164 628	339 970	33 073	-	537 671
2007					
Private Client Activities	106 799	53 429	16 244	-	176 472
Capital Markets	51 409	56 145	9 737	-	117 291
Investment Banking	23 294	60 632	7 309	-	91 235
Asset Management	17 555	50 557	-	-	68 112
Property Activities	1 292	12 852	-	-	14 144
Group Services and Other Activities	(32 967)	35 058	(3 141)	381	(669)
Total group	167 382	268 673	30 149	381	466 585

Further details of business line operating profit before goodwill, non-operating items and taxation are shown below:

For the year to 31 March £'000	2008	2007
Private Client Activities		
Private Banking	166 394	154 391
Private Client Portfolio Management and Stockbroking	27 342	22 081
	193 736	176 472
Capital Markets	115 750	117 291
Investment Banking		
Corporate Finance	14 277	15 890
Institutional Research and Sales and Trading	12 422	14 394
Direct Investments	15 990	18 148
Private Equity	34 641	42 803
	77 330	91 235
Asset Management	76 821	68 112
Property Activities	36 321	14 144
Group Services and Other Activities		
International Trade Finance	7 258	5 462
UK Traded Endowments	652	(109)
Assurance activities	4 116	1 646
	12 026	6 999
Central Funding	99 075	66 981
Central Costs	(73 388)	(74 649)
	37 713	(669)
Total group	537 671	466 585

Notes to the financial statements

For the year to 31 March £'000	2008	2007
4. Principal transactions		
Principal transaction income includes:		
Gross trading income	170 680	103 469
Funding cost against trading income	(55 509)	(33 665)
Net trading income	115 171	69 804
Fair value movement from financial instruments designated as held at fair value	56 785	142 769
Gains on available for sale instruments	34 210	4 626
Impairments on available for sale instruments	-	(1 529)
Fair value of investment properties	43 560	17 339
Dividend income	25 154	10 360
Other income	1 825	2 094
	276 705	**245 463**
Fair value movement from financial instruments designated as held at fair value includes:		
Fair value movement of designated equity positions	81 373	103 351
Fair value movement of designated loans and receivables	(17 283)	15 686
Fair value movement of other designated securities	(27 936)	14 464
Fair value movement of designated liabilities	20 631	9 268
	56 785	**142 769**
5. Other operating income		
Rental income from properties	1 307	1 600
Operating income of non core businesses*	48 736	48 085
	50 043	**49 685**

* Includes operating income of certain private equity investments that have been consolidated, with their respective operating costs included in administrative costs.

For the year to 31 March £'000	2008	2007
6. Administrative expenses		
Staff costs	552 419	482 050
Salaries and wages (including directors' remuneration)^	469 962	415 597
Share based payment expense	39 600	27 976
Social security costs	25 066	23 092
Pensions and provident fund contributions	17 791	15 385
Premises (excluding depreciation)	45 737	35 610
Equipment (excluding depreciation)	37 087	29 684
Business expenses**	141 258	105 911
Marketing expenses	30 999	27 432
	807 500	**680 687**
The following amounts were paid to the auditors		
Group audit	1 900	1 803
Subsidiary statutory audit	3 270	3 104
Regulatory reporting	260	247
Other audit service	230	218
Total audit fees	**5 660**	**5 372**
Tax services	820	256
Other non-audit fee	600	187
Total non-audit fee	**1 420**	**443**
Total fees	**7 080**	**5 815**
Audit fees by audit firm		
Ernst & Young	5 790	4 096
KPMG	1 290	1 635
Other	-	84
	7 080	**5 815**

^ Details of the directors' emoluments, pensions and their interests are disclosed in the directors' remuneration report on pages 166 to 182.

** Business expenses significantly comprise insurance costs, consulting and professional fees, travel expenses and subscriptions.

Notes to the financial statements

For the year to 31 March £'000	2008	2007
7. Share based payments		
The group operates share option and share purchase schemes for employees, the majority of which is on an equity settled basis. The purpose of the staff share schemes is to promote an 'esprit de corps' within the organisation, create an awareness of Investec's performance and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group. Further information on the group share options and long-term incentive plans are provided on pages 176 to 182 of the remuneration report.		
Expense charged to the income statement (included in administrative expenses):		
Equity settled^	39 182	27 568
Cash settled	418	408
Total income statement charge	**39 600**	**27 976**
Liabilities on cash settled options		
Total liability included in other liabilities	6	121
Total fair value for vested appreciation rights	13	390
Weighted average fair value of options granted in the year		
UK schemes	25 239	43 616
South African schemes	28 509	34 618

At 31 March	UK schemes				South African schemes			
	2008		2007		2008		2007	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price ZAR	Number of share options	Weighted average exercise price ZAR
Details of options outstanding during the year								
Outstanding at the beginning of the year	29 029 906	0.84	27 875 005	1.27	30 542 346	14.02	34 131 575	20.95
Granted during the year	7 290 269	0.26	7 640 248	0.54	7 601 180	-	6 627 281	-
Exercised during the year*	(5 790 043)	1.63	(5 198 882)	2.13	(7 433 770)	30.30	(8 457 472)	30.20
Expired during the year	(2 225 861)	0.86	(1 286 465)	3.24	(1 791 950)	7.63	(1 759 038)	18.50
Outstanding at the end of the year	**28 304 271**	**0.53**	**29 029 906**	**0.84**	**28 917 806**	**6.55**	**30 542 346**	**14.02**
Exercisable at the end of the year	**910 733**	**2.98**	**1 059 148**	**3.11**	**2 538 170**	**39.69**	**3 355 132**	**39.73**

* Weighted average share price during the year was £5.45 (2007: £5.81).

^ The expense charged to the income statement in respect of equity settled options included £1 363 774 (2007: £726 405) expensed by IdaTech plc, a private equity direct investment. Full details of IdaTech plc's share based payments are included in their 2007 annual report.

7. Share based payments (continued)

The exercise price range and weighted average remaining contractual life for the options are as follows:

For the year to 31 March	UK schemes		South African schemes	
	2008	2007	2008	2007
Options with strike prices				
Exercise price range	£1.55 - £6.52	£1.55 - £6.11	R20.28 - R57.60	R20.28 - R57.60
Weighted average remaining contractual life	3.12 years	2.62 years	2.33 years	2.22 years
Long term incentive grants with no strike price				
Exercise price range	£0	£0	R0	R0
Weighted average remaining contractual life	3.21 years	3.43 years	3.34 years	3.82 years
The fair values of options granted were calculated using a Black-Scholes option pricing model. For options granted during the year, the inputs into the model were as follow:				
- Share price at date of grant	£4.89 - £6.52	£4.98 - £6.11	R71 - 93	R64 - R81
- Exercise price	£0, £4.89 - £6.52	£0, £4.98 - £6.11	R nil	R nil
- Expected volatility	30%	39%	30%	35% - 39%
- Option life	5 - 5.25 years	5 - 5.25 years	5 years	5 years
- Expected dividend yields	4.63% - 6.90%	3.52% - 4.03%	4.30% - 6%	3.94% - 4%
- Risk-free rate	5.18% - 6.14%	3.98% - 5.10%	9.55% - 10.20%	8.82% - 8.94%

Expected volatility was determined based on historical volatility of the respective share price over 6 months. The expected attrition rates used were determined based on historical group data, with an adjustment to actual attrition on final vesting.

8. Taxation

For the year to 31 March £'000	2008	2007
Current tax		
UK		
- current tax on income for the year	34 895	20 983
- adjustments in respect of prior years	(5 478)	(3 161)
- corporation tax before double tax relief	29 417	17 822
- double tax relief	(3 045)	(1 397)
	26 372	16 425
Southern Africa	93 605	65 303
Europe	11 742	7 658
Australia	4 994	9 328
Other	2 928	5 716
	113 269	88 005
Secondary taxation on companies*	-	7 318
Total current tax	**139 641**	**111 748**
Deferred tax		
UK	(10 087)	7 679
Southern Africa	(3 315)	318
Europe	7	(109)
Australia	1 003	145
Total deferred tax	**(12 392)**	**8 033**
Total tax charge for the year	**127 249**	**119 781**
Deferred tax comprises:		
Origination and reversal of temporary differences	(9 383)	8 475
Change in tax rate	1 577	-
Adjustment in respect of prior years	(4 586)	(442)
	(12 392)	**8 033**

* Secondary taxation on companies (STC) is an additional corporate tax on South African entities on declaration of dividends. No STC was raised in the current year due to sufficient credits being available for utilisation.

For the year to 31 March £'000	2008	2007
8. Taxation (continued)		
Items which affect the tax rate going forward are:		
Estimated tax losses, arising from trading activities, available for relief against future taxable income		
UK	Nil	Nil
South Africa	Nil	Nil
Europe	Nil	Nil
The rates of corporation tax for the relevant years are:	%	%
UK	30	30
South Africa	29	29
Europe (average)	20	20
Australia	30	30
Profit on ordinary activities before taxation	**547 761**	**469 154**
Tax on profit on ordinary activities	**127 249**	**119 781**
Effective tax rate	**23%**	**26%**
The tax charge on activities for the year is different to the standard rate as detailed below:		
Tax on profit on ordinary activities before taxation,at UK rate of 28% (2007: 30%)	153 373	140 746
Tax calculated at a rate of 28% (2007: 30%)		
Tax adjustments relating to foreign earnings	(26 205)	(7 196)
Taxation relating to prior years	(10 060)	(3 605)
Goodwill and non operating items	17 970	(3 204)
Share options accounting expense	4 458	2 555
Share options exercised during the year	(5 092)	(3 824)
Unexpired share options future tax deduction	2 308	(1 489)
Non taxable income	(18 601)	(2 858)
Net other permanent differences	11 942	3 135
Utilisation of brought forward capital losses	(2 719)	(4 479)
Utilisation of brought forward trading losses	(2 090)	-
Change in tax rate	1 965	-
Total tax charge	**127 249**	**119 781**

For the year to 31 March	2008	2007
9. Earnings per share		
Earnings per share - pence	**57.7**	**54.7**
Basic earnings per share (pence) is calculated by dividing the earnings attributable to the ordinary shareholders in Investec plc and Investec Limited by the weighted average number of ordinary shares in issue during the year.		
	£'000	**£'000**
Earnings attributable to the shareholders per income statement	391 558	340 319
Preference dividends paid	(41 779)	(31 850)
Earnings attributable to ordinary shareholders	**349 779**	**308 469**
Earnings from future dilutive convertible instruments	736	974
Diluted earnings attributable to ordinary shareholders	**350 515**	**309 443**
Diluted earnings per share - pence	**54.0**	**50.4**
Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the period plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the year.		
Weighted average total number of shares in issue during the year	640 059 998	602 052 096
Weighted average number of treasury shares	(33 894 292)	(38 269 412)
Weighted average number of ordinary shares in issue during the year	606 165 706	563 782 684
Weighted average number of shares resulting from future dilutive potential shares	35 390 062	41 146 215
Weighted average number of shares resulting from future dilutive convertible instruments	7 489 820	8 787 292
Diluted weighted number of shares potentially in issue	**649 045 588**	**613 716 191**
Adjusted earnings per share - pence	**56.9**	**53.3**
Adjusted earnings per share (pence) is calculated by dividing the earnings, before deducting goodwill impairment and non-operating items attributable to the ordinary shareholders after taking into account earnings attributable to perpetual preference shareholders, by the weighted average number of ordinary shares in issue during the year.		
	£'000	**£'000**
Earnings attributable to shareholders per income statement	391 558	340 319
Goodwill	62 765	(2 569)
Profit on disposal of group operations after taxation	(64 345)	-
Preference dividends paid	(41 779)	(31 850)
Additional earnings attributable to other equity holders*	(3 504)	(5 196)
Adjusted earnings attributable to ordinary shareholders before goodwill and non-operating items	**344 695**	**300 704**
Earnings from future dilutive convertible instruments	736	974
Diluted adjusted earnings attributable to ordinary shareholders before goodwill and non-operating items	**345 431**	**301 678**

* In accordance with IFRS, dividends attributable to equity holders is accounted for when a constructive liability arises, i.e. on declaration by the board of directors and approval by the shareholders, where required. Investec is of the view that earnings per share (EPS) is best reflected by adjusting for earnings that is attributed to equity instruments (other than ordinary shares) on an accrual basis and therefore adjusts the paid dividend on such instruments to accrued in arriving at adjusted EPS.

Notes to the financial statements

For the year to 31 March	2008	2007
9. Earnings per share (continued)		
	£'000	£'000
Diluted adjusted earnings per share - pence	53.2	49.2
Headline earnings per share - pence Headline earnings per share is disclosed in accordance with the JSE Limited listing requirements and in terms of circular 8/07 (issued February 2008) issued by The South African Institute of Chartered Accountants.	49.7	52.3
Earnings attributable to shareholders per income statement	391 558	340 319
Goodwill	62 765	(2 569)
Profit on disposal of group operations after taxation	(64 345)	-
Preference dividends paid	(41 779)	(31 850)
Gains and losses recognised on investment properties (after tax and minority interests)	(28 989)	(8 820)
Other headline adjustments**	(17 711)	(2 199)
Headline earnings attributable to ordinary shareholders	**301 499**	**294 881**
Earnings from future dilutive convertible instruments	736	974
Diluted headline earnings attributable to ordinary shareholders	**302 235**	**295 855**
Diluted headline earnings per share - pence	46.6	48.2

** Other headline adjustments includes, net fair value gains/losses on realisation of available for sale instruments which are capital in nature.

10. Dividends

For the year to 31 March	2008		2007	
	Pence per share	Total (£'000)	Pence per share	Total (£'000)
Ordinary Dividend				
Final dividend for prior year	13.00	55 415	10.6	55 415
Interim dividend for current year	11.50	90 511	10.0	57 177
Total dividend attributable to ordinary shareholder recognised in current financial year	**24.50**	**145 926**	**20.6**	**112 592**

The directors have proposed a final dividend in respect of the financial year ended 31 March 2008 of 13.5 pence per ordinary share (31 March 2007: 13 pence). This will be paid as follows:

- for Investec Limited shareholders, through a dividend paid by Investec Limited of 202 cents per ordinary share.
- for Investec plc non-South African resident shareholders, through a dividend paid by Investec plc of 13.5 pence per ordinary share.
- for Investec plc South African resident shareholders, through a dividend paid by Investec plc of 4.5 pence per ordinary share and through a dividend paid on the South African Dividend Access share equivalent to 9.0 pence per ordinary share.

The final dividend will be payable on 12 August 2008 to shareholders on the register at the close of business on 25 July 2008.

Notes to the financial statements

10. Dividends (continued)

For the year to 31 March	2008 Pence per share^	2008 Cents per share*	2008 Total (£'million)	2007 Pence per share^	2007 Cents per share*	2007 Total (£'million)
Perpetual preference dividend						
Final dividend for prior year	30.20	887.48	20 411	-	759.16	20 411
Interim dividend for current year	32.93	941.02	21 368	9.30	797.50	11 439
Total dividend attributable to perpetual preference shareholder recognised in current financial year	**63.13**	**1 828.50**	**41 779**	**9.30**	**1 556.66**	**31 850**

The directors have declared a final dividend in respect of the financial year ended 31 March 2008 of 32.67 pence (Investec plc shares traded on the JSE Limited) and 32.67 pence (Investec plc shares traded on the Channel Island Stock Exchange), 501.41 cents (Investec Limited) and 537.23 cents (Investec Bank Limited) per perpetual preference share. The final dividend will be payable on 3 July 2008 to shareholders on the register at the close of business on 20 June 2008.

^ perpetual preference share dividends from Investec Tier I (UK) LP.
* perpetual preference share dividends from Investec Limited and Investec Bank Limited.

11. Miscellaneous income statement items

For the year to 31 March £'000	2008	2007
Total foreign currency losses recognised in income except for trading activities	**25 903**	**1 139**
Operating lease expenses recognised in administrative expenses split as follows:		
Minimum lease payments	31 788	32 481
Contingent rents	4	5
Sublease payments	2 186	11
	33 978	**32 497**
Operating lease income recognised in income split as follows:		
Minimum lease payments	8 199	9 720
Sublease payments	3 754	4 622
	11 953	**14 342**

For the year to 31 March £'000	At fair value through profit and loss		Held to maturity
	Trading	Designated at inception	
12. Analysis of income and expenses by category of financial instrument			
2008			
Net interest income	23 602	40 355	25 167
Fee and commission income	13 393	15 538	182
Fee and commission expense	(201)	(1 532)	(56)
Principal transactions	169 579	81 355	(4)
Operating income from associates	-	-	-
Investment income on assurance activities	-	-	-
Premiums and reinsurance recoveries on insurance contracts	-	-	-
Other operating income	(19)	3 607	-
	206 354	**139 323**	**25 289**
Claims and reinsurance premiums on insurance business	-	-	-
Total operating income net of insurance claims	**206 354**	**139 323**	**25 289**
Impairment losses on loans and advances	-	-	87
Operating income	**206 354**	**139 323**	**25 376**
2007			
Net interest income	(10 518)	28 108	7 108
Fee and commission income	(4 562)	4 437	-
Fee and commission expense	(235)	(225)	-
Principal transactions	74 453	188 827	-
Operating income from associates	-	-	-
Investment income on assurance activities	-	-	-
Premiums and reinsurance recoveries on insurance contracts	-	-	-
Other operating income	-	2 598	-
	59 138	**223 745**	**7 108**
Claims and reinsurance premiums on insurance business	-	-	-
Total operating income net of insurance claims	**59 138**	**223 745**	**7 108**
Impairment losses on loans and advances	-	-	-
Operating income	**59 138**	**223 745**	**7 108**

Loans and receivables	Available for sale	Financial liabilities at amortised cost	Other fee income	Insurance related	Non-financial instruments	Total
1 393 265	98 475	(997 444)	-	-	-	583 420
104 861	-	(242)	462 468	-	18 157	614 357
(1 150)	(820)	(708)	(58 601)	-	7	(63 061)
-	34 100	(55 509)	2 073	-	45 111	276 705
-	-	-	-	-	12 138	12 138
-	-	-	-	89 593	-	89 593
-	-	-	-	40 849	-	40 849
-	-	-	45 127	-	1 328	50 043
1 496 976	**131 755**	**(1 053 903)**	**451 067**	**130 442**	**76 741**	**1 604 044**
-	-	-	-	(120 358)	-	(120 358)
1 496 976	**131 755**	**(1 053 903)**	**451 067**	**10 084**	**76 741**	**1 483 686**
(114 272)	-	-	-	-	-	(114 185)
1 382 704	**131 755**	**(1 053 903)**	**451 067**	**10 084**	**76 741**	**1 369 501**
1 109 882	39 802	(831 276)	-	-	809	343 915
77 141	-	301	475 382	-	25 074	577 773
(3 910)	-	(1 178)	(50 727)	-	-	(56 275)
-	3 335	(33 665)	197	-	12 316	245 463
-	-	-	-	-	10 685	10 685
-	-	-	-	36 821	-	36 821
-	-	-	-	80 542	-	80 542
537	-	-	45 187	-	1 363	49 685
1 183 650	**43 137**	**(865 818)**	**470 039**	**117 363**	**50 247**	**1 288 609**
-	-	-	-	(111 492)	-	(111 492)
1 183 650	**43 137**	**(865 818)**	**470 039**	**5 871**	**50 247**	**1 177 117**
(16 534)	4	-	-	-	-	(16 530)
1 167 116	**43 141**	**(865 818)**	**470 039**	**5 871**	**50 247**	**1 160 587**

13. Analysis of assets and liabilities by financial instrument classification

The table below provides details of the categorisation of on balance sheet assets and liabilities. For financial assets and financial liabilities carried at fair value the table provides further details of the basis used for determining fair value according to the following hierarchy:

- Level 1 - The use of quoted market prices for identical instruments in an active market,
- Level 2 - The use of a valuation technique using observable inputs. This may include:
  - using quoted prices in active markets for similar instruments;
  - using quoted prices in inactive markets for identical or similar instruments; or
  - using models where all significant inputs are observable,
- Level 3 - Using models where one or more significant inputs are not observable.

The table includes investment properties in the analysis of the basis used to determine fair value, as this is an asset carried at fair value with fair value adjustments recognised through profit and loss. Assets and liabilities related to the long-term assurance business attributable to policyholders have been excluded from the analysis as the change in fair value of related assets is attributable to policyholders.

At 31 March 2008 £'000	At fair value through profit and loss		Held to maturity
	Trading	Designated at inception	
Assets			
Cash and balances at central banks	-	-	-
Loans and advances to banks	-	-	-
Cash equivalent advances to customers	-	-	-
Reverse repurchase agreements and cash collateral on securities borrowed	246 187	-	-
Trading securities	1 059 684	924 896	-
Derivative financial instruments	1 305 264	-	-
Investment securities	-	-	77 749
Loans and advances to customers	-	1 104 940	598 177
Securitised assets	-	178 718	-
Interests in associated undertakings	-	-	-
Deferred taxation assets	-	-	-
Other assets	-	-	-
Property and equipment	-	-	-
Investment properties	-	-	-
Goodwill	-	-	-
Intangible assets	-	-	-
	2 611 135	**2 208 554**	**675 926**
Financial instruments at fair value through income in respect of			
- liabilities to customers	-	-	-
- assets related to reinsurance contracts	-	-	-
	2 611 135	**2 208 554**	**675 926**
Liabilities			
Deposits by banks	5 104	-	-
Deposits by banks - Kensington warehouse funding	-	-	-
Derivative financial instruments	881 577	-	-
Other trading liabilities	450 580	-	-
Repurchase agreements and cash collateral on securities lent	250 429	-	-
Customer accounts	127 292	988 875	-
Debt securities in issue	-	-	-
Liabilities arising on securitisation	191 527	-	-
Current taxation liabilities	-	-	-
Deferred taxation liabilities	-	-	-
Other liabilities	-	22 146	-
Pension fund liabilities	-	-	-
	1 906 509	**1 011 021**	**-**
Liabilities to customers under investment contracts	-	-	-
Insurance liabilities, including unit-linked liabilities	-	-	-
Reinsured liabilities	-	-	-
	1 906 509	**1 011 021**	**-**
Subordinated liabilities (including convertible debt)	-	-	-
	1 906 509	**1 011 021**	**-**

During the current year, a portfolio of loans that were previously carried at fair value, have been reclassified to be carried at amortised cost. The value of the loans at the date of reclassification was £598.4 million. The loans, which form part of loans and advances to customers were previously classified as available for sale. Management intend to hold these exposures to maturity and thus have reclassified it as a held to maturity financial instrument.

* Although classified as level 3, the difference in fair value and amortised cost value is immaterial.

Loans and receivables	Available for sale	Financial liabilities at amortised cost	Insurance related	Non-financial instruments	Total	Assets and liabilities carried at fair value, excluding insurance related	Valuation technique applied Level 1	Level 2	Level 3
788 472	-	-	-	-	788 472	-	-	-	-
2 153 773	-	-	-	-	2 153 773	-	-	-	-
504 382	-	-	-	-	504 382	-	-	-	-
547 966	-	-	-	-	794 153	246 187	181 187	65 000	-
-	-	-	-	-	1 984 580	1 984 580	1 544 787	423 622	16 171
-	-	-	-	-	1 305 264	1 305 264	214 953	1 022 826	67 485
-	1 053 123	-	-	-	1 130 872	1 053 123	52 294	1 000 829	-
12 343 018	-	-	-	-	14 046 135	1 104 940	-	892 057	*212 883
5 904 257	-	-	-	-	6 082 975	178 718	-	100 462	78 256
-	-	-	-	82 576	82 576	-	-	-	-
-	-	-	-	84 493	84 493	-	-	-	-
724 745	-	-	-	157 464	882 209	-	-	-	-
-	-	-	-	141 352	141 352	-	-	-	-
-	-	-	-	134 975	134 975	134 975	-	134 975	-
-	-	-	-	271 932	271 932	-	-	-	-
-	-	-	-	31 506	31 506	-	-	-	-
22 966 613	1 053 123	-	-	904 298	30 419 649	6 007 787	1 993 221	3 639 771	374 795
-	-	-	2 878 894	-	2 878 894				
-	-	-	805 009	-	805 009				
22 966 613	1 053 123	-	3 683 903	904 298	34 103 552	6 007 787	1 993 221	3 639 771	374 795
-	-	3 483 928	-	-	3 489 032	5 104	5 104	-	-
-	-	1 778 438	-	-	1 778 438	-	-	-	-
-	-	-	-	-	881 577	881 577	196 831	684 746	-
-	-	-	-	-	450 580	450 580	450 580	-	-
-	-	131 955	-	-	382 384	250 429	147 429	103 000	-
-	-	11 016 953	-	-	12 133 120	1 116 167	-	1 116 167	-
-	-	777 769	-	-	777 769	-	-	-	-
-	-	5 568 681	-	-	5 760 208	191 527	-	191 527	-
-	-	-	-	132 656	132 656	-	-	-	-
-	-	-	-	79 172	79 172	-	-	-	-
-	-	1 241 224	-	16 002	1 279 373	22 146	-	22 146	-
-	-	-	-	-	-	-	-	-	-
-	-	23 998 948	-	227 830	27 144 309	2 917 530	799 944	2 117 586	-
-	-	-	2 862 916	-	2 862 916				
-	-	-	15 978	-	15 978				
-	-	-	805 009	-	805 009				
-	-	23 998 948	3 683 903	227 830	30 828 212	2 917 530	779 944	2 117 586	-
-	-	1 065 321	-	-	1 065 321	-	-	-	-
-	-	25 064 269	3 683 903	227 830	31 893 533	2 917 530	779 944	2 117 586	-

At 31 March 2007 £'000	At fair value through profit and loss Trading	 Designated at inception	Held to maturity
13. Analysis of assets and liabilities by financial instrument classification (continued)			
Assets			
Cash and balances at central banks	-	-	-
Loans and advances to banks	7 296	-	-
Cash equivalent advances to customers	48 304	-	-
Reverse repurchase agreements and cash collateral on securities borrowed	165 036	-	-
Trading securities	995 965	1 019 179	-
Derivative financial instruments	724 492	-	-
Investment securities	-	1 928	144 202
Loans and advances to customers	-	1 055 702	-
Securitised assets		135 884	-
Interests in associated undertakings	-	-	-
Deferred taxation assets	-	-	-
Other assets	-	7 608	-
Property and equipment	-	-	-
Investment properties	-	-	-
Goodwill	-	-	-
Intangible assets	-	-	-
	1 941 093	2 220 301	144 202
Financial instruments at fair value through income in respect of			
- liabilities to customers	-	-	-
- assets related to reinsurance contracts	-	-	-
	1 941 093	2 220 301	144 202
Liabilities			
Deposits by banks	3 517	-	-
Derivative financial instruments	509 919	-	-
Other trading liabilities	321 863	-	-
Repurchase agreements and cash collateral on securities lent	408 072	-	-
Customer accounts	84 853	915 972	-
Debt securities in issue	-	-	-
Liabilities arising on securitisation	324 779	-	-
Current taxation liabilities	-	-	-
Deferred taxation liabilities	-	-	-
Other liabilities	-	8 299	-
Pension fund liabilities	-	-	-
	1 653 003	924 271	-
Liabilities to customers under investment contracts	-	-	-
Insurance liabilities, including unit-linked liabilities	-	-	-
Reinsured liabilities	-	-	-
	1 653 003	924 271	-
Subordinated liabilities (including convertible debt)	-	-	-
	1 653 003	924 271	-

Loans and receivables	Available for sale	Financial liabilities at amortised cost	Insurance related	Non financial instruments	Total	Assets and liabilities carried at fair value, excluding insurance related	Valuation technique applied Level 1	Level 2	Level 3
102 751	-	-	-	-	102 751	-	-	-	-
2 424 473	-	-	-	-	2 431 769	7 296	7 296	-	-
500 298	-	-	-	-	548 602	48 304	48 304	-	-
2 159 602	-	-	-	-	2 324 638	165 036	165 036	-	-
-	-	-	-	-	2 015 144	2 015 144	1 482 651	498 583	33 910
-	-	-	-	-	724 492	724 492	246 485	432 522	45 485
-	1 630 471	-	-	-	1 776 601	1 632 399	465 303	1 167 096	-
7 974 797	496 581	-	-	-	9 527 080	1 552 283	-	1 552 283	-
695 858	-	-	-	-	831 742	135 884	-	135 884	-
-	-	-	-	70 332	70 332	-	-	-	-
-	-	-	-	59 394	59 394	-	-	-	-
1 367 905	-	-	-	45 168	1 420 681	7 608	7 608	-	-
-	-	-	-	131 505	131 505	-	-	-	-
-	-	-	-	85 424	85 424	85 424	-	85 424	-
-	-	-	-	195 883	195 883	-	-	-	-
-	-	-	-	35 829	35 829	-	-	-	-
15 225 684	**2 127 052**	**-**	**-**	**623 535**	**22 281 867**	**6 373 870**	**2 422 683**	**3 871 792**	**79 395**
-	-	-	3 024 997	-	3 024 997				
-	-	-	992 824	-	992 824				
15 225 684	**2 127 052**	**-**	**4 017 821**	**623 535**	**26 299 688**	**6 373 870**	**2 422 683**	**3 871 792**	**79 395**
-	-	2 343 578	-	-	2 347 095	3 517	3 517	-	-
-	-	-	-	-	509 919	509 919	222 891	287 028	-
-	-	-	-	-	321 863	321 863	321 863	-	-
-	-	1 357 599	-	-	1 765 671	408 072	408 072	-	-
-	-	9 649 277	-	-	10 650 102	1 000 825	-	1 000 825	-
-	-	1 253 752	-	-	1 253 752	-	-	-	-
-	-	501 848	-	-	826 627	324 779	-	324 779	-
-	-	-	-	113 967	113 967	-	-	-	-
-	-	-	-	48 048	48 048	-	-	-	-
-	-	1 607 587	-	162 602	1 778 488	8 299	-	8 299	-
-	-	-	-	1 467	1 467	-	-	-	-
-	**-**	**16 713 641**	**-**	**326 084**	**19 616 999**	**2 577 274**	**956 343**	**1 620 931**	**-**
-	-	-	3 004 254	-	3 004 254				
-	-	-	20 743	-	20 743				
-	-	-	992 824	-	992 824				
-	**-**	**16 713 641**	**4 017 821**	**326 084**	**23 634 820**	**2 577 274**	**956 343**	**1 620 931**	**-**
-	-	844 452	-	-	844 452	-	-	-	-
-	**-**	**17 558 093**	**4 017 821**	**326 084**	**24 479 272**	**2 577 274**	**956 343**	**1 620 931**	**-**

Notes to the financial statements

£'000	Carrying value	Fair value adjustment		Change in fair value attributable to credit risk		Maximum exposure to credit risk
		Year to date	Cumulative	Year to date	Cumulative	
14. Designated at fair value: loans and receivables and financial liabilities						
Loans and receivables						
2008						
Loans and advances to customers	1 104 940	47 962	132 766	76	(92)	1 104 940
2007						
Loans and advances to customers	1 055 702	(27 383)	(35 891)	168	(191)	1 055 702

Financial liabilities	Carrying value	Remaining contractual	Fair value adjustment Year to date	Cumulative
2008				
Customer accounts	988 875	992 137	(11 887)	(3 262)
Other liabilities	22 146	17 159	2 187	4 988
	1 011 021	1 009 296	(9 700)	1 726
2007				
Customer accounts	915 972	906 149	(10 235)	9 823
	915 972	906 149	(10 235)	9 823

At 31 March £'000	2008	2007
15. Reverse repurchase agreements and cash collateral on securities borrowed and repurchase agreements and cash collateral on securities lent		
Assets		
Reverse repurchase agreements	246 187	165 036
Cash collateral on securities borrowed	547 966	2 159 602
	794 153	2 324 638

As part of the reverse repurchase and securities borrowing agreements, the group has received securities that it is allowed to sell or re-pledge. £609 million (2007: £2 138 million) has been resold or re-pledged to third parties in connection with financing activities or to comply with commitments under short sale transactions.

	2008	2007
Liabilities		
Repurchase agreements	360 578	408 072
Cash collateral on securities lent	21 806	1 357 599
	382 384	1 765 671

At 31 March £'000	2008 Carrying value	2008 Cumulative unrealised gains/(losses)	2007 Carrying value	2007 Cumulative unrealised gains/(losses)
16. Trading securities				
Listed equities	456 820	20 138	641 536	(24 929)
Unlisted equities	243 048	125 764	193 121	91 472
Promissory notes	12 120	402	40 114	1 325
Liquid asset bills	143 536	1 420	270 803	2 778
Debentures	756 699	6 100	349 623	4 243
Bonds	372 357	(19 519)	519 947	4 966
	1 984 580	134 305	2 015 144	79 855

17. Derivative financial instruments

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.

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

At 31 March £'000	2008 Notional principal amounts	2008 Positive fair value	2008 Negative fair value	2007 Notional principal amounts	2007 Positive fair value	2007 Negative fair value
Foreign exchange derivatives						
Forward foreign exchange	4 021 799	87 673	110 650	7 771 869	72 518	84 429
Currency swaps	7 309 994	459 267	219 113	2 443 222	16 117	8 943
OTC options bought and sold	390 846	6 285	1 973	278 664	1 202	1 514
Other foreign exchange contracts	-	142	276	766	-	-
OTC derivatives	11 722 639	553 367	332 012	10 494 521	89 837	94 886
Exchange traded futures	72 312	-	-	-	-	-
	11 794 951	**553 367**	**332 012**	**10 494 521**	**89 837**	**94 886**
Interest rate derivatives						
Caps and floors	2 519 807	2 184	3 490	1 245 817	1 492	1 539
Swaps	33 377 251	360 565	348 708	18 905 362	159 960	168 501
Forward rate agreements	32 638 671	43 739	40 945	38 648 708	20 311	26 059
OTC options bought and sold	585 152	640	60	1 869 740	915	368
Other interest rate contracts	-	-	-	3 445	13	13
OTC derivatives	69 120 881	407 128	393 203	60 673 072	182 691	196 480
Exchange traded futures	22 359 770	494	1 027	8 004 427	116	280
Exchange traded options	594 783 497	13 669	14 730	118 533 158	-	156
	686 264 148	**421 291**	**408 960**	**187 210 657**	**182 807**	**196 916**
Equity and stock index derivatives						
OTC options bought and sold	513 771	32 189	34 670	496 404	56 022	36 754
Equity swaps and forwards	76 770	717	1 071	464 643	8 456	9 215
OTC derivatives	590 541	32 906	35 741	961 047	64 478	45 969
Exchange traded futures	877 715	-	535	960 935	2 011	96
Exchange traded options	158 928	6 736	6 758	55 630	1 276	1 022
Warrants	48 573	8 912	5 946	303 815	29 110	15 669
	1 675 757	**48 554**	**48 980**	**2 281 427**	**96 875**	**62 756**
Commodity derivatives						
OTC options bought and sold	437 078	29 650	1 067	789 618	136 656	110 924
Commodity swaps and forwards	2 298 046	263 650	183 359	1 628 409	189 826	82 333
OTC derivatives	2 735 124	293 300	184 426	2 418 027	326 482	193 257
Exchange traded futures	1 519 836	172 769	146 229	565 752	185 801	143 278
Exchange traded options	271 205	21 285	27 552	467 990	57 281	78 059
	4 526 165	**487 354**	**358 207**	**3 451 769**	**569 564**	**414 594**
Credit derivatives						
Credit swaps bought and sold	78 081	8 725	6 209	43 703	494	845
	78 081	**8 725**	**6 209**	**43 703**	**494**	**845**
Embedded Derivatives		**58 764**	**-**		**44 993**	**-**
Gross fair values		**1 578 055**	**1 154 368**		**984 570**	**769 997**
Effect of on balance sheet netting		(272 791)	(272 791)		(260 078)	(260 078)
Derivatives per balance sheet		**1 305 264**	**881 577**		**724 492**	**509 919**

At 31 March £'000	2008	2007
18. Investment securities		
Listed equities	25 602	33 854
Unlisted equities	48 316	30 967
Bonds	1 610	42 585
Floating rate notes	405 370	391 546
Commercial paper	649 801	1 277 443
Other investments	173	206
	1 130 872	**1 776 601**
19. Loans and advances to customers		
Category analysis		
Private banking professional and high net worth individuals	7 636 332	6 009 026
Corporate sector	3 263 553	2 444 808
Financial institutions other than banks	760 998	841 237
Public and government sector (including central banks)	275 884	195 545
Trade finance	85 186	74 893
Kensington- mortgage lending	2 103 513	1 362
	14 125 466	**9 566 871**
Specific impairment	(72 637)	(33 129)
Portfolio impairment	(6 694)	(6 662)
	14 046 135	**9 527 080**
Specific and portfolio impairments		
Reconciliation of movements in group specific and portfolio impairments		
Specific impairment		
Balance at beginning of year	33 129	31 051
Charge to the income statement	79 167	17 317
Acquired	147	7 740
Utilised	(41 819)	(17 820)
Exchange adjustment	2 013	(5 159)
Balance at end of year	**72 637**	**33 129**
Portfolio impairment		
Balance at beginning of year	6 662	10 068
Charge to the income statement	1 358	(982)
Acquired	117	(439)
Utilised	(743)	-
Exchange adjustment	(700)	(1 985)
Balance at end of year	**6 694**	**6 662**
Interest income recognised on loans that have been impaired	1 356	-

At 31 March £'000	2008	2007
20. Securitised assets		
Securitised assets comprises the following categories of assets:		
Loans and advances to banks	477 785	29 156
Other financial instruments at fair value	150 785	135 892
Loans and advances to customers	5 488 217	663 194
Other assets	-	3 698
	6 116 787	831 940
Impairment of loans and advances to customers	(33 812)	(198)
Total securitised assets	**6 082 975**	**831 742**
The associated liabilities are recorded on balance sheet in "liabilities arising on securitisation". At 31 March, the carrying value was	5 760 208	826 627
Securitised loans and advances to customers category analysis		
Private banking professional and high net worth individuals	1 277 063	605 667
Corporate sector	148 915	57 527
Kensington - mortgage lending	4 062 239	-
	5 488 217	663 194
Specific impairments	(33 812)	(65)
Portfolio impairments	-	(133)
	5 454 405	**662 996**
Analysis of impairments		
Reconciliation of movements in group specific and portfolio impairments of loans and advances that have been securitised		
Specific impairment		
Balance at beginning of year	65	3
Charge to the income statement	33 660	62
Utilised	(36)	-
Exchange adjustment	123	-
Balance at end of year	**33 812**	**65**
Portfolio impairment		
Balance at beginning of year	133	-
Charge to the income statement	-	133
Utilised	(117)	-
Exchange adjustment	(16)	-
Balance at end of year	**-**	**133**

Notes to the financial statements

At 31 March £'000	2008	2007
21. Interests in associated undertakings		
Interests in associated undertakings consist of:		
Net asset value	18 372	6 128
Goodwill	64 204	64 204
Investment in associated undertaking	**82 576**	**70 332**
Analysis of the movement in our share of net assets:		
At beginning of year	6 128	(1 820)
Exchange adjustments	144	(122)
Acquisitions	1 676	277
Disposal of shareholding in associate company	(113)	(306)
Adjustment in shareholding*	-	762
Income from associates	12 138	10 685
Dividends received	(5 065)	(4 699)
Gains recognised in equity	3 464	1 351
At end of year	**18 372**	**6 128**
Analysis of the movement in goodwill:		
At beginning of year	64 204	64 919
Exchange adjustments	-	47
Adjustment in shareholding*	-	(762)
At end of year	**64 204**	**64 204**
Associated undertakings:		
Listed	65 651	55 657
Unlisted	16 925	14 675
	82 576	**70 332**
Market value of listed investments	**108 449**	**180 026**
The most significant investment held in associates in the year was Rensburg Sheppards plc ("RS"). RS is a listed company on the London Stock Exchange and conducts the business of private client stockbroking.		
At 31 March 2008 Rensburg Sheppards plc had the following shares of 10 90/91p:	43 883 500	43 881 382
Less: Shares held in RS Employee Share Ownership Trust	(229 600)	(233 600)
	43 653 900	43 647 782
Holding in RS ordinary share (%)	47.32%	47.33%

Investec has undertaken not to vote in excess of 30% of the issued capital of RS in the five year period ending 6 May 2010.

* During the 2007 year RS issued additional shares reducing Investec's share of net assets and goodwill.

Significant transactions between the group and RS during the year ended 31 March 2008, all of which are on an arm's length basis are:

- £50 million subordinated loan from Investec Bank (UK) Limited to RS. This loan, which was originally £60 million from Investec 1 Limited to RS was entered into on 6 May 2005 and formed part of the consideration paid by RS for the acquisition of Carr Sheppards Crosthwaite Limited. On 8 May 2007 RS repaid £10 million and on 28 September 2007 the remaining loan receivable was transferred to IBUK. The interest receivable on the loan during the year amounted to £3.7 million (2007: £4.3 million) and interest of £1.5 million was receivable at 31 March 2008 (2007: £1.7 million).
- Rent of £1.1 million (2007: £1.25 million) and a contribution of £0.2 million (2007: £0.3 million) in respect of RS' occupation of 2 Gresham Street. A further £0.7 million (2007: £0.5 million) was received in relation to other services provided including IT and Internal Audit.

£'000	Assets	liabilities	Revenues	Adjusted Profit before tax*
21. Interests in associated undertakings (continued)				
Rensburg Sheppards plc				
31 March 2008	386 585	200 470	132 928	41 469
31 March 2007	377 092	207 400	122 297	35 923

* Before amortisation of client relationships intangible asset and share based payments relating to the Employee Benefit Trust.

At 31 March £'000	2008	2007
22. Deferred taxation		
Deferred taxation assets		
Deferred capital allowances	28 813	6 438
Income and expenditure accruals	38 590	37 660
Asset in respect of unexpired options	5 710	13 194
Other temporary differences	11 380	2 102
	84 493	**59 394**
Deferred taxation liabilities		
Unrealised fair value adjustments on financial instruments	43 464	35 669
Arising on anticipated foreign dividends	7 027	3 433
Liability in respect of pensions surplus	3 793	816
Capital allowances	6 915	2 058
Income and expense accruals	6 830	-
Other temporary differences	11 143	6 072
	79 172	**48 048**
Net deferred taxation asset	**5 321**	**11 346**
Reconciliation of net deferred taxation asset		
At beginning of year	11 346	33 825
Charge to profit and loss	12 392	(8 033)
- current year tax	13 969	(8 033)
- change in tax rate	(1 577)	-
Charge directly in equity	(16 749)	(893)
Deferred tax arising on pension fund deficit movement in equity	(2 977)	1 058
Arising on acquisitions	4 789	(395)
Secondary taxation on companies credits utilised	-	(7 208)
Transfer to corporation tax in respect of pensions contributions	(7 026)	(6 541)
Exchange adjustments	3 546	(467)
At year end	**5 321**	**11 346**
Deferred tax on available for sale instruments recognised directly in equity	(5 697)	(4 643)
Deferred tax on unexpired share options recognised directly in equity	-	5 109
Current tax recognised directly in equity	6 202	-

Notes to the financial statements

At 31 March £'000	2008	2007
23. Other assets		
Settlement debtors	401 930	1 055 410
Operating leased assets in stock	10 671	53 237
Dealing properties	25 299	26 634
Accruals and prepayments	63 201	60 637
Pension assets	18 256	4 178
Other debtors	362 852	220 585
	882 209	1 420 681

At 31 March £'000	Freehold properties	Leasehold improvements	Furniture and vehicles	Equipment	Total
24. Property and equipment					
2008					
Cost					
At beginning of year	5 958	24 527	15 269	137 039	182 793
Exchange adjustments	(23)	355	(964)	(3 885)	(4 517)
Acquisition of subsidiary undertakings	-	117	1 343	1 872	3 332
Reclassifications	-	(200)	-	(973)	(1 173)
Additions	3 062	7 637	3 472	11 398	25 569
Disposals	-	(16)	(781)	(2 741)	(3 538)
At end of year	8 997	32 420	18 339	142 710	202 466
Accumulated depreciation					
At beginning of year	(13)	(10 128)	(11 659)	(29 488)	(51 288)
Exchange adjustments	-	(126)	630	1 544	2 048
Reclassifications	-	-	(254)	1 427	1 173
Disposals	-	(3)	601	2 127	2 725
Depreciation charge for the year	(13)	(2 047)	(2 561)	(11 151)	(15 772)
At end of year	(26)	(12 304)	(13 243)	(35 541)	(61 114)
Net book value	8 971	20 116	5 096	107 169	141 352
2007					
Cost					
At beginning of year	1 136	23 065	19 106	34 895	78 202
Exchange adjustments	(288)	(445)	(2 968)	(8 683)	(12 384)
Acquisition of subsidiary undertakings	3 893	196	29	89 310	93 428
Reclassifications	(53)	121	(121)	-	(53)
Additions	1 270	1 843	2 079	23 292	28 484
Disposals	-	(253)	(2 856)	(1 775)	(4 884)
At end of year	5 958	24 527	15 269	137 039	182 793
Accumulated depreciation					
At beginning of year	(53)	(8 870)	(14 486)	(27 877)	(51 286)
Exchange adjustments	-	296	2 020	3 855	6 171
Reclassifications	53	(28)	28	-	53
Disposals	-	200	2 119	1 332	3 651
Depreciation charge for the year	(13)	(1 522)	(1 221)	(6 798)	(9 554)
Impairment losses	-	(204)	(119)	-	(323)
At end of year	(13)	(10 128)	(11 659)	(29 488)	(51 288)
Net book value	5 945	14 399	3 610	107 551	131 505

At 31 March £'000	2008	2007
25. Investment properties		
At beginning of year	85 424	163 049
Additions	26 333	680
Disposals	(3 190)	(57 992)
Revaluation	43 560	17 339
Exchange adjustment	(17 152)	(37 652)
At end of year	**134 975**	**85 424**

The group values its investment properties twice annually. The properties were valued by directors who are qualified valuators. The valuation is performed by capitalising the budgeted annual net income of a property at the market related yield applicable at the time. Investment properties are carried at fair value.

	2008	2007
26. Goodwill		
Cost		
At beginning of year	242 527	250 410
Acquisition of subsidiaries	138 550	22 675
Goodwill arising on acquisition of shares held by minority	740	-
Disposal of subsidiaries	(1 148)	-
Exchange adjustments	(6 361)	(30 558)
At end of year	**374 308**	**242 527**
Accumulated impairments		
At beginning of year	(46 644)	(66 850)
Income statement amount	(62 765)	2 569
Exchange adjustments	7 033	17 637
At end of year	**(102 376)**	**(46 644)**
Net book value	**271 932**	**195 883**
Analysis of goodwill by line of business and geography		
UK and Europe		
Private Banking	18 004	17 434
Capital Markets	76 143	13 720
Investment Banking	32 876	33 498
Asset Management	88 045	88 045
	215 068	**152 697**
South Africa		
Private Client Portfolio Management and Stockbroking	2 240	2 550
Asset Management	18 277	24 067
Property Activities	272	310
	20 789	**26 927**
Australia		
Private Banking	18 536	-
Investment Banking	17 539	16 259
	36 075	**16 259**
Total group	**271 932**	**195 883**

Goodwill is tested annually for impairment, or more frequently if evidence exists that goodwill might be impaired.

The recoverable amount of goodwill is determined based on expected cashflows within the cash generating units of the group to which the goodwill is allocated. Key assumptions within the calculation include discount rates, growth rates in revenue and related expenditure.

Notes to the financial statements

26. Goodwill (continued)

Discount rates are arrived at based on pre-tax rates that reflect current market conditions, adjusted for the specific risks associated with the cash generating unit. Growth rates are based on industry growth forecasts. Cash flow forecasts are based on most recent financial budgets for the next financial year and are extrapolated for a period of 3 years, adjusted for expected future events.

Movement in goodwill

2008

Goodwill arising on acquisition includes £121.1 million on the acquisition of Kensington Group plc on 8 August 2007 and £17.5 million in respect of the acquisition of Experien Pty Limited on 1 October 2007. See note 28. Kensington Group plc forms part of the Capital Markets segment in the United Kingdom and Experien Pty Limited forms part of the Private Banking segment in Australia.

2007

Goodwill arising on acquisition of £33.3 million related to the acquisition of Midwest Grain Processors LLC by Global Ethanol Holdings and the acquisition of Idatech LLC. See note 28.

On 7 July 2006 Investec Bank (UK) Limited ("IBUK") acquired the entire share capital of NM Rothschild Australia Holdings Pty Limited and its subsidiary, NM Rothschild and Sons (Australia) Limited ("Rothschild") resulting in negative goodwill of £10.7 million which has been released to the income statement. At acquisition, Rothschild changed its name to Investec Australia Limited ("IAL") and on 29 September 2006 all the assets and liabilities of IAL were transferred to IBUK's subsidiary, Investec Bank (Australia) Limited.

Income statement movement

2008

The income statement amount comprises:
- £2.9 million in respect of the portfolio of businesses acquired from the Fedsure Group. The impairment calculation was based on a discounted cashflow valuation, utilising a discount rate of 14.5%. The impairment was in the Asset Management segment in South Africa.
- £59.9 million in respect of the acquisition of Kensington Group plc. The goodwill impairment takes into account the managed reduction in business volumes and the limited activity in securitisation markets. A discount rate of 11% was utilised in the cashflow valuation.

2007

The income statement amount comprises:
- £8.1 million in respect of the portfolio of businesses acquired from the Fedsure Group. The impairment calculation was based on a discounted cashflow valuation, utilising a discount rate of 10%. £6.1 million of the impairment was in the Asset Management segment and £2 million was in the Property segment in South Africa.
- NM Rothschild and Sons (Australia) Limited was acquired in the current year at a discount to net asset value resulting in negative goodwill of £10.7 million which has been released to the income statement.

At 31 March £'000	Acquired contracts	Acquired software	Internally generated software	Core technology	Intellectual property	Total
27. Intangible assets						
2008						
Cost						
At beginning of year	15 363	24 643	2 409	5 109	5 685	53 209
Exchange adjustments	(135)	(924)	(436)	(94)	(105)	(1 694)
Reclassifications	-	-	-	4 256	(3 709)	547
Acquisition of subsidiary	-	3 062	-	-	1 237	4 299
Additions	-	9 628	1 354	2 192	-	13 174
Disposals	(15 228)	(224)	-	-	-	(15 452)
At end of year	**-**	**36 185**	**3 327**	**11 463**	**3 108**	**54 083**
Accumulated amortisation and impairments						
At beginning of year	(1 728)	(14 278)	(914)	(222)	(238)	(17 380)
Exchange adjustments	27	1 024	(294)	5	6	768
Reclassifications	-	-	-	221	380	601
Disposals	1 701	216	75	-	-	1 992
Amortisation charge for the year	-	(7 436)	(426)	(430)	(266)	(8 558)
At end of year	**-**	**(20 474)**	**(1 559)**	**(426)**	**(118)**	**(22 577)**
Net book value	**-**	**15 711**	**1 768**	**11 037**	**2 990**	**31 506**
2007						
Cost						
At beginning of year	7 071	17 216	1 257	-	-	25 544
Exchange adjustments	(3 343)	(2 317)	(367)	(245)	(266)	(6 538)
Acquisition of subsidiary	-	4	-	5 354	5 743	11 101
Additions	11 635	9 982	1 519	-	208	23 344
Disposals	-	(242)	-	-	-	(242)
At end of year	**15 363**	**24 643**	**2 409**	**5 109**	**5 685**	**53 209**
Accumulated amortisation and impairments						
At beginning of year	(930)	(13 949)	(571)	-	-	(15 450)
Exchange adjustments	713	1 799	423	-	-	2 935
Disposals	-	84	-	-	-	84
Amortisation charge for the year	(1 511)	(2 212)	(766)	(222)	(238)	(4 949)
At end of year	**(1 728)**	**(14 278)**	**(914)**	**(222)**	**(238)**	**(17 380)**
Net book value	**13 635**	**10 365**	**1 495**	**4 887**	**5 447**	**35 829**

Charge to the profit and loss account in 2008 of £8 558 000 comprises the following:
- Amortisation of acquired contracts, core technology, intellectual property and computer software of £8 558 000.

Charge to the profit and loss account in 2007 of £4 949 000 comprises the following:
- Amortisation of acquired contracts, core technology, intellectual property and computer software of £4 949 000.
- The amortisation of acquired contracts is included in business expenses (note 6).

28. Acquisitions and disposals

2008

The group has made the following acquisitions of subsidiary undertakings in the year ended 31 March 2008 which were accounted for on an acquisition basis:

i. On 8 August 2007 Investec plc issued 36 824 432 Ordinary Shares at a value of 587.5 pence each as consideration for the acquisition of the entire issued share capital of Kensington Group plc ("Kensington").

The acquisition was carried out by way of a scheme of arrangement under section 425 of the Companies Act under which each Kensington shareholder received 0.7 Investec Share plus a special dividend of 26 pence (paid by Kensington) for each Kensington share. In the period 8 August 2007 to 31 March 2008, Kensington made a profit before taxation of £24.3 million.

The assets and liabilities at the date of acquisition, goodwill arising on the transaction and total consideration paid are disclosed in the table below:

£'000	Book value at date of acquisition	Fair value adjustment	Fair values at date of acquisition
Loans and advances to banks	109 000	-	109 000
Investment securities	15 200	(13 100)	2 100
Derivative financial instruments	22 500	-	22 500
Loans and advances to customers	1 329 400	-	1 329 400
Securitised assets	6 152 700	(17 000)	6 135 700
Deferred taxation assets	1 000	4 800	5 800
Other assets	17 500	-	17 500
Property and equipment	3 400	(300)	3 100
Intangible assets	4 500	(400)	4 100
Total assets	**7 655 200**	**(26 000)**	**7 629 200**
Deposits by banks (warehouse loans)	1 541 500	-	1 541 500
Derivative financial instruments	93 800	-	93 800
Liabilities arising on securitisation	5 681 400	-	5 681 400
Current taxation liabilities	100	-	100
Deferred taxation liabilities	1 400	200	1 600
Other liabilities	58 600	7 566	66 166
Subordinated liabilities	130 600	-	130 600
Minority interests	100	-	100
Total liabilities and minorities	**7 507 500**	**7 766**	**7 515 266**
Net assets/fair value of net assets	**147 700**	**(33 766)**	**113 934**
Goodwill			121 066
Fair value of consideration			**235 000**
Shares issued			216 344
Acquisition costs			4 956
Special dividend			13 700

ii. On 1 October 2007, Investec Bank (Australia) Limited acquired 100% of the voting shares of Experien Pty Limited, an unlisted company based in Australia specialising in finance to healthcare and accounting professionals.

The loss for the period 1 October 2007 to 31 March 2008 included in the group's consolidated results was A$0.7 million. For the year ended 31 March 2008 the Experien Group's loss was A$1.1 million. The total cost of the combination was A$31.7 million and comprised of the payment of cash of A$3.2 million, future earn-out payments of A$8.1 million and the reclassification of an option already held.

The contingent consideration comprises the present value of future payments to be made to the previous owners of the business if certain annual and cumulative loan book, margin and profit targets are achieved. The earn-out is payable in instalments over a three year period.

Goodwill represents the difference between the net fair value of assets and liabilities acquired and the present value of the estimated purchase consideration.

28. Acquisitions and disposals (continued)

Assets and liabilities at the date of acquisition and total consideration paid are set out in the table below:

£'000	Book value at date of acquisition	Fair value adjustment	Fair values at date of acquisition
Loans and advances to banks	14 360	-	14 360
Loans and advances to customers	32 888	-	32 888
Securitised assets	270 645	(2 141)	268 504
Deferred taxation assets	749	3 486	4 235
Other assets	2 106	-	2 106
Property and equipment	232	-	232
Intangible assets	-	199	199
Total assets	**320 980**	**1 544**	**322 524**
Liabilities arising on securitisation	280 163	-	280 163
Other liabilities	42 436	-	42 436
Deferred tax liabilities	3 646	-	3 646
Total liabilities and minorities	**326 245**	**-**	**326 245**
Fair value of net assets	**(5 265)**	**1 544**	**(3 721)**
Goodwill			17 484
Fair value of consideration			**13 763**
In summary - total value of cash consideration made during the year to 31 March 2008			**32 419**

iii. The sale of the group South African property fund management and property administration business to Growthpoint Properties Limited ("Growthpoint") was approved by the Competition Tribunal of South Africa on 18 October 2007. A non-operating gain of £72.9 million (£64.3 million post tax) was recognised on the sale of this business. Proceeds received on the sale were in the form of Growthpoint units, being a listed instrument carried at fair value through profit and loss. Fair value of the consideration received was £98.9 million Pounds.

2007

Acquisitions and disposals

The group made the following acquisitions of subsidiary undertakings in the year ended 31 March 2007 which were accounted for on an acquisition basis:

i. On 7 July 2006 Investec Bank (UK) Limited ("IBUK") acquired the entire share capital of N.M. Rothschild Australia Holdings Pty Limited and its subsidiary, NM Rothschild and Sons (Australia) Limited ("Rothschild") resulting in negative goodwill of £10.7 million which has been released to the income statement. At acquisition, Rothschild changed its name to Investec Australia Limited ("IAL") and on 29 September 2006 all the assets and liabilities of IAL were transferred to IBUK's subsidiary, Investec Bank (Australia) Limited (IBAL). In the period between acquisition and the transfer of all the assets and liabilities of IAL the profit made by the acquired company was £12 000.

28. Acquisitions and disposals (continued)

The acquisition was satisfied by the payment of cash. Assets and liabilities at the date of acquisition and total consideration paid are disclosed in the table below:

£'000	Book value at date of acquisition	Fair value adjustment	Fair values at date of acquisition
Cash and balances at central banks	10 582	-	10 582
Loans and advances to banks	31 950	-	31 950
Trading securities	434 309	-	434 309
Derivative financial instruments	101 047	-	101 047
Loans and advances to customers	207 341	(7 725)	199 616
Deferred taxation assets	1 187	1 725	2 912
Other assets	3 063	-	3 063
Property and equipment	555	(140)	415
Total assets	**790 034**	**(6 140)**	**783 894**
Deposits by banks	77 050	-	77 050
Derivative financial instruments	73 191	-	73 191
Customer accounts	497 024	-	497 024
Other liabilities	6 113	1 953	8 066
Subordinated liabilities	40 634	-	40 634
Total liabilities	**694 012**	**1 953**	**695 965**
Net assets/fair value of net assets	**96 022**	**(8 093)**	**87 929**
Negative goodwill arising on acquisition			(10 680)
Fair value of consideration			**77 249**

ii. In May 2006, Global Ethanol Holdings Limited ("GEHL"), acquired a 60% holding in Midwest Grain Processors LLC, a company engaged in the production and marketing of ethanol in the USA. The acquisition was financed by the issue of equity and shareholder loans which resulted in the Investec group having a 71.4% holding in GEHL. During the year GEHL has also completed a small number of acquisitions. For the period since Acquisition GEHL contributed £1.7 million to the group's profit before tax.

iii. On 19 July 2006, IBUK acquired a 99.73% holding in IdaTech LLC, a company engaged in the development of fuel processors and fuel call systems in the USA. The acquisition was satisfied by the payment of cash. For the period since acquisition, the loss before tax included within the group results is £2 329 000.

iv. On 17 October 2006, Investec Property Group Limited (a subsidiary of Investec limited) acquired a 100% holding in Spire Property Services (Pty) Ltd, a company engaged in the management of properties. The acquisition was satisfied by the payment of cash.

Assets and liabilities at the date of acquisition and total consideration paid are set out in the table below:

Other acquisitions £'000	Book value at date of acquisition	Fair value adjustment	Fair values at date of acquisition
Loans and advances to banks	2 862	-	2 862
Other assets	14 778	-	14 778
Property and equipment	83 002	10 011	93 013
Intangible assets	1 464	20 084	21 548
Total assets	**102 106**	**30 095**	**132 201**
Deposits by banks	38 432	-	38 432
Other liabilities	10 522	6 469	16 991
Deferred tax liabilities	-	3 307	3 307
Minority interests	22 091	-	22 091
Total liabilities and minorities	**71 045**	**9 776**	**80 821**
Fair value of net assets	**31 061**	**20 319**	**51 380**
Goodwill			33 355
Fair value of consideration			**84 735**
In summary total fair value of consideration, less cash arising on acquisitions made during the year to 31 March 2007			**151 402**

At 31 March £'000	2008	2007
29. Long-term assurance business attributable to policyholders		
Liabilities to customers under investment contracts	2 878 894	3 024 997
Investec Employee Benefits Limited (IEB)	402 593	516 257
Investec Assurance Limited	2 460 323	2 487 997
Insurance liabilities, including unit-linked liabilities - IEB	15 978	20 743
Reinsurance liabilities - IEB	805 009	992 824
Total policyholder liabilities		
	3 683 903	**4 017 821**
Investec Employee Benefits Limited		
The assets of the long-term assurance fund attributable to policyholders are detailed below:		
Investments	412 535	529 519
Reinsurance assets	805 032	992 824
Other assets	6 012	7 482
	1 223 579	**1 529 825**
Investments above comprise:		
Interest bearing securities	80 033	79 248
Stocks, shares and unit trusts	259 953	344 043
Deposits	72 549	106 228
	412 535	**529 519**
Investec Assurance Limited		
The assets of the long-term assurance fund attributable to policyholders are detailed below:		
Investments	2 404 849	2 389 177
Debtors and prepayments	37 870	67 352
Other assets	17 604	31 467
	2 460 323	**2 487 996**
Assets of long-term assurance fund attributable to policyholders		
Investments shown above comprise:		
Interest bearing securities	178 854	159 395
Stocks, shares and unit trusts	1 499 661	1 448 799
Deposits	726 334	780 983
	2 404 849	**2 389 177**

The business of Investec Assurance Limited is that of linked business with retirement funds. The retirement funds hold units in a pooled portfolio of assets via a linked policy issued by the company. The assets are beneficially held by Investec Assurance Limited. Due to the nature of a linked policy, Investec Assurance Limited's liability to the policyholders is equal to the market value of the assets underlying the policies.

	2008	2007
Long-term assurance activities linked to policyholders		
Income statement items related to assurance activities		
Investment income on assurance activities	89 593	36 821
Premiums and reinsurance recoveries on insurance contracts	40 849	80 542
Claims and reinsurance premiums on insurance business	(120 358)	(111 492)
Operating expenses	(5 968)	(4 225)
Net income before taxation	4 116	1 646
Taxation	(1 194)	(477)
Net income after taxation	**2 922**	**1 169**
30. Other trading liabilities		
Short positions		
- equities	286 000	245 658
- gilts	164 580	76 205
	450 580	**321 863**

At 31 March £'000	2008	2007
31. Debt securities in issue		
Bonds and medium term notes repayable:		
Up to one year	54 182	295 996
Greater than one year but less than five years	12 576	13 006
	66 758	309 002
Other unlisted debt securities in issue repayable:		
Not more than three months	318 047	332 986
Over three months but not more than one year	241 498	481 514
Over one year but not more than five years	151 466	130 250
	711 011	944 750
	777 769	**1 253 752**
32. Other liabilities		
Settlement liabilities	503 716	1 136 578
Cumulative redeemable preference shares including accrued dividends	204 582	186 672
Other creditors and accruals	298 564	260 331
Other non-interest bearing liabilities	272 511	194 907
	1 279 373	**1 778 488**
33. Pension commitments		
Income statement charge		
Defined benefit obligations net income	(853)	(896)
Cost of defined contribution schemes	18 644	16 281
Net income statement charge in respect of pensions	**17 791**	**15 385**

The group operates pension schemes throughout its areas of operation. The majority of the schemes are defined contribution schemes, with the exception of two schemes in the United Kingdom being, the Guinness Mahon Pension Fund Scheme ("GM Scheme") and the Investec Asset Management Pension Scheme ("IAM Scheme"). Both schemes are final salary pension plans with assets held in separate trustee administered funds. The schemes are closed to new members and the accrual of service ceased on 31 March 2002. The schemes have been valued at 31 March 2008 by qualified independent actuaries in accordance with IAS 19. There were no unpaid contributions, in relation to the defined contribution schemes, outstanding at the year end.

The major assumptions used were:

	2008	2007
Discount rate	6.70%	5.40%
Rate of increase in salaries	3.50%	3.00%
Rate of increase in pensions payment	3.30%	2.90%
Inflation	3.50%	3.10%

Demographic assumptions

One of the most significant demographic assumptions underlying the valuation is mortality. The specific mortality rates used are based on the PMA92 and PFA92 base tables with allowance for future improvements in line with the medium cohort projection, subject to a 1% underpin. The life expectancies underlying the valuation are as follows:

	2008	2007
Male aged 65	88	87
Female aged 65	91	90
Male aged 45	90	88
Female aged 45	93	91

33. Pension commitments (continued)

The assets held in the schemes and the expected rates of return were:

	Value at 2008 £'000	Long-term rate of return	Value at 2007 £'000	Long-term rate of return
GM Scheme				
Equities	34 720	7.50%	40 122	7.60%
Gilts	60 121	4.50%	53 873	4.60%
Cash	3 109	5.25%	1 361	5.25%
Total market value of assets	**97 950**		**95 356**	
IAM Scheme				
Equities	6 486	7.50%	7 363	7.60%
Gilts	2 947	4.50%	1 841	4.60%
Cash	336	5.25%	484	5.25%
Total market value of assets	**9 769**		**9 688**	

The following amounts have been recognised in the financial statements in accordance with IAS 19:

	2008			2007		
£'000	GM	IAM	Total	GM	IAM	Total
Recognised in the balance sheet						
Fair value of fund assets	97 950	9 769	107 719	95 356	9 688	105 044
Present value of obligations	(80 319)	(9 144)	(89 463)	(91 178)	(11 155)	(102 333)
Net asset/(liability)	**17 631**	**625**	**18 256**	**4 178**	**(1 467)**	**2 711**
Amounts in balance sheet						
Assets	17 631	625	18 256	4 178	-	4 178
Liability	-	-	-	-	(1 467)	(1 467)
Net asset/(liability)	**17 631**	**625**	**18 256**	**4 178**	**(1 467)**	**2 711**
Recognised in the income statement						
Past service cost	-	-	-	-	(4)	(4)
Expected return on pension scheme assets*	5 582	682	6 264	5 272	588	5 860
Interest on pension obligations	(4 814)	(597)	(5 411)	(4 414)	(546)	(4 960)
Net return	**768**	**85**	**853**	**858**	**38**	**896**
Recognised in the statement of recognised income and expense						
Actuarial losses on plan assets	(2 410)	(950)	(3 360)	(3 315)	(254)	(3 569)
Actuarial gains/(losses)	11 543	2 399	13 942	(165)	206	41
Actuarial gain/(loss)	9 133	1 449	10 582	(3 480)	(48)	(3 528)
Deferred tax	(2 557)	(406)	(2 963)	1 044	14	1 058
Actuarial gain/(loss) in statement of recognised income and expense	**6 576**	**1 043**	**7 619**	**(2 436)**	**(34)**	**(2 470)**
Actual return/(deficit) on plan assets	3 172	(268)	2 904	2 162	(334)	1 828

The cumulative amount of net actuarial losses recognised in the statement of recognised income and expense is £2.5 million (£1.6 million net of deferred tax) 2007: £13.1 million (£9.2 million net of deferred tax).

* The expected return on pension scheme assets is determined after taking into account independent actuarial advice.

33. Pension commitments (continued)

At 31 March £'000	GM	IAM	Total
Changes in the fair value of defined benefit obligations			
Defined benefit obligation at 31 March 2006	89 927	11 019	100 946
Interest cost	4 414	546	4 960
Actuarial gains/(losses)	165	(206)	(41)
Past service cost	-	4	4
Benefits paid	(3 328)	(208)	(3 536)
Opening defined benefit obligation at 31 March 2007	91 178	11 155	**102 333**
Interest cost	4 814	597	5 411
Actuarial gains	(11 543)	(2 399)	(13 942)
Benefits paid	(4 130)	(209)	(4 339)
Closing defined benefit obligation at 31 March 2008	**80 319**	**9 144**	**89 463**
Changes in the fair value of plan assets			
Assets at 31 March 2006	93 175	9 006	102 181
Expected return	5 272	588	5 860
Actuarial losses	(3 315)	(254)	(3 569)
Contributions by the employer	3 552	556	4 108
Benefits paid	(3 328)	(208)	(3 536)
Opening defined benefit obligation at 31 March 2007	95 356	9 688	**105 044**
Expected return	5 582	682	6 264
Actuarial losses	(2 410)	(950)	(3 360)
Contributions by the employer	3 552	558	4 110
Benefits paid	(4 130)	(209)	(4 339)
Closing fair value of plan assets at 31 March 2008	**97 950**	**9 769**	**107 719**

The group expects to make £4.1 million of contributions to the defined benefit schemes in 2009.

At 31 March	2008	2007	2006	2005
History of experience gains and losses				
GM Scheme				
Defined benefit obligation	(80 319)	(91 178)	(89 927)	(82 871)
Plan assets	97 950	95 356	93 175	74 447
Surplus/(deficit)	17 631	4 178	3 248	(8 424)
Experience adjustments on plan liabilities	11 543	(165)	(5 765)	1 731
Experience adjustments on plan assets	(2 410)	(3 315)	8 125	(1 905)
IAM Scheme				
Defined benefit obligation	(9 144)	(11 155)	(11 019)	(9 857)
Plan assets	9 769	9 688	9 006	7 290
Surplus/(deficit)	625	(1 467)	(2 013)	(2 567)
Experience adjustments on plan liabilities	2 399	206	(630)	(442)
Experience adjustments on plan assets	(950)	(254)	1 177	192

At 31 March £'000	2008	2007
34. Subordinated liabilities		
Issued by Investec Finance plc		
- a wholly owned subsidiary of Investec Bank (UK) Limited which is a wholly owned subsidiary of Investec plc		
Guaranteed subordinated step-up notes	200 865	195 055
Guaranteed undated subordinated callable step-up notes	356 728	345 658
Issued by investec Bank (UK) Limited		
Zero coupon bonds	18 087	21 254
Issued by Investec Australia Limited		
Guaranteed subordinated medium term notes	45 748	41 077
Issued by Global Ethanol Holdings Limited		
Subordinated loan notes	12 473	13 747
Issued by Kensington Group plc		
Callable subordinated notes	127 230	-
Issued by Investec Bank Limited		
- a wholly owned subsidiary of Investec Limited		
Unsecured subordinated compulsorily convertible debentures (CCDs)	14 056	19 079
IV01 16% subordinated bonds 2012 issued in South African Rands	11 132	37 053
IV02 12.55% subordinated unsecured callable bonds	-	70 443
IV03 16% subordinated bonds 2017 issued in South African Rands	93 269	101 086
IV04 10.75% subordinated unsecured callable bonds	127 533	-
IV07 subordinated unsecured callable bonds	58 200	-
	1 065 321	**844 452**
All subordinated debt issued by Investec Limited and its subsidiaries is denominated in South African Rand		
Remaining maturity:		
In one year or less, or on demand	22 557	-
In more than one year, but not more than two years	9 586	26 969
In more than two years, but not more than five years	270 218	300 296
In more than five years	762 960	517 187
	1 065 321	**844 452**

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

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

Guaranteed subordinated step-up notes

On 1 March 2004 Investec Finance plc issued £200 000 000 of 7.75% guaranteed subordinated step-up notes due 2016 at a discount. Interest is paid annually. The notes are guaranteed by Investec Bank (UK) Limited and are listed on the Luxembourg Stock Exchange. The step-up notes may be redeemed by the issuer, at par, at any time after 1 March 2011, subject to the prior consent of the Financial Services Authority. On 1 March 2011 the interest rate will be reset to become the aggregate of 3.5% and the gross redemption yield of the relevant benchmark gilt.

34. Subordinated liabilities (continued)

Guaranteed undated subordinated callable step-up notes

On 23 January 2007 Investec Finance plc issued £350 000 000 of 6.25% guaranteed undated subordinated step-up notes callable 2017 at a discount. Interest is paid semi-annually. The notes are guaranteed by Investec Bank (UK) Limited and are listed on the Luxembourg Stock Exchange. The step-up notes may be redeemed by the issuer, at par, at any time after 23 January 2017, subject to the prior consent of the Financial Services Authority. On 23 January 2017 the interest rate will be reset to become three month LIBOR plus 2.11% payable quarterly in arrears

As a result on the acquisition of NM Rothschild, in July 2006, Investec Bank (Australia) Limited has the following subordinated debt instruments in issue:

Guaranteed subordinated medium term notes

A$53 500 000 of floating rate medium term notes (MTN) issued on 3 December 2004 at 3 month Bank Bills Swap Rate (BBSW) plus 1.05%. The maturity date is 3rd December 2014. Interest is payable quarterly up to and excluding the early redemption date 3 December 2009. After this date, if the issuers call is not exercised, the interest will be the aggregate of 3 month BBSW plus 1.55% payable quarterly in arrears.

A$21 500 000 of fixed rate MTN at 6.75% issued on the 3 December 2004. The maturity date is 3 December 2014. Interest is payable semi-annually up to and excluding the early redemption date 3 December 2009. After this date, if the issuers call is not exercised, the MTN will convert to floating rate and the interest will be the aggregate of 3 month BBSW plus 1.55% payable quarterly in arrears.

A$25 000 000 of floating rate MTN issued on 10 August 2005 at 3 month BBSW plus 0.90 per cent. The maturity date is 10 August 2015. Interest is payable quarterly up to and excluding the early redemption date 10 August 2010. After this date, if the issuers call is not exercised, the interest will be the aggregate of 3 month BBSW plus 1.40% payable quarterly in arrears.

Zero coupon bonds

On 31 July 2006 Investec Bank (UK) Limited issued 10 000 zero coupon bonds of US$1 000 each at an effective yield of 4.48%. The bonds mature on the 31 July 2009.

On 16 November 2004 Investec Bank (UK) Limited issued 10 434 zero coupon bonds of £1 000 each at an effective yield of 6.948%. The bonds mature on the 16 November 2009.

During the year, 10 000 zero coupon bonds of US$1000 each were repurchased and cancelled.

Subordinated loan notes

Global Ethanol Holdings Limited has issued loan notes denominated in Australian dollars which are redeemable on a date determined by the board of the company, at its absolute discretion. The loan notes will be redeemed on the earlier of: (i) the sale of all or substantially all of their business or assets of the company and its subsidiaries: (ii) the quotation of the Company's shares on the Australian Stock Exchange or other stock exchange; (iii) a date on which 50% or more of the shares or more of the shares on issue are sold to any one party; or (iv) on 31 December 2011, the Redemption Date. The Shareholders may agree with the company the interest (if any) which will accrue on the loan notes. They are currently non interest bearing.

Callable subordinated notes

On 21 November 2005 Kensington Group plc issued £75 000 000 of 9% callable subordinated notes due 2015. Interest is payable at the rate of 9%, annually in arrears. up to but excluding 21 December 2010. From and including 21 December 2010, interest on the notes is payable at the Reset Rate annually in arrears. The issuer may, at its option, redeem all but not some only, of the notes on 21 December 2010, at par. Also, the Issuer may, at its option, redeem all, but not some only of the notes at any time at par plus accrued interest, in the event of certain tax changes. The notes mature on 21 December 2015. On 31 August 2006 Kensington Group plc issued £50 000 000 of 9% callable subordinated notes due 2015 (to be consolidated and form a single series, and to be fungible, with the £75 000 000 of 9% callable subordinated notes due 2015 issued on 21 November 2005).

Unsecured subordinated CCDs

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

The Investec Bank Limited shares arising out of the conversion have been sold forward by the holder thereof to Investec Limited in exchange for 17 869 970 Investec Limited ordinary shares.

IV01 16% subordinated bonds

R180 million (2007: R526 million) Investec Bank Limited 16% local registered unsecured subordinated bonds are due on 31 March 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. During the year, R346 million IV01 bonds were reacquired.

34. Subordinated liabilities (continued)

IV02 12.55% subordinated unsecured callable bonds

R0 (2007: R1 000 million) Investec Bank Limited IV02 subordinated 12.55% unsecured callable bonds. R1 000 million Investec Bank Limited IV02 subordinated 12.55% unsecured callable bonds were redeemed at 31 March 2008. The bonds redemption date was 31 March 2013 but the company exercised their option to call the bond on 31 March 2008.

IV03 16% subordinated bonds

R1 508 million (2007: R1 435 million) Investec Bank Limited local registered unsecured subordinated bonds are due on 31 March 2017. Interest is payable six monthly in arrears on 31 March and 30 September at a rate of 16% per annum until 31 March 2012, whereafter the interest rate will change to a floating rate of 3-month JIBAR plus 200 basis points until maturity. The settlement date of the bonds is 31 March 2017.

IV04 10.75% Subordinated unsecured callable bonds

R2 026 million (2007: nil) Investec Bank Limited local registered unsecured subordinated bonds are due on 31 March 2018. Interest is payable six monthly in arrears on 30 September and 31 March at a rate of 10.75% per annum until 31 March 2013. The settlement date is 31 March 2018, but the company has the option to call the bonds from 31 March 2013. If not called, the bonds will switch to a floating rate of 3-month JIBAR plus 200 basis points payable quarterly in arrears until maturity.

IV07 Subordinated unsecured callable bonds

R941 million (2007: nil) Investec Bank Limited IV07 local registered unsecured subordinated callable bonds are due on 31 March 2018. Interest is paid at 3-month JIBAR plus 140 basis points until 31 March 2013. Interest is payable quarterly in arrears. The maturity date is 31 March 2018, but the company has the option to call the bonds from 31 March 2013. If not called, the bonds will switch to a 3-month JIBAR plus 200 basis points.

At 31 March	2008	2007
35. Called up share capital		
Investec plc		
Authorised		
The authorised share capital of Investec plc is £177 500 (2007: £177 500) comprising: 560 000 000 (2007: 560 000 000) ordinary shares of £0.0002 each, 277 500 000 (2007: 277 500 000) special converting shares of £0.0002 each, 1 (2007: 1) special voting share of £0.001 each, 1 (2007: 1) UK DAN Share of £0.001 each and 1 (2007: 1) UK DAS Share of £0.001 each, 1 000 000 (2007: 1 000 000) non-cumulative perpetual preference shares of €0.01 each.		
Issued, allotted and fully paid		
Number of ordinary shares	Number	Number
At beginning of year	381 613 207	373 168 730
Issued during the year	41 706 292	8 444 477
At end of year	**423 319 499**	**381 613 207**
Nominal value of ordinary shares	£'000	£'000
At beginning of year	76	74
Issued during the year	8	2
At end of year	**84**	**76**
Number of special converting shares	Number	Number
At beginning of year	227 671 420	219 997 635
Issued during the year	6 639 894	7 673 785
At end of year	**234 311 314**	**227 671 420**
Nominal value of special converting shares	£'000	£'000
At beginning of year	46	44
Issued during the year	1	2
At end of year	**47**	**46**

At 31 March	2008	2007
35. Called up share capital (continued)		
Number of UK DAN shares	Number	Number
At beginning and end of year	1	1
Nominal value of UK DAN share	£'000	£'000
At beginning and end of year	*	*
Number of UK DAS shares	Number	Number
At beginning and end of year	1	1
Nominal value of UK DAS share	£'000	£'000
At beginning and end of year	*	*
Number of special voting shares	Number	Number
At beginning and end of year	1	1
Nominal value of special voting share	£'000	£'000
At beginning and end of year	*	*

* Less than £1 000

Investec Limited

Authorised

The authorised share capital of Investec Limited is South African Rand 1 205 502 (2007: R 1 205 502), comprising 277 500 000 (2007: 277 500 000) ordinary shares of South African Rand 0.0002 each, 40 000 000 (2007: 40 000 000) Class "A" variable rate compulsorily convertible non-cumulative preference shares of South African Rand 0.0002 each, 50 000 (2007: 50 000) variable rate cumulative redeemable preference shares of South African Rand 0.60 cents each, 100 000 000 (2007: 100 000 000) non-redeemable non-cumulative non-participating preference shares (SA DAS) of R0.01 each, 1 (2007: 1) Dividend Access (South African Resident) redeemable preference share of 1 South African Rand, 1 (2007: 1) Dividend Access (Non-South African Resident) redeemable preference share (SA DAN) of 1 South African Rand, 560 000 000 (2007: 560 000 000) convertible redeemable preference shares of South African Rand 0.0002 each (special converting shares)

Issued, allotted and fully paid

	2008	2007
Number of ordinary shares	Number	Number
At beginning of year	227 671 420	219 997 635
Issued during the year	6 639 894	7 673 785
At end of year	**234 311 314**	**227 671 420**
Nominal value of ordinary shares	£'000	£'000
At beginning of year	46	46
Issued during the year	*	*
At end of year	**46**	**46**
Number of special converting shares	Number	Number
At beginning of year	381 613 207	373 168 730
Issued during the year	41 706 292	8 444 477
At end of year	**423 319 499**	**381 613 207**
Nominal value of special converting shares	£'000	£'000
At beginning of year	5	5
Issued during the year	*	*
At end of year	**5**	**5**

At 31 March	2008	2007
35. Called up share capital (continued)		
Number of SA DAN shares	Number	Number
At beginning and end of year	1	1
Nominal value of SA DAN share	£'000	£'000
At beginning and end of year	*	*
Number of SA DAS shares	Number	Number
At beginning and end of year	1	1
Nominal value of SA DAS share	£'000	£'000
At beginning and end of year	*	*

* Less than £1 000

Nominal value of issued, allotted and fully paid called up share capital of Investec plc and Investec Limited	£'000	£'000
Total called up share capital	181	173
Less: held by Investec Limited	-	-
Less: held by Investec plc	(4)	(4)
Total called up share capital	177	169

The Investec Limited shares were issued in South African Rands. The amounts recorded above were calculated by reference to historic Sterling/Rand exchange rates.

The holder of 3 700 000 Investec Limited shares has agreed to waive its right to dividends until 31 March 2008. In terms of the Dual Listed Companies Structure, shareholders have common economic and voting rights as if Investec Limited and Investec plc were a single company. These include equivalent dividends on a per share basis, joint electorate and class right variations. The UK DAS share, UK DAN share, SA DAS share, the SA DAN share and the special converting shares have been issued to achieve this. The unissued shares are under the control of the directors until the next annual general meeting.

Staff share scheme

The group operates a share option and a share purchase scheme for employees. The number of ordinary shares conditionally allocated to employees are disclosed in note 7.

Movements in the number of share options issued to (each option is in respect of one share) employees are as follows:

	Number	Number
Outstanding at 1 April	59 572 252	62 006 580
Issued during the year	14 891 449	14 267 529
Exercised	(13 223 813)	(13 656 354)
Lapsed	(4 017 811)	(3 045 503)
Outstanding at 31 March	57 222 077	59 572 252

The purpose of the Staff share scheme is to promote an "esprit de corps" within the organisation, create an awareness of Investec's performance and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group.

35. Called up share capital (continued)

The group makes awards available to staff members via the underlying share trusts. The particular instrument used varies from time to time depending on taxation legislation and factors affecting the group structure. Nevertheless, whatever the instrument chosen, its underlying value depends solely on the performance of the groups' share price.

At present, the practice of the group is to give all permanent staff members an initial share allocation based on their annual package after completing four to ten months of employment in either the June or December allocations in terms of the guidelines of the Association of British Insurers. In line with the objective of providing a long-term incentive for staff, these share awards vest over periods varying from five to eight years.

After the initial allocation referred to above, additional allocations are made to staff members at the discretion of group management and depending on the individual performance, and contribution made by, the respective staff members.

The extent of the director's and staff interest in the incentive schemes is detailed on page 177.

36. Treasury shares

At 31 March	2008	2007
Treasury shares held by subsidiaries of Investec Limited and Investec plc	**£'000**	**£'000**
Investec plc ordinary shares	12 041	33 462
Investec Limited ordinary shares	102 082	67 610
Options held to acquire Investec plc and Investec Limited shares	781	8 207
	114 904	**109 279**
	Number	**Number**
Investec plc ordinary shares held by subsidiaries	2 112 368	3 588 111
Investec Limited ordinary shares held by subsidiaries	28 413 734	26 901 375
Investec plc and Investec Limited shares held by subsidiaries	**30 526 102**	**30 489 486**
Reconciliation of treasury shares	**Number**	**Number**
At beginning of year	30 489 486	40 414 231
Purchase of own shares by subsidiary companies	11 521 631	25 011 167
Shares disposed of by subsidiaries	(11 485 015)	(34 935 912)
At end of year	**30 526 102**	**30 489 486**
Market value of treasury shares	**£'000**	**£'000**
Investec plc	7 150	23 610
Investec Limited	100 915	176 805
	108 065	**200 415**

At 31 March £'000	2008	2007
37. Perpetual preference shares of holding company		
Investec Limited		
Authorised		
100 000 000 (2007: 100 000 000) non-redeemable, non-cumulative, non-participating preference shares of one cent each.		
Issued by Investec Limited		
22 182 000 (2007: 22 182 000) non-redeemable, non-cumulative, non-participating preference shares of one cent each, issued at a premium of R104.49 per share.	142 777	162 615
Preference shareholders will be entitled to receive dividends if declared, at a rate of 70% of prime interest rate on R100 being the deemed value of the issue price of the preference share held. Preference shareholders receive dividends in priority to any payment of dividends to the holder of any other class of shares in the capital of the company not ranking prior or pari passu with the perpetual preference shares.		
An ordinary dividend will not be declared by Investec Limited unless the preference dividend has been declared. If declared preference dividends are payable semi-annually at least seven business days prior to the date on which Investec Limited pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.		
Investec plc		
Authorised		
100 000 000 (2007: 100 000 000) non-redeemable, non-cumulative, non-participating preference shares of one pence each.		
Issued by Investec plc		
9 381 149 (2007: 9 381 149) non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, issued at a premium of £8.58 per share.	79 584	79 584
5 700 000 (2007: 5 700 000) non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, issued at a premium of £8.86 per share.	49 974	49 974
Preference shareholders will receive an annual dividend if declared, based on the coupon rate (being equivalent to the base rate plus 1%) multiplied by the deemed value of £10, on a daily basis and payable in two semi-annual instalments.		
An ordinary dividend will not be declared by Investec plc unless the preference dividend has been declared. If declared preference dividends are payable semi-annually at least seven business days prior to the date on which Investec plc pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.	**272 335**	**292 173**

At 31 March £'000	2008	2007
38. Minority interests		
Minority interest in partially held subsidiaries	47 178	36 850
Perpetual preferred securities issued by subsidiaries	251 637	241 081
	298 815	**277 931**
Perpetual preferred securities issued by subsidiaries		
Issued by Investec plc subsidiaries		
e200 000 000 (2007: e200 000 000) fixed/floating rate guaranteed non-voting non-cumulative perpetual preferred securities ("preferred securities") were issued by Investec Tier 1 (UK) LP, a limited partnership organised under the laws of England and Wales on 24 June 2005. The preferred securities , which are guaranteed by Investec plc, are callable at the option of the issuer, subject to the approval of the Financial Services Authority, on the tenth anniversary of the issue and, if not called, are subject to a step up in coupon of one and a half times the initial credit spread above the three month euro-zone interbank offered rate. Until the tenth anniversary of the issue, the dividend on the preferred securities will be at 7.075 per cent. The issuer has the option not to pay a distribution when it falls due but this would then prevent the payment of ordinary dividends by the company.	159 420	136 051
Under the terms of the issue there are provisions for the preferred securities to be substituted for preference shares issued by the company if Investec plc's capital ratios fall below the minimum level permitted by the regulator.		
Issued by Investec Limited subsidiaries		
15 000 000 (2007: 15 000 000) non-redeemable, non-cumulative, non-participating preference shares of one cent each, issued at a premium of R99.99 per share.	92 217	105 030
Preference shareholders will be entitled to receive dividends at a rate of 75% of the South African prime interest rate, of the face value of the preference shares held. Preference shareholders receive dividends in priority to any payment of dividends to the holder of any other class of shares in the capital of the company not ranking prior or pari passu with the perpetual preference shares.		
An ordinary dividend will not be declared by Investec Bank Limited unless the preference dividend has been declared. If declared preference dividends are payable semi-annually at least seven business days prior to the date on which Investec Bank Limited pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.	**251 637**	**241 081**

At 31 March £'000	2008 Total future minimum payments	2008 Present value	2007 Total future minimum payments	2007 Present value
39. Miscellaneous balance sheet items				
Lease receivables due in:				
Less than 1 year	137 386	107 005	55 792	43 759
1-5 years	256 947	217 062	86 951	72 724
Later than 5 years	6 977	6 136	10 975	8 981
	401 310	330 203	153 718	125 464
Unearned finance income	71 107		28 254	

At 31 March 2008, unguaranteed residual values of £773 000 (2007: £2 220 000) have been accrued.

40. Cash flow reconciliations

For the year to 31 March £'000	2008	2007
Reconciliation of operating profit to net operating cash flows		
Operating profit	474 906	469 154
Adjustment for non cash items included in operating profit:		
Goodwill income statement charge	62 765	(2 569)
Depreciation, amortisation and impairment of property, equipment and intangibles	24 330	13 315
Impairment of loans and advances	114 185	16 530
Operating income from associates	(12 138)	(10 685)
Dividends received from associates	5 065	4 699
Share based payment charges	39 182	33 990
Reconciliation of operating profit to net operating cash flows	708 295	524 434

Notes to the financial statements

At 31 March £'000	2008	2007
41. Commitments		
Undrawn facilities	**2 939 351**	**1 507 542**
The group has entered into forward foreign exchange contracts in the normal course of its banking business for which the fair value is recorded on balance sheet.		
Operating lease commitments		
Future minimum lease payments under non-cancellable operating leases:		
Less than 1 year	31 693	32 729
1 - 5 years	125 834	130 112
Later than 5 years	182 024	197 371
	339 551	**360 212**
At 31 March 2008, Investec was obligated under a number of operating leases for properties, computer equipment and office equipment for which the future minimum lease payments extend over a number of years. The annual escalation clauses range between 8% and 13.5% percent per annum. The majority of the leases have renewal options.		
Operating lease receivables		
Future minimum lease payments under non-cancellable operating leases:		
Less than 1 year	2 044	34 497
1 - 5 years	3 129	69 966
Later than 5 years	92	10 577
	5 265	**115 040**

Investec leases assets to third parties under operating and finance lease arrangements including transport assets, machinery and property. The term of the leases range between 3 and 5 years with no annual escalation clauses. The majority of the leases have renewal options.

At 31 March £'000	Carrying amount 2008	 2007	Related liability 2008	 2007
Pledged assets				
Loans and advances to customers	571 221	-	474 011	-
Investment securities	109 002	255 571	103 464	253 107
Trading securities	155 603	-	156 382	-
	835 826	**255 571**	**733 857**	**253 107**

The assets pledged by the group are strictly for the purpose of providing collateral for the counterparty. To the extent that the counterparty is permitted to sell and/or repledge the assets, they are classified on the balance sheet as reverse repurchase agreements and cash collateral on securities borrowed. Refer to note 15.

In addition, the group has borrowed securities from market counterparties and pledged cash or other securities as collateral.

At 31 March £'000	2008	2007
42. Contingent liabilities		
Guarantees and assets pledged as collateral security:		
- guarantees and irrevocable letters of credit	435 098	429 684
- assets pledged as collateral security	364	365
Other contingent liabilities	29	807
	435 491	430 856

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

Guarantees are issued by Investec plc and Investec Limited on behalf of third parties and other group companies. The guarantees are issued as part of the banking business.

Legal proceedings

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

A number of legal actions have been instituted against Investec Employee Benefits Limited (IEB) a subsidiary of Investec Limited, which they are defending. The legal claims were instituted against IEB by various industrial pension and provident funds during 2003 and 2004. The legal claims are based primarily on allegations that IEB breached certain alleged implied terms of policies issued by them. IEB will only have an obligation to pay legal claims once a final judgement has been made. IEB's legal representative has advised that the funds have a difficult claim to prove and there is a reasonable prospect that IEB will successfully defend the claims. IEB's insurers have indicated that the possible claims are covered by existing insurance cover, subject to any policy exclusions. The directors of IEB are of the opinion that the provisions created are adequate to cover any potential loss and are not excessive.

43. Fair value of financial instruments

Set out below is a comparison by class of the carrying amounts and fair values of the group's financial instruments that are recognised on the balance sheet. The table does not include the fair values of non-financial assets and non-financial liabilities.

£'000	2008 Carrying amount	2008 Fair value	2007 Carrying amount	2007 Fair value
Financial assets				
Cash and balances at central banks	788 472	788 472	102 751	102 751
Loans and advances to banks	2 153 773	2 154 016	2 431 769	2 540 942
Cash equivalent advances to customers	504 382	504 382	548 602	548 602
Reverse repurchase agreements and cash collateral on securities borrowed	794 153	794 153	2 324 638	2 324 638
Trading securities	1 984 580	1 984 580	2 015 144	2 015 144
Derivative financial instruments	1 305 264	1 305 264	724 492	724 492
Investment securities	1 130 872	1 130 872	1 776 601	1 776 601
Loans and advances to customers	14 046 135	14 097 285	9 527 080	9 525 102
Securitised assets	6 082 975	6 072 863	831 742	803 415
Other assets (excluding non-financial instruments)	724 745	724 745	1 375 513	1 375 513
Financial liabilities				
Deposits by banks	3 489 032	3 449 340	2 347 095	2 446 055
Deposits by banks - Kensington warehouse funding	1 778 438	1 778 438	-	-
Derivative financial instruments	881 577	881 577	509 919	509 919
Other trading liabilities	450 580	450 580	321 863	321 863
Repurchase agreements and cash collateral on securities lent	382 384	382 384	1 765 671	1 765 671
Customer accounts	12 133 120	12 129 264	10 650 102	10 616 063
Debt securities in issue	777 769	778 469	1 253 752	1 335 030
Liabilities arising on securitisation	5 760 208	5 759 253	826 627	840 668
Other liabilities (excluding non-financial instruments)	955 241	955 241	1 615 886	1 615 886
Subordinated debt	1 065 321	932 675	844 452	914 500

43. Fair value of financial instruments (continued)

The following describes the methodologies and assumptions used to determine fair values for those financial assets which are not already recorded at fair value in the financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption also applies to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

Fixed rate financial instruments

The fair values of fixed rate financial assets and financial liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates offered for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity. For quoted debt issued the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

Certain financial instruments that would normally be carried at fair value continue to be recognised at transaction price. This occurs when the fair value would normally be determined using valuation techniques, which cannot be relied on due to insufficient external inputs. This results in gains or losses which have not been recognised on balance sheet.

44. Related party transactions

At 31 March £'000	2008	2007
Compensation to the board of directors and other key management personnel*		
Short-term employee benefits	32 215	30 240
Share based payment	4 893	3 858
	37 108	**34 098**

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

At 31 March £'000	2008 Highest balance during the year*	2008 Balance at year end*	2007 Highest balance during the year*	2007 Balance at year end*
44. Related party transactions (continued)				
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, were as follows:				
Directors, key management, connected persons and companies controlled by them				
Loans and advances	41 718	22 792	44 638	41 718
Guarantees	592	592	1 043	1 043
Deposits	(26 153)	(22 742)	(10 704)	(9 308)
	16 157	**642**	**34 977**	**33 453**
The above transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing or, where applicable, with other employees. The transactions did not involve more than the normal risk of repayment.				
Transactions with other related parties				
Various members of key management personnel are members of the board of directors of other companies. At 31 March 2008, Investec Bank Limited had the following loans outstanding from these related parties.	19 277	10 983	20 101	19 147
Other loans				
Funding provided to finance the Black Economic Empowerment deal:				
Tiso Group Limited	19 517	18 222	22 490	20 175
The Tiso group was previously a related party due to a director having an 11% shareholding in the group. In the current year the director disposed his shareholding in Tiso group. Tiso group is therefore no longer a related party.				
Amounts due from associates	61 718	58 091	62 121	70 351

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

Significant transactions between the group and Rensburg Sheppards Plc ("RS") during the year ended 31 March 2008, all of which are on arm's length basis are:

- £50 million subordinated loan from Investec Bank (UK) Limited to RS. This loan, which was originally £60million from Investec 1 Limited to RS was entered into on 6 May 2005 and formed part of the consideration paid by RS for the acquisition of Carr Sheppards Crosthwaite Limited. On 8 May 2007 RS repaid £10 million and on 28 September 2007 the remaining loan receivable was transferred to IBUK. The interest receivable on the loan during the year amounted to £3 716 000 (2007: £4 305 000) and interest of £1 447 000 was receivable at 31 March 2008 (2007: £1 718 000).
- Rent of £1.1 million (2007: £1.25 million) and a contribution of £0.2 million (2007: £0.3 million) in respect of RS' occupation of 2 Gresham Street.

A further £0.7 million (2007: £0.5 million) was received in relation to other services provided including IT and Internal Audit.

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

45. Post balance sheet events

No reportable post balance sheet events have occurred between the end of the financial year and the date of this report.

46. Hedges

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

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

Fair value hedges

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

£'000	Description of financial instrument designated as hedging instrument	Fair value of hedging instrument	Cumulative gains or losses on hedging instrument	Current year gains or losses on hedging instrument	Cumulative gains or losses on hedged item	Current year gains or losses on hedged item
2008						
Assets	Interest rate swap	(22 495)	(62 425)	(66 075)	61 285	64 885
	Fx currency swap	236 928	330 728	330 728	(330 728)	(330 728)
Liabilities	Interest rate swap	4 669	5 796	15 486	(5 739)	(15 149)
	Fx currency swap	24 541	24 696	24 348	(24 696)	(24 348)
		243 643	**298 795**	**304 487**	**(299 878)**	**(305 340)**
2007						
Assets	Interest rate swap	5 198	1 499	1 200	(1 793)	(1 638)
Liabilities	Interest rate swap	17 077	(242)	5 196	856	(4 493)
	Fx currency swap	102	348	(102)	(348)	102
		22 377	**1 605**	**6 294**	**(1 285)**	**(6 029)**

46. Hedges (continued)

Hedges of net investments in foreign operations

The group has entered into foreign exchange contracts to hedge the exposure of the Investec plc group balance sheet to its net investment, in Australian Dollars, in the Australian operations of the group.

£'000	Hedging instrument negative fair value	Ineffective portion recognised in principal transactions
2008	18 014	-
2007	2 982	-

£'000	Demand	Up to one month	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
47. Liquidity analysis of financial liabilities based on undiscounted cash flows								
2008								
Liabilities								
Deposits by banks	290 065	348 338	173 246	612 926	877 944	3 281 830	13 099	5 372 523
Derivative financial instruments	769 263	28 204	(58 659)	11 017	(3 980)	19 982	66 433	832 260
Repurchase agreements and cash collateral on securities lent	270 038	32	111 626	753	-	-	-	382 449
Customer accounts	3 450 224	1 968 452	3 688 183	535 913	688 854	639 067	138 824	11 109 517
Debt securities in issue	-	311 968	504 144	562 583	722 545	272 171	1 921	2 375 332
Liabilities arising on securitisation	8 835	182 458	463 246	313 706	709 641	4 199 908	1 450 819	7 328 613
Other liabilities	582 015	558 150	183 044	99 384	88 589	241 392	12 789	1 765 363
	5 370 440	**3 397 602**	**5 064 830**	**2 136 282**	**3 083 593**	**8 654 350**	**1 683 885**	**29 390 982**
Subordinated liabilities (including convertible debt)	-	-	850	11 731	38 456	354 934	935 422	1 341 393
On balance sheet liabilities	**5 370 440**	**3 397 602**	**5 065 680**	**2 148 013**	**3 122 049**	**9 009 284**	**2 619 307**	**30 732 375**
Off balance sheet liabilities	429 393	1 539	85 446	7 164	23 736	243 636	79 168	870 082
Total liabilities	**5 799 833**	**3 399 141**	**5 151 126**	**2 155 177**	**3 145 785**	**9 252 920**	**2 698 475**	**31 602 457**
2007								
Liabilities								
Deposits by banks	109 573	708 657	64 483	64 545	156 452	1 461 079	14 971	2 579 760
Derivative financial instruments	446 125	15 648	2 828	7 200	(8 105)	15 783	29 637	509 116
Repurchase agreements and cash collateral on securities lent	1 765 670	-	-	-	-	-	-	1 765 670
Customer accounts	3 063 966	1 834 561	2 931 104	585 269	543 544	459 861	179 082	9 597 387
Debt securities in issue	33 480	485 637	479 704	564 450	1 052 496	177 811	-	2 793 578
Liabilities arising on securitisation	23 087	131 108	158 730	13 918	1 944	511 819	338	840 944
Other liabilities	1 238 249	386 937	115 664	142 083	67 151	139 196	34 052	2 123 332
	6 680 150	**3 562 548**	**3 752 513**	**1 377 465**	**1 813 482**	**2 765 549**	**258 080**	**20 209 787**
Subordinated liabilities (including convertible debt)	(3)	-	886	11 551	27 973	402 603	688 544	1 131 554
On balance sheet liabilities	**6 680 147**	**3 562 548**	**3 753 399**	**1 389 016**	**1 841 455**	**3 168 152**	**946 624**	**21 341 341**
Off balance sheet liabilities	3 494 578	1 809 247	1 935 206	506 190	849 535	1 820 642	610 684	11 026 082
Total liabilities	**10 174 725**	**5 371 795**	**5 688 605**	**1 895 206**	**2 690 990**	**4 988 794**	**1 557 308**	**32 367 423**

The balances in the above table will not agree directly to the balances in the consolidated balance sheet as the table incorporates all cash flow, on an undiscounted basis, relating to both principal and those associated with all future coupon payments (except for trading liabilities and trading derivatives). Furthermore, loan commitments are generally not recognised on the balance sheet. Trading liabilities and trading derivatives have been included in the "Demand" time bucket, and not by contractual maturity, because trading liabilities are typically held for short periods of time. For management's analysis of liquidity risk, please refer to pages 124 to 126.

48. Principal subsidiaries and associated companies - Investec plc

	Principal activity	Country of incorporation	Interest % 2008	Interest % 2007
Direct subsidiaries of Investec plc				
Investec 1 Limited	Investment holding	England and Wales	100	100
Investec Holding Company Limited	Investment holding	England and Wales	100	100
Indirect subsidiaries of Investec plc				
Investec Bank (Australia) Limited	Banking Institution	Australia	100	100
Investec Australia Limited (formerly N.M.Rothschild & Sons (Australia) Limited)	Holding company	Australia	-	100
Investec SA	Investment holding	Luxembourg	-	100
Investec Holdings (UK) Limited	Holding company	England and Wales	100	100
Investec Bank (UK) Limited	Banking institution	England and Wales	100	100
Investec Group (UK) plc	Holding company	England and Wales	100	100
Investec Asset Finance plc	Leasing company	England and Wales	100	100
Investec Finance plc	Debt issuer	England and Wales	100	100
Investec Group Investments (UK) Limited	Investment holding	England and Wales	100	100
Investec Investment Holdings AG	Investment holding	Switzerland	100	100
Investec Bank (Channel Islands) Limited	Banking institution	Guernsey	100	100
Investec Bank (Switzerland) AG	Banking institution	Switzerland	100	100
Investec Trust (Guernsey) Limited	Trust Company	Guernsey	100	100
Investec Trust (Switzerland) S.A.	Trust Company	Switzerland	100	100
Investec Trust (Jersey) Limited	Trust Company	Jersey	100	100
Investec Asset Management Limited	Asset Management	England and Wales	100	100
Investec Ireland Limited	Financial Services	Ireland	100	100
Investec Securities (US) LLC	Financial Services	USA	100	100
Kensington Group plc	Financial Services	England and Wales	100	-
Kensington Mortgages Limited	Financial Services	England and Wales	100	-
Newbury Park Mortgage Funding Limited	Financial Services	England and Wales	100	-
St James's Park Mortgage Funding Limited	Financial Services	England and Wales	100	-
Start Mortgages Limited	Financial Services	Ireland	65.1	-
European Capital Company Limited	Project Finance	England and Wales	100	100
Experien Pty Limited	Financial Services	Australia	100	-
Guinness Mahon & Co Limited	Investment holding	England and Wales	100	100
Global Ethanol Holdings Limited*	Holding company	Australia	68.3	71.4
Global Ethanol LLC (formerly Midwest Grain Processors LLC)	Production and marketing of Ethanol	USA	*41.0	*42.8
IdaTech plc	Development of fuel cell technology	USA	73.1	86.7
All of the above subsidiary undertakings are included in the consolidated accounts				
Principal associated companies				
Rensburg Sheppards plc	Stockbroking and portfolio management	England and Wales	47.3	47.3
Hargreave Hale Limited	Stockbroking and portfolio management	England and Wales	35.0	35.0

* This includes Investec Bank (Mauritius) Ltd's investment in Global Ethanol Holdings Limited of 23.9%.

48. Principal subsidiaries and associated companies - Investec plc (continued)

Investec plc has no equity interest in the following special purposes vehicles, which are consolidated on the basis of the group sharing in the risks and rewards associated with the entities:

Residential Mortgage Securities 20 plc
Residential Mortgage Securities 21 plc
Residential Mortgage Securities 22 plc
Kensington Mortgage Securities plc
Money Partner Securities 3 plc
Money Partner Securities 4 plc
Lansdowne Mortgage Securities No. 1 plc
Lansdowne Mortgage Securities No. 2 plc

In addition to the special purposes vehicles listed above, the following subsidiaries are not consolidated for regulatory purposes.

Global Ethanol Holdings Limited
Global Ethanol LLC (formerly Midwest Grain Processors LLC)
IdaTech plc

There are no subsidiaries, which are not consolidated for accounting purposes, but are consolidated for regulatory purposes.

	Principal activity	Country of incorporation	Interest % 2008	Interest % 2007
49. Principal subsidiaries and associated companies - Investec Limited				
Direct subsidiaries of Investec Limited				
Investec Asset Management Holding (Pty) Ltd	Investment holding	South Africa	100	100
Investec Assurance Ltd	Insurance company	South Africa	100	100
Investec Bank Ltd	Registered Bank	South Africa	100	100
Investec Employee Benefits Holdings (Pty) Ltd	Investment holding	South Africa	100	100
Investec Int. (Gibraltar) Ltd	Investment holding	Gibraltar	100	100
Investec Securities Ltd	Registered Stock Broker	South Africa	100	100
Fedsure International Ltd	Investment holding	South Africa	100	100
Investec Property Group Holdings Ltd	Investment holding	South Africa	100	100
Indirect subsidiaries of Investec Limited				
Investec Asset Management (Pty) Ltd	Asset management	South Africa	100	100
Investec Insurance Brokers (Pty) Ltd	Insurance broking	South Africa	100	100
Investec International Holdings (Pty) Ltd	Investment holding	South Africa	100	100
Investec Fund Managers SA Ltd	Unit trust management	South Africa	100	100
Investec Bank (Mauritius) Ltd	Banking institution	Mauritius	100	100
Investec Property Group Ltd	Property trading	South Africa	100	100
Reichmans Holdings (Pty) Ltd	Trade financing	South Africa	100	100
Investec Employee Benefits Ltd	Long-term Insurance	South Africa	100	100
Investec Limited has no equity interest in the following special purpose vehicles, which are consolidated on the basis of the group sharing in the majority of the risks and rewards associated with the entities:				
Peu II Ltd		South Africa		
Securitisation entities:				
Private Mortgages 1 (Pty) Ltd		South Africa		
Private Mortgages 2 (Pty) Ltd		South Africa		
Private Mortgages 3 (Pty) Ltd		South Africa		
Private Residential Mortgages (Pty) Ltd		South Africa		
Private Commercial Mortgages (Pty) Ltd		South Africa		
Grayston Conduit 1 (Pty) Ltd		South Africa		
Corporate Finance Solutions Receivables (Pty) Ltd		South Africa		

The following subsidiaries are not consolidated for regulatory purposes:
Investec Assurance Ltd
Investec Employee Benefits Holdings (Pty) Ltd and its subsidiaries

There are no subsidiaries which are not consolidated for accounting purposes, but are consolidated for regulatory purposes.

Balance sheet

At 31 March £'000	Notes	2008	2007
Assets			
Cash at bank and in hand:			
- balances with subsidiary undertaking		67 999	43 855
- balances with other banks		863	997
Amounts owed by group undertakings		499 529	377 030
Investments in subsidiaries	b	1 110 533	421 446
Tax		16 116	11 896
Other assets		124	30
Prepayments and accrued income		108	-
		1 695 272	**855 254**
Liabilities			
Bank loans	c	159 659	137 262
Amounts owed to group undertakings	d	738 004	145 834
Other liabilities		924	1 023
Accruals and deferred income		3 563	3 993
		902 150	**288 112**
Equity			
Called up share capital	e	131	122
Share premium account	e	651 023	422 229
Perpetual preference shares	e	129 558	129 558
Capital redemption reserve	e	50	50
Treasury shares	e	(3 549)	(1 197)
Profit and loss account	e	15 909	16 380
Total equity		**793 122**	**567 142**
Total equity and liabilities		**1 695 272**	**855 254**

Investec plc parent company accounts

a Accounting policies

Basis of preparation
The parent accounts of Investec plc are prepared under the historical cost convention and in accordance with UK accounting standards.

Foreign currencies
Monetary assets and liabilities in foreign currencies are translated into sterling at exchange rates at the balance sheet date. All foreign currency transactions are translated into sterling at the exchange rate ruling at the time of the transaction. Forward foreign exchange contracts are revalued at the market rates ruling at the date applicable to their respective maturities. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit or loss account.

Investments
Investments are stated at cost less any impairment in value.

Income
Dividends from subsidiaries are recognised when paid. Interest is recognised using the effective interest rate method.

Taxation
Corporate tax is provided on taxable profits at the current rate. Deferred tax is recognised in respect of all timing differences between taxable profits and the results stated in the financial statements that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or the right to pay less tax in future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

b Investments in subsidiary undertakings

At 31 March £'000	2008	2007
At beginning and end of year	421 446	421 446
Additions	913 233	-
Disposals	(224 146)	-
	1 110 533	421 446

On 26 July 2007, the company purchased Investec 1 Limited from another group company for £465.8 million which was settled by way of intercompany loans.

On 8 August 2007, the company acquired 100% of Kensington Group Plc by issuing 36.8 million ordinary shares of £0.0002 each at £5.875. This investment was then transferred to Investec 1 Limited on 25 September 2007 in exchange for an issue of ordinary shares by Investec 1 Limited.

c Bank Loans

The company drew down on bank loans of €100 million on 8 and 9 of March 2006. These loans each bear interest at 90 basis points above three month EURIBOR and are repayable on 8 and 9 of March 2011.

d Amounts owed to group undertakings

Amounts owed to group undertakings comprise £168 million due to Investec Tier 1 LP representing the proceeds of the issue by that entity in 2005 of perpetual preferred securities and £570 milion interest free loan from Investec plc's wholly owned direct subsidiary Investec Holding Company Limited. This company is not trading and this balance effectively represents its share capital and reserves being lent back to its parent Investec plc.

e Statement of changes in shareholders' equity

	Share Capital £'000	Share premium £'000	Perpetual preference shares £'000	Treasury shares £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total reserves £'000
At 1 April 2007	122	422 229	129 558	(1 197)	50	16 380	567 142
Allotment of special converting shares	1	-	-	-	-	-	1
Issue expenses	-	(66)	-	-	-	-	(66)
Issue of ordinary shares	8	228 860	-	(3 549)	-	(123)	225 196
Share based payments adjustment	-	-	-	1 197	-	(1 197)	-
Profit for the year	-	-	-	-	-	94 041	94 041
Dividends paid to preference shareholders	-	-	-	-	-	(8 170)	(8 170)
Dividends paid to ordinary shareholders	-	-	-	-	-	(85 022)	(85 022)
At 31 March 2008	131	651 023	129 558	(3 549)	50	15 909	793 122

Notes to Investec plc parent company accounts

Parent company profit and loss account

The company has taken advantage of the exemption in s 230 of the Companies Act 1985 not to present its own profit and loss account.

The company's profit for the year, determined in accordance with the Act, was £94 041 000 (2007: £30 847 271).

Treasury shares At 31 March	2008	2007
Treasury shares held by Investec plc	**£000**	**£000**
Investec plc ordinary shares	3 549	1 197
Number of Investec plc ordinary shares held by Investec plc	**Number**	**Number**
At 1 April	500 000	500 000
Purchase of own shares by Investec plc	624 995	-
At 31 March	**1 124 995**	**500 000**
Reconciliation of treasury shares	**£000**	**£000**
At 1 April	1 197	2 309
Purchase of own shares by Investec plc	3 549	-
Share based payments adjustment	(1 197)	(1 112)
At 31 March	**3 549**	**1 197**
Market value of treasury shares	**£000**	**£000**
	3 808	3 290

Treasury shares are being held in an employee benefit trust in relation to the Investec Share Matching Plan 2005 and in relation to staff share options in Kensington Group plc.

Dividends on treasury shares have not been included in the profit and loss account.

Income statement

For the year to 31 March R'million	2008	2007
Interest income	196	165
Interest expense	(81)	(78)
Net interest income	**115**	**87**
Principal transactions	3 619	867
Operating income	**3 734**	**954**
Administrative expenses	(56)	(105)
Profit before taxation	**3 678**	**849**
Taxation	(35)	-
Profit after taxation	**3 643**	**849**

Investec Limited parent company account

Balance sheet

At 31 March R'million	Notes	2008	2007
Assets			
Loans and advances to banks		30	28
Trading securities		-	1
Loans and advances to customers		1	3
Other assets		1	-
Investment in subsidiaries	b	9 235	6 561
		9 267	**6 593**
Liabilities			
Current taxation liabilities		122	84
Other liabilities		482	827
		604	911
Subordinated liabilities (including convertible debt)		379	379
		983	**1 290**
Equity			
Ordinary share capital	c	1	1
Share premium		5 254	5 061
Perpetual preference shares	d	2 309	2 309
Other reserves		62	62
Retained income/(loss)		658	(2 130)
Total equity		**8 284**	**5 303**
Total liabilities and shareholders' equity		**9 267**	**6 593**

Statement of changes in equity

R'million	Share capital Investec Limited	Share premium account Investec Limited	Capital reserve account	Perpetual preference shares	Profit and loss account	Total share-holders' equity
At 1 April 2006	1	4 811	62	2 309	(2 356)	4 827
Retained profit for the year	-	-	-	-	849	849
Share based payments	-	-	-	-	234	234
Dividends accrued to ordinary shareholders	-	-	-	-	(690)	(690)
Dividends accrued to perpetual preference shareholders	-	-	-	-	(167)	(167)
Issue of shares	-	250	-	-	-	250
At 31 March 2007	**1**	**5 061**	**62**	**2 309**	**(2 130)**	**5 303**
Retained profit for the year	-	-	-	-	3 643	3 643
Share based payments	-	-	-	-	292	292
Dividends accrued to ordinary shareholders	-	-	-	-	(951)	(951)
Dividends accrued to perpetual preference shareholders	-	-	-	-	(196)	(196)
Issue of shares	-	193	-	-	-	193
At 31 March 2008	**1**	**5 254**	**62**	**2 309**	**658**	**8 284**

Notes to Investec Limited parent company accounts

a Accounting policies

Basis of preparation

The parent company accounts of Investec Limited are prepared in accordance with International Financial Reporting Standards and in a manner consistent with the policies disclosed on pages 213 to 223 for the group accounts, except as noted below:

Foreign currencies

The presentational and functional currency for Investec Limited parent company is South African Rand. All foreign currency transactions are initially recorded and translated to the functional currency at the rate applicable at the time of the transaction.

Investments in subsidiaries

Investment in subsidiaries are stated at cost less any impairment in value.

b Investment in subsidiaries

At 31 March R'million	2008	2007
At beginning of year	6 561	6 023
Increase in investment in subsidiary	1 850	-
Increase/(decrease) in loans to subsidiaries	775	436
Exchange adjustments	49	102
At end of year	**9 235**	**6 561**

At list of the companies principal subsidiaries is detailed in note 49 of the group accounts on page 280.

c. The company's called up share capital is detailed in note 35 of the group accounts on pages 265 to 268.

d. The company's perpetual preference shares are detailed in note 37 of the group accounts on page 269.

Definitions

Adjusted shareholders' equity	Refer to calculation on page 26.
Cost to income ratio	Administrative expenses and depreciation divided by operating income.
Core loans and advances	Refer to calculation on page 101.
Dividend cover	Adjusted earnings per ordinary share before goodwill and non-operating items divided by dividends per ordinary share.
Earnings attributable to ordinary shareholders before goodwill and non-operating items	Refer to pages 237 and 238.
Adjusted earnings per ordinary share before goodwill and non-operating items	Refer to pages 237 and 238.
Effective operational tax rate	Tax on profit on ordinary activities (excluding exceptional items) divided by operating profit (excluding profit from associates and Assurance Activities).
Market capitalisation	Total number of shares in issue (including Investec plc and Investec Limited) multiplied by the closing share price of Investec plc on the London Stock Exchange.
Net tangible asset value per share	Refer to calculation on page 29.
Non-operating items	Reflects profits and/or losses on termination or disposal of group operations.
Operating profit	Operating income less administrative expenses, impairments for bad and doubtful debts and depreciation of tangible fixed assets. This amount is before goodwill and non-operating items.
Operating profit per employee	Refer to calculation on page 32.
Return on average adjusted shareholders' equity	Refer to calculation on page 26.
Return on average adjusted tangible shareholders' equity	Refer to calculation on page 26.
Staff compensation to operating income ratio	All employee related costs expressed as a percentage of operating income.
Third party assets under administration	Includes third party assets under administration managed by the Private Client, Asset Management and Property businesses.
Total capital resources	Includes shareholders' equity, subordinated liabilities and minority interests.
Total equity	Total shareholders' equity including minority interests.
Weighted number of ordinary shares in issue	The number of ordinary shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group less treasury shares. Refer to calculation on page 237.

Investec
plc

Investec plc
(Incorporated in England and Wales)
(Registration number 3633621)
Share code: INP ISIN: GB00B17BBQ50

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, you are recommended to obtain your own personal financial advice immediately from your stockbroker, bank manager, accountant or other independent professional adviser authorised under Part VI of the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your ordinary shares in Investec plc, please send this document together with the accompanying form of proxy at once to the relevant transferee or to the stockbroker, bank or other person through whom the sale or transfer was effected, for transmission to the relevant transferee.

Notice of Annual General Meeting of Investec plc

Notice is hereby given that the Annual General Meeting of Investec plc will be held at 11:00 (United Kingdom time) on Thursday, 7 August 2008, in the Diagonal Room, Lower Ground Floor, at the registered office of Investec plc at 2 Gresham Street, London EC2V 7QP to transact the following business:

Common business: Investec plc and Investec Limited

To consider and if deemed fit, to pass, with or without modification, the following ordinary resolutions of Investec plc and Investec Limited:

1. To re-elect Samuel Ellis Abrahams as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
2. To re-elect Cheryl Ann Carolus as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
3. To re-elect Haruko Fukuda OBE as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
4. To re-elect Hugh Sidney Herman as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
5. To re-elect Geoffrey Michael Thomas Howe as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
6. To re-elect Bernard Kantor as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
7. To re-elect Ian Robert Kantor as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
8. To re-elect Sir Chips Keswick as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
9. To re-elect Mangalani Peter Malungani as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
10. To re-elect Peter Richard Suter Thomas as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.

For brief biographical details of the directors to be re-elected, please refer to pages 189 to 192 of the Annual Report of Investec plc/Investec Limited.

Investec plc and Investec Limited adopted a policy, in accordance with corporate governance best practice, of requiring all non-executive directors who have served on the board for nine years or more, to seek re-election on an annual basis which practice is entrenched in the Articles of Association of both Investec plc and Investec Limited.

Ordinary business: Investec Limited

To consider and if deemed fit, to pass, with or without modification, the following ordinary resolutions of Investec Limited:

11. To receive and adopt the audited financial statements of Investec Limited for the year ended 31 March 2008, together with the reports of the directors of Investec Limited and of the auditors of Investec Limited.
12. To determine, ratify and approve the remuneration of the directors of Investec Limited for the year ended 31 March 2008.
13. To sanction the interim dividend paid by Investec Limited on the ordinary shares in Investec Limited for the 6 (six) month period ended 30 September 2007.
14. To sanction the interim dividend paid by Investec Limited on the dividend access (South African Resident) ("SA DAS") redeemable preference share for the 6 (six) month period ended 30 September 2007.

15. Subject to the passing of resolution no. 35, to declare a final dividend on the ordinary shares and the dividend access (South African Resident) ("SA DAS") redeemable preference share in Investec Limited for the year ended 31 March 2008 of an amount equal to that recommended by the directors of Investec Limited.
16. To re-appoint Ernst & Young Inc. of Ernst & Young House, Wanderers Office Park, 52 Corlett Drive, Illovo, 2196 (Private Bag X14, Northlands, 2116) as auditors of Investec Limited to hold office until the conclusion of the Annual General Meeting of Investec Limited to be held in 2009 and to authorise the directors of Investec Limited to fix their remuneration.
17. To re-appoint KPMG Inc. of 85 Empire Road, Parktown, 2193 (Private Bag 9, Parkview, 2122) as auditors of Investec Limited to hold office until the conclusion of the Annual General Meeting of Investec Limited to be held in 2009 and to authorise the directors of Investec Limited to fix their remuneration.

Special business: Investec Limited

To consider and if deemed fit, to pass, with or without modification, the following ordinary and special resolutions of Investec Limited:

18. Ordinary resolution: Investec Limited: Placing 10% of the unissued ordinary shares under the control of the directors

Resolved that:

- with reference to the authority granted to directors in terms of Article 12 of the Articles of Association of Investec Limited:

  - unless and until such date that special resolution no. 2 becomes effective, 4 207 950 (four million two hundred and seven thousand nine hundred and fifty) ordinary shares of ZAR0.0002 each being 10% (ten per cent) of the unissued ordinary shares in the authorised share capital of Investec Limited;

  or

  - from the date on which special resolution no. 2 becomes effective, 6 457 950 (six million four hundred and fifty-seven thousand nine hundred and fifty) ordinary shares of ZAR0.0002 each being 10% (ten per cent) of the unissued ordinary shares in the authorised share capital of Investec Limited

  be and are hereby placed under the control of the directors of Investec Limited as a general authority in terms of Section 221 of the South African Companies Act, No. 61 of 1973, as amended, (the "SA Act") who are authorised to allot and issue the same at their discretion until the next Annual General Meeting of Investec Limited to be held in 2009, subject to the provisions of the SA Act, the South African Banks Act, No. 94 of 1990, as amended and the Listings Requirements of the JSE Limited.

19. Ordinary resolution: Investec Limited: Placing 10% of the unissued Class "A" variable rate compulsorily convertible non-cumulative preference shares under the control of the directors

Resolved that:

- with reference to the authority granted to directors in terms of Article 12 of the Articles of Association of Investec Limited, a total of 4 000 000 (four million) Class "A" variable rate compulsorily convertible non-cumulative preference shares ("Class "A" preference shares") of ZAR0.0002 each, being 10% (ten per cent) of the unissued Class "A" preference shares in the authorised share capital of Investec Limited, be and are hereby placed under the control of the directors of Investec Limited as a general authority in terms of Section 221 of the South African Companies Act, No. 61 of 1973, as amended, (the "SA Act") who are authorised to allot and issue the same at their discretion until the next Annual General Meeting of Investec Limited to be held in 2009, subject to the provisions of the SA Act, the South African Banks Act, No. 94 of 1990, as amended and the Listings Requirements of the JSE Limited.

20. Ordinary resolution: Investec Limited: Placing the remaining unissued shares being the variable rate cumulative redeemable preference shares, the non-redeemable, non-cumulative, non-participating preference shares and the special convertible redeemable preference shares under the control of the directors

Resolved that:

- with reference to the authority granted to directors in terms of Article 12 of the Articles of Association of Investec Limited, all the unissued shares in the authorised share capital of Investec Limited, excluding the ordinary shares and the Class "A" variable rate compulsorily convertible non-cumulative preference shares, be and are hereby placed under the control of the directors of Investec Limited as a general authority in terms of Section 221 of the South African Companies Act, No. 61 of 1973, as amended, (the "SA Act") who are authorised to allot and issue the same at their discretion until the next Annual General Meeting of Investec Limited to be held in 2009, subject to the provisions of the SA Act, the South African Banks Act, No. 94 of 1990, as amended and the Listings Requirements of the JSE Limited.

21. Ordinary resolution: Investec Limited: Directors' authority to allot and issue ordinary shares for cash

Resolved that:

- subject to the passing of resolution no. 18, the Listings Requirements of the JSE Limited ("JSE Listings Requirements"), the South African Banks Act, No. 94 of 1990, as amended and the South African Companies Act, No. 61 of 1973, as amended, the directors of Investec Limited be and they are hereby authorised to allot and issue:

  - unless and until such date that special resolution no. 2 becomes effective, 4 207 950 (four million two hundred and seven thousand nine hundred and fifty) ordinary shares of ZAR0.0002 each;

  or

  - from the date on which special resolution no. 2 becomes effective, 6 457 950 (six million four hundred and fifty seven thousand nine hundred and fifty) ordinary shares of ZAR0.0002 each

  for cash as and when suitable situations arise, subject to the following specific limitations as required by the JSE Listings Requirements:

  (i) this authority shall not extend beyond the later of the date of the next Annual General Meeting of Investec Limited to be held in 2009 or the date of the expiry of 15 (fifteen) months from the date of the Annual General Meeting of Investec Limited convened for 7 August 2008;
  (ii) a paid press announcement giving full details including the impact on net asset value and earnings per ordinary share, will be published at the time of an issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of ordinary shares in issue prior to such issue;
  (iii) the issue in the aggregate in any 1 (one) financial year will not exceed 15% (fifteen per cent) of the number of ordinary shares in issue, including instruments which are compulsorily convertible;
  (iv) in determining the price at which an allotment and issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price of the ordinary shares in question as determined over the 30 (thirty) days prior to the date that the price of the issue is determined or agreed by the directors of Investec Limited; and
  (v) the equity securities/shares must be issued to public shareholders and not to related parties.

The directors are seeking an authority to allot up to 10% (ten per cent) of the number of unissued ordinary shares for cash which represents 2.7% (two point seven per cent) of the number of issued ordinary shares which is significantly lower than the 15% (fifteen per cent) permitted in terms of the JSE Listings Requirements.

If resolution no. 21 and special resolution no. 9 are both passed, and subject to the limits specified in those respective resolutions, the directors will have authority to allot up to an aggregate of 5% (five per cent) of the total combined issued ordinary share capital of Investec plc and Investec Limited for cash other than by way of rights issue. This complies with the limits set out in the relevant Association of British Insurers guidelines and the directors confirm that, as and when they exercise such authorities, they intend to comply with those guidelines.

In terms of the JSE Listings Requirements, in order for resolution no. 21 to be given effect to, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec plc and Investec Limited must be cast in favour of resolution no. 21.

22. Ordinary resolution: Investec Limited: Directors' authority to allot and issue Class "A" variable rate compulsorily convertible non-cumulative preference shares for cash

Resolved that:

- subject to the passing of resolution no. 19, the Listings Requirements of the JSE Limited ("JSE Listings Requirements"), the South African Banks Act, No. 94 of 1990, as amended and the South African Companies Act, No. 61 of 1973, as amended, the directors of Investec Limited be and they are hereby authorised to allot and issue 4 000 000 (four million) Class "A" variable rate compulsorily convertible non-cumulative preference shares ("Class "A" preference shares") of ZAR0.0002 each being 10% (ten per cent) of the unissued Class "A" preference shares in the authorised share capital of Investec Limited for cash as and when suitable situations arise, subject to the following specific limitations as required by the JSE Listings Requirements:

  (i) this authority shall not extend beyond the later of the date of the next Annual General Meeting of Investec Limited to be held in 2009 or the date of the expiry of 15 (fifteen) months from the date of the Annual General Meeting of Investec Limited convened for 7 August 2008;
  (ii) a paid press announcement giving full details including the impact on net asset value and earnings per Class "A" preference share, will be published at the time of an issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of Class "A" preference shares in issue prior to such issue;
  (iii) the issue in the aggregate in any 1 (one) financial year will not exceed 15% (fifteen per cent) of the number of Class "A" preference shares in issue, including instruments which are compulsorily convertible;

(iv) in determining the price at which an allotment and issue of Class "A" preference shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price of the Class "A" preference shares in question as determined over the 30 (thirty) days prior to the date that the price of the issue is determined or agreed by the directors of Investec Limited; and
(v) the equity securities/shares must be issued to public shareholders and not to related parties.

If resolution no. 22 is passed, the directors will have authority to allot Class "A" preference shares for cash other than by way of rights issue in respect of Investec Limited up to the limits specified in resolution no. 22, i.e. 4 000 000 (four million) Class "A" preference shares, being equivalent to 10% (ten per cent) of the unissued Class "A" preference shares.

In terms of the JSE Listings Requirements, in order for resolution no. 22 to be given effect to, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec plc and Investec Limited must be cast in favour of resolution no. 22.

23. Special resolution no. 1: Investec Limited: Directors' authority to acquire ordinary shares and preference shares

Resolved that:

- in terms of Article 9 of the Articles of Association of Investec Limited and with effect from 7 August 2008, Investec Limited hereby approves, as a general approval contemplated in Sections 85 to 89 (both inclusive) of the South African Companies Act, No. 61 of 1973, as amended (the "SA Act"), the acquisition by Investec Limited or any of its subsidiaries from time to time of the issued ordinary shares and non-redeemable, non-cumulative, non-participating preference shares (the "perpetual preference shares") of Investec Limited, upon such terms and conditions and in such amounts as the directors of Investec Limited or its subsidiaries may from time to time decide, but subject to the provisions of the South African Banks Act, No. 94 of 1990, as amended, the SA Act and the Listings Requirements of the JSE Limited (the "JSE" and the "JSE Listings Requirements"), being that:

(i) any such acquisition of ordinary shares or perpetual preference shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement;
(ii) this general authority shall be valid until Investec Limited's next Annual General Meeting to be held in 2009, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution no. 1;
(iii) an announcement containing full details of such acquisitions will be published as soon as Investec Limited or any of its subsidiaries has acquired ordinary shares or perpetual preference shares constituting, on a cumulative basis, 3% (three per cent) of the number of ordinary shares or perpetual preference shares in issue, as the case may be, prior to the acquisition pursuant to which the aforesaid 3% (three per cent) threshold is reached and for each 3% (three per cent) in aggregate acquired thereafter;
(iv) acquisitions of shares in aggregate in any 1 (one) one financial year may not exceed 20% (twenty per cent) of Investec Limited's issued ordinary share capital or Investec Limited's issued perpetual preference share capital as at the date of passing of this special resolution no. 1;
(v) in determining the price at which ordinary shares or perpetual preference shares issued by Investec Limited are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such ordinary shares or perpetual preference shares, as the case may be, may be acquired will be 10% (ten per cent) of the weighted average of the market value at which such ordinary shares or perpetual preference shares, as the case may be, are traded on the JSE as determined over the 5 (five) business days immediately preceding the date of repurchase of such ordinary shares or perpetual preference shares, as the case may be, by Investec Limited or any of its subsidiaries;
(vi) Investec Limited has been given authority by its Articles of Association;
(vii) at any point in time, Investec Limited may only appoint 1 (one) agent to effect any repurchase on Investec Limited's behalf;
(viii) Investec Limited remaining in compliance with the minimum shareholder spread requirements of the JSE Listings Requirements; and
(ix) Investec Limited and/or its subsidiaries not repurchasing any shares during a prohibited period as defined by the JSE Listings Requirements.

The reason for and effect of special resolution no. 1 is to grant a renewable general authority to Investec Limited, or a subsidiary of Investec Limited, to repurchase ordinary shares and perpetual preference shares of Investec Limited which are in issue from time to time in terms of the SA Act and the JSE Listings Requirements.

The directors of Investec Limited have no present intention of making any repurchases but believe that Investec Limited should retain the flexibility to take action if future repurchases are considered desirable and in the best interests of shareholders. The directors of Investec Limited are of the opinion that, after considering the effect of such acquisition of ordinary shares and perpetual preference shares, if implemented and on the assumption that the maximum of 20% (twenty per cent) of the current issued ordinary share capital or perpetual preference share capital of Investec Limited will be repurchased, using the mechanism of the general authority at the maximum price at which the repurchase may take place (a 10% (ten per cent) premium above the weighted average of the market value for the securities for the 5 (five) business days immediately preceding the date of the repurchase) and having regard to the price of the ordinary shares or perpetual preference shares of Investec Limited on the JSE at the last practical date prior to the date of the notice of Annual General Meeting of Investec Limited convened for 7 August 2008 that:

- Investec Limited and its subsidiaries will be able, in the ordinary course of business, to pay its debt for a period of 12 (twelve) months after the date of the notice of Annual General Meeting of Investec Limited convened for 7 August 2008;
- the consolidated assets of Investec Limited and its subsidiaries, fairly valued in accordance with General Accepted Accounting Practice, will be in excess of the consolidated liabilities of Investec Limited and its subsidiaries for a period of 12 (twelve) months after the date of the notice of Annual General Meeting of Investec Limited convened for 7 August 2008;
- Investec Limited and its subsidiaries will have adequate capital and reserves for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of Annual General Meeting of Investec Limited convened for 7 August 2008; and
- the working capital of Investec Limited and its subsidiaries will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of Annual General Meeting of Investec Limited convened for 7 August 2008.

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names appear on pages 189 to 192 of the 2008 Annual Report, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on Investec Limited and its subsidiaries' financial position, other than disclosed in the notes to the financial statements.

Directors' responsibility statement

The directors, whose names appear on pages 189 to 192 of the 2008 annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information.

Material changes

Other than the facts and developments reported on in the 2008 annual report, there have been no material changes in the affairs or financial position of Investec Limited and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

The following additional information, some of which may appear elsewhere in the 2008 annual report, is provided in terms of the JSE Listings Requirements for purposes of the general authority:

- directors and management - annual report pages 189 to 196;
- major beneficial shareholders - annual report page 186;
- directors' interests in ordinary shares - annual report page 177;
- share capital of Investec Limited - annual report pages 265 to 268.

24. Special resolution no. 2: Investec Limited: Increase in share capital

Resolved that:

- subject to the passing of special resolution no. 11 as contained in the Investec plc notice of Annual General Meeting convened for 7 August 2008 and such resolution otherwise becoming effective, in terms of Section 75(1)(e) of the Companies Act, Act No. 61 of 1973, as amended (the "SA Act"), Article 7 of the Articles of Association of Investec Limited and, with effect from 7 August 2008, the number of ordinary shares in the authorised share capital of Investec Limited be and is hereby increased to 300 000 000 (three hundred million) by the creation of 22 500 000 (twenty two million five hundred thousand) new ordinary shares of ZAR0.0002 each in the authorised share capital of Investec Limited.

  The reason for and effect of special resolution no. 2 is to increase the number of ordinary shares in the authorised share capital of Investec Limited.

25. **Special resolution no. 3: Investec Limited: Amendment to Memorandum of Association**

Resolved that:

- subject to the passing and registration of the above special resolution no. 2 and the passing of special resolution no. 11 as contained in the Investec plc notice of Annual General Meeting convened for 7 August 2008, in terms of Section 56(4) of the Companies Act, Act No. 61 of 1973, as amended, (the "SA Act"), Article 149 of the Articles of Association of Investec Limited and with effect from 7 August 2008, the Memorandum of Association of Investec Limited be amended by the deletion of the entire paragraph 8(a) and the substitution thereof with the following new paragraph 8(a):

"8(a) Par value:

The share capital of Investec Limited is R1 210 002.00 divided into:

(i) 300 000 000 (three hundred million) ordinary shares of R0.0002 each;
(ii) 40 000 000 (forty million) class "A" variable rate compulsorily convertible non-cumulative preference shares of R0.0002 each;
(iii) 50 000 (fifty thousand) variable rate cumulative redeemable preference shares of R0.60 each;
(iv) 100 000 000 (one hundred million) non-redeemable, non-cumulative, non-participating preference shares of R0.01 each;
(v) 1 (one) dividend access (South African Resident) redeemable preference share of R1.00;
(vi) 1 (one) dividend access (non-South African Resident) redeemable preference share of R1.00;
(vii) 560 000 000 (five hundred and sixty million) special convertible redeemable preference shares of R0.0002 each."

The reason for and effect of special resolution no. 3 is to amend the Memorandum of Association of Investec Limited to correctly reflect the new authorised share capital of Investec Limited.

26. **Special resolution no. 4: Investec Limited: Amendment to Articles of Association: Multiple proxies**

Resolved that:

- subject to the passing of special resolution no. 12 as contained in the Investec plc notice of Annual General Meeting convened for 7 August 2008 and such resolution becoming effective and with effect from 7 August 2008, the Articles of Association of Investec Limited be amended by the insertion of the following new Article 72A:

"72A A member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him."

The reason for and effect of special resolution no. 4 is to align the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Company agreements.

27. **Special resolution no. 5: Investec Limited: Amendment to Articles of Association: Demand for a poll**

Resolved that:

- subject to the passing of special resolution no. 12 as contained in the Investec plc notice of Annual General Meeting convened for 7 August 2008 and such resolution becoming effective and with effect from 7 August 2008, the Articles of Association of Investec Limited be amended by the deletion of the current Article 57.2(a) and the substitution thereof with the following new Article 57.2(a):

"57.2(a) not less than 5 (five) members in person or by proxy and entitled to vote; or"

The reason for and effect of special resolution no. 5 is to align the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Company agreements.

28. **Special resolution no. 6: Investec Limited: Amendment to Articles of Association: Corporate representation**

Resolved that:

- subject to the passing of special resolution no. 12 as contained in the Investec plc notice of Annual General Meeting convened for 7 August 2008 and such resolution becoming effective and with effect from 7 August 2008, the Articles of Association of Investec Limited be amended by the deletion of the current Article 75 and the substitution thereof with the following new Article 75:

"75 Corporations acting by representatives

Subject to the Statutes, any corporation which is a member of the company may, by resolution of its directors or other governing body, authorise a person or persons to act as its representative or representatives at any General Meeting."

The reason for and effect of special resolution no. 6 is to align the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Company agreements.

29. Special resolution no. 7: Investec Limited: Amendment to Articles of Association: Timing for the deposit of form of proxy

Resolved that:

- subject to the passing of special resolution no. 12 as contained in the Investec plc notice of Annual General Meeting convened for 7 August 2008 and such resolution becoming effective and with effect from 7 August 2008, the Articles of Association of Investec Limited be amended by the deletion of the current Article 72 and the substitution thereof with the following new Article 72:

"72 Deposit of form of proxy

An instrument appointing a proxy must be left at such place or one of such places, if any, as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting or, if no place is so specified, at the Transfer Office, not more than forty eight hours (or such lesser period as the directors may specify in the notice of a General Meeting) before the time appointed for the holding of the meeting or adjourned meeting or in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting for the taking of the poll at which it is to be used, and in default shall not be treated as valid. A proxy received from the holder of the Limited special converting shares will be valid if it is received before the closing of the poll to which it relates. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates. An instrument of proxy relating to more than one meeting, including any adjournment thereof, having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates."

The reason for and effect of special resolution no. 7 is to change the period in which a form of proxy must be deposited before the time appointed for a general or an Annual General Meeting from a minimum of 48 (forty eight) hours to a maximum of 48 (forty eight) hours thereby aligning the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Company agreements.

30. Special resolution no. 8: Investec Limited: Replacement of the Articles of Association

Resolved that:

- with effect from 7 August 2008, the copy of the Articles of Association produced to the meeting and initialled by the Chairman for the purposes of identification be and are hereby adopted as the new Articles of Association of Investec Limited, in substitution for and to the exclusion of the existing Articles of Association and to the extent that special resolution nos. 4, 5 ,6 and 7 are passed and registered, these amendments will also be included in the new Articles of Association.

The reason for and effect of special resolution No. 8 is to update and consolidate the Articles of Association of Investec Limited by incorporating all amendments made thereto from July 2002 up to the date of this notice and to the extent that special resolution nos. 4, 5, 6 and 7 are passed and registered, these amendments will also be included in the new Articles of Association.

31. Ordinary resolution: Investec Limited: Directors' authority to take action in respect of the resolutions

Resolved that:

- any director or the Company Secretary of Investec Limited, be and is hereby authorised to do all things and sign all documents which may be necessary to carry into effect the aforesaid resolutions to the extent the same have been passed and, where applicable, registered.

Ordinary business: Investec plc

To consider and, if deemed fit, to pass, with or without modification, the following resolutions of Investec plc:

32. To receive and adopt the audited financial statements of Investec plc for the year ended 31 March 2008, together with the reports of the directors of Investec plc and of the auditors of Investec plc.
33. To approve the remuneration report of Investec plc for the year ended 31 March 2008.
34. To sanction the interim dividend paid by Investec plc on the ordinary shares in Investec plc for the 6 (six) month period ended 30 September 2007.
35. Subject to the passing of resolution no. 15, to declare a final dividend on the ordinary shares in Investec plc for the year ended 31 March 2008 of an amount equal to that recommended by the directors of Investec plc.
36. To re-appoint Ernst & Young LLP of 1 More London Place, London, SE1 2AF, as auditors of Investec plc to hold office until the conclusion of the Annual General Meeting of Investec plc to be held in 2009 and to authorise the directors of Investec plc to fix their remuneration.

Special business: Investec plc

To consider and, if deemed fit, to pass, with or without modification, the following resolutions of Investec plc:

37. Ordinary resolution: Investec plc: Directors' authority to allot shares and other securities

Resolved that:

- the authority conferred on the directors of Investec plc by paragraph 12.2 of Article 12 of Investec plc's Articles of Association be renewed for the period ending on the date of the Annual General Meeting of Investec plc to be held in 2009 or, if earlier, 15 (fifteen) months from the date on which this resolution is passed, and for such period the Section 80 of the Companies Act, 1985 amount shall be:

  - unless and until such date that special resolution no. 2 becomes effective, £866 660 (eight hundred and sixty six thousand six hundred and sixty Pounds Sterling);

  or

  - from the date on which special resolution no. 2 becomes effective, £871 160 (eight hundred and seventy one thousand one hundred and sixty Pounds Sterling).

The Articles of Association of Investec plc permit the directors of Investec plc to allot shares and other securities in accordance with Section 80 of the Companies Act, 1985, up to an amount authorised by the shareholders in general meeting. The authority conferred on the directors at Investec plc's Annual General Meeting held on 8 August 2007 expires on the date of the forthcoming Annual General Meeting of Investec plc convened for 7 August 2008 and the directors of Investec plc recommend that this authority be renewed.

Resolution no. 37 and special resolution no. 2 will, if passed, authorise the directors of Investec plc to allot Investec plc's unissued shares up to a maximum nominal amount of £871 160 (eight hundred and seventy one thousand one hundred and sixty Pounds Sterling) as set out in the table below:

	Number of unissued Shares	Par value	Relative part of Section 80 amount	Total
Ordinary shares	135 825 632	£27 165	£9 055[1]	
Special converting shares	64 579 502	£12 916	£12 916[2]	£871 160[3]
Non-redeemable, non-cumulative, non-participating preference shares ("perpetual preference shares")	84 918 851	£849 189	£849 189[2]	

1. One third of value issued in line with that normally adopted by UK Companies.
2. Based on 100% (one hundred per cent) of the number of the unissued shares.
3. This amount is higher than the one third of issued ordinary share capital limit normally adopted by UK companies at their Annual General Meetings to allow the directors of Investec plc to issue special converting shares in Investec plc as and when required in accordance with the agreements which constitute Investec's Dual Listed Company structure and to issue all of the unissued Investec plc perpetual preference shares, which would not dilute share holdings of ordinary shares. While the authority to allot shares to the value of £871 160 (eight hundred and seventy one thousand one hundred and sixty Pounds Sterling) is given in respect of all of the relevant securities of Investec plc, the directors of Investec plc would ensure that the shares of each class listed in the above table allotted by them would not be in excess of the amount listed in the column entitled "Relative part of Section 80 amount" for each such class of shares.
4. As of 17 June 2008 (the latest practicable date prior to publication of this notice), Investec plc holds 3 006 465 (three million and six thousand four hundred and sixty five) treasury shares which represent less than 1% (one per cent) of the total ordinary share capital of Investec plc in issue.

38. Special resolution no. 9: Investec plc: Directors' authority to allot ordinary shares for cash

Resolved that:

- subject to the passing of resolution no. 37, the power conferred on the directors of Investec plc by paragraph 12.4 of Article 12 of Investec plc's Articles of Association be renewed for the period referred to in resolution no. 37 and for such period the Section 89 of the Companies Act, 1985 amount shall be £6 596 (six thousand five hundred and ninety six Pounds Sterling).

The purpose of special resolution no. 9 is to renew the authority of the directors of Investec plc to allot equity securities for cash otherwise than to shareholders in proportion to existing holdings. In the case of allotments other than rights issues, the authority is limited to equity securities up to an aggregate nominal value of £6 596 (six thousand five hundred and ninety six Pounds Sterling) which represents approximately 5% (five per cent) of the total combined issued ordinary share capital of Investec plc and Investec Limited as at 10 June 2008 (being the last practicable date prior to publication of this notice). The authority will expire at the end of the next Annual General Meeting of Investec plc to be held in 2009 or, if earlier, 15 (fifteen) months after the passing of this special resolution no. 9.

If resolution no. 21 and special resolution no. 9 are both passed and, subject to the limits specified in those respective resolutions, the directors will have authority to allot up to an aggregate of 5% (five per cent) of the total combined issued ordinary share capital of Investec plc and Investec Limited for cash other than by way of rights issue. This complies with the limits set out in the relevant Association of British Insurers guidelines and the directors confirm that, as and when they exercise such authorities, they intend to comply with those guidelines.

The directors also confirm that pursuant to the Dual Listed Company structure, the exercise of any such authority would be subject to the following specific limitations as required by the Listings Requirements of the JSE Limited ("JSE Listings Requirements"):

(i) this authority shall not extend beyond the later of the date of the next Annual General Meeting of Investec plc or the date of the expiry of 15 (fifteen) months from the date of the Annual General Meeting of Investec plc convened for 7 August 2008;
(ii) a paid press announcement giving full details including the impact on net asset value and earnings per ordinary share, will be published at the time of an issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of ordinary shares in issue prior to such issue;
(iii) the issue in the aggregate in any 1 (one) financial year will not exceed 15% (fifteen per cent) of the number of ordinary shares in issue, including instruments which are compulsorily convertible;
(iv) in determining the price at which an allotment and issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price of the ordinary shares in question as determined over the 30 (thirty) days prior to the date that the price of the issue is determined or agreed by the directors of Investec plc; and
(v) the equity securities/shares must be issued to public shareholders and not to related parties.

In terms of the JSE Listings Requirements, in order for special resolution no. 9 to be given effect to a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec plc and Investec Limited must be cast in favour of special resolution no. 9.

39. Special resolution no. 10: Investec plc: Directors' authority to purchase ordinary shares

Resolved that:

- Investec plc be and is hereby unconditionally and generally authorised for the purpose of Section 166 of the Companies Act 1985, (the "1985 Act") to make market purchases (as defined in Section 163 of the 1985 Act) of ordinary shares in the capital of Investec plc provided that:

  (i) the maximum aggregate number of ordinary shares which may be purchased is 42 417 437 (forty two million four hundred and seventeen thousand four hundred and thirty seven) ordinary shares of £0.0002 each;
  (ii) the minimum price which may be paid for each ordinary share is its nominal value of such share at the time of purchase;
  (iii) the maximum price which may be paid for any ordinary share is an amount equal to 105% (one hundred and five per cent) of the average of the middle market quotations of the ordinary shares of Investec plc as derived from the London Stock Exchange Daily Official List for the 5 (five) business days immediately preceding the day on which such share is contracted to be purchased; and
  (iv) this authority shall expire at the conclusion of the Annual General Meeting of Investec plc to be held in 2009, or if earlier, 15 (fifteen) months from the date on which this resolution is passed (except in relation to the purchase of ordinary shares, the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry) unless such authority is renewed prior to that time.

The directors of Investec plc consider it may, in certain circumstances, be in the best interests of shareholders generally for Investec plc to purchase its own ordinary shares. Accordingly, the purpose and effect of special resolution no. 10 is to grant a general authority, subject to the specified limits, to Investec plc to acquire ordinary shares of Investec plc.

As of 17 June 2008 (the latest practicable date prior to publication of this notice), there were options outstanding over 31 037 860 ordinary shares, representing 7.3% (seven comma three per cent) of Investec plc's issued ordinary share capital at that date. If the authority to buy back shares under this special resolution no. 10 was exercised in full, the total number of options to subscribe for ordinary shares would represent 8.1% (eight comma one per cent) of Investec plc's issued ordinary share capital.

The Companies (Acquisition of own Shares) (Treasury Shares) Regulations 2003 (the "Regulations") permit Investec plc to purchase its own ordinary shares to be held in treasury, with a view to possible resale at a future date as opposed to cancelling these shares as previously required.

The directors of Investec plc have no present intention of making any purchases, but believe that Investec plc should retain the flexibility to take further action if future purchases were considered desirable and in the best interest of shareholders. If Investec plc were to purchase shares under the regulations they will be cancelled or, to the extent determined by the directors of Investec plc, held in treasury, provided that the number of shares held in treasury at any one time does not exceed 10% (ten per cent) of Investec plc's issued ordinary share capital. The authority will be exercised only if the directors of Investec plc believe that to do so would result in an increase of earnings per ordinary share and would be in the interests of shareholders generally or, in the case of the creation of treasury shares, that to do so would be in the best interests of shareholders generally.

In order for special resolution no. 10 to be passed, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec Limited must be cast in favour of special resolution no. 10.

40. Ordinary resolution: Investec plc: Political donations

Resolved that:

- in accordance with Section 366 of the Companies Act, 2006 (the "2006 Act") the company and any company which, at any time during the period for which this resolution has effect, is a subsidiary of the company, be and are hereby authorised to:

  (i) make donations to political organisations not exceeding £25 000 (twenty-five thousand Pounds Sterling) in total; and
  (ii) incur political expenditure not exceeding £75 000 (seventy five thousand Pounds Sterling) in total.

  In each case during the period commencing on the date of this resolution and ending on the date of the Annual General Meeting of the company to be held in 2009, provided that the maximum amounts referred to in (i) and (ii) above may consist of sums in any currency converted into pounds Sterling at such rate as the company may in its absolute discretion determine. For the purposes of this resolution, the terms "political donations", "political organisations" and "political expenditure" shall have the meanings given to them in Sections 363 to 365 of the 2006 Act.

The reason and effect of resolution no. 40 is that the 2006 Act requires companies to obtain shareholder approval before they can make donations to EU political organisations or incur EU political expenditure. The company does not give any money for political purposes in the UK nor does the company make any donations to EU political organisations or incur EU political expenditure. However, the definitions of political donations and political expenditure used in the 2006 Act are very wide. The authority is a precautionary measure to ensure that the company does not inadvertently breach the 2006 Act.

41. Special resolution no. 11: Investec plc: Increase in special converting share capital

Resolved that:

- subject to the passing and registration of special resolution no. 2 as contained in the Investec Limited notice of Annual General Meeting convened for 7 August 2008, the number of authorised special converting shares of £0.0002 each in the authorised share capital of Investec plc be and is hereby increased to 300 000 000 (three hundred million) by the creation of 22 500 000 (twenty two million five hundred thousand) new special converting shares of £0.0002 each.

The reason and effect of special resolution no. 11 is to align the number of authorised special converting shares following the increase in the authorised ordinary share capital of Investec Limited, thereby complying with the Dual Listed Company agreements in place between Investec plc and Investec Limited.

In order for special resolution no. 11 to be passed, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec Limited must be cast in favour of special resolution no. 11.

42. Special resolution no. 12: Investec plc: Amendments to the Articles of Association

Resolved that:

- with effect from 7 August 2008, the Articles of Association of Investec plc which were produced to the meeting and initialled by the Chairman for the purposes of identification as new Articles "A" be and are hereby adopted as the new Articles of Association of Investec plc ("New Articles"), with effect from the end of this meeting (or, if earlier, from 22:00 (UK time) on the date on which this resolution is passed), in substitution for and to the exclusion of all existing Articles of Association and, to the effect that special resolution nos. 2 and 11 are passed and registered, if required, these amendments will also be included into the new Articles. This resolution is to adopt new Articles that reflect the provisions of the UK Companies Act, 2006 (the "2006 Act") enacted to the date of this notice of Annual General Meeting or which are expected to be enacted by 1 October 2008.

The reason for and effect of special resolution no. 12 is to amend and replace the Articles of Association of Investec plc to reflect those provisions of the 2006 Act that either are already in force or are expected to be enacted by 1 October 2008.

The Articles of Association of Investec plc and Investec Limited are broadly identical, the differences being due to variances in applicable law in South Africa and the UK.

The main amendments to the Investec plc Articles of Association are as follows:

(i) provisions in the current Articles which replicate provisions contained in the Companies Act, 1985 are amended to bring them into line with the 2006 Act;
(ii) provisions in the current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the 2006 Act;
(iii) the time limits for the appointment or termination of a proxy appointment have been altered by the 2006 Act so that proxies cannot be received more than 48 hours before the meeting or, in the case of a poll being taken not less than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose;
(iv) multiple proxies may be appointed provided each proxy is appointed to exercise the rights attached to a different share held by the member;
(v) under the 2006 Act, from 1 October 2008, a director must avoid situations where he has, or can have, a direct or indirect interest that conflicts or may conflict with the company's interests. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts. The new Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

In order for special resolution no. 12 to be passed, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec Limited must be cast in favour of special resolution no. 12.

43. Ordinary resolution: Investec plc: Directors' authority to take action in respect of the resolutions

Resolved that:

- any director or the company secretary of Investec plc, be and is hereby authorised to do all things and sign all documents which may be necessary to carry into effect the aforesaid resolutions to the extent the same have been passed and where applicable, registered.

The directors of Investec plc consider that the proposed resolutions in the notice of the Annual General Meeting are in the best interests of Investec plc and its shareholders and recommends that you vote in favour as the directors of Investec plc intend to do in respect of their own beneficial holdings.

By order of the board

David Miller
Company Secretary

17 June 2008

Registered No: 3633621

Registered Office:
2 Gresham Street
London
EC2V 7QP

Notes:

1. All of the above resolutions are Joint Electorate Actions under the Articles of Association of Investec plc and, accordingly, both the holders of ordinary shares in Investec plc and the holder of the special voting share in Investec plc are entitled to vote. Voting will be on a poll which will remain open for sufficient time to allow the Investec Limited Annual General Meeting to be held and for the votes of the holder of the Investec plc special voting share to be ascertained and cast on a poll.
2. On the poll:
   (a) each fully paid ordinary share in Investec plc (other than those subject to voting restrictions) will have one vote;
   (b) the holder of the Investec plc special voting share will cast the same number of votes as were validly cast for and against the equivalent resolution by Investec Limited shareholders on the poll at the Investec Limited Annual General Meeting;
   (c) the holder of the Investec plc special voting share will be obliged to cast these votes for and against the relevant resolutions in accordance with the votes cast for and against the equivalent resolution by Investec Limited shareholders on the poll at the Investec Limited Annual General Meeting;
   (d) through this mechanism, the votes of the Investec Limited shareholders at the Investec Limited Annual General Meeting will be reflected at Investec plc's Annual General Meeting in respect of each Joint Electorate Action; and
   (e) the results of the Joint Electorate Action will be announced after both polls have closed.
3. A member who is entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more persons as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting, provided that, if more than one proxy is appointed by a member, each proxy is appointed to exercise the rights attached to different shares held by that shareholder. A proxy need not be a member of the Investec Limited or Investec plc.
4. A form of proxy is enclosed. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the company in accordance with section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
5. To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it was executed (or a duly certified copy of any such power or authority) must be returned so as to reach Investec plc's registrars, Computershare Investor Services plc, The Pavillions, Bridgewater Road, Bristol BS99 3FA, not less than 48 (forty eight) hours before the time for holding the meeting or adjourned meeting (or in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used.
6. Entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to Investec plc's register of members at 11:00 (UK time) on 5 August 2008 or, if the meeting is adjourned, 48 (forty eight) hours before the time fixed for the adjourned meeting, as the case may be.
7. The form of proxy and voting instruction form include a "Vote Withheld" option against each resolution, which enables a member to abstain on that resolution. However, it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" that resolution.
8. In order to facilitate voting by corporate representatives at the Annual General Meeting, arrangements will be put in place at the meeting so that: (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting, but the corporate representative has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to in the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed.

   Copies of Investec plc's and Investec Limited's new Articles of Association are available for inspection at Investec plc and Investec Limited's registered office during business hours on any weekday (Saturdays, Sundays and any public holidays excluded) from the date of this notice until the close of Investec plc and Investec Limited's Annual General Meeting to be convened on, 7 August 2008 and will also be available for inspection at the place of the meeting for 15 (fifteen) minutes before and during the meeting.

Investec Limited

Investec Limited
(Reg. No. 1925/002833/06)
Share Code: INL ISIN: ZAE000081949

Notice of Annual General Meeting of Investec Limited

Notice is hereby given that the Annual General Meeting of Investec Limited will be held at 12:00 (South African time) on Thursday, 7 August 2008, in the Auditorium, Ground Floor, at the registered office of Investec Limited at 100 Grayston Drive, Sandown, Sandton, 2196, to transact the following business:

Common business: Investec plc and Investec Limited

To consider and if deemed fit, to pass, with or without modification, the following ordinary resolutions of Investec plc and Investec Limited:

1. To re-elect Samuel Ellis Abrahams as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
2. To re-elect Cheryl Ann Carolus as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
3. To re-elect Haruko Fukuda OBE as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
4. To re-elect Hugh Sidney Herman as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
5. To re-elect Geoffrey Michael Thomas Howe as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
6. To re-elect Bernard Kantor as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
7. To re-elect Ian Robert Kantor as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
8. To re-elect Sir Chips Keswick as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
9. To re-elect Mangalani Peter Malungani as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
10. To re-elect Peter Richard Suter Thomas as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.

For brief biographical details of the directors to be re-elected, please refer to pages 189 to 192 of the Annual Report of Investec plc/Investec Limited.

Investec plc and Investec Limited adopted a policy, in accordance with corporate governance best practice, of requiring all non-executive directors who have served on the board for nine years or more, to seek re-election on an annual basis which practice is entrenched in the Articles of Association of both Investec plc and Investec Limited.

Ordinary business: Investec Limited

To consider and if deemed fit, to pass, with or without modification, the following ordinary resolutions of Investec Limited:

11. To receive and adopt the audited financial statements of Investec Limited for the year ended 31 March 2008, together with the reports of the directors of Investec Limited and of the auditors of Investec Limited.
12. To determine, ratify and approve the remuneration of the directors of Investec Limited for the year ended 31 March 2008.
13. To sanction the interim dividend paid by Investec Limited on the ordinary shares in Investec Limited for the 6 (six) month period ended 30 September 2007.
14. To sanction the interim dividend paid by Investec Limited on the dividend access (South African Resident) ("SA DAS") redeemable preference share for the 6 (six) month period ended 30 September 2007.
15. Subject to the passing of resolution no. 35, to declare a final dividend on the ordinary shares and the dividend access (South African Resident) ("SA DAS") redeemable preference share in Investec Limited for the year ended 31 March 2008 of an amount equal to that recommended by the directors of Investec Limited.
16. To re-appoint Ernst & Young Inc. of Ernst & Young House, Wanderers Office Park, 52 Corlett Drive, Illovo, 2196 (Private Bag X14, Northlands, 2116) as auditors of Investec Limited to hold office until the conclusion of the Annual General Meeting of Investec Limited to be held in 2009 and to authorise the directors of Investec Limited to fix their remuneration.

17. To re-appoint KPMG Inc. of 85 Empire Road, Parktown, 2193 (Private Bag 9, Parkview, 2122) as auditors of Investec Limited to hold office until the conclusion of the Annual General Meeting of Investec Limited to be held in 2009 and to authorise the directors of Investec Limited to fix their remuneration.

Special business: Investec Limited

To consider and if deemed fit, to pass, with or without modification, the following ordinary and special resolutions of Investec Limited:

18. **Ordinary resolution: Investec Limited: Placing 10% of the unissued ordinary shares under the control of the directors**

    Resolved that:
    - with reference to the authority granted to directors in terms of Article 12 of the Articles of Association of Investec Limited:

        • unless and until such date that special resolution no. 2 becomes effective, 4 207 950 (four million two hundred and seven thousand nine hundred and fifty) ordinary shares of ZAR0.0002 each being 10% (ten per cent) of the unissued ordinary shares in the authorised share capital of Investec Limited;

        or

        • from the date on which special resolution no. 2 becomes effective, 6 457 950 (six million four hundred and fifty seven thousand nine hundred and fifty) ordinary shares of ZAR0.0002 each being 10% (ten per cent) of the unissued ordinary shares in the authorised share capital of Investec Limited

      be and are hereby placed under the control of the directors of Investec Limited as a general authority in terms of Section 221 of the South African Companies Act, No. 61 of 1973, as amended, (the "SA Act") who are authorised to allot and issue the same at their discretion until the next Annual General Meeting of Investec Limited to be held in 2009, subject to the provisions of the SA Act, the South African Banks Act, No. 94 of 1990, as amended and the Listings Requirements of the JSE Limited.

19. **Ordinary resolution: Investec Limited: Placing 10% of the unissued Class "A" variable rate compulsorily convertible non-cumulative preference shares under the control of the directors**

    Resolved that:
    - with reference to the authority granted to directors in terms of Article 12 of the Articles of Association of Investec Limited, a total of 4 000 000 (four million) Class "A" variable rate compulsorily convertible non-cumulative preference shares ("Class "A" preference shares") of ZAR0.0002 each, being 10% (ten per cent) of the unissued Class "A" preference shares in the authorised share capital of Investec Limited, be and are hereby placed under the control of the directors of Investec Limited as a general authority in terms of Section 221 of the South African Companies Act, No. 61 of 1973, as amended, (the "SA Act") who are authorised to allot and issue the same at their discretion until the next Annual General Meeting of Investec Limited to be held in 2009, subject to the provisions of the SA Act, the South African Banks Act, No. 94 of 1990, as amended and the Listings Requirements of the JSE Limited.

20. **Ordinary resolution: Investec Limited: Placing the remaining unissued shares being the variable rate cumulative redeemable preference shares, the non-redeemable, non-cumulative, non-participating preference shares and the special convertible redeemable preference shares under the control of the directors**

    Resolved that:
    - with reference to the authority granted to directors in terms of Article 12 of the Articles of Association of Investec Limited, all the unissued shares in the authorised share capital of Investec Limited, excluding the ordinary shares and the Class "A" variable rate compulsorily convertible non-cumulative preference shares, be and are hereby placed under the control of the directors of Investec Limited as a general authority in terms of Section 221 of the South African Companies Act, No. 61 of 1973, as amended, (the "SA Act") who are authorised to allot and issue the same at their discretion until the next Annual General Meeting of Investec Limited to be held in 2009, subject to the provisions of the SA Act, the South African Banks Act, No. 94 of 1990, as amended and the Listings Requirements of the JSE Limited

.21. Ordinary resolution: Investec Limited: Directors' authority to allot and issue ordinary shares for cash

Resolved that:

- subject to the passing of resolution no. 18, the Listings Requirements of the JSE Limited ("JSE Listings Requirements"), the South African Banks Act, No. 94 of 1990, as amended and the South African Companies Act, No. 61 of 1973, as amended, the directors of Investec Limited be and they are hereby authorised to allot and issue:

  • unless and until such date that special resolution no. 2 becomes effective, 4 207 950 (four million two hundred and seven thousand nine hundred and fifty) ordinary shares of ZAR0.0002 each;

  or

  • from the date on which special resolution no. 2 becomes effective, 6 457 950 (six million four hundred and fifty seven thousand nine hundred and fifty) ordinary shares of ZAR0.0002 each

  for cash as and when suitable situations arise, subject to the following specific limitations as required by the JSE Listings Requirements:

  (i) this authority shall not extend beyond the later of the date of the next Annual General Meeting of Investec Limited to be held in 2009 or the date of the expiry of 15 (fifteen) months from the date of the Annual General Meeting of Investec Limited convened for 7 August 2008;
  (ii) a paid press announcement giving full details including the impact on net asset value and earnings per ordinary share, will be published at the time of an issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of ordinary shares in issue prior to such issue;
  (iii) the issue in the aggregate in any 1 (one) financial year will not exceed 15% (fifteen per cent) of the number of ordinary shares in issue, including instruments which are compulsorily convertible;
  (iv) in determining the price at which an allotment and issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price of the ordinary shares in question as determined over the 30 (thirty) days prior to the date that the price of the issue is determined or agreed by the directors of Investec Limited; and
  (v) the equity securities/shares must be issued to public shareholders and not to related parties.

The directors are seeking an authority to allot up to 10% (ten per cent) of the number of unissued ordinary shares for cash which represents 2.7% (two point seven per cent) of the number of issued ordinary shares which is significantly lower than the 15% (fifteen per cent) permitted in terms of the JSE Listings Requirements.

If resolution nos. 21 and 38 are both passed, and subject to the limits specified in those respective resolutions, the directors will have authority to allot up to an aggregate of 5% (five per cent) of the total combined issued ordinary share capital of Investec plc and Investec Limited for cash other than by way of rights issue. This complies with the limits set out in the relevant Association of British Insurers guidelines and the directors confirm that, as and when they exercise such authorities, they intend to comply with those guidelines.

In terms of the JSE Listings Requirements, in order for resolution no. 21 to be given effect to, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec plc and Investec Limited must be cast in favour of resolution no. 21.

22. Ordinary resolution: Investec Limited: Directors' authority to allot and issue class "A" variable rate compulsorily convertible non-cumulative preference shares for cash

Resolved that:

- subject to the passing of resolution no. 19, the Listings Requirements of the JSE Limited ("JSE Listings Requirements"), the South African Banks Act, No. 94 of 1990, as amended and the South African Companies Act, No. 61 of 1973, as amended, the directors of Investec Limited be and they are hereby authorised to allot and issue 4 000 000 (four million) class "A" variable rate compulsorily convertible non-cumulative preference shares ("Class "A" Preference Shares") of ZAR0.0002 each being 10% (ten per cent) of the unissued Class "A" preference shares in the authorised share capital of Investec Limited for cash as and when suitable situations arise, subject to the following specific limitations as required by the JSE Listings Requirements:

  (i) this authority shall not extend beyond the later of the date of the next Annual General Meeting of Investec Limited to be held in 2009 or the date of the expiry of 15 (fifteen) months from the date of the Annual General Meeting of Investec Limited convened for 7 August 2008;
  (ii) a paid press announcement giving full details including the impact on net asset value and earnings per Class "A" preference share, will be published at the time of an issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of Class "A" preference shares in issue prior to such issue;
  (iii) the issue in the aggregate in any 1 (one) financial year will not exceed 15% (fifteen per cent) of the number of Class "A" preference shares in issue, including instruments which are compulsorily convertible;

(iv) in determining the price at which an allotment and issue of Class "A" preference shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price of the Class "A" preference shares in question as determined over the 30 (thirty) days prior to the date that the price of the issue is determined or agreed by the directors of Investec Limited; and
(v) the equity securities/shares must be issued to public shareholders and not to related parties.

If resolution no. 22 is passed, the directors will have authority to allot Class "A" preference shares for cash other than by way of rights issue in respect of Investec Limited up to the limits specified in resolution no. 22, i.e. 4 000 000 (four million) Class "A" preference shares, being equivalent to 10% (ten per cent) of the unissued Class "A" preference shares.

In terms of the JSE Listings Requirements, in order for resolution no. 22 to be given effect to, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec plc and Investec Limited must be cast in favour of resolution no. 22.

23. Special resolution no. 1: Investec Limited: Directors' authority to acquire ordinary shares and preference shares

Resolved that:

- in terms of Article 9 of the Articles of Association of Investec Limited and with effect from 7 August 2008, Investec Limited hereby approves, as a general approval contemplated in Sections 85 to 89 (both inclusive) of the South African Companies Act, No. 61 of 1973, as amended (the "SA Act"), the acquisition by Investec Limited or any of its subsidiaries from time to time of the issued ordinary shares and non-redeemable, non-cumulative, non-participating preference shares (the "perpetual preference shares") of Investec Limited, upon such terms and conditions and in such amounts as the directors of Investec Limited or its subsidiaries may from time to time decide, but subject to the provisions of the South African Banks Act, No. 94 of 1990, as amended, the SA Act and the Listings Requirements of the JSE Limited (the "JSE" and the "JSE Listings Requirements"), being that:

(i) any such acquisition of ordinary shares or perpetual preference shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement;
(ii) this general authority shall be valid until Investec Limited's next Annual General Meeting to be held in 2009, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution no. 1;
(iii) an announcement containing full details of such acquisitions will be published as soon as Investec Limited or any of its subsidiaries has acquired ordinary shares or perpetual preference shares constituting, on a cumulative basis, 3% (three per cent) of the number of ordinary shares or perpetual preference shares in issue, as the case may be, prior to the acquisition pursuant to which the aforesaid 3% (three per cent) threshold is reached and for each 3% (three per cent) in aggregate acquired thereafter;
(iv) acquisitions of shares in aggregate in any 1 (one) financial year may not exceed 20% (twenty per cent) of Investec Limited's issued ordinary share capital or Investec Limited's issued perpetual preference share capital as at the date of passing of this special resolution no. 1;
(v) in determining the price at which ordinary shares or perpetual preference shares issued by Investec Limited are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such ordinary shares or perpetual preference shares, as the case may be, may be acquired will be 10% (ten per cent) of the weighted average of the market value at which such ordinary shares or perpetual preference shares, as the case may be, are traded on the JSE as determined over the 5 (five) business days immediately preceding the date of repurchase of such ordinary shares or perpetual preference shares, as the case may be, by Investec Limited or any of its subsidiaries;
(vi) Investec Limited has been given authority by its Articles of Association;
(vii) at any point in time, Investec Limited may only appoint 1 (one) agent to effect any repurchase on Investec Limited's behalf;
(viii) Investec Limited remaining in compliance with the minimum shareholder spread requirements of the JSE Listings Requirements; and
(ix) Investec Limited and/or its subsidiaries not repurchasing any shares during a prohibited period as defined by the JSE Listings Requirements.

The reason for and effect of special resolution no. 1 is to grant a renewable general authority to Investec Limited, or a subsidiary of Investec Limited, to repurchase ordinary shares and perpetual preference shares of Investec Limited which are in issue from time to time in terms of the SA Act and the JSE Listings Requirements.

The directors of Investec Limited have no present intention of making any repurchases but believe that Investec Limited should retain the flexibility to take action if future repurchases are considered desirable and in the best interests of shareholders. The directors of Investec Limited are of the opinion that, after considering the effect of such acquisition of ordinary shares and perpetual preference shares, if implemented and on the assumption that the maximum of 20% (twenty per cent) of the current issued ordinary share capital or perpetual preference share capital of Investec Limited will be repurchased, using the mechanism of the general authority at the maximum price at which the repurchase may take place (a 10% (ten per cent) premium above the weighted average of the market value for the securities for the 5 (five) business days immediately preceding the date of the repurchase) and having regard to the price of the ordinary shares or perpetual preference shares of Investec Limited on the JSE at the last practical date prior to the date of the notice of Annual General Meeting of Investec Limited convened for 7 August 2008 that:

- Investec Limited and its subsidiaries will be able, in the ordinary course of business, to pay its debt for a period of 12 (twelve) months after the date of the notice of Annual General Meeting of Investec Limited convened for 7 August 2008;
- the consolidated assets of Investec Limited and its subsidiaries, fairly valued in accordance with General Accepted Accounting Practice, will be in excess of the consolidated liabilities of Investec Limited and its subsidiaries for a period of 12 (twelve) months after the date of the notice of Annual General Meeting of Investec Limited convened for 7 August 2008;
- Investec Limited and its subsidiaries will have adequate capital and reserves for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of Annual General Meeting of Investec Limited convened for 7 August 2008; and
- the working capital of Investec Limited and its subsidiaries will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of Annual General Meeting of Investec Limited convened for 7 August 2008.

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names appear on pages 189 to 192 of the 2008 Annual Report, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on Investec Limited and its subsidiaries' financial position, other than disclosed in the notes to the financial statements.

Directors' responsibility statement

The directors, whose names appear on pages 189 to 192 of the 2008 annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information.

Material changes

Other than the facts and developments reported on in the 2008 annual report, there have been no material changes in the affairs or financial position of Investec Limited and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

The following additional information, some of which may appear elsewhere in the 2008 annual report, is provided in terms of the JSE Listings Requirements for purposes of the general authority:

- directors and management - annual report pages 189 to 196;
- major beneficial shareholders - annual report page 186;
- directors' interests in ordinary shares - annual report page 177;
- share capital of Investec Limited - annual report pages 265 to 268.

24. Special resolution no. 2: Investec Limited: Increase in share capital

Resolved that:
- subject to the passing of special resolution no. 11 as contained in the Investec plc notice of Annual General Meeting convened for 7 August 2008 and such resolution otherwise becoming effective, in terms of Section 75(1)(e) of the Companies Act, Act No. 61 of 1973, as amended (the "SA Act"), Article 7 of the Articles of Association of Investec Limited and, with effect from 7 August 2008, the number of ordinary shares in the authorised share capital of Investec Limited be and is hereby increased to 300 000 000 (three hundred million) by the creation of 22 500 000 (twenty two million five hundred thousand) new ordinary shares of ZAR0.0002 each in the authorised share capital of Investec Limited.

The reason for and effect of special resolution no. 2 is to increase the number of ordinary shares in the authorised share capital of Investec Limited.

25. Special resolution no. 3: Investec Limited: Amendment to Memorandum of Association

Resolved that:

- subject to the passing and registration of the above special resolution no. 2 and the passing of special resolution no. 11 as contained in the Investec plc notice of Annual General Meeting convened for 7 August 2008, in terms of Section 56(4) of the Companies Act, Act No. 61 of 1973, as amended, (the "SA Act"), Article 149 of the Articles of Association of Investec Limited and with effect from 7 August 2008, the Memorandum of Association of Investec Limited be amended by the deletion of the entire paragraph 8(a) and the substitution thereof with the following new paragraph 8(a):

"8(a) Par value:

The share capital of Investec Limited is R1 210 002.00 divided into:

(i) 300 000 000 (three hundred million) ordinary shares of R0.0002 each;
(ii) 40 000 000 (forty million) class "A" variable rate compulsorily convertible non-cumulative preference shares of R0.0002 each;
(iii) 50 000 (fifty thousand) variable rate cumulative redeemable preference shares of R0.60 each;
(iv) 100 000 000 (one hundred million) non-redeemable, non-cumulative, non-participating preference shares of R0.01 each;
(v) 1 (one) dividend access (South African Resident) redeemable preference share of R1.00;
(vi) 1 (one) dividend access (non-South African Resident) redeemable preference share of R1.00;
(vii) 560 000 000 (five hundred and sixty million) special convertible redeemable preference shares of R0.0002 each."

The reason for and effect of special resolution no. 3 is to amend the Memorandum of Association of Investec Limited to correctly reflect the new authorised share capital of Investec Limited.

26. Special resolution no. 4: Investec Limited: Amendment to Articles of Association: Multiple proxies

Resolved that:

- subject to the passing of special resolution no. 12 as contained in the Investec plc notice of Annual General Meeting convened for 7 August 2008 and such resolution becoming effective and with effect from 7 August 2008, the Articles of Association of Investec Limited be amended by the insertion of the following new Article 72A:

"72A A member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him."

The reason for and effect of special resolution no. 4 is to align the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Company agreements.

27. Special resolution no. 5: Investec Limited: Amendment to Articles of Association: Demand for a poll

Resolved that:

- subject to the passing of special resolution no. 12 as contained in the Investec plc notice of Annual General Meeting convened for 7 August 2008 and such resolution becoming effective and with effect from 7 August 2008, the Articles of Association of Investec Limited be amended by the deletion of the current Article 57.2(a) and the substitution thereof with the following new Article 57.2(a):

"57.2(a) not less than 5 (five) members in person or by proxy and entitled to vote; or"

The reason for and effect of special resolution no. 5 is to align the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Company agreements.

28. Special resolution no. 6: Investec Limited: Amendment to Articles of Association: Corporate representation

Resolved that:

- subject to the passing of special resolution no. 12 as contained in the Investec plc notice of Annual General Meeting convened for 7 August 2008 and such resolution becoming effective and with effect from 7 August 2008, the Articles of Association of Investec Limited be amended by the deletion of the current Article 75 and the substitution thereof with the following new Article 75:

"75 Corporations acting by representatives

Subject to the statutes, any corporation which is a member of the company may, by resolution of its directors or other governing body, authorise a person or persons to act as its representative or representatives at any General Meeting."

The reason for and effect of special resolution no. 6 is to align the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Company agreements.

29. Special resolution no. 7: Investec Limited: Amendment to Articles of Association: Timing for the deposit of form of proxy

Resolved that:

- subject to the passing of special resolution no. 12 as contained in the Investec plc notice of Annual General Meeting convened for 7 August 2008 and such resolution becoming effective and with effect from 7 August 2008, the Articles of Association of Investec Limited be amended by the deletion of the current Article 72 and the substitution thereof with the following new Article 72:

  "72 Deposit of form of proxy

  An instrument appointing a proxy must be left at such place or one of such places, if any, as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting or, if no place is so specified, at the Transfer Office, not more than forty eight hours (or such lesser period as the directors may specify in the notice of a General Meeting) before the time appointed for the holding of the meeting or adjourned meeting or in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting for the taking of the poll at which it is to be used, and in default shall not be treated as valid. A proxy received from the holder of the Limited special converting shares will be valid if it is received before the closing of the poll to which it relates. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates. An instrument of proxy relating to more than one meeting, including any adjournment thereof, having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates."

The reason for and effect of special resolution no. 7 is to change the period in which a form of proxy must be deposited before the time appointed for a general or an Annual General Meeting from a minimum of 48 (forty eight) to a maximum of 48 (forty eight) hours, thereby aligning the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Company agreements.

30. Special resolution no. 8: Investec Limited: Replacement of the Articles of Association

Resolved that:

- with effect from 7 August 2008, the copy of the Articles of Association produced to the meeting and initialled by the Chairman for the purposes of identification be and are hereby adopted as the new Articles of Association of Investec Limited, in substitution for and to the exclusion of the existing Articles of Association and to the extent that special resolution nos. 4, 5, 6 and 7 are passed and registered, these amendments will also be included in the new Articles of Association.

The reason for and effect of special resolution no. 8 is to update and consolidate the Articles of Association of Investec Limited by incorporating all amendments made thereto from July 2002 and up to the date of this notice and to the extent that special resolution nos. 4, 5, 6 and 7 are passed and registered, these amendments will also be included in the new Articles of Association.

31. Ordinary resolution: Investec Limited: Directors' authority to take action in respect of the resolutions

Resolved that:

- any director or the Company Secretary of Investec Limited, be and is hereby authorised to do all things and sign all documents which may be necessary to carry into effect the aforesaid resolutions to the extent the same have been passed and, where applicable, registered.

Ordinary business: Investec plc

To consider and, if deemed fit, to pass, with or without modification, the following resolutions of Investec plc:

32. To receive and adopt the audited financial statements of Investec plc for the year ended 31 March 2008, together with the reports of the directors of Investec plc and of the auditors of Investec plc.

33. To approve the remuneration report of Investec plc for the year ended 31 March 2008.

34. To sanction the interim dividend paid by Investec plc on the ordinary shares in Investec plc for the 6 (six) month period ended 30 September 2007.

35. Subject to the passing of resolution no. 15, to declare a final dividend on the ordinary shares in Investec plc for the year ended 31 March 2008 of an amount equal to that recommended by the directors of Investec plc.

36. To re-appoint Ernst & Young LLP of 1 More London Place, London SE1 2AF, as auditors of Investec plc to hold office until the conclusion of the Annual General Meeting of Investec plc to be held in 2009 and to authorise the directors of Investec plc to fix their remuneration.

Special business: Investec plc

To consider and, if deemed fit, to pass, with or without modification, the following resolutions of Investec plc:

37. Ordinary resolution: Investec plc: Directors' authority to allot shares and other securities

Resolved that:

- the authority conferred on the directors of Investec plc by paragraph 12.2 of Article 12 of Investec plc's Articles of Association be renewed for the period ending on the date of the Annual General Meeting of Investec plc to be held in 2009 or, if earlier, 15 (fifteen) months from the date on which this resolution is passed, and for such period the Section 80 of the Companies Act, 1985 amount shall be:

  - unless and until such date that special resolution no. 2 becomes effective, £866 660 (eight hundred and sixty six thousand six hundred and sixty Pounds Sterling);

  or

  - from the date on which special resolution no. 2 becomes effective, £871 160 (eight hundred and seventy one thousand one hundred and sixty Pounds Sterling).

The Articles of Association of Investec plc permit the directors of Investec plc to allot shares and other securities in accordance with Section 80 of the Companies Act, 1985, up to an amount authorised by the shareholders in general meeting. The authority conferred on the directors at Investec plc's Annual General Meeting held on 8 August 2007 expires on the date of the forthcoming Annual General Meeting of Investec plc convened for 7 August 2008 and the directors of Investec plc recommend that this authority be renewed.

Resolution no. 37 and special resolution no. 2 will, if passed, authorise the directors of Investec plc to allot Investec plc's unissued shares up to a maximum nominal amount of £871 160 (eight hundred and seventy one thousand one hundred and sixty Pounds Sterling) as set out in the table below:

	Number of unissued Shares	Par value	Relative part of Section 80 amount	Total
Ordinary shares	135 825 632	£27 165	£9 055[1]	£871 160[3]
Special converting shares	64 579 502	£12 916	£12 916[2]	
Non-redeemable, non-cumulative, non-participating preference shares ("perpetual preference shares")	84 918 851	£849 189	£849 189[2]	

1. One third of value issued in line with that normally adopted by UK companies.
2. Based on 100% (one hundred per cent) of the number of the unissued shares.
3. This amount is higher than the one third of issued ordinary share capital limit normally adopted by UK companies at their Annual General Meetings to allow the directors of Investec plc to issue special converting shares in Investec plc as and when required in accordance with the agreements which constitute Investec's Dual Listed Company structure and to issue all of the unissued Investec plc perpetual preference shares, which would not dilute share holdings of ordinary shares. While the authority to allot shares to the value of £871 160 (eight hundred and seventy-one thousand one hundred and sixty Pounds Sterling) is given in respect of all of the relevant securities of Investec plc, the directors of Investec plc would ensure that the shares of each class listed in the above table allotted by them would not be in excess of the amount listed in the column entitled "Relative part of Section 80 amount" for each such class of shares.
4. As of 17 June 2008 (the latest practicable date prior to publication of this notice), Investec plc holds 3 006 465 (three million and six thousand four hundred and sixty five) treasury shares which represent less than 1% (one per cent) of the total ordinary share capital of Investec plc in issue.

38. Ordinary resolution: Investec plc: Directors' authority to allot ordinary shares for cash

Resolved that:

- subject to the passing of resolution no. 37, the power conferred on the directors of Investec plc by paragraph 12.4 of Article 12 of Investec plc's Articles of Association be renewed for the period referred to in resolution no. 37 and for such period the Section 89 of the Companies Act, 1985 amount shall be £6 596 (six thousand five hundred and ninety six Pounds Sterling).

The purpose of resolution no. 38 is to renew the authority of the directors of Investec plc to allot equity securities for cash otherwise than to shareholders in proportion to existing holdings. In the case of allotments other than rights issues, the authority is limited to equity securities up to an aggregate nominal value of £6 596 (six thousand five hundred and ninety six pounds Sterling) which represents approximately 5% (five per cent) of the total combined issued ordinary share capital of Investec plc and Investec Limited as at 10 June 2008 (being the last practicable date prior to publication of this notice). The authority will expire at the end of the next Annual General Meeting of Investec plc to be held in 2009 or, if earlier, 15 (fifteen) months after the passing of this resolution no. 38.

If resolution nos. 21 and 38 are both passed and, subject to the limits specified in those respective resolutions, the directors will have authority to allot up to an aggregate of 5% (five per cent) of the total combined issued ordinary share capital of Investec plc and Investec Limited for cash other than by way of rights issue. This complies with the limits set out in the relevant Association of British Insurers guidelines and the directors confirm that, as and when they exercise such authorities, they intend to comply with those guidelines.

The directors also confirm that pursuant to the Dual Listed Company structure, the exercise of any such authority would be subject to the following specific limitations as required by the Listings Requirements of the JSE Limited ("JSE Listings Requirements"):

(i) this authority shall not extend beyond the later of the date of the next Annual General Meeting of Investec plc or the date of the expiry of 15 (fifteen) months from the date of the Annual General Meeting of Investec plc convened for 7 August 2008;
(ii) a paid press announcement giving full details including the impact on net asset value and earnings per ordinary share, will be published at the time of an issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of ordinary shares in issue prior to such issue;
(iii) the issue in the aggregate in any 1 (one) financial year will not exceed 15% (fifteen per cent) of the number of ordinary shares in issue, including instruments which are compulsorily convertible;
(iv) in determining the price at which an allotment and issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price of the ordinary shares in question as determined over the 30 (thirty) days prior to the date that the price of the issue is determined or agreed by the directors of Investec plc; and
(v) the equity securities/shares must be issued to public shareholders and not to related parties.

In terms of the JSE Listings Requirements, in order for resolution no. 38 to be given effect to, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec plc and Investec Limited must be cast in favour of resolution no. 38.

39. Ordinary resolution: Investec plc: Directors' authority to purchase ordinary shares

Resolved that:

- Investec plc be and is hereby unconditionally and generally authorised for the purpose of Section 166 of the Companies Act, 1985 (the "1985 Act") to make market purchases (as defined in Section 163 of the 1985 Act) of ordinary shares in the capital of Investec plc provided that:

  (i) the maximum aggregate number of ordinary shares which may be purchased is 42 417 437 (forty two million four hundred and seventeen thousand four hundred and thirty seven) ordinary shares of £0.0002 each;
  (ii) the minimum price which may be paid for each ordinary share is its nominal value of such share at the time of purchase;
  (iii) the maximum price which may be paid for any ordinary share is an amount equal to 105% (one hundred and five per cent) of the average of the middle market quotations of the ordinary shares of Investec plc as derived from the London Stock Exchange Daily Official List for the 5 (five) business days immediately preceding the day on which such share is contracted to be purchased; and
  (iv) this authority shall expire at the conclusion of the Annual General Meeting of Investec plc to be held in 2009, or if earlier, 15 (fifteen) months from the date on which this resolution is passed (except in relation to the purchase of ordinary shares, the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry) unless such authority is renewed prior to that time.

The directors of Investec plc consider it may, in certain circumstances, be in the best interests of shareholders generally for Investec plc to purchase its own ordinary shares. Accordingly, the purpose and effect of resolution no. 39 is to grant a general authority, subject to the specified limits, to Investec plc to acquire ordinary shares of Investec plc.

As of 17 June 2008 (the latest practicable date prior to publication of this notice), there were options outstanding over 31 037 860 ordinary shares, representing 7.3% (seven comma three per cent) of Investec plc's issued ordinary share capital at that date. If the authority to buy back shares under this resolution no. 39 was exercised in full, the total number of options to subscribe for ordinary shares would represent 8.1% (eight comma one per cent) of Investec plc's issued ordinary share capital.

The Companies (Acquisition of own Shares) (Treasury Shares) Regulations 2003 (the "Regulations") permit Investec plc to purchase its own ordinary shares to be held in treasury, with a view to possible resale at a future date as opposed to cancelling these shares as previously required.

The directors of Investec plc have no present intention of making any purchases, but believe that Investec plc should retain the flexibility to take further action if future purchases were considered desirable and in the best interest of shareholders. If Investec plc were to purchase shares under the regulations they will be cancelled or, to the extent determined by the directors of Investec plc, held in treasury, provided that the number of shares held in treasury at any one time does not exceed 10% (ten per cent) of Investec plc's issued ordinary share capital. The authority will be exercised only if the directors of Investec plc believe that to do so would result in an increase of earnings per ordinary share and would be in the interests of shareholders generally or, in the case of the creation of treasury shares, that to do so would be in the best interests of shareholders generally.

In order for resolution no. 39 to be passed, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec Limited must be cast in favour of resolution no. 39.

40. Ordinary resolution: Investec plc: Political donations

Resolved that:

- in accordance with Section 366 of the Companies Act, 2006 (the "2006 Act") the company and any company which, at any time during the period for which this resolution has effect, is a subsidiary of the company, be and are hereby authorised to:

  (i) make donations to political organisations not exceeding £25 000 (twenty five thousand Pounds Sterling) in total; and
  (ii) incur political expenditure not exceeding £75 000 (seventy five thousand Pounds Sterling) in total.

  In each case during the period commencing on the date of this resolution and ending on the date of the Annual General Meeting of the company to be held in 2009, provided that the maximum amounts referred to in (i) and (ii) above may consist of sums in any currency converted into Pounds Sterling at such rate as the company may in its absolute discretion determine. For the purposes of this resolution, the terms "political donations", "political organisations" and "political expenditure" shall have the meanings given to them in Sections 363 to 365 of the 2006 Act.

The reason and effect of resolution no. 40 is that the 2006 Act requires companies to obtain shareholder approval before they can make donations to EU political organisations or incur EU political expenditure. The company does not give any money for political purposes in the UK nor does the company make any donations to EU political organisations or incur EU political expenditure. However, the definitions of political donations and political expenditure used in the 2006 Act are very wide. The authority given is a precautionary measure to ensure that the company does not inadvertently breach the 2006 Act.

41. Ordinary resolution: Investec plc: Increase in special converting share capital

Resolved that:

- subject to the passing and registration of special resolution No. 2 as contained in the Investec Limited notice of Annual General Meeting convened for 7 August 2008, the number of authorised special converting shares of £0.0002 each in the authorised share capital of Investec plc be and is hereby increased to 300 000 000 (three hundred million) by the creation of 22 500 000 (twenty two million five hundred thousand) new special converting shares of £0.0002 each.

The reason and effect of resolution no. 41 is to align the number of authorised special converting shares following the increase in the authorised ordinary share capital of Investec Limited, thereby complying with the Dual Listed Company agreements in place between Investec plc and Investec Limited.

In order for resolution no. 41 to be passed, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec Limited must be cast in favour of resolution no. 41.

42. Ordinary resolution: Investec plc: Amendments to the Articles of Association generally

Resolved that:

- with effect from 7 August 2008, the Articles of Association of Investec plc which were produced to the meeting and initialled by the Chairman for the purposes of identification as new Articles "A" be and are hereby adopted as the new Articles of Association of Investec plc ("New Articles"), with effect from the end of this meeting (or, if earlier, from 22:00 (UK time) on the date on which this resolution is passed), in substitution for and to the exclusion of all existing Articles of Association and, to the effect that special resolution no. 2 and resolution no. 41 are passed and registered, if required, these amendments will also be included into the new Articles. This resolution is to adopt new Articles that reflect the provisions of the UK Companies Act, 2006 (the "2006 Act") enacted to the date of this notice of Annual General Meeting or which are expected to be enacted by 1 October 2008.

The reason for and effect of resolution no. 42 is to amend and replace the Articles of Association of Investec plc to reflect those provisions of the 2006 Act that either are already in force or are expected to be enacted by 1 October 2008.

The Articles of Association of Investec plc and Investec Limited are broadly identical, the differences being due to variances in applicable law in South Africa and the UK.

The main amendments to the Investec plc Articles of Association are as follows:

(i) provisions in the current Articles which replicate provisions contained in the Companies Act, 1985 are amended to bring them into line with the 2006 Act;
(ii) provisions in the current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the 2006 Act;
(iii) the time limits for the appointment or termination of a proxy appointment have been altered by the 2006 Act so that proxies cannot be received more than 48 hours before the meeting or, in the case of a poll being taken not less than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose;
(iv) multiple proxies may be appointed provided each proxy is appointed to exercise the rights attached to a different share held by the member;
(v) under the 2006 Act, from 1 October 2008, a director must avoid situations where he has, or can have, a direct or indirect interest that conflicts or may conflict with the company's interests. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts. The new Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

In order for resolution no. 42 to be passed, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec Limited must be cast in favour of resolution no. 42.

43. Ordinary resolution: Investec plc: Directors' authority to take action in respect of the resolutions

Resolved that:

- any director or the company secretary of Investec plc, be and is hereby authorised to do all things and sign all documents which may be necessary to carry into effect the aforesaid resolutions to the extent the same have been passed and where applicable, registered.

The directors of Investec Limited consider that the proposed resolutions in the notice of the Annual General Meeting are in the best interests of Investec Limited and its shareholders and recommend that you vote in favour as the directors of Investec Limited intend to do in respect of their own beneficial holdings.

By order of the board

Benita Coetsee
Company Secretary

17 June 2008
Registration No: 1925/002833/06

Registered Office:
c/o Company Secretarial
Investec Limited
100 Grayston Drive
Sandown
Sandton, 2196
(PO Box 785700, Sandton, 2146)

Notes:

1. All of the above resolutions are Joint Electorate Actions under the Articles of Association of Investec Limited and accordingly, both the holders of ordinary shares in Investec Limited and the holders of the special convertible redeemable preference shares in Investec Limited are entitled to vote. Voting will be on a poll which will remain open for sufficient time to allow the Investec plc Annual General Meeting to be held and for the vote of the holder of Investec Limited's special convertible redeemable preference shares to be ascertained and cast on a poll.
2. On the poll:
   (a) each ordinary share in Investec Limited (other than those subject to voting restrictions) will have 1 (one) vote;
   (b) the holder of Investec Limited's special convertible redeemable preference shares will cast the same number of votes as were validly cast for and against the equivalent resolution at the Investec plc Annual General Meeting;
   (c) the holder of Investec Limited's special convertible redeemable preference shares will be obliged to cast these votes for and against the relevant resolution in accordance with the votes cast for and against the equivalent resolution by Investec plc shareholders on the poll at the Investec plc Annual General Meeting;
   (d) through this mechanism, the votes of the Investec plc shareholders at the Investec plc Annual General Meeting will be reflected at Investec Limited's Annual General Meeting in respect of each Joint Electorate Action; and
   (e) the results of the Joint Electorate Actions will be announced after both polls have closed.
3. A member who is entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more persons as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting, provided that, if more than one proxy is appointed by a member, each proxy is appointed to exercise the rights attached to different shares held by that shareholder. A proxy need not be a member of the Investec Limited or Investec plc.
4. A form of proxy is enclosed. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person.
5. To be effective, the instrument appointing a proxy and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be deposited at the Transfer Secretary's office at 70 Marshall Street, Johannesburg, 2001, not less than 48 (forty eight) hours before the time for holding the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used.
6. Entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to Investec Limited's register of members at 12:00 (South African time) on 5 August 2008 or, if the meeting is adjourned, 48 (forty eight) hours before the time fixed for the adjourned meeting, as the case may be.
7. Copies of Investec plc and Investec Limited's new Articles of Association are available for inspection at Investec plc and Investec Limited's registered office during business hours on any weekday (Saturdays, Sundays and any public holidays excluded) from the date of this notice until the close of Investec plc and Investec Limited's Annual General Meeting to be convened on 7 August 2008 and will also be available for inspection at the place of the meeting for 15 (fifteen) minutes before and during the meeting.

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Form of proxy

Form of proxy for Annual General Meeting on 7 August 2008 at 12:00 (South African time)

Investec Limited
(Reg. No. 1925/002833/06)
(the Company)
Share code: INL
ISIN: ZAE000081949

Only for use by members who have not dematerialised their Investec Limited shares or who have dematerialised their shares and selected own name registration with Computershare's CSDP

For use by Investec Limited members who have not dematerialised their shares or who have dematerialised their Investec Limited Shares but with own name registration at the Investec Limited Annual General Meeting to be held at 12:00 (South African time) on Thursday, 7 August 2008 in the Auditorium, Ground Floor, at the registered office of Investec Limited, 100 Grayston Drive, Sandown, Sandton, South Africa.

Members who have dematerialised their Investec Limited Shares must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the Investec Limited Annual General Meeting and request their CSDP or broker to issue them with the necessary authorisation to attend or provide their CSDP or broker with their voting instructions should they not wish to attend the Investec Limited Annual General Meeting in person.

I/We ______________________________

of ______________________________

being a holder(s) of [   ] ordinary shares of R0.0002 each

do hereby appoint ______________________________

of ______________________________

or failing him ______________________________

of ______________________________

or failing them, the chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of Investec Limited to be held on 7 August 2008 at 12:00 (South African time) and at any adjournment thereof.

Investec Limited	In favour of	Against	Abstain
Common business: Investec plc and Investec Limited			
To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions of Investec plc and Investec Limited:			
1. To re-elect Samuel Ellis Abrahams as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited			
2. To re-elect Cheryl Ann Carolus as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited			
3. To re-elect Haruko Fukuda OBE as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited			
4. To re-elect Hugh Sidney Herman as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited			
5. To re-elect Geoffrey Michael Thomas Howe as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited			
6. To re-elect Bernard Kantor as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited			
7. To re-elect Ian Robert Kantor as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited			
8. To re-elect Sir Chips Keswick as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited			
9. To re-elect Mangalani Peter Malungani as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited			
10. To re-elect Peter Richard Suter Thomas as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited			

Form of proxy

Investec Limited	In favour of	Against	Abstain
Ordinary business: Investec Limited			
11. To receive and adopt the audited financial statements of Investec Limited for the year ended 31 March 2008 together with the reports of the directors of Investec Limited and of the auditors of Investec Limited			
12. To determine, ratify and approve the remuneration of the directors of Investec Limited for the year ended 31 March 2008			
13. To sanction the interim dividend paid by Investec Limited on the ordinary shares in Investec Limited for the six (6) month period ended 30 September 2007.			
14. To sanction the interim dividend paid by Investec Limited on the dividend access (South African Resident) ("SA DAS") redeemable preference share for the 6 (six) month period ended 30 September 2007			
15. To declare a final dividend on the ordinary shares and the dividend access (South African Resident)("SA DAS") redeemable preference share in Investec Limited for the year ended 31 March 2008 of an amount equal to that recommended by the directors of Investec Limited.			
16. To reappoint Ernst & Young Inc. as auditors of Investec Limited and to authorise the directors of Investec Limited to fix the remuneration of the auditors			
17. To reappoint KPMG Inc. as auditors of Investec Limited and to authorise the directors of Investec Limited to fix the remuneration of the auditors			
Special business: Investec Limited			
Ordinary resolutions			
18. To place 10% of the unissued ordinary shares of Investec Limited under the control of the directors of Investec Limited			
19. To place 10% of the unissued Class "A" variable rate compulsorily convertible non-cumulative preference shares of Investec Limited under the control of the directors of Investec Limited			
20. To place the remaining unissued shares, being the variable rate cumulative redeemable preference shares, the non-redeemable, non cumulative, non-participating preference shares and the special convertible redeemable preference shares under the control of the directors of Investec Limited			
21. Directors' authority to allot and issue 10% of the unissued ordinary shares of Investec Limited for cash			
22. Directors' authority to allot and issue 10% of the unissued Class "A" variable rate compulsorily convertible non-cumulative preference shares of Investec Limited for cash			
Special resolutions: Investec Limited			
23. Directors' authority to acquire ordinary shares and preference shares of Investec Limited			
24. Increase in authorised ordinary share capital			
25. Amendment to Memorandum of Association to reflect increase in authorised share capital			
26. Amendment to Articles of Association: Multiple Proxies			
27. Amendment to Articles of Association: Demand for a poll			
28. Amendment to Articles of Association: Corporate Representation			
29. Amendments to the Articles of Association: Timing for the deposit of form of proxy			
30. Replacement of the Articles of Association			
Ordinary resolution: Investec Limited			
31. Directors' authority to take action in respect of the resolutions			
Investec plc			
Ordinary business: Investec plc			
32. To receive and adopt the audited financial statements of Investec plc for the year ended 31 March 2008 together with the reports of the directors and auditors of Investec plc			
33. To approve the Remuneration Report of Investec plc for the year ended 31 March 2008			
34. To sanction the interim dividend paid by Investec plc on the ordinary shares in Investec plc for the 6 (six) month period ended 30 September 2007			
35. To declare a final dividend on the ordinary shares in Investec plc for the year ended 31 March 2008 of an amount equal to that recommended by the directors of Investec plc			

Form of proxy

Investec plc	In favour of	Against	Abstain
36. To re-appoint Ernst & Young LLP as auditors of Investec plc and to authorise the directors of Investec plc to fix the remuneration of the auditors			
Special business: Investec plc			
Ordinary resolutions			
37. Directors' authority to allot shares and other securities (Section 80 authority)			
38. Directors' authority to allot ordinary shares for cash (Section 89 authority)			
39. Directors' authority to purchase ordinary shares			
40. Political Donations			
41. Increase in the authorised special converting share capital			
42. Amendments to the Articles of Association			
43. Directors' authority to take action in respect of the resolutions			

Signature Date

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy (who need not be a member of the Company) to attend, and, on a poll, to vote in his place. Each resolution is to be decided on a poll and a member or his proxy shall have one vote for every share held.

Notes:

1. You are not obliged either to cast all your votes or to cast all your votes in the same way. Please instruct your proxy how to vote by either:
   (i) marking the appropriate box with an "X" next to each resolution, in which event the proxy will cast all your votes in the manner so specified; or
   (ii) setting out the number of votes to be cast in each box (i.e. in favour of and/or against and/or by way of abstention) in respect of each resolution provided that, if for any resolution the aggregate number of votes to be cast would exceed the total number of shares held, you will be deemed to have given no specific instruction as to how you wish your proxy to vote in respect of that resolution.

   Your proxy will have discretion to vote in respect of your total holding on any resolution on which you have not (or are deemed not to have) given specific instruction as to how to vote and, unless instructed otherwise, on any business which may properly come before the meeting.
2. The date must be filled in on this form of proxy when it is signed.
3. If you are signing in a representative capacity, whether for another person or for an organisation, then, in order for this form to be valid, you must include a power of attorney or other written authority that authorises you to sign (or a certified copy of such power or authority).
4. In the case of a company, the proxy form should either be sealed by the company or signed by a director or an authorised signatory (and the provisions of paragraph 3 shall apply to such authorised signatory).
5. In the case of joint holders only one need sign. If more than one joint holder votes, whether in person or by proxy, only the most senior shareholder who renders a vote, whether in person or by proxy, will be counted. For this purpose, seniority is determined by the order in which shareholders' names appear in the register for that share.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory or signatories.
7. The return of this form of proxy will not prevent you from attending the meeting and voting in person.
8. This form of proxy must be received by the company's Transfer Secretaries:
   Computershare Investor Services (Proprietary) Limited
   70 Marshall Street, Johannesburg, 2001
   PO Box 61763, Marshalltown, 2107
   not later than 12:00 (South African time) on Tuesday, 5 August 2008. Proxy forms received after this time will not be valid.
9. Dematerialised members who have not selected own name registration and who wish to attend the annual general meeting or be represented by proxy must inform their CSDP or broker of their voting instructions. However, should such member wish to attend the annual general meeting in person, they will need to request their CSDP or broker timeously who will furnish them with the necessary authority in terms of the custody agreement entered into between the dematerialised members and the CSDP or broker.