Out of the Ordinary®

Investec

Investec Annual Report 2009

Corporate information

Investec plc and Investec Limited

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Registration number

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

Auditors

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Ernst & Young Inc.

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Directorate

Executive directors

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

Non-executive directors

Hugh S Herman (Non-executive Chairman)
Sam E Abrahams
George F O Alford
Cheryl C Carolus
Haruko Fukuda OBE
Geoffrey M T Howe
Ian R Kantor
Sir Chips Keswick (Senior Independent NED)
Peter M Malungani
Sir David Prosser
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Refer to page 343

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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

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

Distinctive Performance

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

Dedicated Partnerships

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

- Investec recorded another resilient performance.
- Operating profits reported across all geographies, supported by:
  - A diversified business model
  - A sound balance sheet with low leverage
  - A solid recurring revenue base
- We emerged from this period with our capacity to compete, our brand and our entrepreneurial spirit unimpeded.
- Disciplined focus by management across the group to build capital, preserve liquidity and maintain efficiency.
- ROE and adjusted earnings per share (EPS) targets were difficult to achieve given the challenging economic conditions.
- Adjusted EPS declined by 25.5% as a result of reduced activity levels, lower asset valuations and the weaker credit cycle; the credit loss ratio increased in line with expectations to 1.1%.

Financial objectives**

	Target in £	31 March 2009	31 March 2008
ROE	>20%	14.8%	23.6%
Cost to income ratio	<65%	55.9%	56.1%
Adjusted EPS* growth	10% >UK RPI	(25.5%)	6.8%
Dividend cover	1.7 - 3.5 times	3.3	2.3
Capital adequacy ratio	14% - 17%	plc: 16.2% Ltd: 14.2%	plc: 15.3% Ltd: 13.9%
	Tier 1 >11%	plc: 10.1% Ltd: 10.8%	plc: 9.2% Ltd: 10.0%

* before goodwill, non-operating items and after minorities

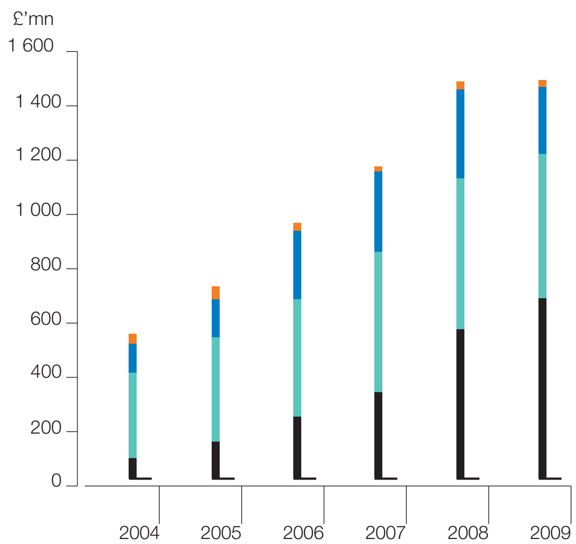
** These targets were originally disclosed in May 2004 and are medium to long-term targets. We aim to achieve them through varying market conditions. The capital adequacy and dividend cover targets were revised in November 2008

Financial features

- Operating profit* before impairment losses on loans and advances increased 4.8% to £652.9 million.
- Operating profit* before taxation decreased 22.0% to £396.8 million.
- Adjusted earnings attributable to shareholders* decreased 21.9% to £269.2 million.
- Recurring income as a percentage of total operating income increased to 70.0%.
- Tangible net asset value per share increased 23.9% to 266.3 pence.
- Core loans and advances to customers increased 26.2% to £16.2 billion.
- Third party assets under management decreased by 7.4% to £48.8 billion.
- Customer deposits increased 20.1% to £14.6 billion.
- Proposed full year dividend decreased 48.0% to 13.0 pence.

Continued focus on building our recurring income . . . to ensure a sustainable earnings base

Total operating income



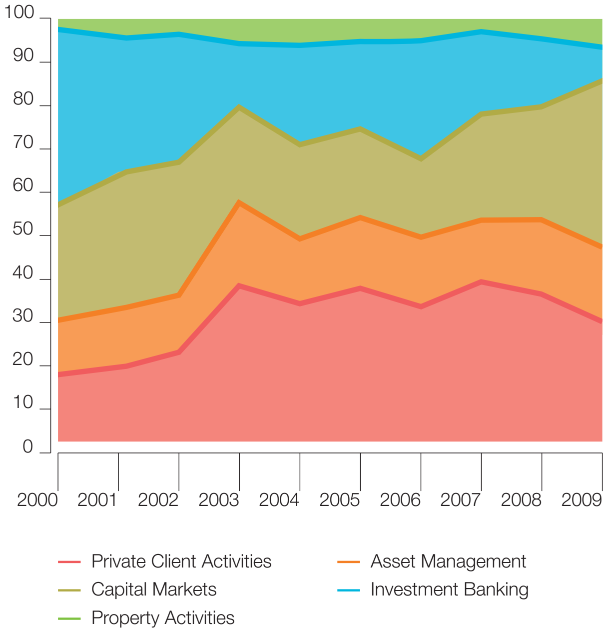
Recurring income as a % of total income	2004	2005	2006	2007	2008	2009
	63%	59%	57%	59%	65%	70%

Other income (largely operating income from associates)
Principal transactions and other operating income
Net fee and commission income
Net interest income

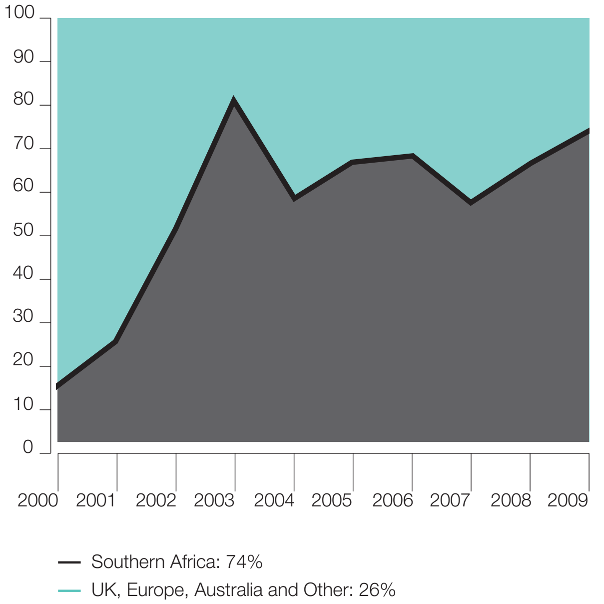
Snapshot of the year

A diversified business model . . . stood us in good stead during the down turn

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



% contribution to operating profit*

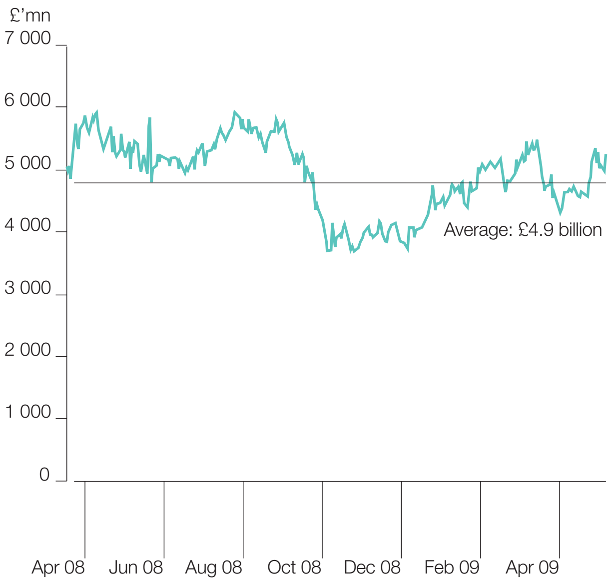


* before goodwill, non-operating items, taxation and after minorities

Balance sheet strength . . . stringent management of liquidity

- The intimate involvement of senior management ensures stringent management of risk and liquidity.
- A well established liquidity management philosophy.
- Continue to focus on:
  - Maintaining a high level of readily available, high quality liquid assets - representing 20% to 30% of our liability base
  - Diversifying funding sources
  - Limiting concentration risk
  - Maintaining a low reliance on interbank wholesale funding to fund core lending
- Customer deposits have held up well over the period.
- Active campaigns to build our retail deposit franchise have been launched in the UK, Ireland and Australia and more recently in South Africa.
- Total net retail and private client inflows since December 2008 of about £1 billion.
- We have been successful in securing medium term syndicated loans due to our long standing counterparty relationships.
- The bank in the UK is eligible to issue 3 year debt guaranteed by the UK government.
- Investec Bank (Australia) Limited is eligible to issue government backed debt and has recently completed a 3 year and 5 year government guaranteed fixed rate transferable deposit issue.

Surplus cash and near cash



Total 31 March 2009	£4.9bn
Investec Limited	£2.4bn
Investec plc	£2.5bn

Overview of the year

Snapshot of the year

Balance sheet strength . . . good progress towards capital targets

- Our policy has always been to hold capital well in excess of regulatory requirements and we intend to perpetuate this philosophy.
- We maintained capital strength throughout the period without recourse to shareholders, new investors or government assistance.
- We are focusing on increasing our capital base and have revised our capital adequacy targets.
- We have made good progress in achieving these targets and intend on meeting these targets by the end of calendar year 2010.

Basel II Pillar 1 31 March 2009	Capital adequacy ratio	Tier 1 ratio
Investec plc	**16.2%**	**10.1%**
Investec Bank plc	15.9%	10.3%
Investec Bank (Australia) Limited	18.3%	14.4%
Investec Limited	**14.2%**	**10.8%**
Investec Bank Limited	14.2%	10.5%

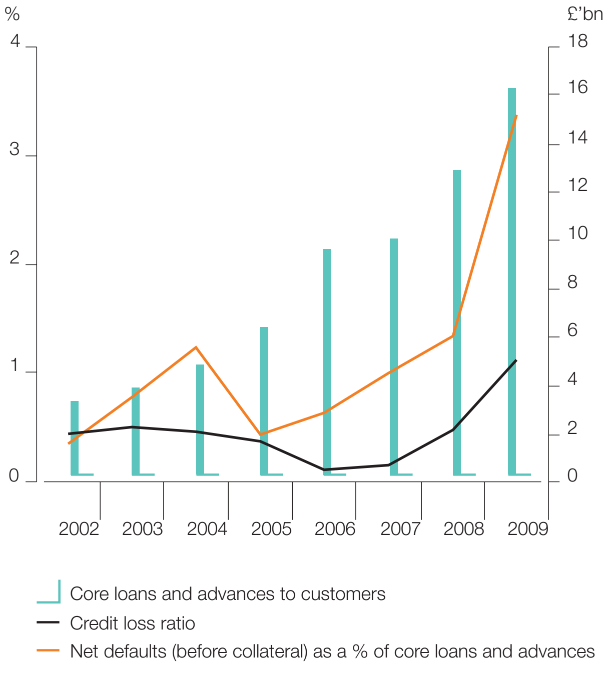
Balance sheet strength . . . low leverage ratios

	31 March 2009	31 March 2008
Core loans to equity ratio	6.2x	5.8x
Core loans (excluding own originated assets which have been securitised) to customer deposits	1.0x	1.0x
Total gearing (excluding assurance assets)	12.9x	13.8x
Total gearing (excluding assurance and securitised assets)	11.7x	12.1x

Balance sheet strength . . . impairments and defaults have increased as expected

- All geographies have experienced an increase in impairments and defaults as a result of weak economic conditions.
- Credit risk however, remains appropriately managed and net defaults (after collateral and impairments) would be covered 100%.
- Credit and counterparty exposures are to select target markets:
  - Private Bank lends to high net worth and high income clients
  - Capital Markets transacts primarily with mid to large sized corporates, public sector bodies and institutions

Defaults and core loans



Overview of the year

Strategic focus

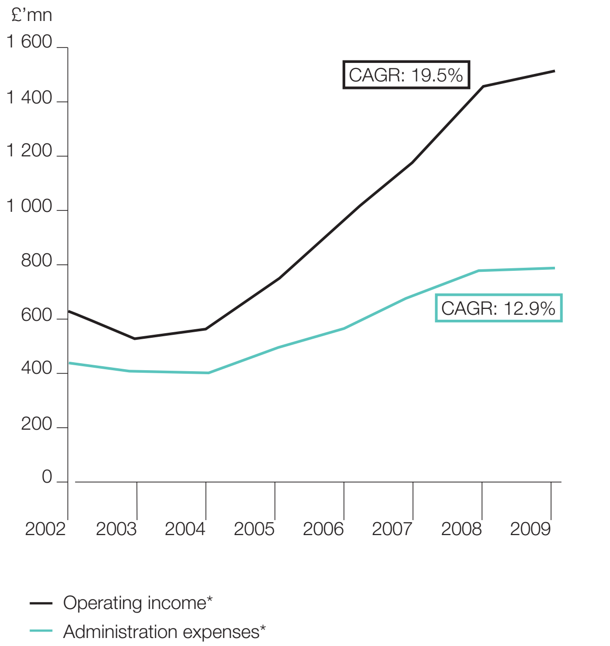
Medium-term strategy continues

- We are a niched and focused specialist banking group constantly striving to be distinctive.
- We continue to focus on:
  - Moderating loan growth, shifting emphasis to increasing the proportion of non-lending revenue base
  - Maintaining credit quality
  - Strictly managing risk and liquidity
  - Creating additional operational efficiencies and containing costs
  - Building business depth rather than business breadth by deepening existing client relationships and generating high quality income through diversified, sustainable revenue streams
  - Proactively building our brand.

Maintaining efficiency . . . cost to income ratio declined to 55.9%

- Total headcount is being tightly managed across the group.
- Expense growth (excluding variable remuneration) is targeted below the respective inflation rates in each of the core geographies.
- A non-cash deferred component has been introduced to variable remuneration payments.

Efficiency ratio

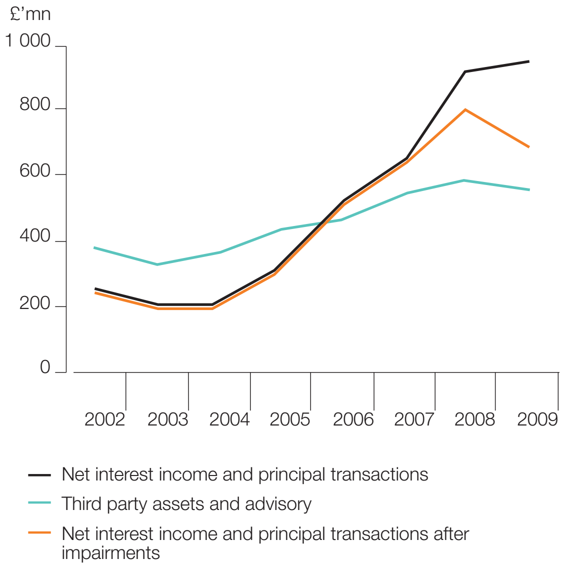


* Before investments consolidated in the Private Equity portfolio

Strategic focus

Continually realigning the business model . . . balancing operational risk businesses with financial risk businesses

- Build non-lending revenue
- Take advantage of opportunities



- Moderate loan growth
- Price risk appropriately
- Build customer deposits

Third party assets and advisory

- Asset management
- Property funds
- Private equity funds

Core advisory and Core banking

Containing costs
Maintaining credit quality
Strictly managing risk and liquidity

Net interest income and principal transactions

- Lending portfolios
- Principal transactions
- Structured transactions
- Market making

Outlook

- The outlook for the global economy is uncertain and markets are likely to remain volatile.
- There have been some positive signals recently but this was a financial crisis like no other and the knock-on effect to global growth cannot be fully assessed yet.
- The competitive landscape has changed and our brand continues to gain recognition.
- We are independent and have a distinct franchise.
- We have strengthened our capital position and will continue to safeguard our liquidity.
- We believe that the market upheaval will present opportunities to strengthen our position across our core geographies and enable us to move onto the front foot.

Summary of results

	31 March 2009	31 March 2008	% change
Income statement and selected returns			
Operating profit before goodwill, non-operating items, taxation, impairments and after minorities (£'000)	652 939	622 902	4.8%
Operating profit before goodwill, non-operating items, taxation and after minorities (£'000)	396 766	508 717	(22.0%)
Operating profit before goodwill, non-operating items, taxation and after minorities: SA (% of total)	74.0%	66.7%	
Operating profit before goodwill, non-operating items, taxation and after minorities: Non-SA (% of total)	26.0%	33.3%	
Adjusted earnings attributable to ordinary shareholders before goodwill and non-operating items (£'000)	269 215	344 695	(21.9%)
Headline earnings attributable to ordinary shareholders (£'000)	261 627	301 499	(13.2%)
Cost to income ratio	55.9%	56.1%	
Staff compensation to operating income ratio	34.9%	37.2%	
Return on average adjusted shareholders' equity (post-taxation)	14.8%	23.6%	
Return on average adjusted tangible shareholders' equity (post-taxation)	17.4%	28.6%	
Operating profit per employee (£'000)	62.6	84.4	(25.8%)
Net interest income as a percentage of operating income net of insurance claims	46.6%	39.3%	
Non-interest income as a percentage of operating income net of insurance claims	53.4%	60.7%	
Recurring income as a percentage of total operating income net of insurance claims	70.0%	65.1%	
Effective operational taxation rate	21.1%	22.6%	
Balance sheet			
Total capital resources (including subordinated liabilities) (£'million)	3 762	3 275	14.9%
Total shareholders' equity (including preference shares and minority interests) (£'million)	2 621	2 210	18.6%
Shareholders' equity (excluding minority interests) (£'million)	2 297	1 911	20.2%
Total assets (£'million)	37 105	34 104	8.8%
Core loans and advances to customers (including own originated securitised assets) (£'million)	16 227	12 854	26.2%
Core loans and advances to customers as a percentage of total assets	43.7%	37.7%	
Customer deposits (accounts) (£'million)	14 573	12 133	20.1%
Third party assets under management (£'million)	48 828	52 749	(7.4%)
Capital adequacy ratio: Investec plc	16.2%	15.3%	
Capital adequacy ratio: Investec Limited	14.2%	13.9%	
Credit loss ratio	1.1%	0.5%	
Defaults (net of impairments and before collateral) as a percentage of net core loans and advances to customers	3.3%	1.3%	
Gearing ratio (assets excluding assurance assets to total equity)	12.9x	13.8x	
Salient financial features and key statistics			
Adjusted earnings per share (pence)	42.4	56.9	(25.5%)
Headline earnings per share (pence)	41.2	49.7	(17.1%)
Basic earnings per share (pence)	38.5	57.7	(33.3%)
Diluted earnings per share (pence)	36.1	54.0	(33.1%)
Dividends per share (pence)	13.0	25.0	(48.0%)
Dividend cover (times)	3.3	2.3	
Net tangible asset value per share (pence)	266.3	215.0	23.9%
Weighted number of ordinary shares in issue (million)	634.6	606.2	4.7%
Total number of shares in issue (million)	713.2	657.6	8.5%
Closing share price (pence)	292	339	(13.9%)
Market capitalisation (£'million)	2 083	2 229	(6.6%)
Number of employees in the group	5 951	6 333	(6.0%)
Closing ZAR/£ rate	13.58	16.17	(16.0%)
Average ZAR/£ rate	14.83	14.31	3.6%

Notes:
Refer to definitions on page 320. A ten year review is provided on page 32.

Presentation of financial information

In terms of the contracts constituting 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. 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 year end results for Investec plc and Investec Limited present the results and financial position of the combined DLC group under International Financial Reporting Standards (IFRS), denominated in Pounds Sterling.

All references in this document to Investec or the group relate to the combined DLC group comprising Investec plc and Investec Limited.

Operating Financial Review

A sound balance sheet and operational diversity support profitability in challenging economic conditions

Financial year 2009 was one of the toughest in our history. Global financial markets experienced a series of extraordinary and tumultuous events which humbled most financial institutions. In response to this environment, we took swift action to adapt our business model with a focused approach by management across the group to build capital, preserve liquidity and maintain efficiency. This action, together with our balanced portfolio of businesses, enabled us to navigate a steady course and we have emerged from this period with our capacity to compete, our brand and our entrepreneurial spirit intact.

The strength of our operational diversity and a solid recurring revenue base enabled all geographies to remain profitable. Nevertheless, the environment did negatively impact activity levels, asset valuations and credit loss ratios with adjusted earnings per share before goodwill and non-operating items declining 25.5% to 42.4 pence (2008: 56.9 pence). The board recommended a final dividend of 5.0 pence per ordinary share, bringing total dividends per share for the year to 13.0 pence, down from 25.0 pence in 2008.

Focus to strengthen capital and safeguard liquidity while maintaining efficiency

Throughout the financial crisis we have benefited from a stable balance sheet and the intimate involvement of senior management in monitoring risk and liquidity. The group holds capital well in excess of regulatory requirements and was able to increase the capital adequacy ratio for Investec plc from 15.3% at the beginning of the financial year to 16.2% at the end of the period and from 13.9% to 14.2% for Investec Limited. We intend to ensure that the group remains well capitalised in a transformed capital environment and have revised our internal capital requirements accordingly.

Safeguarding liquidity has been a key management priority for many years with the group holding, on average over the financial year, some £4.9 billion of cash and near cash to support its activities. Diversifying funding sources is also an important focus and a number of initiatives were implemented to increase private client and retail deposits. Strong retail inflows of £1 billion were recorded in the final quarter. Furthermore, active campaigns to build the group's retail deposit franchise were launched in the UK, Ireland and Australia towards the end of 2008, and more recently in South Africa. Our long standing counterparty relationships proved fruitful with several medium term syndicated loans being secured during the period.

In contrast to many of our international peers, we have consistently maintained low gearing ratios. This is represented by core loans and advances to equity at 6.2 times (2008: 5.8 times) and total assets (excluding assurance assets) to equity at 12.9 times (2008: 13.8 times).

Driving efficiencies across the group has played a pivotal role in supporting profitability with the ratio of total operating expenses to total operating income improving to 55.9% from 56.1%. Total headcount continues to be tightly managed and expense growth (excluding variable remuneration) is targeted below the respective inflation rates in each of our principal geographies.

Diversified portfolio of businesses provides solid base

Our diversified portfolio of businesses has provided a solid base for profitability with stronger growth from the Capital Markets division.

Private Client Activities

Private Client Activities reported a decline in operating profit of 46.0% to £104.6 million (2008: £193.7 million).

Higher average advances and a diversified set of revenues continued to drive operating income in the Private Banking division with operating profit decreasing 51.6% to £80.5 million. (2008: £166.4 million). Reduced activity levels and the weaker credit environment resulted in higher impairment losses on loans and advances in all geographies. The private client core lending book grew by 24.3% to £11.1 billion (2008: £8.9 billion) and the division increased its deposit book by 17.0% to £7.7 billion (2008: £6.6 billion). Funds under advice decreased 11.2% to £3.3 billion (2008: £3.7 billion). With the outlook still dependent on the environment, the Private Bank continues to focus on managing under performing loans and impairments to ensure they remain stable. Growth in the loan portfolio is expected to be flat and the division will maximise efforts to target retail deposits and increase the contribution from the private wealth management business.

Private Client Portfolio Management and Stockbroking reported a decrease in operating profit of 11.8% to £24.1 million (2008: £27.3 million). The South African business was negatively impacted by lower turnover and valuations and the absence of performance fees on alternative investments with funds under management decreasing 24.6% to R85.0 billion (2008: R112.7 billion). A diverse business mix and strong annuity income from discretionary funds under management should provide resilience if the environment remains challenging. The UK operations include our 47.3% share of the directors' estimate of the post-tax profit of Rensburg Sheppards plc.

Operating Financial Review

Capital Markets

Capital Markets' advisory, structuring and trading activities performed well resulting in an increase in operating profit for the division of 22.3% to £141.4 million (2008: £115.6 million). Core loans and advances increased 26.5% to £4.8 billion from £3.8 billion at 31 March 2008. Kensington Group plc, which was acquired in the prior year, produced a stable performance and reported operating profit of £37.1 million (2008: £24.3 million). The Capital Markets division remains well positioned to grow market share and extend its franchise although impairments remain a challenge.

Investment Banking

The tough operating environment had the most severe impact on our Investment Banking business with mixed performances across geographies resulting in an overall decrease of 61.1% in operating profit to £28.2 million (2008: £72.5 million). The agency divisions closed fewer deals in comparison to the prior year but reported higher trading revenues. The UK operations were impacted by a much weaker performance from certain of the investments held within the Private Equity and Direct Investments division, whilst the South African Private Equity operations recorded another steady performance. Our teams are stable and performance in the next period will depend on stability and activity levels in equity markets.

Asset Management

Asset Management reported a resilient performance although operating profit was down 13.4% to £66.2 million (2008: £76.4 million) as a result of a tougher mutual fund environment and weak equity markets. The division continued to benefit from a shift in the mix of funds managed and good investment performance. Investec Asset Management had the best net flows in nine years as a result of its recognised long term performance and well established global distribution footprint. Assets under management increased by 0.3% to £28.8 billion (2008: £28.7 billion). The current investment capabilities and distribution reach of the division are well aligned with future demand and support the fundamentals of the business.

Property Activities

Property Activities generated operating profit of £24.7 million (2008: £36.3 million). The results of the division, based mainly in South Africa, were supported by fees earned on projects completed in the current year and a satisfactory performance from the investment property portfolio. The outlook for this business is positive with prospects arising from the global financial turmoil in both the listed and physical property space.

Group Services and Other Activities

Group Services and Other Activities contributed £31.7 million to operating profit (2008: £14.1 million) with Central Funding benefiting from increased cash holdings and higher average interest rates in South Africa.

Committed to playing a constructive role in restoring stability to the system

The financial services industry has much to do to regain the public's trust and to ensure the return of confidence to banking and finance. As conditions change, we remain committed not only to playing a constructive role in restoring stability to the broader financial system but we are also mindful of our obligations to society and our stakeholders. As we return to a more conducive business operating environment, we believe that all stakeholders will benefit as we do the right thing for our clients and the communities we serve. The group's progress in this regard is outlined on pages 209 to 211 of this Annual Report.

Rigorous client focus and depth of leadership

The past year was a difficult one for all stakeholders who have been deeply impacted by global events in varying capacities. Through it all, our people who are deeply committed to the business and know that clients are contending with difficult economic and financial pressures, maintained a rigorous client focus. Over the years, we have recruited and retained many talented people who thrive on the group's entrepreneurial environment in their endeavours to produce positive results for clients. More than 24% of our staff have stayed with the group over 8 years and 38% more than 4 years. This is a testament to the commitment of our culture and depth of our leadership and the perpetuation of our culture.

Operating Financial Review

Strategy continues to be niched and focused

Our business model remains intact and our strategy to be niched and focused has supported us through a very difficult period. Accordingly, we will continue to focus on moderate loan growth, maintaining credit quality, the strict management of risk and liquidity and ensuring operational efficiencies. Building business depth by deepening existing client relationships is still a key component of our strategy.

Strong franchise will enable us to capitalise on opportunities

The outlook for the global economy is uncertain and financial market conditions are likely to remain fragile. However, our capital position and distinct franchise should enable us to move quickly onto the front foot once markets turn. Looking ahead, we will continue to seek out opportunities that are expected to arise in a much changed landscape.

Hugh Herman
Chairman

Stephen Koseff
Chief Executive Officer

Bernard Kantor
Managing Director

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

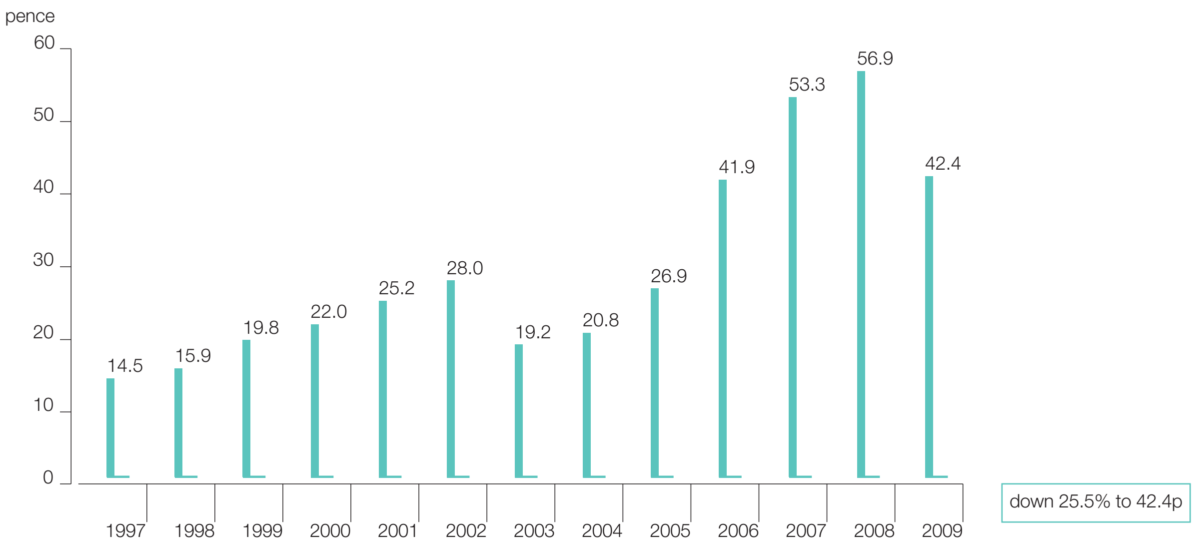
The Operating Financial Review provides an overview of our strategic position, performance during the financial year and outlook for the business. It should be read together with the sections that follow on pages 11 to 225, which elaborate on the aspects highlighted in this review.

Financial review

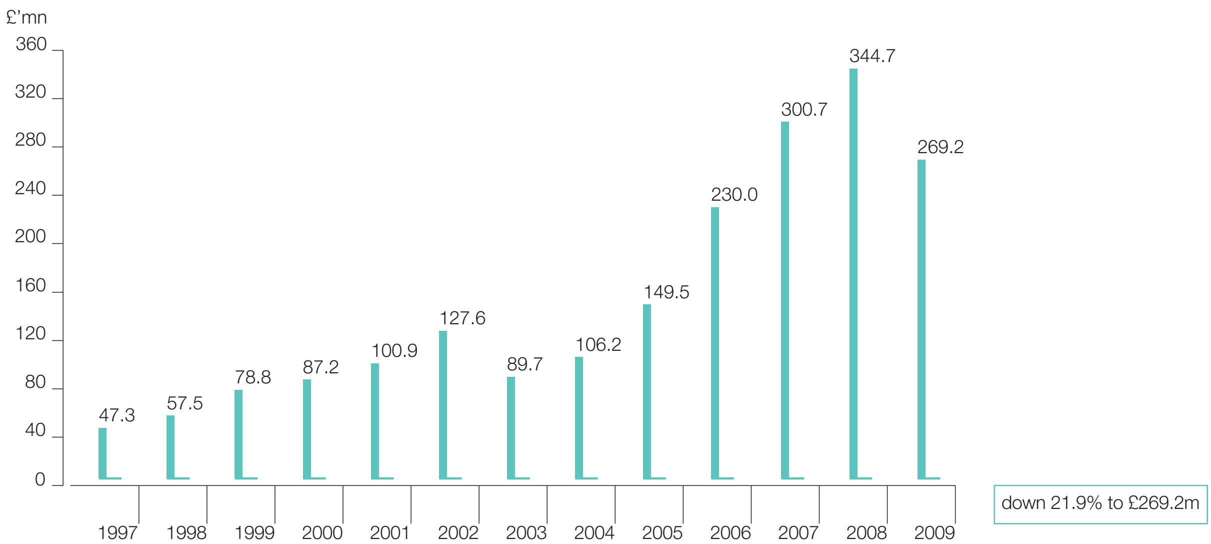
This commentary and analysis of our financial results for the year ended 31 March 2009 provides an overview of our financial performance relative to the group's results for the year ended 31 March 2008. Further detail on the performance of our business divisions is provided in the Divisional Review section 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.

Track record

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



Adjusted attributable earnings before goodwill and non-operating items

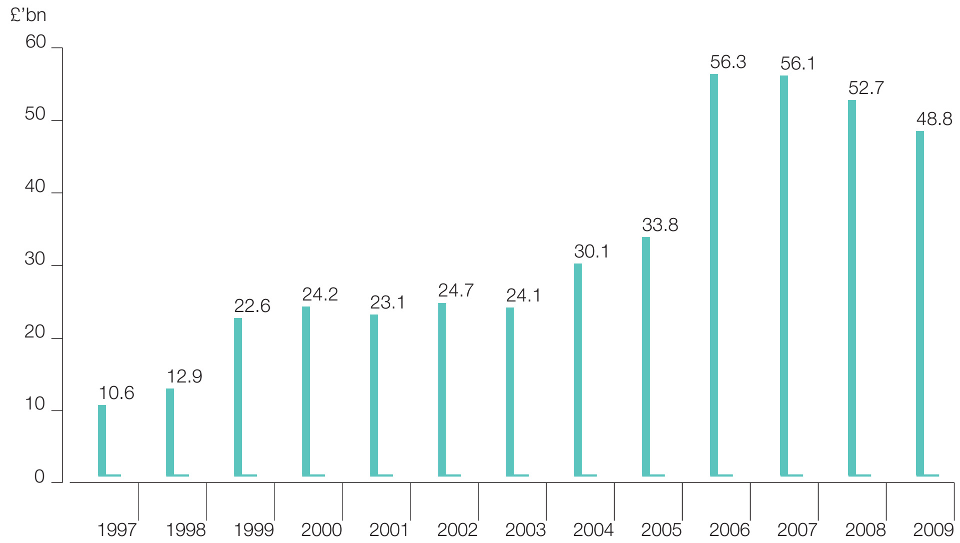


Note:
Results are shown for the year ended 31 March. Prior to 2005 the numbers are reported in terms of UK GAAP and thereafter in terms of IFRS

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

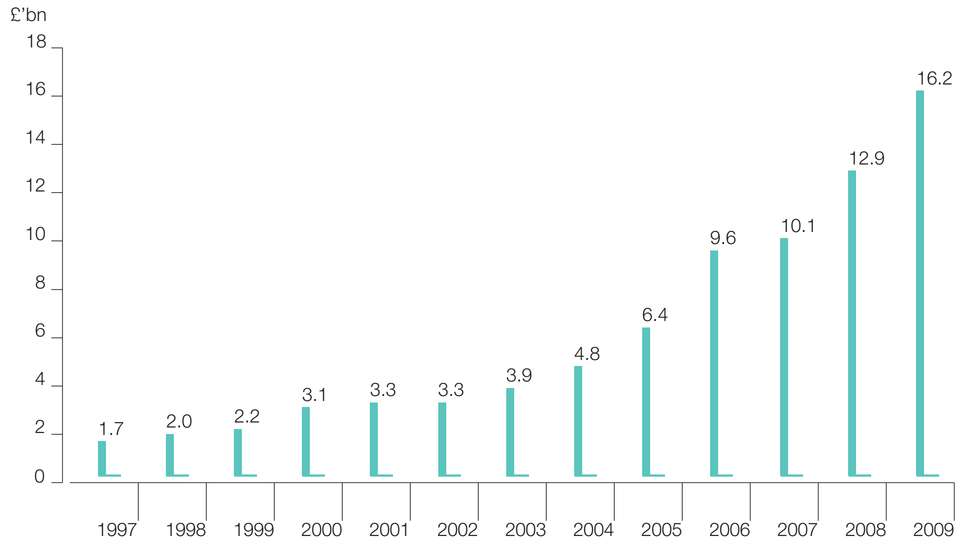
Financial review

Third party assets under management



down 7.4% to £48.8bn
currency neutral: down 14.7%

Core loans and advances



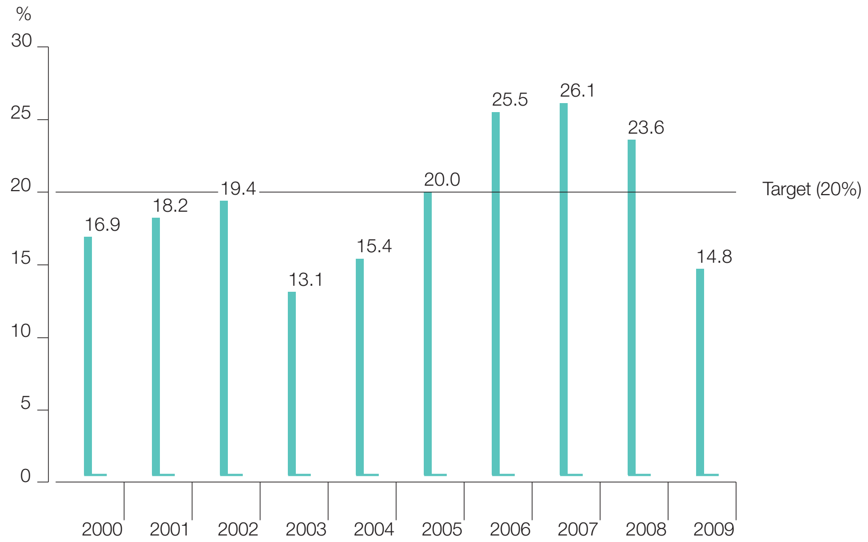
up 26.2% to £16.2bn
currency neutral: up 11.7%

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

ROE*

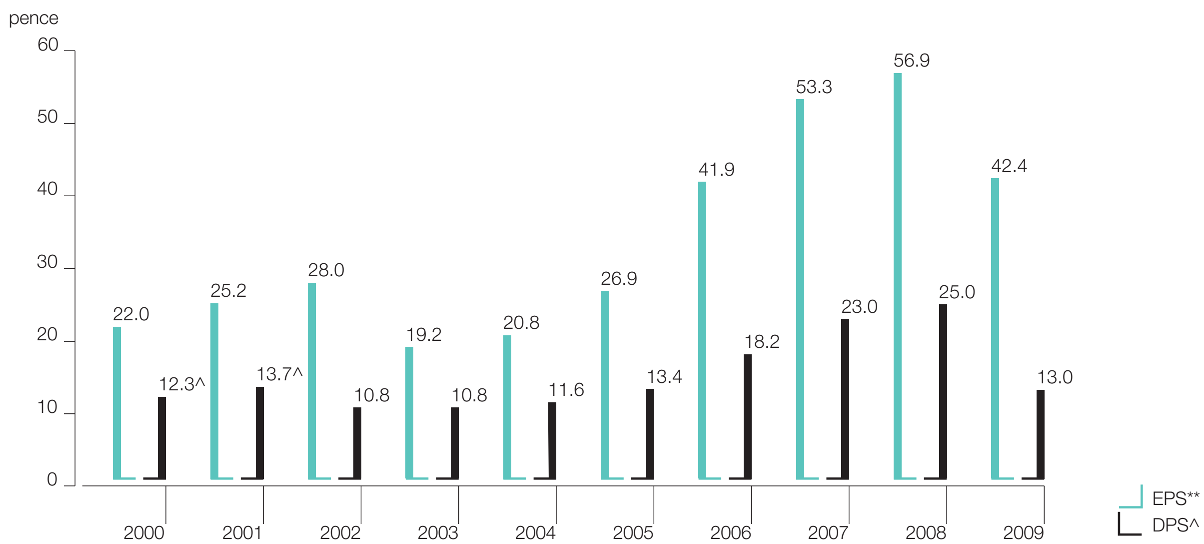


* ROE is post-taxation return on adjusted average shareholder's equity (inclusive of compulsory convertible instruments) as calculated on page 26

We 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 320

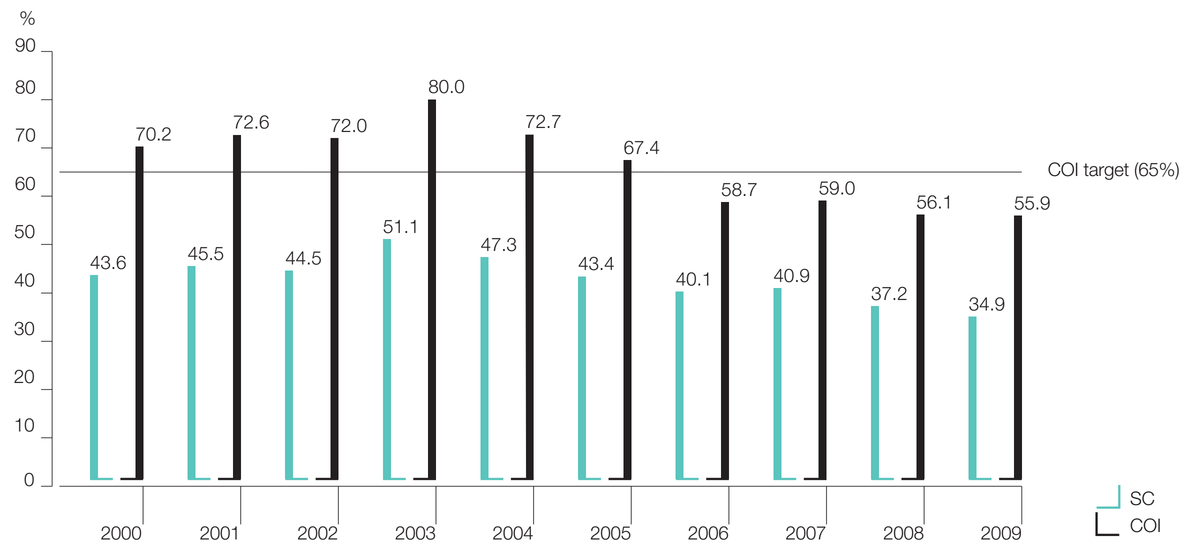
^ The dividend for 2000 and 2001 was set in Rand and the dividend thereafter was determined in Pounds Sterling. The numbers have been adjusted for the 5:1 share split that took place on 4 September 2006

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 to 3.5 times based on earnings per share as defined above, denominated in Pounds Sterling

Refer to note on page 14

Financial review

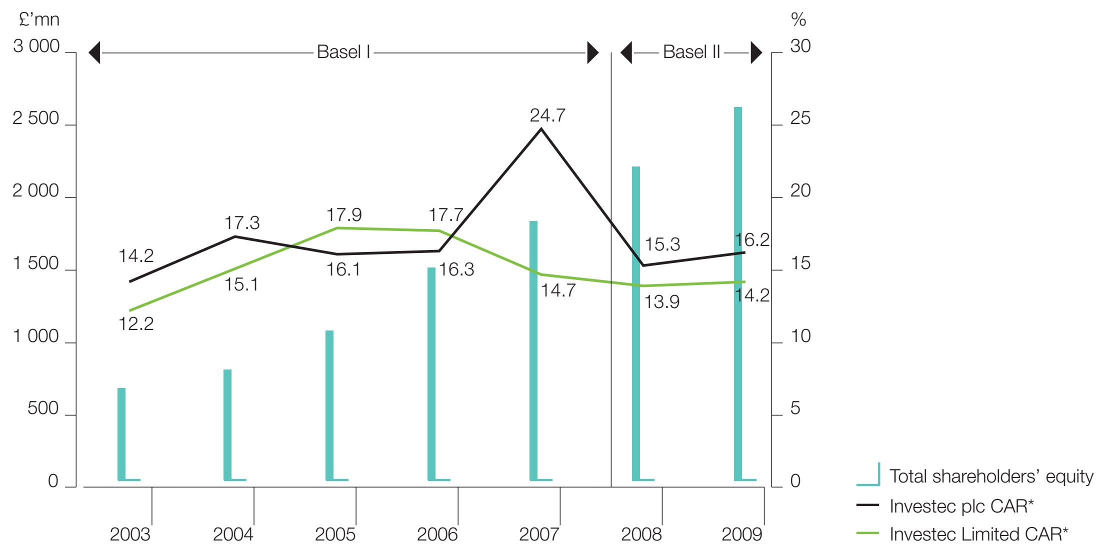
Cost to income ratio (COI) and staff compensation to operating income ratio (SC)



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 thereafter under Basel II

We intend to maintain a sufficient level of capital to satisfy regulatory requirements, as well as 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 14% to 17% on a consolidated basis for Investec plc and Investec Limited and we target a minimum tier 1 ratio of in excess of 11%

Note:
The numbers shown in the financial objectives graphs on pages 13 and 14 are for the years ended 31 March. The numbers prior to 2005 are reported in terms of UK GAAP

Financial review

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 taxation, 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 • Idea generation	• 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	• These businesses earn a variety of management and banking fees, brokerage commissions	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
• Central Funding	• 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)		

Risks relating to our operations

We face a number of risks that could affect our business operations, details of which are provided on pages 85 to 164.

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 of the countries in which they are domiciled including Rands, Australian Dollars, Euros and US Dollars. These results are then translated into Pounds Sterling at the applicable foreign currency exchange rates for inclusion in our combined consolidated financial results. In the case of the income statement, the weighted average rate for the relevant period is applied and, in the case of the balance sheet, the relevant closing rate is used.

The following table sets out the movements in certain relevant exchange rates against Pounds Sterling over the period.

Currency per £1.00	31 March 2009		31 March 2008	
	Period end	Average	Period end	Average
South African Rand	13.58	14.83	16.17	14.31
Australian Dollar	2.07	2.19	2.18	2.32
Euro	1.08	1.21	1.25	1.42
US Dollar	1.43	1.73	1.99	2.01

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 3.6% and the closing rate has appreciated by 16.0% since 31 March 2008.

The following table provides an analysis of the impact of the Rand depreciation/appreciation on our reported numbers.

	Results as reported at 31 March 2009	Currency neutral results at 31 March 2009**
Southern African operating profit (£'000)*	303 769	309 611
Southern African profit after taxation and minorities (£'000)*	212 588	217 178
Total group operating profit before taxation (£'000)*	400 088	405 930
Total group adjusted earnings attributable to ordinary shareholders (£'000)*	269 195	272 772
Adjusted EPS (pence)*	42.4	43.0
Total assets (£'million)	37 105	34 256
Total shareholders' equity (£'million)	2 621	2 488

* Before goodwill and non-operating items

** For balance sheet items we have assumed that the Rand: Pounds Sterling closing exchange rate has remained neutral since 31 March 2008. For income statement items we have used the average Rand: Pounds Sterling exchange rate that was applied in the prior period, i.e. 14.31

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 88 sets out movements in certain interest rates, affecting our businesses over the reporting period.

Financial review

Salient features of our results during the year under review

A number of significant corporate actions were undertaken during the prior year which have a bearing on our relative 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-taxation) 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

The overview that follows will highlight the main reasons for the variance in the major category line items on the face of the income statement during the period under review. 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 37 to 81.

Total operating income

Total operating income net of insurance claims of £1 490 million is in line with the prior year. The various components of total operating income are analysed below.

£'000	31 March 2009	% of total income	31 March 2008	% of total income	% change
Net interest income	694 031	46.6%	583 420	39.3%	19.0%
Other income	795 490	53.4%	900 266	60.7%	(11.6%)
Net fee and commission income	531 522	35.7%	551 296	37.2%	(3.6%)
Principal transactions	276 521	18.6%	276 705	18.6%	(0.1%)
Operating income from associates	12 438	0.8%	12 138	0.8%	2.5%
Net income on Assurance Activities	5 249	0.4%	10 084	0.7%	47.9%
Other operating (loss)/income	(30 240)	(2.1%)	50 043	3.4%	(>100.0%)
Total operating income net of insurance claims	1 489 521	100.0%	1 483 686	100.0%	0.4%

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

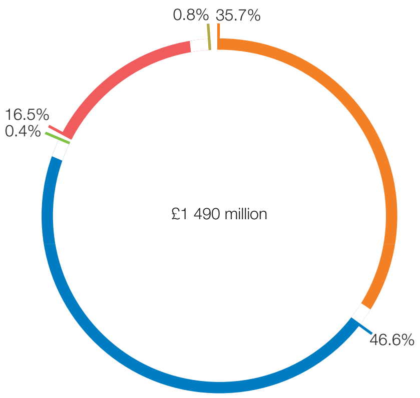
£'000	31 March 2009	% of total income	31 March 2008	% of total income	% change
UK and Europe	732 808	49.2%	686 830	46.3%	6.7%
Southern Africa	683 890	45.9%	700 523	47.2%	(2.4%)
Australia	72 823	4.9%	96 333	6.5%	(24.4%)
Total operating income net of insurance claims	1 489 521	100.0%	1 483 686	100.0%	0.4%

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

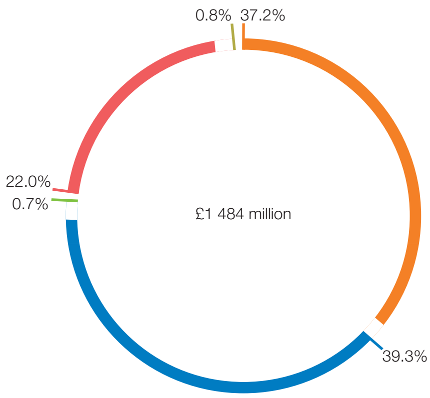
£'000	31 March 2009	% of total income	31 March 2008	% of total income	% change
Private Banking	380 864	25.6%	418 466	28.2%	(9.0%)
Private Client Portfolio Management and Stockbroking	46 237	3.0%	49 774	3.4%	(7.1%)
Capital Markets	542 639	36.4%	411 737	27.8%	31.8%
Investment Banking	138 286	9.3%	204 739	13.8%	(32.5%)
Asset Management	200 514	13.5%	218 700	14.7%	(8.3%)
Property Activities	38 091	2.6%	55 526	3.7%	(31.4%)
Group Services and Other Activities	142 890	9.6%	124 744	8.4%	14.5%
Total operating income net of insurance claims	1 489 521	100.0%	1 483 686	100.0%	0.4%

% of total operating income net of insurance claims

31 March 2009



31 March 2008



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

Net interest income

Net interest income increased by 19.0% to £694 million (2008: £583.4 million) as a result of growth in average advances, the acquisitions of Kensington and Experien, and a solid performance from the Central Funding division.

£'000	31 March 2009	31 March 2008	Variance	% change
Private Banking	274 236	272 666	1 570	0.6%
Private Client Portfolio Management and Stockbroking	2 051	76	1 975	>100.0%
Capital Markets	286 712	227 174	59 538	26.2%
Investment Banking	2 612	(8 463)	11 075	>100.0%
Asset Management	7 821	7 558	263	3.5%
Property Activities	(6 886)	(10 513)	3 627	(34.5%)
Group Services and Other Activities	127 485	94 922	32 563	34.3%
Net interest income	694 031	583 420	110 611	19.0%

Net fee and commission income

Net fee and commission income decreased by 3.6% to £531.5 million (2008: £551.3 million). Transactional activity and asset levels have been significantly impacted by the economic environment. However, the group benefited from a solid performance from the Capital Markets advisory and structuring businesses.

£'000	31 March 2009	31 March 2008	Variance	% change
Private Banking	97 959	111 109	(13 150)	(11.8%)
Private Client Portfolio Management and Stockbroking	32 100	36 564	(4 464)	(12.2%)
Capital Markets	115 465	86 831	28 634	33.0%
Investment Banking	69 041	88 603	(19 562)	(22.1%)
Asset Management	197 732	207 483	(9 751)	(4.7%)
Property Activities	22 724	20 764	1 960	9.4%
Group Services and Other Activities	(3 499)	(58)	(3 441)	(>100.0%)
Net fee and commission income	531 522	551 296	(19 774)	(3.6%)

Principal transactions

Income from principal transactions remained in line with the prior year at £276.5 million (2008: £276.7 million) reflecting a strong contribution from our Capital Markets trading businesses and an improved performance from our Principal Finance businesses. This was offset by a reduced profit from revaluations and realisations in the current year.

£'000	31 March 2009	31 March 2008	Variance	% change
Private Banking	7 823	34 667	(26 844)	(77.4%)
Private Client Portfolio Management and Stockbroking	42	1 205	(1 163)	(96.5%)
Capital Markets	140 462	97 998	42 464	43.3%
Investment Banking	91 159	79 583	11 576	14.5%
Asset Management	(30)	56	(86)	(>100.0%)
Property Activities	22 539	45 275	(22 736)	(50.2%)
Group Services and Other Activities	14 526	17 921	(3 395)	(18.9%)
Principal transactions	276 521	276 705	(184)	(0.1%)

Operating income from associates

Operating income from associates increased by 2.5% to £12.4 million (2008: £12.1 million). The figure includes Investec's 47.3% share of the directors' estimate of the post-taxation profit of Rensburg Sheppards plc for the year ended 31 March 2009.

Other operating loss

The consolidation of the operating results of certain investments held within the group's Private Equity portfolio resulted in an operating loss of £30.2 million (2008: income of £50 million).

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 £58.8 million to £162.9 million (excluding Kensington). The credit loss charge as a percentage of average gross core loans and advances has increased from 0.5% to 1.1% since 31 March 2008. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances has increased from 1.3% to 3.3% since 31 March 2008. The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.20 times (2008: 1.21 times). Further information on our asset quality is provided on page 106.

Impairment losses on loans and advances relating to the Kensington business amount to £93.2 million (2008: £55.4 million). The total Kensington book has been managed down to £5.2 billion from £6.1 billion at 31 March 2008. Arrears have increased as the book seasons in a weak environment. Further information is provided on pages 52 and 53.

£'000	31 March 2009	31 March 2008	Variance	% change
Private Banking	(90 094)	(33 326)	(56 768)	>100.0%
Capital Markets	(155 841)	(79 336)	(76 505)	96.4%
Investment Banking	(3 858)	(1 356)	(2 502)	>100.0%
Group Services and Other Activities	(6 380)	(167)	(6 213)	>100.0%
Impairment losses on loans and advances	(256 173)	(114 185)	(141 988)	>100.0%

Total expenses

The ratio of total operating expenses to total operating income improved to 55.9% from 56.1%.

Total expenses increased by 0.2% to £833.3 million (2008: £831.8 million). Variable remuneration decreased by 29.9% to £144.8 million. Other operating expenses increased by 10.2% to £688.5 million largely as a result of the acquisitions of Kensington and Experien and an increase in average headcount and associated costs in certain of the businesses. Total headcount is being tightly managed and expense growth (excluding variable remuneration) is targeted below the respective inflation rates in each of the group's core geographies. The group has also introduced a non-cash deferred component to variable remuneration payments.

Financial review

£'000	31 March 2009	% of total expenses	31 March 2008	% of total expenses	% change
Staff costs (including directors' remuneration)	520 159	62.4%	552 211	66.4%	(5.8%)
- fixed	375 343	45.0%	345 518	41.6%	8.6%
- variable	144 816	17.4%	206 693	24.8%	(29.9%)
Business expenses	153 890	18.5%	141 593	17.0%	8.7%
Equipment (excluding depreciation)	47 205	5.7%	37 087	4.5%	27.3%
Premises (excluding depreciation)	47 632	5.7%	45 737	5.5%	4.1%
Marketing expenses	34 272	4.1%	30 872	3.7%	11.0%
Depreciation	30 102	3.6%	24 330	2.9%	23.7%
Total expenses	833 260	100.0%	831 830	100.0%	0.2%

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

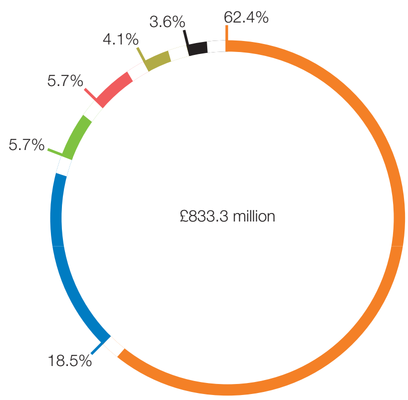
£'000	31 March 2009	% of total expenses	31 March 2008	% of total expenses	% change
UK and Europe	454 456	54.5%	445 213	53.5%	2.1%
Southern Africa	328 669	39.4%	329 709	39.7%	(0.3%)
Australia	50 135	6.1%	56 908	6.8%	(11.9%)
Total expenses	833 260	100.0%	831 830	100.0%	0.2%

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

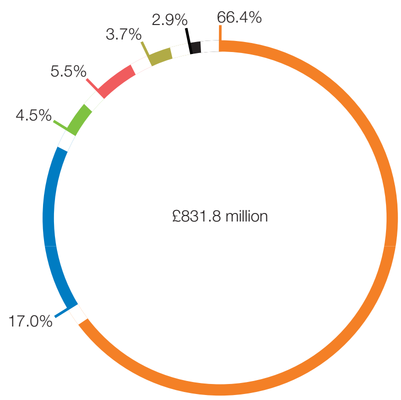
£'000	31 March 2009	% of total expenses	31 March 2008	% of total expenses	% change
Private Banking	210 307	25.2%	218 746	26.3%	(3.9%)
Private Client Portfolio Management and Stockbroking	22 135	2.7%	22 432	2.7%	(1.3%)
Capital Markets	246 195	29.5%	216 651	26.0%	13.6%
Investment Banking	128 493	15.4%	126 053	15.2%	1.9%
Asset Management	134 047	16.1%	141 879	17.1%	(5.5%)
Property Activities	13 410	1.6%	19 205	2.3%	(30.2%)
Group Services and Other Activities	78 673	9.5%	86 864	10.4%	(9.4%)
Total expenses	833 260	100.0%	831 830	100.0%	0.2%

% of total expenses

31 March 2009



31 March 2008



Staff costs
Business expenses
Equipment
Premises
Marketing
Depreciation

Overview of the year

Overview of the year

Operating profit before goodwill, non-operating items, taxation and after minorities

As a result of the foregoing factors, our operating profit before goodwill, non-operating items, taxation and after minorities decreased by 22.0% from £508.7 million to £396.8 million.

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

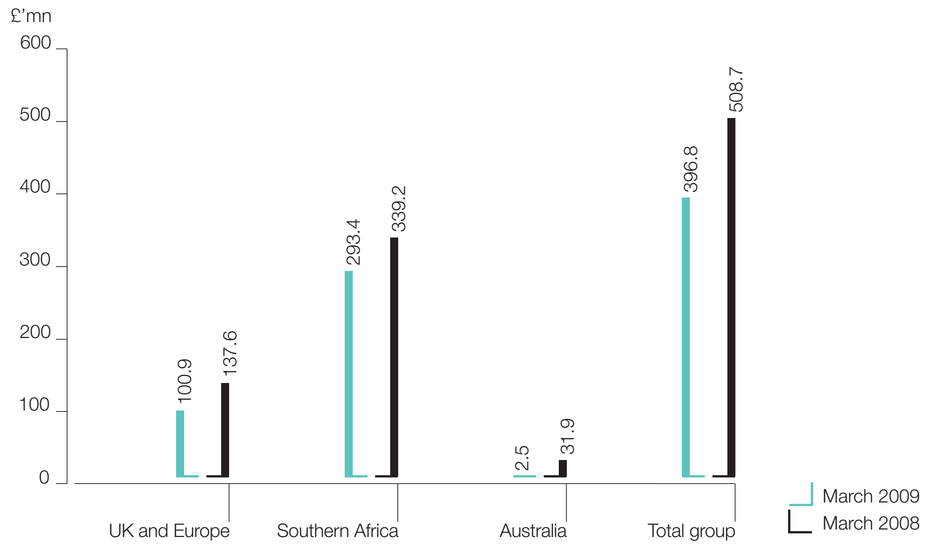
For the year to 31 March 2009

£'000	UK and Europe	Southern Africa	Australia	Total group	% change	% of total
Private Banking	42 034	35 954	2 475	80 463	(51.6%)	20.3%
Private Client Portfolio Management and Stockbroking	12 044	12 058	-	24 102	(11.8%)	6.1%
Capital Markets	78 015	61 150	2 209	141 374	22.3%	35.6%
Investment Banking	(30 810)	66 065	(7 089)	28 166	(61.2%)	7.1%
Asset Management	17 149	49 037	-	66 186	(13.4%)	16.7%
Property Activities	774	21 769	2 138	24 681	(32.0%)	6.2%
Group Services and Other Activities	(18 316)	47 395	2 715	31 794	>100.0%	8.0%
Total group	100 890	293 428	2 448	396 766	(22.0%)	100.0%
Minority interest - equity				3 322		
Operating profit before goodwill				400 088		
% change	(26.7%)	(13.5%)	(92.3%)	(22.0%)		
% of total	25.4%	74.0%	0.6%	100.0%		

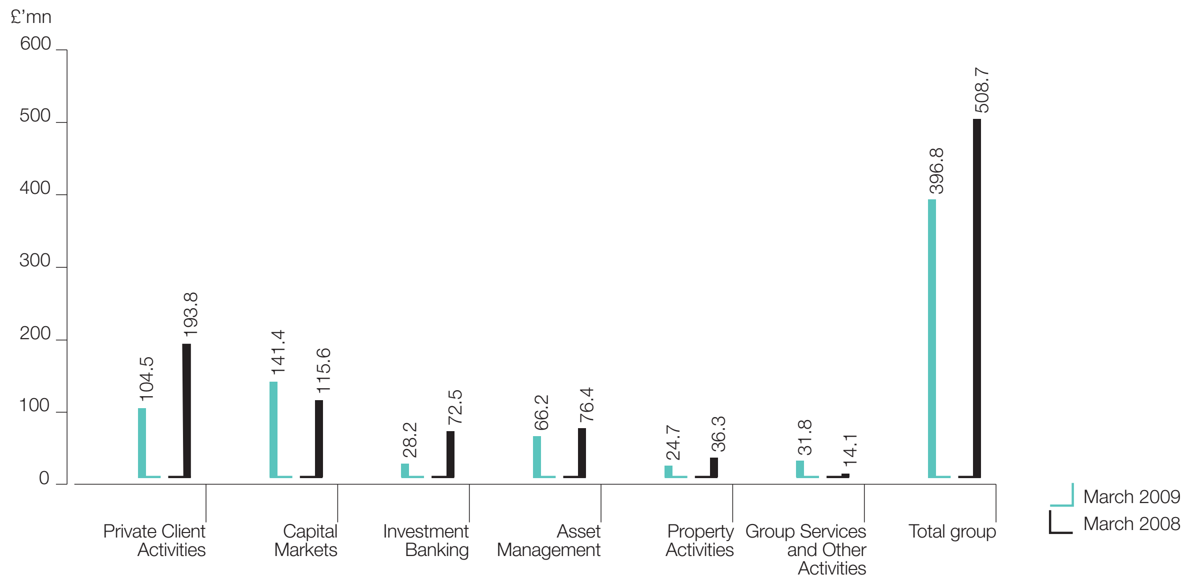
For the year to 31 March 2008

£'000	UK and Europe	Southern Africa	Australia	Total group	% of total
Private Banking	91 619	56 760	18 015	166 394	32.7%
Private Client Portfolio Management and Stockbroking	11 929	15 413	-	27 342	5.4%
Capital Markets	39 187	68 118	8 326	115 631	22.7%
Investment Banking	3 995	64 775	3 756	72 526	14.3%
Asset Management	24 940	51 471	-	76 411	15.0%
Property Activities	144	36 078	99	36 321	7.1%
Group Services and Other Activities	(34 205)	46 612	1 685	14 092	2.8%
Total group	137 609	339 227	31 881	508 717	100.0%
Minority interest - equity				28 954	
Operating profit before goodwill				537 671	
% of total	27.0%	66.7%	6.3%	100.0%	

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



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



Goodwill

The current year goodwill impairment largely relates to certain of the consolidated investments held within the group's Private Equity portfolio.

Goodwill and intangible assets analysis - balance sheet information

£'000	31 March 2009	31 March 2008
UK and Europe	216 812	232 145
Private Banking	18 622	18 031
Capital Markets	74 890	80 248
Investment Banking	35 255	45 822
Asset Management	88 045	88 044
South Africa	22 601	20 790
Private Client Portfolio Management and Stockbroking	2 661	2 240
Asset Management	19 616	18 278
Property Activities	324	272
Australia	35 585	36 608
Private Banking	19 483	18 536
Investment Banking	16 102	18 072
Software	15 376	13 895
Total group	290 374	303 438

Taxation

The effective operational taxation rate of the group decreased from 22.6% to 21.1% as a result of the decrease in taxation rates in key geographies and an increase in income earned that is subject to lower taxation rates or is non-taxable.

	Effective operational taxation rates 31 March 2009	Effective operational taxation rates 31 March 2008	31 March 2009 £'000	31 March 2008 £'000	Variance £'000	% change
UK and Europe	15.8%	20.3%	(13 203)	(30 964)	17 761	(57.4%)
Southern Africa	24.0%	24.1%	(72 802)	(90 289)	17 487	(19.4%)
Australia	n/a	18.1%	4 330	(5 996)	10 326	(>100.0%)
Taxation	21.1%	22.6%	(81 675)	(127 249)	45 574	(35.8%)

Losses attributable to minority interests

Losses attributable to minority interests of £5.4 million largely comprise:

- £30.9 million relating to investments consolidated in the Private Equity division; offset by
- £25.8 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 profit 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 shareholders

As a result of the foregoing factors, earnings attributable to shareholders decreased from £391.6 million to £292.0 million.

Dividends and earnings per share

Information with respect to dividends and earnings per share is provided on pages 230, 267 and 268.

Financial review

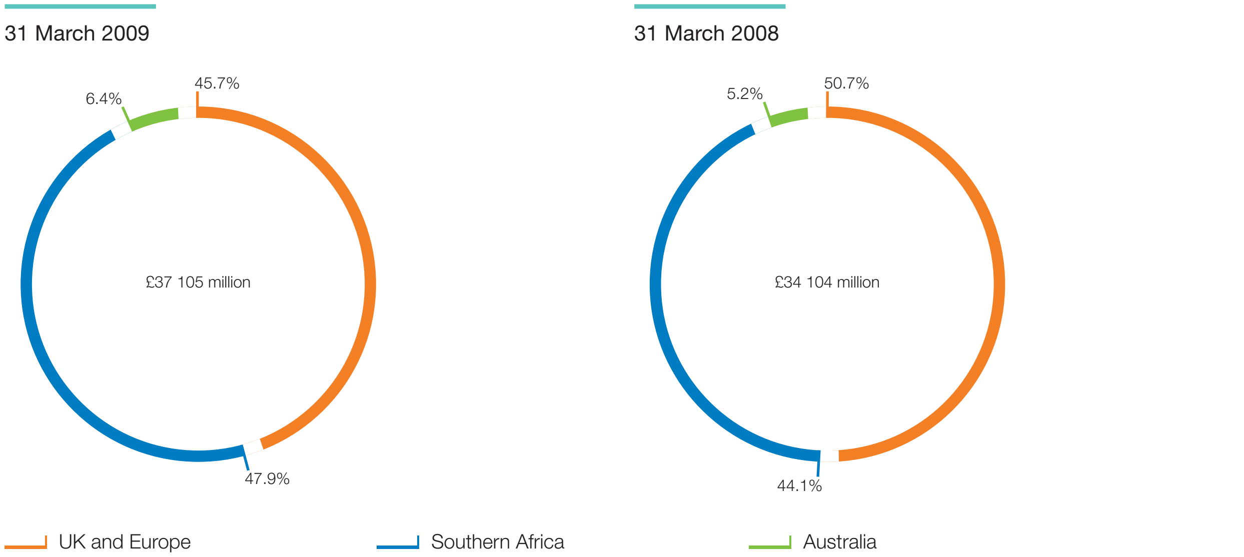
Balance sheet analysis

Since 31 March 2008:
- Total shareholders' equity (including minority interests) increased by 18.6% to £2.6 billion largely as a result of retained earnings and foreign currency translation gains.
- Net asset value per share increased from 260.6 pence to 308.8 pence and net tangible asset value per share (which excludes goodwill and intangible assets) increased from 215.0 pence to 266.3 pence.
- Total assets increased from £34.1 billion to £37.1 billion largely as a result of foreign currency adjustments.

The return on adjusted average shareholders' equity decreased from 23.6% to 14.8%.

The compulsorily convertible debentures that were outstanding at 31 March 2008 were converted to shares on 31 July 2008. This resulted in an increase in share capital and share premium with no impact on total equity.

Assets by geography



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 2009	31 March 2008	Notes
Shareholders' equity	2 296 951	1 911 204	
Less: perpetual preference shares issued by holding companies	(299 609)	(272 335)	
Convertible debt included in subordinated liabilities	-	14 056	These CCD's converted into equity in July 2008
Less: goodwill and intangible assets (excluding software)	(274 998)	(289 543)	
Net tangible asset value	1 722 344	1 363 382	
Number of shares in issue	713.3	657.6	
CCD's	-	7.6	Relates to convertible debt mentioned above
Treasury shares	(66.5)	(31.0)	
Number of shares in issue in this calculation (million)	646.8	634.2	
Net tangible asset value per share (pence)	266.3	215.0	

Capital adequacy

The group holds capital well in excess of regulatory requirements and intends to perpetuate this philosophy and ensure that it remains well capitalised in a vastly changed banking world. Accordingly, as announced in November 2008, the group has adjusted its capital adequacy targets and is focusing on increasing its capital base, targeting a minimum tier one capital ratio of 11% and a total capital adequacy ratio of 14% to 17% on a consolidated basis for Investec plc and Investec Limited, respectively. Investec has made good progress in this regard and intends meeting these targets by the end of calendar year 2010. Further information is provided on pages 160 and 161.

ROE - assessment of economic capital utilised

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

Return on capital by segment

The methodology applied in accessing the utilisation of the group's economic capital is as follows:

- A notional return on capital (net of the cost of subordinated debt) which is managed and borne in the centre is allocated from Group Services and Other Activities ("GSO") to the business segments based on their total capital utilisation.
- Shareholders' equity is increased to reflect permanent capital which is reflected under subordinated debt (applicable prior to March 2009).

£'000	31 March 2009	31 March 2008	Average	31 March 2007	Average
Calculation of average shareholders' equity					
Ordinary shareholders' equity	1 997 342	1 638 869	1 818 106	1 250 312	1 444 590
Add: Convertible debt included in subordinated liabilities	-	14 056	7 028	19 079	16 568
Adjusted shareholders' equity	1 997 342	1 652 925	1 825 134	1 269 391	1 461 158
Goodwill and intangible assets (excluding software)	(274 998)	(289 543)	(282 271)	(219 854)	(254 699)
Adjusted tangible shareholders' equity	1 722 344	1 363 382	1 542 863	1 049 537	1 206 459

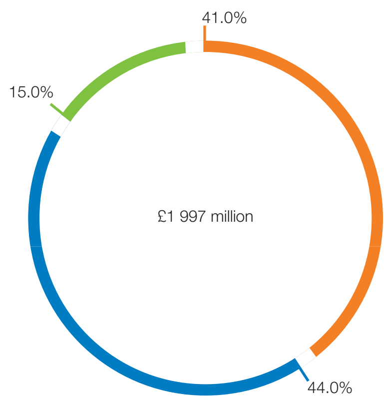
£'000	31 March 2009	31 March 2008
Operating profit before goodwill impairment and non-operating items	400 088	537 671
Operating profit before goodwill attributable to minorities	(3 322)	(28 954)
Preference dividends	(45 876)	(45 283)
Profit before taxation	350 890	463 434
Taxation on ordinary activities	(81 675)	(118 739)
Adjusted earnings attributable to ordinary shareholders before goodwill and non-operating items	269 215	344 695
Pre-taxation return on average adjusted shareholders' equity	19.2%	31.7%
Post-taxation return on average adjusted shareholders' equity	14.8%	23.6%
Pre-taxation return on average adjusted tangible shareholders' equity	22.7%	38.4%
Post-taxation return on average adjusted tangible shareholders' equity	17.4%	28.6%

ROE by geography

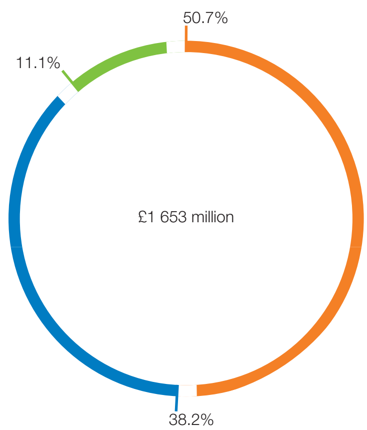
For the year ended 31 March £'000	UK and Europe	Southern Africa	Australia	Total group
Total operating profit	96 316	303 769	3	400 088
Taxation on profit on ordinary activities	(13 203)	(72 802)	4 330	(81 675)
Minority interests	4 574	(10 341)	2 445	(3 322)
Preference dividends	(18 698)	(27 178)	-	(45 876)
Profit on ordinary activities after taxation - March 2009	68 989	193 448	6 778	269 215
Profit on ordinary activities after taxation - March 2008	86 773	232 037	25 885	344 695
Adjusted shareholders' equity - 31 March 2009	818 736	878 830	299 776	1 997 342
Goodwill and intangible assets (excluding software)	216 812	22 601	35 585	274 998
Adjusted tangible shareholders' equity - 31 March 2009	601 924	856 229	264 191	1 722 344
Adjusted shareholders' equity - 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 - 31 March 2008	605 833	611 396	146 153	1 363 382
Adjusted average shareholders' equity - 31 March 2009	828 357	755 508	241 269	1 825 134
Adjusted average shareholders' equity - 31 March 2008	734 966	553 607	172 585	1 461 158
Post-taxation return on average shareholders' equity - 2009	8.3%	25.6%	2.8%	14.8%
Post-taxation return on average shareholders' equity - 2008	11.8%	41.9%	15.0%	23.6%

Adjusted shareholders' equity by geography

31 March 2009



31 March 2008



UK and Europe Southern Africa Australia

Overview of the year

ROE by division

For the year ended 31 March £'000	PB*	PCSB*	CM*	IB*	AM*	PA*	GSO*	Total group
Total operating profit after minority interests	80 463	24 102	141 374	28 166	66 186	24 681	31 794	396 766
Notional return on regulatory capital	58 752	1 270	55 381	12 058	1 761	6 290	(135 512)	-
Notional cost of statutory capital	(2 663)	(2 682)	(7 066)	-	(12 642)	(3 953)	29 006	-
Cost of subordinated debt	(16 668)	(444)	(20 615)	(3 573)	(520)	(1 402)	43 222	-
Cost of preference shares	(13 722)	(348)	(15 278)	(2 886)	(443)	(1 389)	(11 810)	(45 876)
Absorption of additional residual costs**	(13 441)	(3 780)	(16 777)	(8 357)	(5 292)	(5 527)	53 174	-
Adjusted earnings - 2009	92 721	18 118	137 019	25 408	49 050	18 700	9 874	350 890
Adjusted earnings - 2008	171 133	23 774	117 844	52 675	65 928	30 534	1 546	463 434
Adjusted shareholders' equity - 31 March 2009	696 664	17 619	818 328	190 655	120 421	48 915	104 740	1 997 342
Goodwill and intangible assets (excluding software)	38 105	2 661	74 890	51 357	107 661	324	-	274 998
Adjusted tangible shareholders' equity - 31 March 2009	658 559	14 958	743 438	139 298	12 760	48 591	104 740	1 722 344
Adjusted shareholders' equity - 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 - 31 March 2008	516 342	27 369	566 750	112 019	10 077	29 560	101 265	1 363 382
Adjusted average shareholders' equity - 31 March 2009	624 786	23 614	732 663	183 284	118 440	39 344	103 003	1 825 134
Adjusted average shareholders' equity - 31 March 2008	515 927	36 271	502 861	153 365	119 835	24 874	108 025	1 461 158
Pre-taxation return on adjusted average shareholders' equity - 2009	14.8%	76.7%	18.7%	13.9%	41.4%	47.5%	9.6%	19.2%
Pre-taxation return on adjusted average shareholders' equity - 2008	33.2%	65.5%	23.4%	34.3%	55.0%	122.8%	1.4%	31.7%

* 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

Total third party assets under management

£'million	31 March 2009	31 March 2008
Private Banking funds under advice	3 270	3 681
UK and Europe	1 415	1 770
South Africa	1 615	1 598
Australia	240	313
Private Client Portfolio Management and Stockbroking	16 270	19 922
South Africa Private Client Securities	6 260	6 972
Rensburg Sheppards plc	*10 010	12 950
Property Activities, South Africa	62	73
Investec Asset Management	28 835	28 751
UK and international	13 108	13 834
Southern Africa	15 727	14 917
Private Equity and Property Private Equity, Australia	391	322
Total third party assets under management	48 828	52 749

31 March 2009 £'million	UK, Europe and Other	Southern Africa	Australia	Total
Private Banking	1 415	1 615	240	3 270
Private Client Portfolio Management and Stockbroking	*10 010	6 260	-	16 270
Discretionary	-	1 149	-	n/a
Non-discretionary	-	5 111	-	n/a
Institutional	7 992	10 760	-	18 752
Retail	5 116	4 967	-	10 083
Property Activities	-	62	-	62
Australia Private Equity and Property funds under management	-	-	391	391
Total third party assets under management	24 533	23 664	631	48 828

31 March 2008 £'million	UK, Europe and 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	-	1 323	-	n/a
Non-discretionary	-	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

* As last reported by Rensburg Sheppards plc

Overview of the year

Number of employees

By division - permanent employees

	31 March 2009	31 March 2008
Private Banking		
UK and Europe	521	566
Southern Africa	1 400	1 507
Australia	181	199
Total	2 102	2 272
Private Client Portfolio Management and Stockbroking		
Southern Africa	202	205
Total	202	205
Private Client Activities total		
UK and Europe	521	566
Southern Africa	1 602	1 712
Australia	181	199
Total	2 304	2 477
Capital Markets		
UK and Europe	541	589
Southern Africa	428	405
Australia	43	48
Total	1 012	1 042
Investment Banking		
UK, Europe and Hong Kong	147	148
Southern Africa	162	167
Australia	38	41
USA	12	12
Total	359	368
Asset Management		
UK and Europe and Other	273	280
Southern Africa	605	626
Total	878	906
Property Activities		
UK and Europe	5	7
Southern Africa	62	58
Australia	8	6
Total	75	71
Group Services and Other Activities		
UK and Europe	231	222
Southern Africa	682	698
Australia	82	130
Total	995	1 050
Total number of permanent employees	5 623	5 914

By geography

	31 March 2009	31 March 2008	31 March 2007	31 March 2006	31 March 2005
UK and Europe	1 706	1 812	1 294	1 166	1 308
Southern Africa	3 541	3 666	3 476	3 114	2 648
Australia	354	424	235	168	140
USA	22	12	5	5	67
Temporary employees and contractors	328	419	420	*	*
Total number of employees	5 951	6 333	5 430	4 453	4 163

* The treatment of temporary employees 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 before goodwill, non-operating items, taxation and after minorities per employee

By division

	PB*	PCSB*	CM*	IB*	AM*	PA*	GSO*	Total group
Number of employees - 31 March 2009	2 200	208	1 060	366	925	78	1 114	5 951
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 employees - 12 months to 31 March 2009	2 290	212	1 083	371	976	76	1 135	6 143
Average employees - 12 months to 31 March 2008	2 160	210	911	356	976	173	1 096	5 882
Operating profit^ - 31 March 2009 (£'000)	80 643	12 058	141 374	27 918	66 186	24 681	31 468	384 328
Operating profit^ - 31 March 2008 (£'000)	166 370	15 413	115 897	72 311	76 411	36 321	13 856	496 579
Operating profit per employee^^ - 31 March 2009 (£'000)	35.2	56.9	130.5	75.3	67.8	324.8	27.7	62.6
Operating profit per employee^^ - 31 March 2008 (£'000)	77.0	73.4	127.2	203.1	78.3	209.9	12.6	84.4

By geography

	UK and Europe	Southern Africa	Australia	Total group
Number of employees - 31 March 2009	1 803	3 794	354	5 951
Number of employees - 31 March 2008	1 946	3 963	424	6 333
Number of employees - 31 March 2007	1 417	3 778	235	5 430
Average employees - 12 months to 31 March 2009	1 875	3 879	389	6 143
Average employees - 12 months to 31 March 2008	1 681	3 871	330	5 882
Operating profit^ - 31 March 2009 (£'000)	88 266	293 433	2 629	384 328
Operating profit^ - 31 March 2008 (£'000)	125 409	339 238	31 932	496 579
Operating profit per employee^^ - 31 March 2009 (£'000)	47.1	75.6	6.8	62.6
Operating profit per employee^^ - 31 March 2008 (£'000)	74.6	87.6	96.8	84.4

* 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

^ Excluding operating income from associates

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

Financial review

Ten year review

Salient features*

For the year ended 31 March**	2009	2008	2007	2006
Income statement and selected returns				
Adjusted earnings attributable to ordinary shareholders before goodwill and non-operating items (£'000)	269 215	344 695	300 704	230 017
Operating profit before goodwill, non-operating items and taxation (£'000)ø	396 766	508 717	466 585	388 767
Operating profit: Southern Africa (% of total)ø	74.0%	66.7%	57.6%	68.3%
Operating profit: UK, Europe, Australia and Other (% of total)ø	26.0%	33.3%	42.4%	31.7%
Cost to income ratio	55.9%	56.1%	59.0%	58.7%
Staff compensation to operating income ratio	34.9%	37.2%	40.9%	40.1%
Return on average adjusted shareholders' equity	14.8%	23.6%	26.1%	25.5%
Net interest income as a percentage of operating income	46.6%	39.3%	29.2%	26.8%
Non-interest income as a percentage of operating income	53.4%	60.7%	70.8%	73.2%
Effective operational taxation rate	21.1%	22.6%	26.3%	27.3%
Balance sheet				
Total capital resources (including subordinated liabilities (£'million)	3 762	3 275	2 665	2 042
Total shareholders' equity (including preference shares and minority interests) (£'million)	2 621	2 210	1 820	1 512
Total assets (£'million)	37 105	34 104	26 300	23 901
Core loans and advances (£'million)	16 227	12 854	10 095	9 605
Core loans and advances as a percentage of total assets	43.7%	37.7%	38.4%	40.2%
Third party assets under management (£'million)	48 828	52 749	56 121	56 331
Capital adequacy ratio: Investec plc°	16.2%	15.3%	24.7%	17.7%
Capital adequacy ratio: Investec Limited°	14.2%	13.9%	14.7%	16.3%
Salient financial features and key statistics				
Adjusted earnings per share before goodwill and non-operating items (pence)#	42.4	56.9	53.3	41.9
Basic earnings per share (pence)#	38.5	57.7	54.7	53.8
Diluted earnings per share (pence)#	36.1	54.0	50.4	50.0
Dividends per share (pence)#	13.0	25.0	23.0	18.2
Dividend cover (times)	3.3	2.3	2.3	2.3
Net tangible asset value per share (pence)#	266.3	215.0	178.6	148.9
Weighted number of ordinary shares in issue (million)#	634.6	606.2	563.8	548.8
Total number of shares in issue (million)#	713.2	657.6	609.3	593.0
Closing share price (pence)#	292	339	658	588
Market capitalisation (£'million)	2 083	2 229	4 009	3 488
Number of employees in the group	5 951	6 333	5 430	4 453
Average ZAR/£ exchange rate	14.83	14.31	13.38	11.43

* Refer to definitions on page 320
** 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 and 2009 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
ø 2008 and 2009 numbers are shown post minorities

2005	2004	2003	2002	2001	2000
149 510	106 203	89 668	127 613	100 906	87 246
224 124	132 260	85 762	158 567	133 196	123 474
66.9%	58.6%	81.0%	51.6%	25.6%	15.4%
33.1%	41.4%	19.0%	48.4%	74.4%	84.6%
67.4%	72.7%	80.0%	72.0%	72.6%	70.2%
43.4%	47.3%	51.1%	44.5%	45.5%	43.6%
20.0%	15.4%	13.1%	19.4%	18.2%	16.9%
23.2%	18.8%	21.3%	26.5%	28.9%	24.6%
76.8%	81.2%	78.7%	73.5%	71.1%	75.4%
28.8%	21.0%	6.3%	18.0%	22.6%	29.2%
1 579	1 303	1 012	958	842	639
1 076	805	679	768	603	555
19 917	15 319	14 914	16 957	15 984	16 030
6 408	4 846	3 909	3 314	3 299	3 083
32.2%	31.6%	26.2%	19.5%	20.6%	19.2%
33 855	30 138	24 088	24 741	23 084	24 157
16.1%	17.3%	14.2%	^	^	^
17.9%	15.1%	12.2%	^	^	^
26.9	20.8	19.2	28.0	25.2	22.0
17.8	12.0	(13.4)	3.0	19.8	18.0
17.1	11.9	(13.4)	2.8	19.3	17.9
13.4	11.6	10.8	10.8	^^13.7	^^12.3
2.0	1.8	1.8	2.6	1.8	1.8
99.2	83.0	75.0	74.8	^	^
555.5	511.5	466.5	456.5	401.0	397.0
593.0	593.0	565.0	461.0	405.0	403.0
311	218	123	161	346	497
1 844	1 292	695	742	1 400	2 005
4 163	4 458	4 874	5 529	4 836	4 441
11.47	12.02	15.04	13.65	10.82	9.93

Divisional review 2

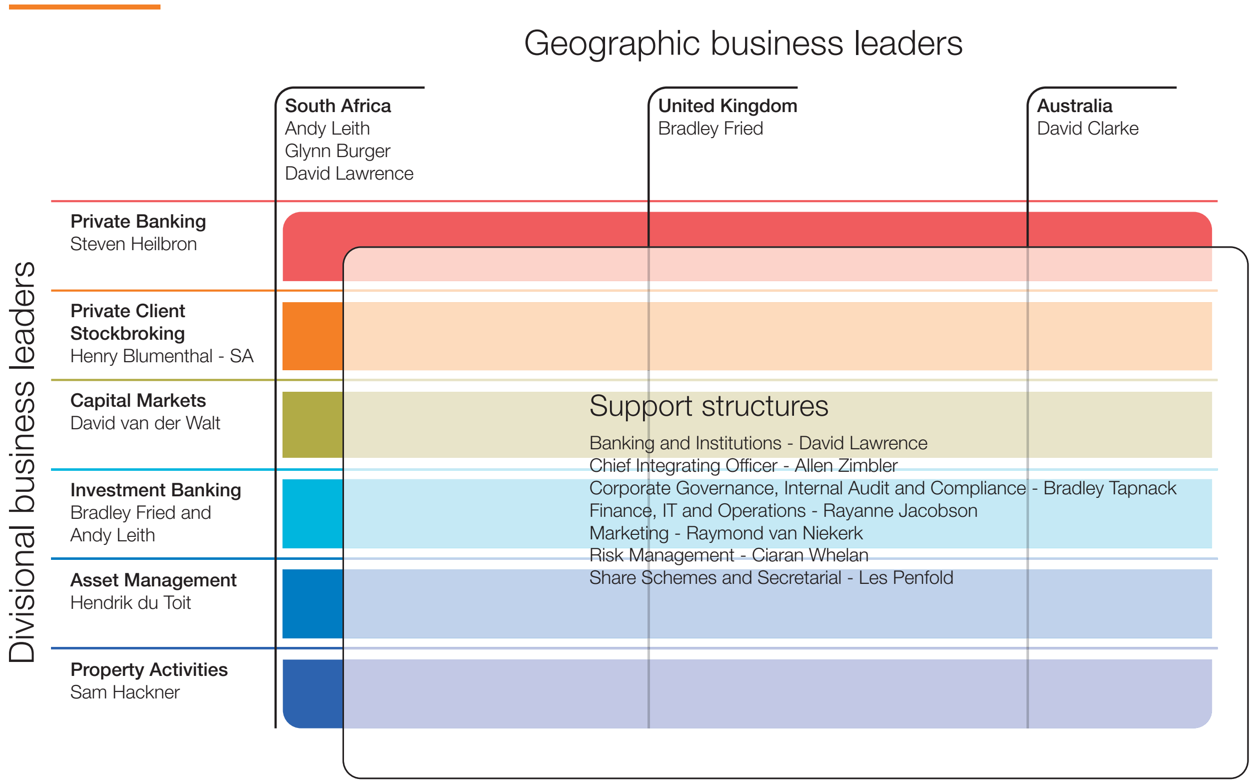
Divisional review

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



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

- Private Banking
- Private Client Portfolio Management and Stockbroking

- Australia
- Southern Africa
- UK and Europe

Capital Markets

- Specialised Lending
- Structured Derivatives
- Securitisation and Principal Finance
- Specialist funds

- Australia
- Canada
- Southern Africa
- UK and Europe

Investment Banking

- Corporate Finance
- Institutional Research, Sales and Trading
- Direct Investments
- Private Equity

- Australia
- Hong Kong
- Southern Africa
- UK and Europe
- USA

Asset Management

- Institutional
- Retail
- Offshore funds

- Australia
- Hong Kong
- Southern Africa
- UK and Europe
- USA

Property Activities

- Fund Management
- Listed Funds
- Trading and Development

- 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, 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 Retirement portfolios
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
Structured Property Finance	Paul Stevens
Specialised Lending	David Drewienka
Growth and Acquisition Finance	Avron Epstein
Specialised Banking	Wayne Preston
	Linda McBain
	Nicky Walden
Private Wealth Management	Robert Gottlieb
	Kim Hillier
Trust and Fiduciary Guernsey	Jane Kerins
Trust and Fiduciary Jersey	Mike Spittal
Trust and Fiduciary Switzerland	Xavier Isaac
Investec Bank Channels Islands	Mort Mirghavameddin
Investec Bank Switzerland	Oliver Betz
Investec Bank Ireland	Michael Cullen
Marketing	Antonia Kerr
Operating Officer	Chris Forsyth
Finance	Liza Jacobs
IT	Alan Bletcher

South Africa

Regional Head	Wessel Oosthuysen
Regional Head Cape Town	Rob Nicolella
Regional Head Durban	Brendan Stewart
Regional Head Johannesburg	Colin Franks
Regional Head Pretoria	Charl Wiid
Regional Head Port Elizabeth	Andy Vogel
Banking	Carol-Ann van der Merwe
Private Wealth Management	Warren King
Treasury	Les Scott
Compliance	Gordon Malcolm
Credit Risk	Michael Leisegang
Finance	Jodi Joseph
IT	Denton Muil
Marketing	Carol-Ann van der Merwe
Risk Management	Tim Till

Australia

Regional Head	Paul Siviour
	Paul Hanley
Growth and Acquisition Finance	Mark Joffe
Investec Professional Lending	Barry Lanesman
Private Advisers/Wealth Management	Robert Lipman
Private Client Treasury	Ivan Katz
Property Investment Banking	Tim Johansen
Specialised Lending	Michael Sack
Regional Head Melbourne	Colin Jensen
Regional Head Brisbane	Jeff Miller

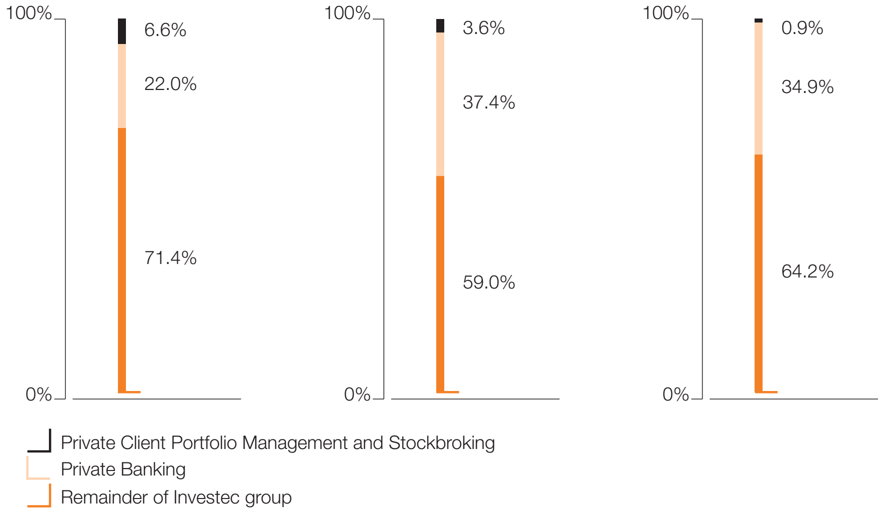
Private Client Portfolio Management and Stockbroking

Head of Private Client Securities South Africa	Henry Blumenthal
Regional Head Cape Town	Jonathan Bloch
	Stephen Glanz
Regional Head Durban	Craig Hudson
Regional Head Johannesburg	Paul Deuchar
Regional Head Pietermaritzburg	Andrew Smythe
Regional Head Port Elizabeth	Andy Vogel
Regional Head Pretoria	Len Olivier
Alternative Investments	Peter Armitage
Investment Specialists	Raymond Goss
Compliance	Bernadette Ghenne
Finance and Operations	Joubert Hay
Finance	Bella Ferreira
IT	Lyndon Subroyen
	Alex van Niekerk
Risk Management	Alex Harding
Settlements	Hennie de Waal

Private Client Activities

Partner of choice from wealth creation to wealth management

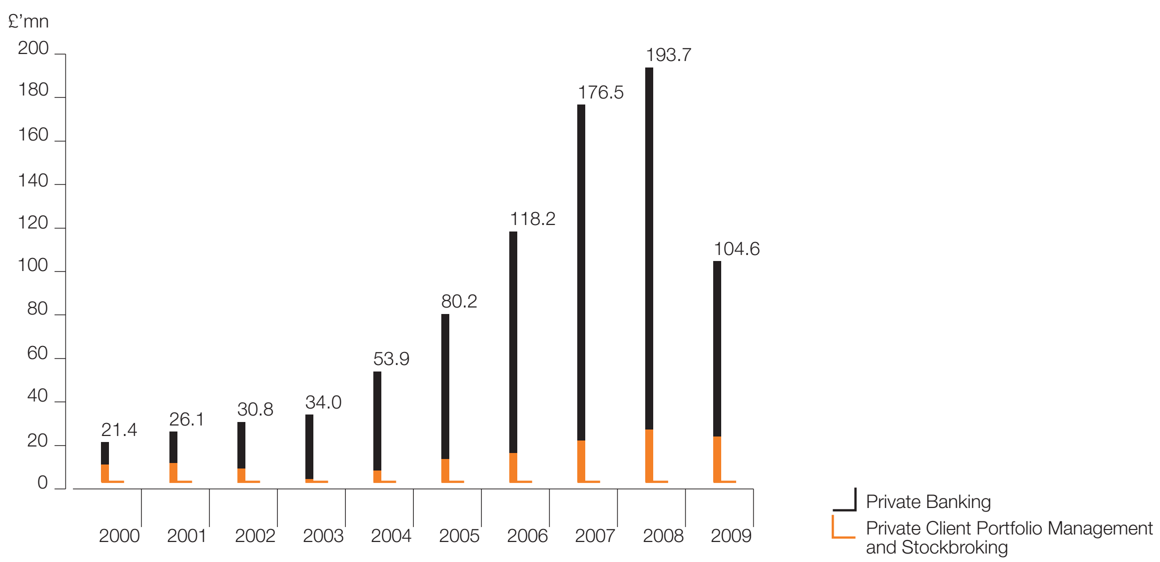
Contribution analysis



* Before goodwill, non-operating items, taxation and after minorities (excluding Group Services and Other Activities)

** As calculated on page 28

Operating profit^ - track record



^ Trend reflects numbers as at the year ended 31 March. The numbers prior to 31 March 2005 were reported in terms of UK GAAP. Amounts for 2008 and 2009 are shown before goodwill, non-operating items, taxation and after minorities. Prior to 2008 amounts have not been adjusted for minorities

Divisional review

Private Banking

Partner of choice from wealth creation to wealth management

Overview and financial analysis

- Operating profit decreased by 51.6% to £80.5 million, contributing 22.0% to group profit.
- Higher average advances and a diversified set of revenues continued to drive operating income.
- Activity levels have declined and impairment losses on loans and advances have increased in all geographies as a result of the weaker credit environment.
- Key earnings drivers:
  - Core loans and advances increased by 24.3% to £11.1 billion since 31 March 2008.
  - The deposit book increased by 17.0% to £7.7 billion since 31 March 2008.
  - Funds under advice decreased by 11.2% to £3.3 billion since 31 March 2008.

£'000	31 March 2009	31 March 2008	Variance	% change
Net interest income	274 236	272 666	1 570	0.6%
Net fee and commission income	97 959	111 109	(13 150)	(11.8%)
Principal transactions	7 823	34 667	(26 844)	(77.4%)
Other operating income and operating income from associates	846	24	822	>100.0%
Total operating income	380 864	418 466	(37 602)	(9.0%)
Impairment losses on loans and advances	(90 094)	(33 326)	(56 768)	>100.0%
Admin expenses and depreciation	(210 307)	(218 746)	8 439	(3.9%)
Operating profit before goodwill, non-operating items, taxation and after minorities	**80 463**	**166 394**	**(85 931)**	**(51.6%)**
UK and Europe	42 034	91 619	(49 585)	(54.1%)
Southern Africa	35 954	56 760	(20 806)	(36.7%)
Australia	2 475	18 015	(15 540)	(86.3%)
Operating profit before goodwill, non-operating items, taxation and after minorities	**80 463**	**166 394**	**(85 931)**	**(51.6%)**
Adjusted shareholders' equity*	696 664	552 908	143 756	26.0%
ROE (pre-taxation)*	14.8%	33.2%		
Cost to income ratio	55.2%	52.3%		
Operating profit per employee (£'000)*	35.2	77.0	(41.8)	(54.3%)

* As calculated on pages 28 and 31

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

- Net interest income increased marginally compared to the prior year impacted by:
  - Higher average advances.
  - Income from Experien included for the full period compared to six months in the prior year.
  - Decreased arrangement fees, exit fees and deferred income as a result of lower activity levels.
  - Tighter net interest margins resulting from an increase in the cost of funding.
- The impact of IAS 18 has resulted in a cumulative R576 million (31 March 2008: R648 million) of lending fees in the South African business being deferred for future recognition.
- The decrease in net fees and commissions receivable reflects reduced contributions across all three geographies. Europe fell the most off a higher base. General Banking, Private Wealth Management and Trust and Fiduciary had similar contributions to the prior year. Each of the lending specialisations had lower contributions as a result of reduced activity levels and limited exit fees.
- 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 decrease in principal transactions reflects difficult market conditions which have impacted the quantum and timing of revaluations and exit opportunities. Furthermore, a number of significant transactions were recorded in the prior year.
- Impairment losses on loans and advances have increased in all three geographies as a result of the weaker credit environment.
- The decrease in expenses is mainly a result of lower variable remuneration in line with reduced profitability.

Loans, deposits and funds under advice

£'million As at Loans secured by	UK and Europe 31 March 2009	UK and Europe 31 March 2008	Southern Africa 31 March 2009	Southern Africa 31 March 2008	Australia 31 March 2009	Australia 31 March 2008	Total 31 March 2009	Total 31 March 2008	% change
Residential mortgages	736	746	2 111	1 592	17	27	2 864	2 365	21.1%
Residential developments	888	823	399	357	373	257	1 660	1 437	15.5%
Commercial property investment	1 050	910	2 522	1 574	147	88	3 719	2 572	44.6%
Commercial property development	344	274	115	219	229	255	688	748	(8.0%)
Cash and securities backed lending	280	220	478	358	6	-	764	578	32.2%
Asset backed lending	244	273	284	225	256	266	784	764	2.6%
Unlisted shares and general corporate lending	77	57	221	145	48	62	346	264	31.1%
Unsecured lending	64	43	99	100	177	84	340	227	49.7%
Total gross core loans and advances	3 683	3 346	6 229	4 570	1 253	1 039	11 165	8 955	24.7%
Specific impairments	(36)	(17)	(33)	(16)	(13)	(9)	(82)	(42)	95.2%
Portfolio impairments	(2)	(2)	(5)	(3)	-	-	(7)	(5)	40.0%
Net core loans and advances	3 645	3 327	6 191	4 551	1 240	1 030	11 076	8 908	24.3%
Asset quality									
Gross defaults	169	105	199	58	139	17	507	180	>100.0%
Collateral value	(137)	(84)	(224)	(42)	(154)	(8)	(515)	(134)	>100.0%
Specific impairments	(36)	(17)	(33)	(16)	(13)	(9)	(82)	(42)	95.2%
Net defaults (limited to zero)	-	4	-	-	-	-	-	4	(>100.0%)
Gross defaults as a % of gross core loans and advances	4.6%	3.1%	3.2%	1.3%	11.1%	1.6%	4.5%	2.0%	-
Defaults (net of impairments) as a % of net core loans and advances	3.7%	2.7%	2.7%	1.0%	10.1%	0.8%	3.8%	1.6%	-
Credit loss ratio	1.5%	0.6%	0.3%	0.2%	1.8%	0.8%	0.9%	0.4%	-

Net core loans and advances as at	31 March 2009 £'million	31 March 2008 £'million	% change	31 March 2009 Home currency 'million	31 March 2008 Home currency 'million	% change
UK and Europe	3 645	3 327	9.6%	£3 645	£3 327	*9.6%
Southern Africa	6 191	4 551	36.0%	R84 048	R73 562	14.3%
Australia	1 240	1 030	20.4%	AUD2 561	AUD2 248	**13.9%
Net core loans and advances	11 076	8 908	24.3%			

* Largely as a result of foreign currency movements of Pounds Sterling against the Euro
** Largely relating to the business of Investec Experien

Deposits as at	31 March 2009 £'million	31 March 2008 £'million	% change	31 March 2009 Home currency 'million	31 March 2008 Home currency 'million	% change
UK and Europe	4 077	3 961	2.9%	£4 077	£3 961	2.9%
Southern Africa	2 990	2 220	34.7%	R40 586	R35 887	13.1%
Australia	657	423	55.3%	AUD1 358	AUD931	45.9%
Total deposits	7 724	6 604	17.0%			

Funds under advice as at	31 March 2009 £'million	31 March 2008 £'million	% change	31 March 2009 Home currency 'million	31 March 2008 Home currency 'million	% change
UK and Europe	1 415	1 770	(20.1%)	£1 415	£1 770	(20.1%)
Southern Africa	1 615	1 598	1.1%	R21 926	R25 835	(15.1%)
Australia	240	313	(23.3%)	AUD496	AUD689	(28.0%)
Total funds under advice	3 270	3 681	(11.2%)			

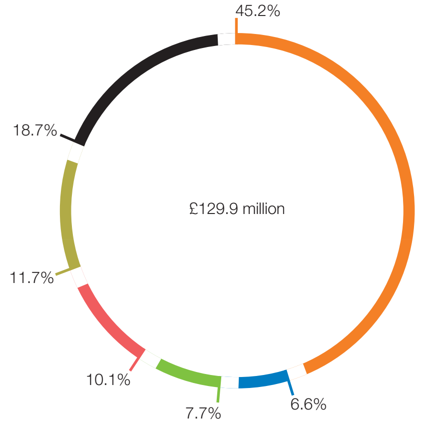
Private Banking

Partner of choice from wealth creation to wealth management

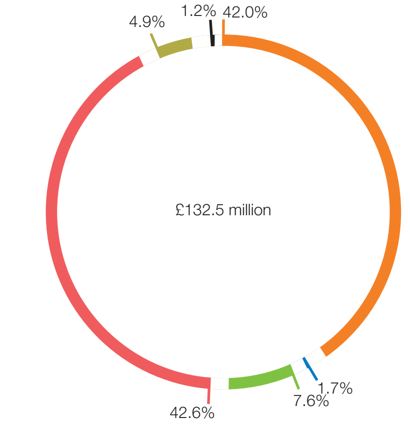
Analysis of total operating income (post impairments) by geography and area of specialisation

31 March 2009

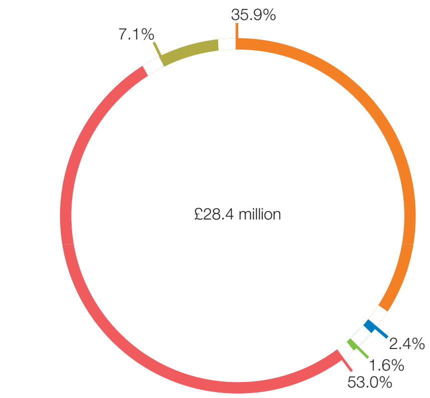
UK and Europe



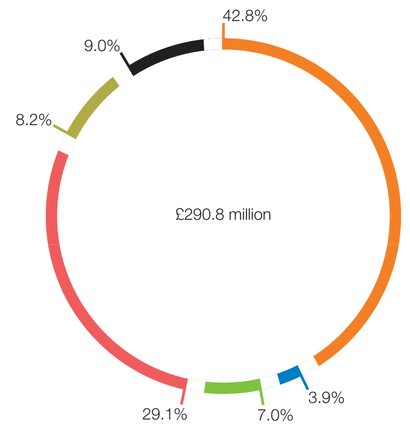
Southern Africa



Australia



Total



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

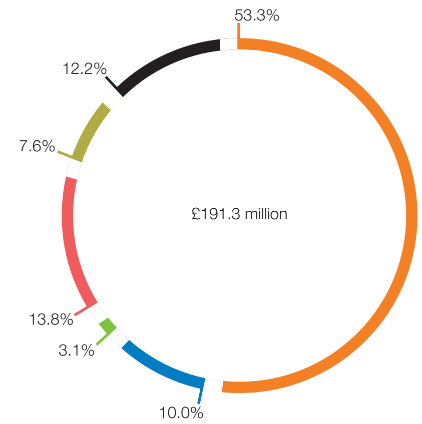
Private Banking

Partner of choice from wealth creation to wealth management

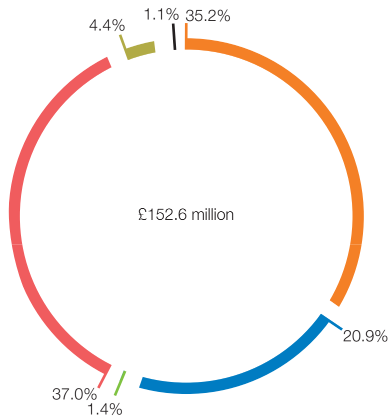
Analysis of total operating income (post impairments) by geography and area of specialisation

31 March 2008

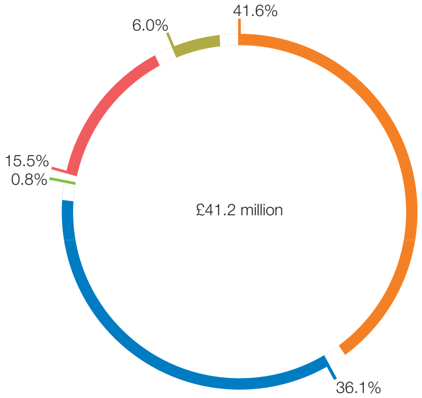
UK and Europe



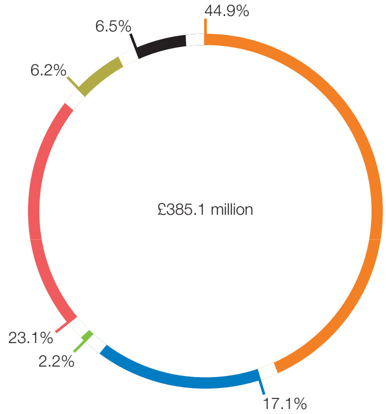
Southern Africa



Australia



Total



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

Developments

UK and Europe

- Trading conditions in the UK and Europe have been difficult throughout the period, particularly during the second half of the year.
- Customer deposits showed a net outflow in the third quarter of the year at the height of the upheaval in the financial markets. This trend was reversed during December 2008 when net inflows were recorded and growth has been strong ever since.
- The Banking business continues to be a key focus area where distribution teams, product and marketing have all benefited from a significant increase in investment. The High 5, a three month notice deposit, has been particularly successful in attracting new clients to the Investec brand.
- Activity levels in the lending specialisations have been lower. The focus has been on managing underperforming loans and seeking out the opportunistic transactions which arise in this market. In certain areas the competitive landscape has been completely reshaped, presenting an opportunity for Investec Private Bank to build a portfolio and brand which previously would have been impossible.
- The Private Wealth Management business has been under pressure as a result of market conditions and the performance of certain special opportunities. This specialisation remains a key area of focus and will continue to benefit from investment over the coming period.

- The Trust and Fiduciary business has again shown modest growth in revenues on the back of reduced activity levels from private clients. Investec Administration Services, a Guernsey based funds administration business, was sold during the fourth quarter of the year. The sale had an immaterial impact on overall profits.

Southern Africa

- Trading conditions deteriorated in South Africa during the second half of the year.
- Customer deposits showed a net outflow in the second and third quarters of the year at the height of the upheaval in the financial markets. This trend was reversed during December 2008 when net inflows were recorded and growth has been positive ever since.
- Money markets were tight throughout the period, making funding through securitisation vehicles more difficult than in the past.
- Assets under management were under pressure as a result of market conditions, as well as the performance of certain special opportunities. This specialisation did however attract R2.7 billion of new money over the period.
- The Structured Property Finance specialisation is experiencing lower activity levels, particularly in the residential development space. The commercial property market is showing resilience despite current market conditions.
- In the Growth and Acquisition specialisation activity levels have remained strong throughout the year. Exits have, however, been delayed due to the economic environment and some write-downs have been taken on equity stakes and profit shares held.
- The loan portfolio in the Banking business performed well albeit in more difficult economic conditions. This serves to illustrate the sound credit quality of our client base. The private bank account business did, however, suffer from reduced point of sale income as private client spending was lower.
- The Insurance business was sold to Santam Ltd with effect from 1 December 2008. This had an immaterial impact on overall profits.

Australia

- The professional finance business of Investec-Experien has been fully integrated into Investec Private Bank and now operates under the Investec-Experien brand. This business has provided a diversification to the historical lending portfolio and has achieved book growth of 30%.
- Through product innovation, broadening of distribution channels and the depositor base, and the introduction of the Government Guarantee scheme, private client deposits have increased by 46% during the period under review. The cost of retail funds has however, also increased.
- Lending activities in Structured Property Finance, Specialised Lending and Growth and Acquisition Finance have been negatively affected by the economic environment. Activity levels are down and there have been no material realisations of equity stakes and profit shares.

Outlook, risks and uncertainties

- Current market conditions continue to have a negative impact on impairments, realisations and activity levels across each of the lending specialisations.
- We expect growth in the combined total loan portfolio to be flat for the year ahead, and we will continue to re-price existing assets.
- Substantial investment will continue to be made in our general banking business targeting retail deposits.
- The drive to accelerate the contribution of our Private Wealth Management business will be supported by further investment.
- We will continue to focus on realigning costs to future revenues.
- Management of impairments and underperforming loans remains a key focus in all geographies for the forthcoming period.
- The business will continue to seek out opportunistic transactions resulting from the fallout in the broader market.

Private Client Portfolio Management and Stockbroking

Partner of choice from wealth creation to wealth management

Overview and financial analysis

- Operating profit decreased by 11.8% to £24.1 million contributing 6.6% to group profit.
- Since 31 March 2008, private client funds under management in South Africa decreased by 24.6% from R112.7 billion to R85 billion.

£'000	31 March 2009	31 March 2008	Variance	% change
Net interest income	2 051	76	1 975	>100.0%
Net fee and commission income	32 100	36 564	(4 464)	(12.2%)
Principal transactions	42	1 205	(1 163)	(96.5%)
Other operating income and operating income from associates	12 044	11 929	115	1.0%
Total operating income	46 237	49 774	(3 537)	(7.1%)
Admin expenses and depreciation	(22 135)	(22 432)	297	(1.3%)
Operating profit before goodwill, non-operating items, taxation and after minorities	**24 102**	**27 342**	**(3 240)**	**(11.8%)**
UK and Europe	12 044	11 929	115	1.0%
Southern Africa	12 058	15 413	(3 355)	(21.8%)
Operating profit before goodwill, non-operating items, taxation and after minorities	**24 102**	**27 342**	**(3 240)**	**(11.8%)**
Adjusted shareholders' equity*	17 619	29 609	(11 990)	(40.5%)
ROE (pre-taxation)*	76.7%	65.5%		
Cost to income ratio excluding income from associates	64.7%	59.3%		
Cost to income ratio	47.9%	45.1%		
Operating profit per employee (£'000)*	56.9	73.4	(16.5)	(22.5%)

* As calculated on pages 28 and 31

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

- The South African Private Client Portfolio Management and Stockbroking business has been negatively impacted by lower market volumes and the absence of performance fees on alternative investments.
- 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 the 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 £12 million income reflected above is post an estimate for tax of approximately £4.7 million).

Developments

UK and Europe

Rensburg Sheppards plc released its results for the year ended 31 March 2009 on 10 June 2009. Salient features of the results extracted directly from the announcement released by the company include:

"Key points:

- Profit before tax of £30.5 million (2008: £31.2 million).
- Adjusted* profit before tax of £36.6 million (2008: £41.5 million).
- Basic earnings per share of 49.0 pence (2008: 47.9 pence).
- Adjusted* basic earnings per share of 59.4 pence (2008: 65.4 pence).
- Recommended final dividend maintained at 17.0 pence, making an unchanged total dividend for the year of 25.5 pence.
- Group funds under management at 31 March 2009 of £10.01 billion (2008: £12.95 billion).

* Before amortisation of the client relationships intangible asset, share based charges relating to the Employee Benefit Trust ('EBT') and the loss on disposal of available for sale investments. These items amount to a net charge before tax of £6.1 million (2008: £10.3 million) and a net charge after tax of £4.5 million (2008: £7.7 million)"

Divisional review

Private Client Portfolio Management and Stockbroking

Partner of choice from wealth creation to wealth management

Southern Africa

Funds under management as at	31 March 2009	31 March 2008 R'million	% change	31 March 2009	31 March 2008 £'million	% change
Discretionary	15 594	21 406	(27.2%)	1 149	1 323	(13.2%)
Non-discretionary	69 386	91 338	(24.0%)	5 111	5 649	(9.5%)
Total	84 980	112 744	(24.6%)	6 260	6 972	(10.2%)

Net (outflows)/inflows at cost over the period	31 March 2009 R'million	31 March 2008 R'million
Discretionary	(897)	1 865
Non-discretionary	(2 097)	5 431
Total	(2 994)	7 296

Outlook, risks and uncertainties

Southern Africa

- JSE market volumes are expected to decline year-on-year as record investment activity in recent times, which was largely credit induced, starts slowing down in line with a maturing recessionary cycle.
- Ongoing deterioration in international economies and the consequent effects on corporate profits should add to investor disaffection towards equities notwithstanding good, long-term value currently presented in certain parts of the market. Similarly speculative trading activity is expected to decrease as volatility subsides and share price inefficiencies gradually diminish, thereby reducing prospective short-term returns.
- We are reasonably confident that current and future business strategies which focus on alternative commission and brokerage revenue, together with the large annuity fee income stream earned from discretionary assets under management, should help offset reductions in traditional share trading and other non-discretionary brokerage income. Furthermore, our conservative risk management policies in prior years leaves us relatively unexposed to the direct effects of the credit market collapse particularly where this relates to trading activity in leveraged derivative instruments (Single Stock Futures and CFDs) and client carry accounts.
- We continue to focus on disciplined cost management and are optimistic that expenses can be controlled without detracting from client service quality levels and the high calibre staff resources that we employ.
- We are confident that our business strategies and various specialised services are suited to the current environment and that our solid position will allow us to capitalise on any distressed opportunities within the industry.

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:
  - Select asset creation opportunities
  - Product structuring and distribution opportunities
  - Trading, hedging and proprietary market opportunities
  - Advisory mandates
  - Specialist fund opportunities
- Continuing to concentrate on systems, processes and automation to ensure maximum competitive advantage and long-term cost savings

Management structure

Global Head of Capital Markets

David Van Der Walt

UK and Europe

Regional Head	David Van Der Walt
Treasury Products and Distribution	Chris Meyer
Fixed Income	David Kantor
Balance Sheet Management	John Barbour
Commodities and Resource Finance	George Rogers
Structured Equity Derivatives	Andrew Brogden
Principal Finance	Andy Clapham
Structured and Asset Finance	Alistair Crowther
Project Finance (UK and International)	Maurice Hochschild
Operations (UK and International)	Kevin McKenna
Regional Head Ireland	Michael Cullen
Treasury products and distribution Ireland	Aisling Dodgson
Equity Finance Ireland	Loman Gallagher

South Africa

Regional Head	Richard Wainwright
Resource and Infrastructure Finance	Michael Meeser
Equity Derivatives and Foreign Exchange Trading	Milton Samios
Financial Products and Corporate Treasury	Mark Currie
Structured and Asset Finance	David Kuming
Balance Sheet Management and Interest Rate Trading	Clive Sindelman
Regional Head Mauritius	Craig McKenzie
Operations	Stuart Spencer

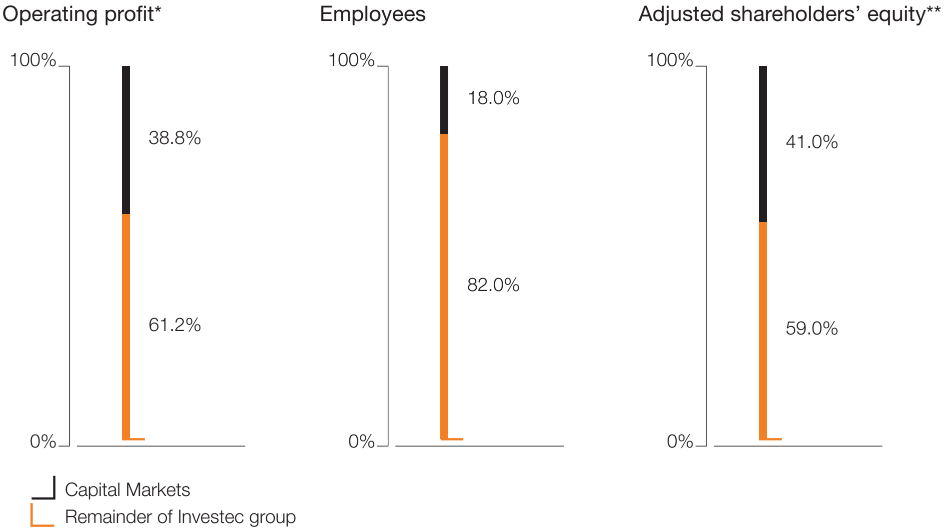
Australia

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

Capital Markets

Specialist structuring and advisory business

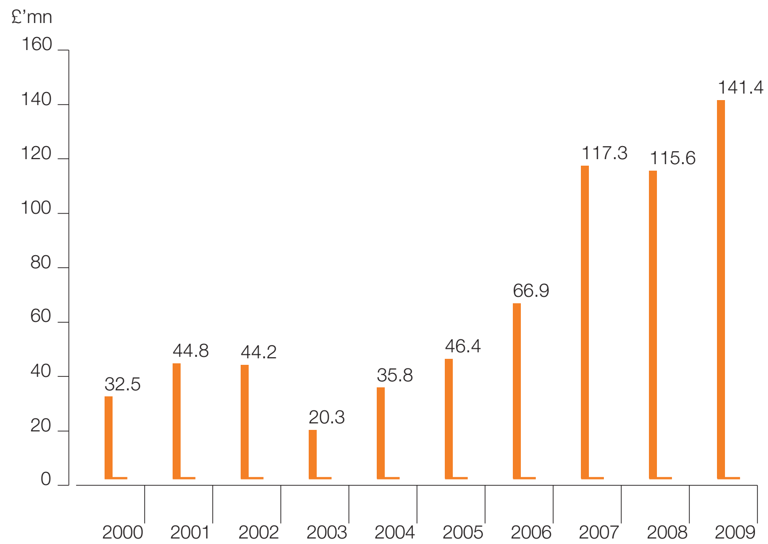
Contribution analysis



* Before goodwill, non-operating items, taxation and after minorities (excluding Group Services and Other Activities)

** As calculated on page 28

Operating profit^ - track record



^ Trend reflects numbers as at the year ended 31 March. The numbers prior to 31 March 2005 were reported in terms of UK GAAP. Amounts for 2008 and 2009 are shown before goodwill, non-operating items, taxation and after minorities. Prior to 2008 amounts have not been adjusted for minorities

Divisional review

Capital Markets

Specialist structuring and advisory business

Overview and financial analysis

- Operating profit increased by 22.3% to £141.4 million, contributing 38.8% to group profit.
- The advisory, structuring and trading businesses continued to perform well.
- The results of the Principal Finance division improved substantially as current year write downs on US structured credit investments of £13 million were significantly less than the prior period of £49 million.
- Core loans and advances have grown by 26.5% to £4.8 billion since 31 March 2008.
- 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 2009	31 March 2008	Variance	% change
Net interest income	286 712	227 174	59 538	26.2%
Net fee and commission income	115 465	86 831	28 634	33.0%
Principal transactions	140 462	97 998	42 464	43.3%
Other operating income and operating income from associates	-	(266)	266	100.0%
Total operating income	542 639	411 737	130 902	31.8%
Impairment losses on loans and advances	(155 841)	(79 336)	(76 505)	96.4%
Admin expenses and depreciation	(246 195)	(216 651)	(29 544)	13.6%
Operating profit before goodwill, non-operating items and taxation	**140 603**	**115 750**	**24 853**	**21.5%**
Earnings attributable to minority interests	771	(119)	890	>100.0%
Operating profit before goodwill, non-operating items, taxation and after minorities	**141 374**	**115 631**	**25 743**	**22.3%**
UK and Europe	78 015	39 187	38 828	99.1%
Southern Africa	61 150	68 118	(6 968)	(10.2%)
Australia	2 209	8 326	(6 117)	(73.5%)
Operating profit before goodwill, non-operating items, taxation and after minorities	**141 374**	**115 631**	**25 743**	**22.3%**
Adjusted shareholders' equity*	818 328	646 998	171 330	26.5%
ROE (pre-taxation)*	18.7%	23.4%		
Cost to income ratio	45.4%	52.6%		
Operating profit per employee (£'000)*	130.5	127.2	3.3	2.6%

* As calculated on pages 28 and 31

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

- Net interest income has benefited from an increase in average advances in the UK and South Africa, higher average spreads and from the acquisition of Kensington.
- The increase in net fee and commission income is attributable to another solid performance from the advisory and structuring businesses.
- The increase in principal transactions primarily reflects a lower level of losses on the US structured credit investments in the current period of £13 million compared to £49 million written off in the prior year, the acquisition of Kensington and the improved performance of the trading desks.
- Impairment losses on loans and advances have increased by £76.5 million mainly due to increased write-downs on resource finance transactions, the Acquisition Finance book and Kensington.
- Expenses have increased largely due to an increase in average headcount to support the new initiatives on the trading desks, the continued investment in product development and IT infrastructure and a full year of Kensington ownership.

Capital Markets

Specialist structuring and advisory business

Analysis of total operating income by geography

£'000	31 March 2009	31 March 2008	Variance
UK and Europe	370 953	240 794	130 159
Trading Activities	88 158	48 790	39 368
Principal Finance	57 073	(13 507)	70 580
Commodities and Resource Finance	(2 704)	15 706	(18 410)
Structured and Asset Finance	50 301	70 196	(19 895)
Kensington	178 125	119 609	58 516
Southern Africa	156 002	150 096	5 906
Trading Activities	46 905	34 838	12 067
Treasury Activities	53 248	42 507	10 741
Financial Products	20 252	17 921	2 331
Lending Activities	35 597	54 830	(19 233)
Australia	15 684	20 847	(5 163)
Trading Activities	2 058	1 829	229
Treasury/Balance Sheet Management	612	4 014	(3 402)
Financial Products	2 282	2 845	(563)
Lending Activities	5 275	11 144	(5 869)
Structured Finance	5 457	1 015	4 442
Total	542 639	411 737	130 902

Core loans and advances (excluding Kensington)

£'million As at	UK and Europe 31 March 2009	UK and Europe 31 March 2008	Southern Africa 31 March 2009	Southern Africa 31 March 2008	Australia 31 March 2009	Australia 31 March 2008	Total 31 March 2009	Total 31 March 2008	% change
Total gross core loans and advances	2 279	2 000	2 418	1 658	170	141	4 867	3 799	28.1%
Specific impairments	(37)	(3)	(24)	-	(3)	-	(64)	(3)	>100.0%
Portfolio impairments	(1)	-	(1)	-	-	-	(2)	-	>100.0%
Net core loans and advances	2 241	1 997	2 393	1 658	167	141	4 801	3 796	26.5%
Asset quality									
Gross defaults	116	34	44	-	12	-	172	34	>100.0%
Collateral value	(81)	(30)	(33)	-	(10)	-	(124)	(30)	>100.0%
Specific impairments	(37)	(3)	(24)	-	(3)	-	(64)	(3)	>100.0%
Net defaults (limited to zero)	-	1	-	-	-	-	-	1	-
Gross defaults as a % of gross core loans and advances	5.1%	1.7%	1.8%	-	7.3%	-	3.6%	0.9%	-
Defaults (net of impairments) as a % of net core loans and advances	3.5%	1.6%	0.9%	-	5.9%	-	2.2%	0.9%	-
Credit loss ratio	1.7%	0.3%	1.1%	1.2%	1.6%	-	1.4%	0.7%	-

Net core loans and advances as at	31 March 2009	31 March 2008 £'million	% change	31 March 2009	31 March 2008 Home currency 'million	% change
UK and Europe	2 241	1 997	12.2%	£2 241	£1 997	*12.2%
Southern Africa	2 393	1 658	44.3%	R32 484	R26 811	21.2%
Australia	167	141	18.4%	AUD345	AUD310	11.3%
Net core loans and advances	4 801	3 796	26.5%			

* Largely as a result of foreign currency movements of Pounds Sterling against the Euro

Capital Markets

Specialist structuring and advisory business

Kensington – salient financial information

Summary income statement

£'000	Year ended 31 March 2009	Period 8 Aug 2007 to 31 March 2008
Total operating income	178 125	119 609
Impairment losses on loans and advances	(93 246)	(55 400)
Admin expenses and depreciation	(47 738)	(39 938)
Operating profit before goodwill, non-operating items and taxation	37 141	24 271

Key statistics

As at 31 March 2009	Warehouse book	Securitised portfolio	Total	% of total
Assets and business activity statistics				
Mortgage assets under management (£'million)	1 897	3 268	5 165	
IFRS adjustments (£'million)	12	47	59	
Mortgage assets under management (£'million)	1 885	3 221	5 106	
First charge % of total mortgage assets under management	92.8%	94.2%	93.7%	
Second charge % of total mortgage assets under management	7.2%	5.8%	6.3%	
Fixed rate loans % of total mortgage assets under management	57.8%	23.6%	36.2%	
Number of accounts	17 151	35 056	52 207	
Average loan balance (first charge)	£144 513	£111 444	£121 630	
Largest loan balance	£1 127 239	£1 224 368	£1 224 368	
Weighted average loan mature margin	3.8%	4.1%	4.0%	
Product mix (pre-IFRS adjustments) (£'million)	1 885	3 221	5 106	100.0%
Prime	11	-	11	0.2%
Near prime	656	536	1 192	23.4%
Prime Buy to Let	1	-	1	-
Adverse	478	2 174	2 652	51.9%
Adverse Buy to Let and Right to Buy	82	160	242	4.7%
Start - Irish operations	657	351	1 008	19.8%
Geographic distribution (£'million)	1 885	3 221	5 106	100.0%
UK - North	383	927	1 310	25.6%
UK - South West	95	201	296	5.8%
UK - South East	276	597	873	17.1%
Outer London	181	354	535	10.5%
Inner London	93	212	305	6.0%
Midlands	200	579	779	15.3%
Start - Irish operations	657	351	1 008	19.7%
Spread of value of properties	100.0%	100.0%	100.0%	
>£500 000	3.9%	1.5%	2.3%	
>£250 000 - <=£500 000	24.1%	12.6%	16.4%	
>£200 000 - <=£250 000	15.6%	11.7%	13.0%	
>£150 000 - <=£200 000	19.9%	19.4%	19.5%	
>£100 000 - <=£150 000	23.4%	28.6%	26.9%	
>£70 000 - <=£100 000	11.6%	19.6%	17.0%	
>£50 000 - <=£70 000	1.4%	5.3%	4.0%	
<£50 000	0.1%	1.3%	0.9%	
Asset quality statistics				
Weighted average current LTV of active portfolio (adjusted for house price deflation)*	87.5%	80.8%	83.3%	

* Bad debt provision is based on a house price decline assumption of circa -40% i.e. 2008: -15% 2009: -15%, and an extra -10% haircut to the price to reflect forced sale discount

Key statistics (continued)

As at 31 March 2009	Warehouse book	Securitised portfolio	Total	% of total
LTV spread - % of book	100.0%	100.0%	100.0%	
<= 65%	18.4%	22.3%	20.8%	
>65% - <70%	4.2%	5.3%	4.9%	
>70% - <75%	4.4%	6.2%	5.5%	
>75% - <80%	5.4%	7.6%	6.8%	
>80% - <85%	5.8%	9.5%	8.2%	
>85% - <90%	7.1%	11.8%	10.0%	
>90% - <95%	8.2%	12.5%	10.9%	
>95% - <100%	11.0%	11.7%	11.5%	
> 100%	35.5%	13.1%	21.4%	
% of accounts >90 days in arrears	19.8%	25.1%	23.4%	
Number of accounts >90 in arrears	3 404	8 793	12 197	
Total capital lent in arrears (£'million)	605	1 377	1 982	100.0%
Arrears 0 - 60 days	118	252	370	18.7%
Arrears 61 - 90 days	84	192	276	13.9%
Arrears >90 days	369	806	1 175	59.3%
Possession	34	127	161	8.1%
Debt to income ratio of clients	22.4%	24.3%	23.6%	
Investec investment/exposure to assets reflected above (£'million)	474	169	643	
On balance sheet provision (£'million)	(61)	(66)	(127)	
Investec net investment/exposure to assets reflected above (£'million)	413	103	516	

Capital Markets

Specialist structuring and advisory business

Key statistics (continued)

As at 31 March 2008	Warehouse book	Securitised portfolio	Total	% of total
Assets and business activity statistics				
Mortgage assets under management (£'million)	2 035	4 063	6 098	
IFRS adjustments (£'million)	69	(59)	10	
Mortgage assets under management	1 966	4 122	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%	
Product mix (pre-IFRS adjustments) (£'million)	1 966	4 122	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	15.4%
Geographic distribution (£'million)	1 966	4 122	6 088	100.0%
UK - North	438	1 216	1 654	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	16.2%
Start - Irish operations	559	374	933	15.4%
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%	
Weighted average current LTV of active portfolio (adjusted for house price 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%	-	0.2%	

* Bad debt provision is based on a house price decline assumption of circa -35% i.e. 2008: -10% 2009: -5%, and an extra -20% haircut to the price to reflect forced sale discount

Capital Markets

Specialist structuring and advisory business

Key statistics (continued)

As at 31 March 2008	Warehouse book	Securitised portfolio	Total	% of total
% 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 (£'million)	162	172	334	
On balance sheet provision (£'million)	(34)	(70)	(104)	
Investec net investment/exposure to assets reflected above (£'million)	128	102	230	
Additional warehouse lines provided to Kensington (£'million)	-	-	238	

Developments

UK and Europe

- The Project Finance team continues to be a leader in the UK PFI advisory business, and the new office in Canada, set up to service the North American PFI market, is performing well.
- The Acquisition Finance book is under pressure as a result of deteriorating economic conditions, and is being monitored closely.
- The Asset Finance business is now ranked in the top three in the small ticket leasing market.
- We are considered one of the top ten European banks in aircraft finance.
- 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 Structured Equity retail distribution platforms have been established and we have recently launched eight in the UK market. The desk has won numerous awards, including Income Product of the Year 2008 and Product Provider of the Year 2009 at the Professional Adviser Structured Products Provider Awards and best Online Branding Campaign at the Online Finance Awards 2008.
- The Treasury Products and distribution desk has been established to actively market structured solutions, foreign exchange and interest rates to the corporate market.
- The uncertain credit markets continue to impact activity in the Principal Finance division.

Southern Africa

- Deal activity in our lending areas has been good during the year. This has been the case in most of the specialist asset classes and with increases experienced in average margins.
- The division has seen a marginal increase in impairments compared to the prior year.
- The division continues to hold a number of equity related positions associated with our lending activities, the revaluation of our positions has negatively impacted on our results for the year.
- Profitability on the Foreign Exchange and Interest Rate trading desks has been excellent with historic levels of volatility offering good trading and client flow opportunities. Customer deal flow in Equity Derivatives was reduced during the year as a result of severe market volatility and a declining equity market.
- The Foreign Exchange trading desk has captured significant market share in the listed currency futures market.
- Debt Capital Markets concluded three successful securitisations during the year although the outlook for this area of business is negative.

Capital Markets

Specialist structuring and advisory business

Australia

- The Investec Global Aircraft Fund (IGAF) is now fully invested. The fund has a portfolio of seven aircraft with a value of AUD669 million. A second capital raising for the fund is currently underway.
- The strategic intention of sourcing and developing clean energy assets resulted in the realisation of a profit share on the sale of two wind farm assets. The pipeline remains good.
- We successfully issued an institutional government guaranteed medium term note in February 2009 in which we raised AUD600 million (AUD400 million of three year funding and AUD200 million of five year funding).
- The liquidity position remains very strong.
- The marketing strategy for the Commodities and Resource Finance business continues to be cautious in light of sustained commodity price and capital market volatility. However, an immediate business goal is to increase exposure to mid tier resource companies, with resource assets in production, where the current risk return profiles are very attractive.

Outlook, risks and opportunities

- We continue to be a focused business targeting markets where we can be distinctive and competitive focusing on our core value drivers.
- We remain committed to building a sustainable scale business with diversified revenue streams.
- 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.
- The current negative cycle is a time to shape the business for the future and to position ourselves for a return to a more normal market.
- This stage of the cycle is likely to see a rise in corporate defaults and losses in the acquisition finance portfolio. Additional effort and resources will be spent on asset management to ensure our portfolios perform optimally in poor economic conditions.
- Looking at the environment in our core geographies:
  - South Africa remains the least affected although the impact of the global recession is now starting to be felt. We are generally well positioned in this market with a reasonably robust credit portfolio. Conditions and volumes remain good for the trading businesses. The effects of the recession may lead to reduced activity in the structuring and lending businesses.
  - In the UK and Australia the environment remains weak and it is too early to say if the green shoots represent any sustained change. We expect impairments to continue, however, trading conditions remain favourable and the dislocated markets continue to present opportunities. Overall we continue to be reasonably well positioned to weather the storm in conditions that are similar to last year.
- The environment has changed but so too has the competitive landscape. A large amount of capacity has been removed from the market and the number of players in our core geographies has reduced substantially. This plays to our strengths of being a specialist and bespoke service provider. In the short-term we expect conditions to remain challenging, however, we believe that in the medium term this is an excellent opportunity to grow market share and deepen our franchise.

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 the pre-eminent full service mid-market UK investment bank
- Act as trusted advisor to our institutional, corporate and private equity clients
- 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

Southern Africa

Corporate Finance

Our strategy is to:

- Take advantage of our leading position in the South African market
- Identify appropriate investment banking transactions as well as mergers and acquisitions and restructuring advisory opportunities
- 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 market
- Ensure comprehensive research coverage to underpin our South African distinctiveness
- Fully leverage our business platforms:
  - Distribution of our research product into Europe and the United States
  - Electronic execution - capture market share through innovation and tailor made solutions
  - Prime Broking - entrench our position as a leading player in the South African market
- Continue focusing on our people and their performance, cost control and internal efficiencies

Principal Investments (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 black economic empowerment platform investee companies

Investment Banking

Integrated business focused on local client delivery with international access

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

South Africa

Regional Head	Andy Leith
Corporate Finance	Kevin Kerr Hugo Steyn
Institutional Research, Sales and Trading	Kevin Brady
Principal Investments	Thomas Prins
Finance: Corporate Finance and Principal Investments	Caroline Thomson Robert Slater
Operations: Institutional Research, Sales and Trading	Joubert Hay

Australia

Corporate Advisory	Ben Smith
Principal Investments	John Murphy

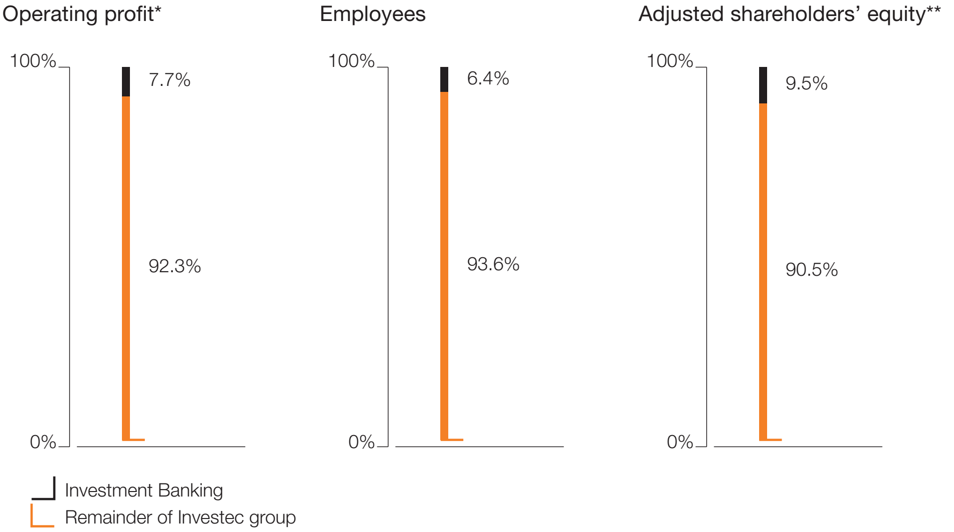
Hong Kong

Regional Head	Richard Forlee

Investment Banking

Integrated business focused on local client delivery with international access

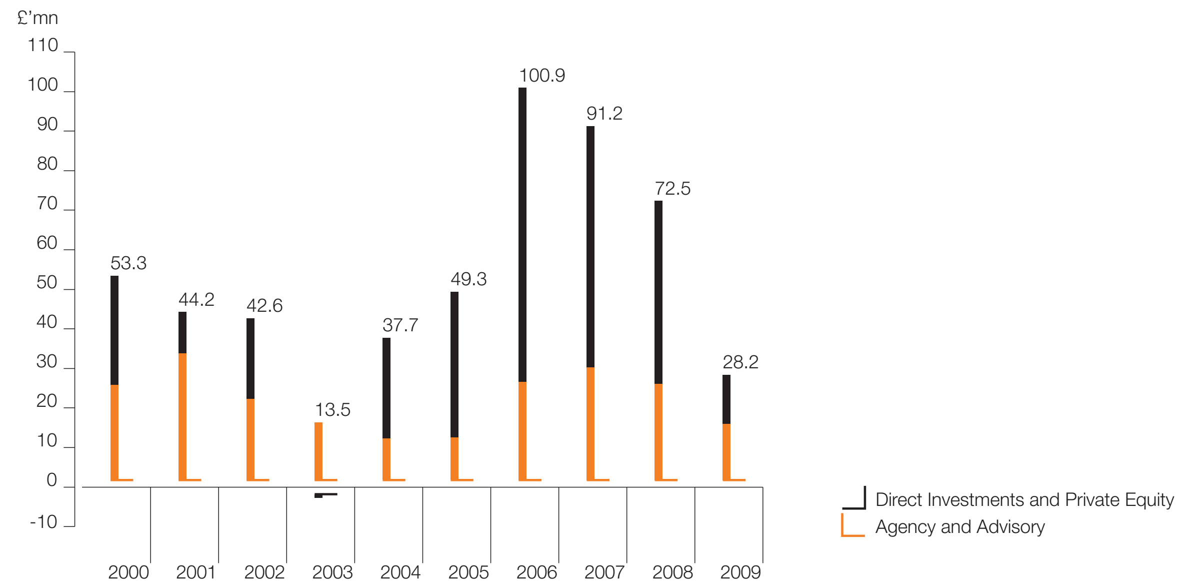
Contribution analysis



* Before goodwill, non-operating items, taxation and after minorities (excluding Group Services and Other Activities)

** As calculated on page 28

Operating profit^ - track record



^ Trend reflects numbers as at the year ended 31 March. The numbers prior to 31 March 2005 were reported in terms of UK GAAP. Amounts for 2008 and 2009 are shown before goodwill, non-operating items, taxation and after minorities. Prior to 2008 amounts have not been adjusted for minorities

Divisional review

Investment Banking

Integrated business focused on local client delivery with international access

Overview and financial analysis

- Operating profit decreased by 61.0% to £28.2 million, contributing 7.7% to group profit reflecting a mixed performance across geographies and business activity.

£'000	31 March 2009	31 March 2008	Variance	% change
Net interest income	2 612	(8 463)	11 075	>100.0%
Net fee and commission income	69 041	88 603	(19 562)	(22.1%)
Principal transactions	91 159	79 583	11 576	14.5%
Other operating income and operating income from associates	(24 526)	45 016	(69 542)	(>100.0%)
Total operating income	138 286	204 739	(66 453)	(32.5%)
Impairment losses on loans and advances	(3 858)	(1 356)	(2 502)	>100.0%
Admin expenses and depreciation	(128 493)	(126 053)	(2 440)	1.9%
Operating profit before goodwill, non-operating items and taxation	**5 935**	**77 330**	**(71 395)**	**(92.3%)**
Earnings attributable to minority interests	22 231	(4 804)	27 035	>100.0%
Operating profit before goodwill, non-operating items, taxation and after minorities	**28 166**	**72 526**	**(44 360)**	**(61.2%)**
Corporate Finance	5 630	14 277	(8 647)	(60.6%)
Institutional Research, Sales and Trading	10 231	12 422	(2 191)	(17.6%)
Direct Investments	(5 735)	15 990	(21 725)	(>100.0%)
Private Equity	18 040	29 837	(11 797)	(39.5%)
Operating profit before goodwill, non-operating items, taxation and after minorities	**28 166**	**72 526**	**(44 360)**	**(61.2%)**
UK and Europe	(30 810)	3 995	(34 805)	(>100.0%)
Southern Africa	66 065	64 775	1 290	2.0%
Australia	(7 089)	3 756	(10 845)	(>100.0%)
Operating profit before goodwill, non-operating items, taxation and after minorities	**28 166**	**72 526**	**(44 360)**	**(61.2%)**
Adjusted shareholders' equity*	190 655	175 913	14 742	8.4%
ROE (pre-taxation)*	13.9%	34.3%		
Cost to income ratio	92.8%	61.6%		
Cost to income ratio excluding investments that are consolidated	63.9%	53.9%		
Operating profit per employee (£'000)*	75.3	203.1	(127.8)	(62.9%)

* As calculated on pages 28 and 31

A further analysis of operating profit

31 March 2009 £'000	UK and Europe	Southern Africa	Australia	Total group
Corporate Finance	2 219	5 522	(2 111)	5 630
Institutional Research, Sales and Trading	4 719	5 512	-	10 231
Principal Investments (Direct Investments and Private Equity)	(20 950)	55 031	(3 454)	30 627
	(14 012)	66 065	(5 565)	46 488
Consolidated investments	(16 798)	-	(1 524)	(18 322)
Total	(30 810)	66 065	(7 089)	28 166

31 March 2008 £'000	UK and Europe	Southern Africa	Australia	Total group
Corporate Finance	4 837	7 807	1 633	14 277
Institutional Research, Sales and Trading	4 459	7 963	-	12 422
Principal Investments (Direct Investments and Private Equity)	9	49 005	2 187	51 201
	9 305	64 775	3 820	77 900
Consolidated investments	(5 310)	-	(64)	(5 374)
Total	3 995	64 775	3 756	72 526

Investment Banking

Integrated business focused on local client delivery with international access

Corporate Finance and Institutional Research, Sales and Trading

£'000	31 March 2009	31 March 2008	Variance	% change
Net interest income	2 733	817	1 916	>100.0%
Net fee and commission income	70 076	84 174	(14 098)	(16.7%)
Principal transactions	20 452	15 875	4 577	28.8%
Impairment losses on loans and advances	-	(4)	4	100.0%
Admin expenses and depreciation	(77 400)	(74 163)	(3 237)	4.4%
Operating profit before goodwill, non-operating items, taxation and after minorities	15 861	26 699	(10 838)	(40.6%)

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

- Corporate activity and fees earned have reduced across all three geographies.
- The Institutional Research, Sales and Trading operations in South Africa were negatively impacted by difficult market conditions. This offset a strong performance from the division's Prime Broking operation. The UK division's trading operations performed well.

Principal Investments

£'000	31 March 2009	31 March 2008	Variance	% change
Net interest income	(122)	(9 280)	9 158	>100.0%
Net fee and commission income	(1 036)	4 429	(5 465)	(>100.0%)
Principal transactions	70 708	63 708	7 000	11.0%
Other operating income and operating income from associates	(24 526)	45 016	(69 542)	(>100.0%)
Impairment losses on loans and advances	(3 858)	(1 352)	(2 506)	>100.0%
Admin expenses and depreciation	(51 092)	(51 890)	798	(1.5%)
Operating profit/(loss) before goodwill, non-operating items and taxation	(9 926)	50 631	(60 557)	(>100.0%)
Earnings attributable to minority interests	22 231	(4 804)	27 035	>100.0%
Operating profit before goodwill, non-operating items, taxation and after minorities	12 305	45 827	(33 522)	(73.1%)

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

- 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).
- All other income categories largely relate to our investment in two private equity investments in which we hold 68.3% and 73.1%, respectively. The results of these investments have been consolidated. These investments generated a net loss before taxation of £18.3 million.

Value of trading investments on balance sheet at 31 March 2009

£'million	Listed	Unlisted	Advances	Total
UK Private Equity and Direct Investments	11	23	-	34
SA Direct Investments	24	95	20	139
SA Private Equity	-	165	21	186
Australia	1	28		29
Hong Kong Direct Investments	1	37	-	38
	37	348	41	426

Note:
Value of consolidated investments of £48 million not included in table above

Investment Banking

Integrated business focused on local client delivery with international access

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:
Value of consolidated investments of £65 million not included in table above

Analysis of operating profit for the year to 31 March 2009

£'million	Realised	Un-realised	Dividends	Funding costs	Principal trans-actions total	Interest and other	Net income	Ex-penses	Net profit	Minorities	Opera-ting profit
UK Private Equity and Direct Investments	-	(3.1)	1.4	-	(1.7)	(25.8)	(27.5)	(31.3)	(58.8)	19.8	(39.0)
SA Direct Investments	9.5	8.8	0.2	(10.1)	8.4	(2.6)	5.8	(1.4)	4.4	-	4.4
SA Private Equity	3.5	36.0	26.3	(2.5)	63.3	1.5	64.8	(14.1)	50.7	-	50.7
Australia	-	(2.9)	-	-	(2.9)	(2.0)	(4.9)	(2.5)	(7.4)	2.4	(5.0)
Hong Kong Direct Investments	(1.9)	5.5			3.6	(0.6)	3.0	(1.8)	1.2	-	1.2
Total	11.1	44.3	27.9	(12.6)	70.7	(29.5)	41.2	(51.1)	(9.9)	22.2	12.3

Analysis of operating profit for the year to 31 March 2008

£'million	Realised	Un-realised	Dividends	Funding costs	Principal trans-actions total	Interest and other	Net income	Ex-penses	Net profit	Minorities	Opera-ting profit
UK Private Equity and Direct Investments	0.1	4.1	1.6	(2.3)	3.5	34.6	38.1	(37.2)	0.9	(3.6)	(2.7)
SA Direct Investments	15.4	12.2	0.4	(6.6)	21.4	(0.7)	20.7	(3.4)	17.3	-	17.3
SA Private Equity	1.0	29.0	11.1	(2.9)	38.2	1.0	39.2	(7.5)	31.7	-	31.7
Australia	1.6	-	-	-	1.6	4.0	5.6	(2.3)	3.3	(1.2)	2.1
Hong Kong Direct Investments	0.6	(1.6)	-	-	(1.0)	(0.1)	(1.1)	(1.5)	(2.6)	-	(2.6)
Total	18.7	43.7	13.1	(11.8)	63.7	38.8	102.5	(51.9)	50.6	(4.8)	45.8

Developments

Corporate Finance

UK and Europe

- The difficult market conditions led to fewer corporate transactions, especially in the second half of the year. There were no IPOs and limited fund-raisings.
- Most notable was a £290 million joint fund-raising for Melrose in connection with their purchase of FKI Plc.
- We completed 20 M&A transactions with a value of £3.5 billion (2008: 26 transactions with a value of £2.3 billion).
- We completed 13 fundraisings during the period raising in aggregate £599 million (2008: 18 fund-raisings raising £299 million).
- We continue to build the quality and size of the corporate client list, gaining 25 new brokerships during the year. At year end we had 94 quoted clients.

Investment Banking

Integrated business focused on local client delivery with international access

Southern Africa

- We maintained our strong positioning with a lower level of activity.
- Our main focus was on M&A, restructuring and black economic empowerment transactions.
- We retained all our major clients and gained several new mandates during the period.
- The total value of Corporate Finance transactions decreased to R23.4 billion (2008: R113 billion) during the period and the number of transactions decreased to 60 (2008: 109).
- Sponsor broker deals completed during the period decreased to 96 (2008: 165) with the value also decreasing to R51 billion (2008: R149 billion).
- The Corporate Finance division was ranked first in volume of listed M&A transactions and second in general corporate finance by volume in Dealmakers Magazine Survey for Corporate Finance (2008 calendar year). This is the fifth year out of six 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 (2008 calendar year). This is the sixth year running that we have won this 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 (2008 calendar year).

Australia

- There is increasing awareness and recognition of the Investec brand within the Australian market and we have continued to increase the quality and size of our client list.
- During the period we strengthened our team in Sydney and Brisbane.
- We have continued to expand our sector specialisation, with our Natural Resources team showing the strongest pipeline.
- Despite the challenging market conditions, we are currently active on a number of mandates.

Institutional Research, Sales and Trading

UK and Europe

- Volatile and difficult market conditions have restricted secondary commission growth.
- Trading revenues have showed considerable improvement.
- We have strengthened our UK research team over the year with the addition of a number of experienced analysts.
- We continue to expand the capacity of our New York sales team.
- We have also seen market share gains in large cap trading.
- Market share gains continue across our trading platform.

Southern Africa

- A decline in income from our core equity broking operation was cushioned by a strong performance from the prime broking business.
- The remaining gaps in our research team have been filled and we are well on track to meet our coverage objective.
- The prime broking operation signed up a number of new clients over the period and initiated a system upgrade, further entrenching itself as one of the leading players in the industry.
- Activity through the electronic execution platform recorded healthy growth and a number of new and updated algorithms were released to our client base.

Principal Investments

UK, Europe and Hong Kong

- Performance has been impacted by volatile market conditions.

Southern Africa

- The Direct Investments portfolio increased to R1 816 million at 31 March 2009 (March 2008: R1 051 million). The increase in value was driven by a good performance from the underlying investments and a few selective new investments.
- The Private Equity portfolio was R2 525 million at 31 March 2009 (March 2008: R1 976 million). We continued to expand the capacity of our private equity investments through bolt-on acquisitions and capital expenditure. During the year under review we have had significant realisation through dividends and a few disposals.

Australia

- The total size of the Private Equity funds is AUD460 million.
- Performance has been impacted by market conditions.

Outlook, risks and uncertainties

Corporate Finance

- While market conditions remain uncertain and problematic for transactions, we are well positioned to take advantage of the changing competitive landscape. The increase in our number of corporate clients in the UK, especially in the FTSE 250, is testimony to this.
- Black economic empowerment, restructuring and M&A transactions are expected to continue to drive activity at a reasonable level in South Africa.
- In Australia M&A mandates are scarcer and transactions are taking longer to complete. However, the strong relationships established by the corporate advisory team will provide a solid platform for future growth opportunities when market conditions improve.

Institutional Research, Sales and Trading

- The UK business has, through ongoing investment, substantially strengthened its positioning across sales, trading and research. The market conditions however, remain difficult.
- The outlook for the South African business remains challenging with the sharp decline in the value of trading activity experienced on the JSE unlikely to reverse in the near term. Nevertheless, our continued investment in the business, broad revenue base, market share gains and tight cost control, position us well for the next economic upswing.

Principal Investments

- 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 in South Africa.
- The majority of the companies in our Private Equity portfolio in South Africa are trading in line with expectations in very difficult market conditions and the overall 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 capabilities is shown below.

- We sell our investment capabilities in the following regions: UK, Africa, Europe, Australia, the Americas, Asia and cross border.
- We have a broad client range including sovereign wealth funds, central banks, pension funds, banks, private banks, family offices, independent financial advisors and individual investors.

Strategic focus

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

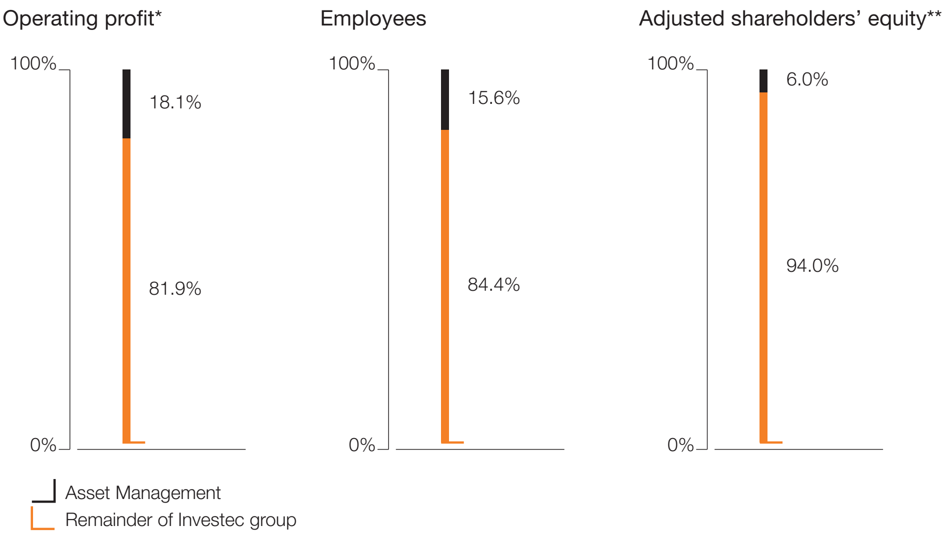
Management structure

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

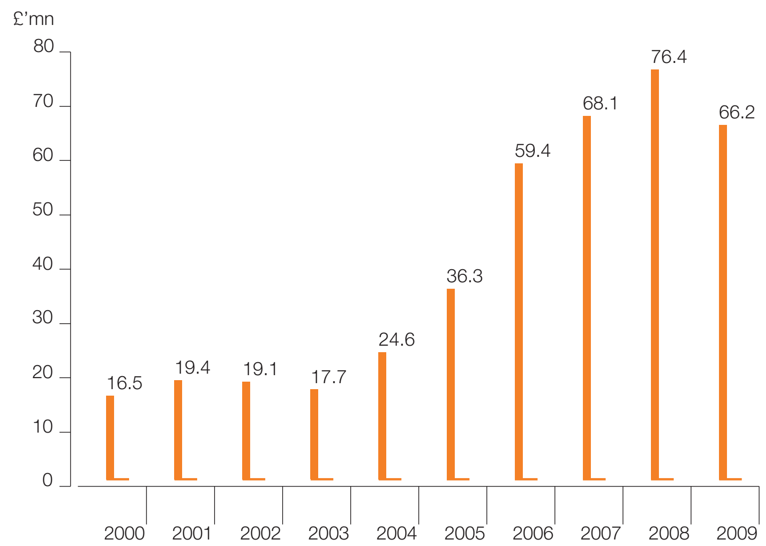
Investment specialist focused on performance and client needs

Contribution analysis



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

Operating profit^ - track record



^ Trend reflects numbers as at the year ended 31 March. The numbers prior to 31 March 2005 were reported in terms of UK GAAP. Amounts for 2008 and 2009 are shown before goodwill, non-operating items, taxation and after minorities. Prior to 2008 amounts have not been adjusted for minorities

Divisional review

Asset Management

Investment specialist focused on performance and client needs

Overview and financial analysis

- Operating profit decreased by 13.4% to £66.2 million, contributing 18.1% to group profit.
- The division was impacted by a tougher mutual fund environment and weak equity markets. The division did benefit from good investment performance and solid net inflows, notably from the institutional channel.
- Assets under management have remained flat at £28.8 billion since 31 March 2008.

£'000	31 March 2009	31 March 2008	Variance	% change
Net interest income	7 821	7 558	263	3.5%
Net fee and commission income	197 732	207 483	(9 751)	(4.7%)
Other income	(5 039)	3 659	(8 698)	(>100.0%)
Total operating income	200 514	218 700	(18 186)	(8.3%)
Admin expenses and depreciation	(134 047)	(141 879)	7 832	(5.5%)
Operating profit before goodwill, non-operating items and taxation	**66 467**	**76 821**	**(10 354)**	**(13.5%)**
Earnings attributable to minority interests	(281)	(410)	129	(31.5%)
Operating profit before goodwill, non-operating items, taxation and after minorities	**66 186**	**76 411**	**(10 225)**	**(13.4%)**
UK	17 149	24 940	(7 791)	(31.2%)
Southern Africa	49 037	51 471	(2 434)	(4.7%)
Operating profit before goodwill, non-operating items, taxation and after minorities	**66 186**	**76 411**	**(10 225)**	**(13.4%)**
Adjusted shareholders' equity*	120 421	116 459	3 962	(3.4%)
ROE (pre-taxation)*	41.4%	55.0%		
Cost to income ratio	66.9%	64.9%		
Operating profit per employee (£'000)*	67.8	78.3	(10.5)	(13.4%)

* As calculated on pages 28 and 31

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

United Kingdom and international
- Operating profit decline of 31.2% to £17.1 million.
- The reduction in profitability of the UK and international operations was underpinned by reduced assets under management following the negative market movements during the year and net outflows on the retail side of the business.
- Assets under management decreased by 5.2% to £13.1 billion. The institutional book showed strong growth over the period with net inflows of approximately £1.6 billion.

Southern Africa
- Operating profit of the Southern Africa operations in Rands of R717.0 million is 2.9% lower than the prior period of R738.1 million.
- Investment performance remained good and as a result performance fee revenue increased significantly to R354.5 million (2008: R252.7 million).
- Assets under management in Rands decreased from R241.2 billion to R213.5 billion. The retail side of the business experienced net inflows of R1.9 billion for the period and there were R5.1 billion of institutional outflows.

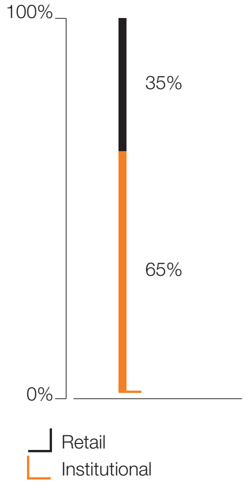
Costs
- The decrease in expenses is largely due to a decrease in variable remuneration in line with the decrease in profitability and the effect of tighter cost control.

Asset Management

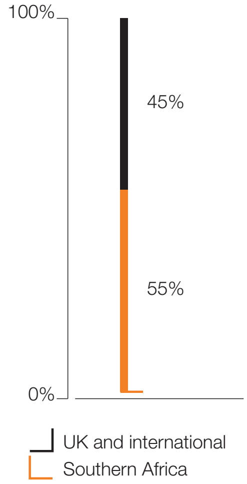
Investment specialist focused on performance and client needs

Assets under management*

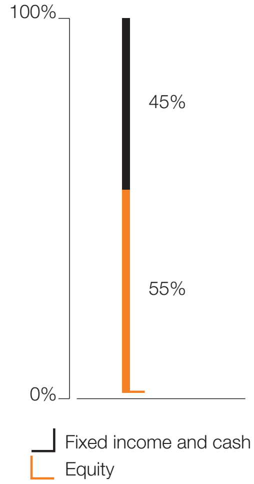
Business type



Geographic



Asset class



Movement in assets under management*

	Total £'million	UK and international £'million	Southern Africa £'million	Southern Africa R'million
31 March 2008	28 751	13 834	14 917	241 189
New clients/funds	2 260	1 729	531	2 685
Existing client/fund net flows	(1 509)	(751)	(758)	(5 885)
Net flows	751	978	(227)	(3 200)
Market/FX movement	(667)	(1 704)	1 037	(24 480)
31 March 2009	28 835	13 108	15 727	213 509
Institutional	18 752	7 992	10 760	146 069
Retail	10 083	5 116	4 967	67 440

£'million	Total	Institutional	Retail
31 March 2008	28 751	17 698	11 053
New clients/funds	2 260	2 170	90
Existing client/fund net flows	(1 509)	(958)	(551)
Net flows	751	1 212	(461)
Market/FX movement	(667)	(158)	(509)
31 March 2009	28 835	18 752	10 083
UK and international	13 108	7 992	5 116
Southern Africa	15 727	10 760	4 967

Sales (gross inflows)

£'million	2009	2008
Institutional	9 615	3 570
Retail	6 261	7 052
	15 876	10 622

£'million	2009	2008
Fixed interest and cash	8 511	4 097
Equity	6 763	5 430
Balanced	602	1 095
	15 876	10 622

* Managed basis

Asset Management

Investment specialist focused on performance and client needs

Developments

- We continue to develop our portfolio of investment capabilities.
- Our wider distribution footprint is facilitating sales momentum and, outside of Southern Africa, there was £978 million of net flows for the financial year. The institutional performance was gratifying with £1.6 billion of net flows outside Southern Africa.
- With our breadth of investment products and good performance across the range, we are receiving good traction:
  - 65% by value and 67% by number of our mutual fund based outside of Southern Africa are in the first or second quartile over three years
  - 77% by value and 71% by number of our mutual funds based in Southern Africa are in the first or second quartile
  - 82% of institutional propositions outperformed their benchmarks since inception outside of Southern Africa and in Southern Africa, 100% of institutional propositions outperformed their benchmarks since GIPS inception.

Investec Asset Management in the UK mutual fund industry

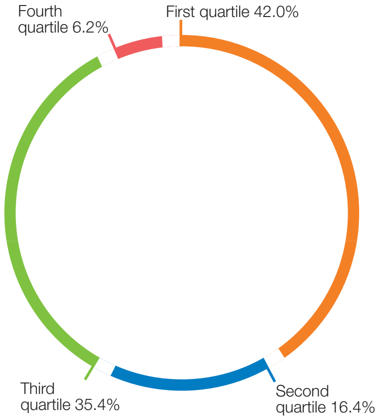
£'million	2009	2008	2007
IAM assets under management	3 736	4 322	4 230
Total industry size	347 897	432 672	447 888
Market share	1.1%	1.0%	0.9%
Size ranking in industry	30th of 110	33rd of 109	33rd of 113
Industry gross retail sales	63 577	66 060	59 973
IAM % of industry gross retail sales	1.6%	2.9%	2.2%

Sourced from data from the Investment Management Association
Statistics as at 31 March, sales for the 12 month period

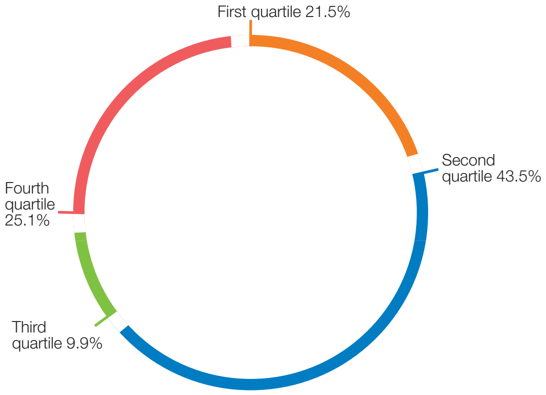
UK and global retail investment performance

By value of funds

One year



Three years



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

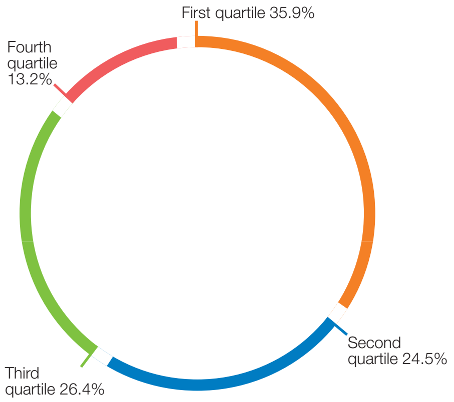
Divisional review

Asset Management

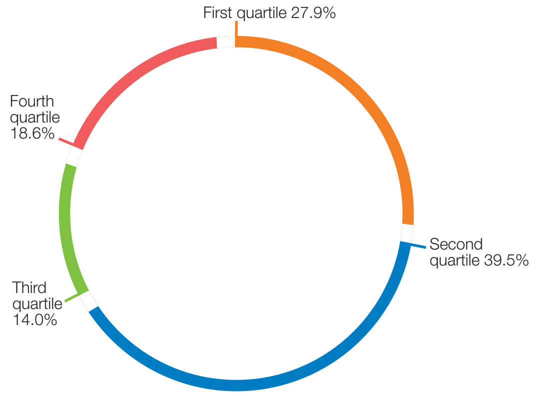
Investment specialist focused on performance and client needs

By number of funds

One year

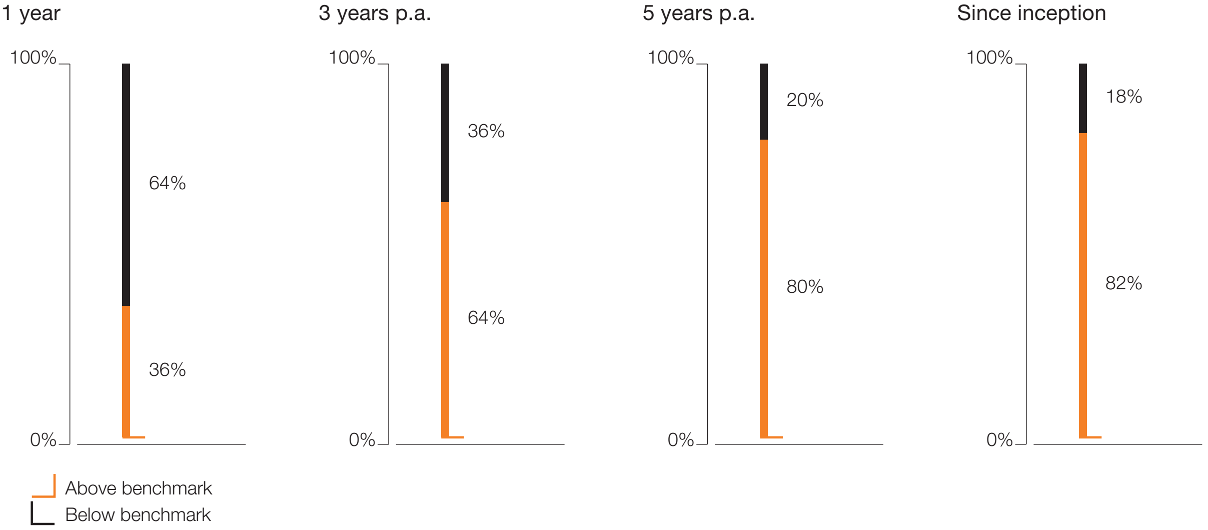


Three years



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

UK and global institutional investment performance



Calculated from Standard and Poors' Micropal, WM Spectrum, Lipper Hindsight data

Investec Asset Management in the South African unit trust industry

R'million	2009	2008	2007
IAM assets under management	59 646	63 809	55 910
Total industry size	663 675	658 073	596 072
Market share	9.0%	9.7%	9.4%
Size ranking in industry	5th of 39	4th of 39	4th of 34
Industry gross sales	455 059	552 118	480 032
IAM % of gross industry sales	7.7%	7.3%	8.7%

Sourced from data from the Association of Collective Investments, includes money market, non-domestic fund of funds and institutional. Statistics as at 31 March, sales for the 12 month period except for 2009 where statistics are reflected at 31 December 2008 and sales are for the nine month period to 31 December 2008 due to abnormal distributions in quarter 1 of 2009 (the unbundling of BAT from Remgro)

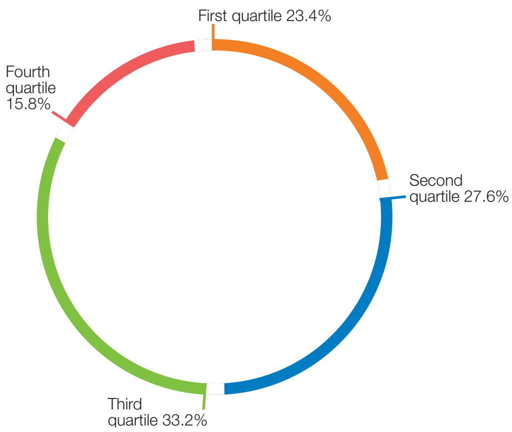
Asset Management

Investment specialist focused on performance and client needs

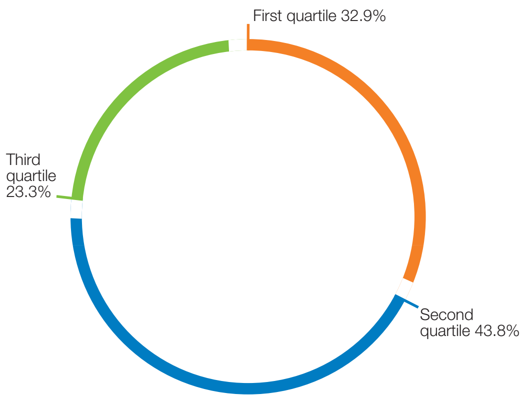
South African mutual fund investment performance

By value of funds

One year

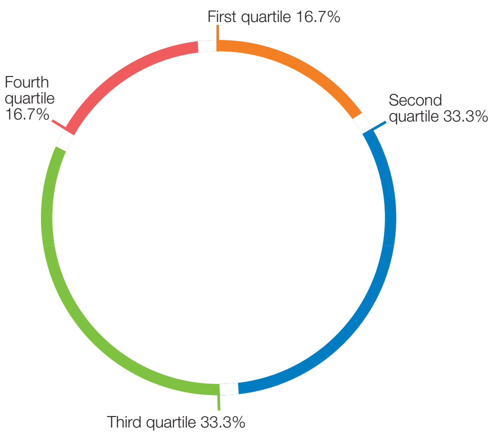


Three years

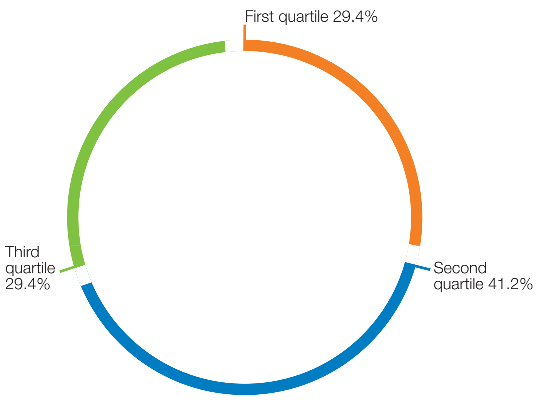


By number of funds

One year



Three years



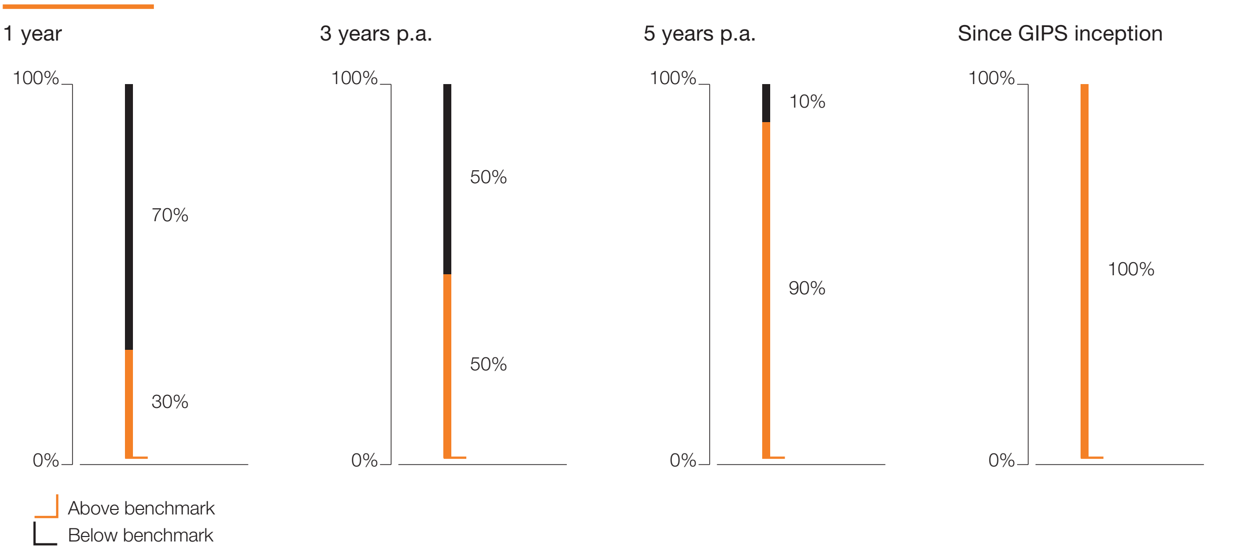
Calculated from Standard and Poors' Datastream data

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

- Key risks for our business include market levels, key staff retention and reputational risk.
- We have good sales opportunities based on our breadth of range of investment products and our wide distribution footprint.

Property Activities

Leading fund and asset manager, seeking selective trading opportunities

Scope of activities

- Property projects (trading and development)
- Property investments
- Property fund and asset management

Strategic focus

UK and Europe

Our strategy is to align the strategic focus of the UK business with that of South Africa, to include property fund management, investment and trading and development activities.

Property fund management

Our strategy is to:
- Launch a UK property trading fund
- Launch a UK REITs investment business
- Create a property portfolio balanced in terms of geography and income profile within an existing fund co-managed with a global property operator
- Take advantage of trading opportunities and source properties for the Investec GLL Special Opportunities Real Estate Fund.

Property investments

Our strategy is to:
- Co-invest in funds with our clients
- Pursue off-market opportunities to source products for the funds

South Africa

Property Fund Management

Our strategy is to:
- Pursue the strategic acquisition, development and re-development of individual properties and portfolios on balance sheet and for trading purposes

Property Projects

Our strategy is to:
- Source buildings and land opportunities with the specific intention of adding or unlocking value to trade or invest
- Develop and refurbish within the commercial, retail, industrial and residential sectors using our extensive experience and skill

Property Investments

Our strategy is to:
- Substantially increase assets under management
- Pursue off market transactions to enhance performance
- Develop international property capabilities and products
- Continually be the first port of call for institutional and private investors by creating superior returns

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 further capital raisings to create private equity opportunistic funds
- Create investment opportunities for wholesale clients while growing assets under management

Property Activities

Leading fund and asset manager, seeking selective trading opportunities

Management structure

Global Head of Property	Sam Hackner

UK and Europe

Regional Head	Angelique de Rauville
Property Projects	Robin Magid

South Africa

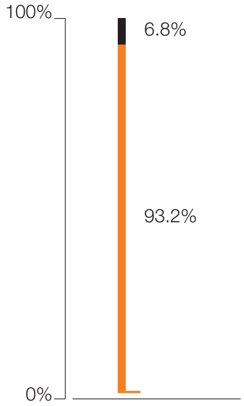
Regional Head	Sam Leon
Property Projects	Robin Magid
Property Investments	Angelique de Rauville
Finance	Dave Donald

Australia

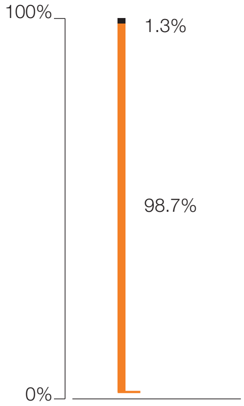
Regional Head	Graeme Katz

Contribution analysis

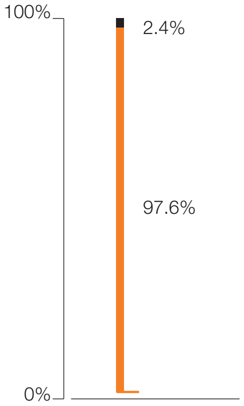
Operating profit*



Employees



Adjusted shareholders' equity**



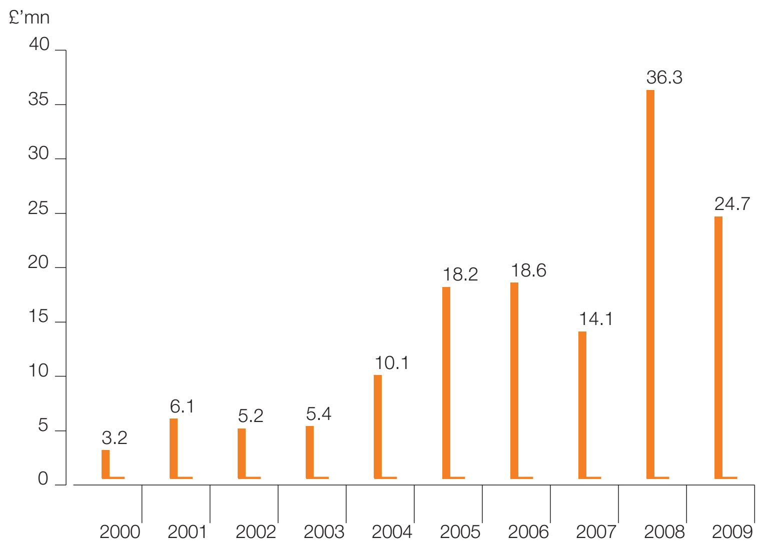
Property Activities
Remainder of Investec group

* Before goodwill, non-operating items, taxation and after minorities (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



^ Trend reflects numbers as at the year ended 31 March. The numbers prior to 31 March 2005 were reported in terms of UK GAAP. Amounts for 2008 and 2009 are shown before goodwill, non-operating items, taxation and after minorities. Prior to 2008 amounts have not been adjusted for minorities

Overview and financial analysis

£'000	31 March 2009	31 March 2008	Variance	% change
Net interest income	(6 886)	(10 513)	3 627	(34.5%)
Net fee and commission income	22 724	20 764	1 960	9.4%
Other income	22 253	45 275	(23 022)	(50.8%)
Total operating income	38 091	55 526	(17 435)	(31.4%)
Admin expenses and depreciation	(13 410)	(19 205)	5 795	(30.2%)
Operating profit before goodwill, non-operating items and taxation	24 681	36 321	(11 640)	(32.0%)
UK and Europe	774	144	630	>100.0%
Southern Africa	21 769	36 078	(14 309)	(39.7%)
Australia	2 138	99	2 039	>100.0%
Operating profit before goodwill, non-operating items and taxation	24 681	36 321	(11 640)	(32.0%)
Adjusted shareholders' equity*	48 915	29 773	19 142	64.3%
ROE (pre-taxation)*	47.5%	122.8%		
Cost to income ratio	35.2%	34.6%		
Operating profit per employee (£'000)*	324.8	209.9	114.9	54.7%

* As calculated on pages 28 and 31

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

- The group disposed of its South African property fund management and property administration business to Growthpoint in the prior period. The business earned fees on deals completed in the current year, however, the investments business has been negatively impacted by the state of the listed property investments market. The revaluation of investment properties net of funding costs amounted to R230 million (2008: R447 million).
- UK: This business, having commenced in May 2007, generated a year to date operating profit of £774K (2008: £144K).
- Australia reflects a newly created business focusing on property funds management.

Divisional review

Property Activities

Leading fund and asset manager, seeking selective trading opportunities

Developments

UK and Europe

- The Property Investments business is now fully operational. The global financial crisis has severely affected the property market and therefore our business. However, a number of opportunities have been identified and are being actively pursued.
- We will continue to source UK stock for our various initiatives and consider suitable investments from the UK REIT sector for Investec and third party client investment purposes.
- The Investec GLL Global Special Opportunities Real Estate Fund has invested in four properties in Chile (2), Argentina and the USA. The fund will continue to invest in international direct commercial real estate with caution and endeavour to unlock value in the short-term. A total of €375 million has been raised to date and of this, €75 million has been invested.
- The business will raise capital for the UK Special Opportunities Property Fund when it believes it prudent and responsible to do so.
- Development and refurbishment opportunities will be considered on a case-by-case basis and in cooperation with experienced operators.

South Africa

- A slow down in global economic activity has hampered initiatives for new development. However, the business is underpinned by a good quality pipeline and the Property Investments business which provides annuity income.
- Notwithstanding the negative outlook for property in the short-term, prospects remain positive with numerous projects underway and opportunities to convert and refurbish existing holdings.
- The ability to fund new grassroots developments is extremely expensive with anticipated yields hindering progress.
- The global property products under development are expected to provide a broader range of investment products for local investors, e.g. UK Special Opportunities Property Fund and investing into UK REITs.
- Total funds under management are R846 million (2008: R1 176 million).

Australia

- The Investec Property Opportunity Fund has largely invested its equity. The fund is performing in line with its targeted return.
- The business is positioning itself for further fund raising opportunities in the second half of this year to take advantage of a stressed market.
- Total funds under management are AUD252 million (2008: AUD252 million).

Outlook, risks and opportunities

UK and Europe

- The ability to raise capital for the newly established UK fund is difficult in the current market due to the lack of liquidity. There will be opportunities as the financial crisis unwinds. The repricing of the UK property market has resulted in the business being able to source potentially attractive real estate for the Investec GLL Global Special Opportunities Real Estate Fund. The distressed UK REIT market and its recent aggressive repricing is also providing potential investment for Investec direct and third party investment.

South Africa

- Property, like all the other sectors in the economy, is susceptible to weakness when the economy experiences a slow down as the underlying tenants become vulnerable to the vagaries of the economy.
- New developments have been hampered as there has been a reduction in tenant demand, and many current opportunities are not able to achieve the required rental levels that would give an acceptable return. Current sellers of vacant land have not adjusted their pricing to reflect the current downturn in the market.
- Opportunities to enhance value to existing portfolios remain positive.
- The volatility in global markets has resulted in a sharp sell-off in South African property equities. Markets are expected to start reflecting value which creates opportunities on the back of weakening prices.

Australia

- The Australia REIT mangers are raising equity to replace debt that cannot be refinanced.
- The high cost of debt to the property markets suggest further asset devaluation in the short-term
- Given current market conditions and the age of the fund, the focus is on the growth and development of the assets under management.
- We will continue to look for acquisition opportunities in the current market.

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
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 2009	31 March 2008	Variance	% change
International Trade Finance	7 215	7 258	(43)	(0.6%)
Central Funding	90 721	80 223	10 498	13.1%
Central Services	(66 142)	(73 389)	7 247	(9.9%)
Operating profit before goodwill, non-operating items, taxation and after minorities	31 794	14 092	17 702	>100.0%

31 March 2009 £'000	UK and Europe	Southern Africa	Australia	Total group
International Trade Finance	3 026	4 189	-	7 215
Central Funding	12 514	73 353	4 854	90 721
Central Services	(33 856)	(30 147)	(2 139)	(66 142)
Operating profit before goodwill, non-operating items, taxation and after minorities	(18 316)	47 395	2 715	31 794

31 March 2008 £'000	UK and Europe	Southern Africa	Australia	Total group
International Trade Finance	3 229	4 029	-	7 258
Central Funding	(3 295)	72 241	11 277	80 223
Central Services	(34 139)	(29 658)	(9 592)	(73 389)
Operating profit before goodwill, non-operating items, taxation and after minorities	(34 205)	46 612	1 685	14 092

Developments

International Trade Finance

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

Central Services

- 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 £64.1 million (2008: £73.4 million). However, a portion thereof (£53.2 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 lower than the prior year mainly due to a decrease in variable remuneration in line with reduced profitability.

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.

Group Services and Other Activities

£'000	31 March 2009	31 March 2008	Variance	% change
Net interest income (excluding interest on sub debt and debentures)	199 733	158 555	41 178	26.0%
Principal transactions	14 301	17 777	(3 476)	(19.6%)
Other income	(2 943)	8 477	(11 420)	(>100.0%)
	211 091	184 809	26 282	14.2%
Interest paid on sub-debt and debentures	(83 749)	(74 516)	(9 233)	12.4%
Impairment losses on loans and advances	(4 197)	382	(4 579)	(>100.0%)
Admin expenses and depreciation	(6 381)	(6 831)	450	(6.6%)
Operating profit before goodwill, non-operating items and taxation	116 764	103 844	12 920	12.4%
Earnings attributable to minority interests	(26 043)	(23 621)	(2 422)	10.3%
Operating profit before goodwill, non-operating items, taxation and after minorities	90 721	80 223	10 498	13.1%

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

- Net interest income was impacted by:
  - Increased cash holdings.
  - A profit of £25.8 million (2008: profit of £23.4 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 losses/earnings attributable to minorities.
- The increase in interest paid on sub-debt is as a result of new debt being issued in South Africa in December 2007, February 2008 and April 2008.
- The decline in principal transaction income reflects a lower return on certain of the assets in the South African portfolio. Furthermore, the division benefited from a number of realisations in the prior period.

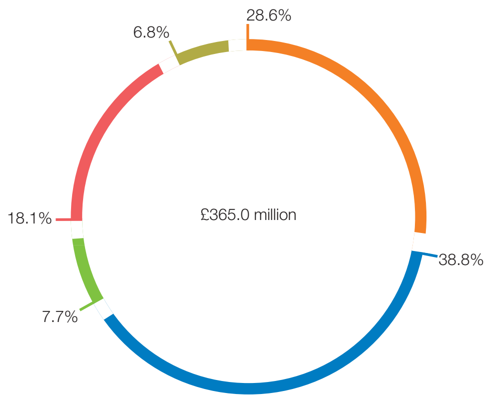
Segmental business analysis of operating profit before goodwill, non-operating items, taxation and after minorities

£'000	1st half 2009	2nd half 2009	Year to 31 March 2009	1st half 2008	2nd half 2008	Year to 31 March 2008	% change year on year
Private Client Activities							
Private Banking	63 226	17 237	80 463	85 694	80 700	166 394	(51.6%)
Private Client Portfolio Management and Stockbroking	13 128	10 974	24 102	14 367	12 975	27 342	(11.8%)
	76 354	28 211	104 565	100 061	93 675	193 736	(46.0%)
Capital Markets	72 130	69 244	141 374	42 699	72 932	115 631	22.3%
Investment Banking							
Corporate Finance	5 496	134	5 630	8 230	6 047	14 277	(60.6%)
Institutional Research, Sales and Trading	8 456	1 775	10 231	7 223	5 199	12 422	(17.6%)
Principal Investments	14 604	(2 299)	12 305	29 642	16 185	45 827	(73.1%)
	28 556	(390)	28 166	45 095	27 431	72 526	(61.2%)
Asset Management	33 684	32 502	66 186	36 203	40 208	76 411	(13.4%)
Property Activities	11 144	13 537	24 681	11 486	24 835	36 321	(32.0%)
Group Services and Other Activities							
International Trade Finance	3 589	3 626	7 215	3 132	4 126	7 258	(0.6%)
Central Funding	46 368	44 353	90 721	34 854	45 368	80 222	13.1%
Central Services Costs	(30 067)	(36 075)	(66 142)	(28 995)	(44 393)	(73 388)	(9.9%)
	19 890	11 904	31 794	8 991	5 101	14 092	74.4%
Total group	241 758	155 008	396 766	244 535	264 182	508 717	(24.1%)

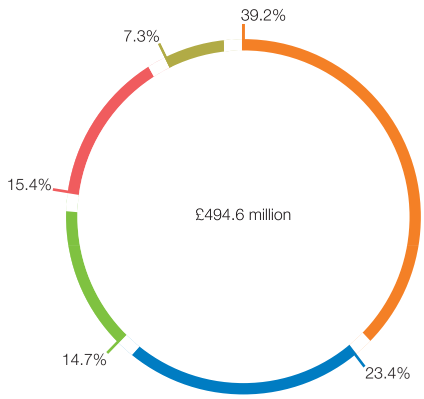
Segmental business analysis of operating profit before goodwill, non-operating items, taxation and after minorities

Operating profit before goodwill, non-operating items, taxation and after minorities by division (excluding Group Services and Other Activities)

31 March 2009



31 March 2008



Private Client Activities
Asset Management
Capital Markets
Property Activities
Investment Banking

Further segmental information is provided on pages 256 to 262.

Risk and governance 3

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 (pages 85 to 164) with further disclosures provided within the financial statements section (pages 241 to 319). 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, quantifying, managing and mitigating the risks associated with each of our businesses.

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

Group Risk Management (part of Group Services) is independent from the business units and monitors, manages and reports on our risk to ensure it is within the stated appetite 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 controlled 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
- To ensure the business operates within the board stated appetite
- 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
- Run appropriate risk committees, as mandated by the board.

Executive summary of the year in review from a risk perspective

As mentioned in the beginning of this report (refer to pages 2 to 6) Investec has maintained a sound balance sheet with low leverage and a diversified business model which has enabled it to navigate through the present challenging operating environment.

This has been supported by the following key operating fundamentals:
- Intimate involvement of senior management ensuring stringent management of risk, liquidity and capital.
- Strong risk and capital management culture; embedded into our day-to-day activities and values. We seek to achieve an appropriate balance between risk and reward in our business, taking cognisance of all stakeholders' interests.
- Reward programmes that align directors' and employees' interests with those of stakeholders, ensuring that these programmes promote effective risk management. Annual bonuses are closely linked to business performance, determined in the main by realised Economic Value Added profit performance against pre-determined targets above a risk and capital weighted return. This model has been consistently applied for in excess of ten years.
- Credit and counterparty exposures to a select target market; our risk appetite continues to favour lower risk, income-based lending, with credit risk taken over a short to medium term. Exposure is taken against defined target clients displaying a profile of good character, sound financial strength and integrity, a core competency and a sound track record in the activity funded. We have, however, experienced an increase in impairments and defaults as a result of weak economic conditions. The credit loss ratio has increased to 1.1% of core loans and advances, in line with our expectations.
- Limited exposure to rated and unrated structured credit investments; representing less than 2% of total assets.
- A low leverage ratio of approximately 12 times.
- A low level of net assets and liabilities exposed to the volatility of IFRS fair value accounting; with "level 3" assets amounting to 1% of total assets.
- Low equity (investment) risk exposure; within total investments comprising less than 3% of total assets.
- Modest proprietary market risk within our trading portfolio; value at risk and stress testing scenarios remain at prudent levels. Potential losses that could arise in our trading book portfolio stress tested under extreme market conditions (15 standard deviations) amount to less than 1% of total operating income.

- A high level of readily available, high quality liquid assets; average cash and near cash of approximately £5 billion, representing 20% to 30% of our liability base. We continue to maintain a low reliance on interbank wholesale funding to fund core lending asset growth.
- An increase in retail customer deposits and access to longer term funding initiatives.
- Healthy capital ratios; we have always held capital in excess of regulatory requirements and we intend to perpetuate this philosophy. We have strengthened our capital base and increased our net tangible asset value during the period.
- Geographical and operational diversity with a high level of recurring income which continues to support sustainability of operating profit, albeit at a lower level.

The global financial market crisis has resulted in increasing risk levels and has impacted the markets in which we operate on a number of fronts. Our overall risk management philosophies, practices and frameworks have remained largely unchanged, and have held us in good stead over the period. Detailed information on key developments during the financial year is provided in the sections that follow (refer to pages 97, 98, 122, 125 to 129, 132, 133, 136 to 143, 146 to 148 and 158 to 161).

Maintaining credit quality, moderating loan growth, strictly managing risk and liquidity and continuing to grow our capital base remain strategic imperatives for the year ahead.

An overview of key risks

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 91 to 120
• Liquidity risk may impair our ability to fund our operations	See pages 134 to 143
• Our net interest earnings and net asset value may be adversely affected by interest rate risk	See pages 130 to 134
• Market, business and general economic conditions and fluctuations could adversely affect our businesses in a number of ways	See pages 121 to 130
• 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 144 to 148
• Operational risk may disrupt our business or result in regulatory action	See pages 144 to 148
• We are exposed to non-traded currency risk, where fluctuations in exchange rates against Pounds Sterling, could have an impact on our financial results	See page 17
• We may be vulnerable to the failure of our systems and breaches of our security systems	See pages 144 to 148
• We may have insufficient capital in the future and may be unable to secure additional financing when it is required	See pages 150 to 154
• The financial services industry in which we operate is intensely competitive	See pages 8 to 10 and pages 17 and 88
• Legal and regulatory risks are substantial in our businesses	See page 149
• Reputational, strategic and business risk	See page 149
• We may be exposed to pension risk in our UK operations	See page 149

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 adversely affected by any of these risk factors.

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 170.

Committee	Function
Board Risk and Capital Committee (BRCC) Members: executive and non-executive directors (senior management by invitation) Chairman: Stephen Koseff (CEO) Frequency: six times a year	• See page 179
DLC Capital Committee Members: executive and non-executive directors and senior management Chairman: Stephen Koseff (CEO) Frequency: at least quarterly	• See page 181

Risk management

Committee	Function
Executive Risk Review Forum Members: executive directors and senior management Chairman: Stephen Koseff (CEO) Frequency: every Friday except on BRCC dates	• See page 180
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 senior management. Non-executive directors have a level of oversight which is exercised within the applicable committee Chairman: Glynn Burger (Group Risk and Finance director) Frequency: weekly	• 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 senior management. Non-executive directors have a level of oversight which is exercised within the applicable committee 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
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 Committee (UK) Members: Chief Risk Officer, Head of Operational Risk and senior management Chairman: Bharat Thakker Frequency: quarterly	• Promotes sound operational risk management practices • Considers and recommends the enhancement of operational risk management practices and techniques • Considers key operational risk reports
Operational Risk Working Group (South Africa and UK) Members: Head of Operational Risk, members of operational risk management team and divisional operational risk managers (embedded risk managers) Frequency: monthly	• In the UK matters are reported to the Operational Risk Committee for escalation to BRCC. In South Africa the Operational Risk Working Group is responsible for escalating matters to BRCC

Risk management

Committee	Function
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 page 176 • 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

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 2009 period end	31 March 2008 period end	Average over the period
Market indicators			
FTSE all share	1 984	2 927	2 486
JSE all share	20 364	29 588	24 734
Australia all ords	3 532	5 410	4 491
S&P 500	798	1 323	1 090
Nikkei	8 110	12 526	10 866
Dow Jones	7 609	12 263	10 136
Exchange rates			
Rand/Pounds Sterling	13.58	16.17	14.83
Rand/Dollar	9.51	8.09	8.80
US Dollar/Euro	1.33	1.58	1.42
Euro/Pounds Sterling	1.08	1.25	1.21
Australian Dollar/Pounds Sterling	2.07	2.18	2.19
US Dollar/Pounds Sterling	1.43	1.99	1.73
Rates			
UK overnight	0.63%	5.55%	3.49%
UK 10 year	3.17%	4.34%	4.22%
UK Clearing Banks Base Rate	0.57%	5.25%	3.74%
LIBOR - 3 month	1.65%	6.01%	4.63%
SA R153 (2010)	6.88%	9.71%	9.18%
SA R157 (2015)	8.18%	9.22%	8.87%
Rand overnight	9.16%	10.60%	11.23%
SA prime overdraft rate	13.00%	14.50%	15.06%
JIBAR - 3 month	8.80%	11.38%	11.63%
Reserve Bank of Australia cash target rate	3.25%	7.25%	5.84%
US 10 year	2.67%	3.41%	3.41%
Commodities			
Gold	USD919/oz	USD917/oz	USD869/oz
Gas Oil Futures	USD420/mt	USD969/mt	USD812/mt
Platinum	USD1 129/oz	USD1 966/oz	USD1 371/oz
Macro-economic			
UK GDP (% change over the period)	(1.0%)	2.90%	n/c
UK per capita GDP (£)	23 496	22 712	
South Africa GDP (% real growth over the calendar year)	3.10%	5.10%	n/c
South Africa per capita GDP (real value) (R)	25 897	25 499	
Australia GDP (% change over the period)	1.6%	4.20%	n/c
Australia per capita GDP (AUD)	55 260	51 985	

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

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	Shirley Snoyman
Legal Risk	David Nurek	Richard Brearley	David Nurek	Stephen Chipkin
Internal Audit	Bradley Tapnack	Noel Sumner	Brigid Schrieder	Aik Leow
Compliance	Bradley Tapnack	Richard Brearley	Geoff Cook	Belinda Dorfan

Securitisation/principal finance activities and exposures

Developments within the international economy have impacted on securitisation/principal finance activities and have limited our strategic initiatives in this space. The information below sets out the initiatives we have focused on over the past few years, albeit that some of these business lines have been significantly curtailed given the current economic climate.

UK and Europe

The UK has developed a Principal Finance business over the last four years. 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.

We retain residual net exposures amounting to £516 million to the assets originated, warehoused and securitised by Kensington. Further information is provided on pages 52 and 53.

South Africa

In South Africa, our securitisation business, which forms part of our Structured Finance unit, was established approximately eight 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.

We have also assisted in the development of select securitisation platforms with external third party originating intermediaries. At present we have provided limited warehouse funding lines to these intermediaries.

Furthermore, we provide standby liquidity facilities to two conduits, namely the Grayston Conduit 1 (Pty) Ltd Series 1 and Series 2, and to the securitisation structure of the Growthpoint Note Issuer Company (Series 1 Tranche 1; Series 1 Tranche 2; Series 2; and Series 3). These facilities, which totalled R3.9 billion as at 31 March 2009, have not been drawn on and are thus reflected as off-balance sheet contingent exposures in terms of our credit analysis (refer to pages 90 and 91). The liquidity risk associated with these facilities is included in the stress testing for the group and is managed in accordance with our overall liquidity position.

In addition 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 R9.3 billion (2008: R9.2 billion) and include auto loans (R0.9 billion), residential mortgages (R6.9 billion) and commercial mortgages (R1.5 billion).These securitisation structures have all been rated by Moody's.

Australia

Investec Bank (Australia) Limited acquired Experien in 2007. As is the case in the South African Private Banking division assets originated by the business have been securitised. These amount to AUD914 million (2008: AUD756 million) and include leases and instalment debtors (AUD474 million), residential mortgages (AUD31 million), commercial mortgages (AUD246 million) and other loans, for example overdrafts (AUD163 million).These securitisation structures have all been rated by Standard and Poor's.

Accounting treatment Audited

Refer to pages 283 and 284

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.

Nature of exposure/activity	Exposure as at 31 March 2009 - £'mn	Exposure as at 31 March 2008 - £'mn	Credit analysis internal risk classification	Asset quality - relevant comments	Capital treatment
Structured credit investments	376	231	On-balance sheet securitisation/principal finance exposure	During the year we wrote off approximately £25 million against these exposures	Risk-weighted or supervisory deductions against primary and secondary capital
Rated	243	121			
Unrated	76	91			
Other	57	19			
Kensington - mortgage assets Net exposures (after impairments) to the securitised book (i.e. those assets that have been securitised)	103	101	On-balance sheet securitisation/principal finance exposure. Classified as 'unrated'. 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 pages 52 and 53	Risk-weighted or supervisory deductions against primary and secondary capital
Net exposures (after impairments) to the warehouse book (i.e. those assets that have been orginated and placed in special purpose vehicles awaiting securitisation)	413	128	On-balance sheet securitisation/principal finance exposure. Classified as 'other'. 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 pages 52 and 53	Risk-weighted
Direct funding warehouse facility (i.e. where we are the funding provider to the assets)	-	238			Risk-weighted
UK - residual investments in other assets which have been securitised by us (unrated)	29	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

Risk and governance

Nature of exposure/activity	Exposure as at 31 March 2009 - £'mn	Exposure as at 31 March 2008 - £'mn	Credit analysis internal risk classification	Asset quality - relevant comments	Capital treatment
South Africa - warehouse lines provided to, and investment in third party intermediary originating platforms (mortgage and auto loans)	78	28	On-balance sheet securitisation/principal finance exposure	During the year we created a specific impairment of £2.5 million largely against the net investments within these platforms	Risk-weighted depending on rating of counterparty
Private Banking division assets	1 128	914	On-balance sheet exposure - reclassified from "accounting securitsed assets" to core loans and advances for credit analysis purposes	Analysed as part of the group's overall asset quality on core loans and advances as reflected on page 106	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	292	299	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 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 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; and
- 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 geopolitical 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 centralised credit committees have a majority of voting members who are independent of the originating business unit. All decisions to enter into a transaction are based on unanimous consent.

In addition to the Group Credit Committee, the following processes 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 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.

Whilst we do not have a separate country risk committee, the Global Credit Committees will consider, analyse, and assess the appropriate limits to be recorded when required, to extend the loans to foreign jurisdictions. 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 to page 120 for further information).

We typically originate loans with the intent of holding these assets to maturity, and thereby developing a "hands on" and longstanding relationship with our clients. In certain instances we have elected to sell certain assets down and/or securitised them (refer to page 89 for further information).

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, capital usage and liquidity. 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.

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.

Investec completes scenario tests on its loan portfolio with regards to the capital held. These tests stress the existing portfolio to allow the bank to identify underlying risks and manage them accordingly. These stresses include (but are not limited to) residential and commercial property prices, foreign exchange rates, default rates, impairments and capital usage. The credit/risk stress tests also play an integral part in the banks capital planning process.

A large proportion of the portfolio 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.

The internal rating models used are specific to each portfolio. The internal ratings are used as an input into the credit decision and as a means of assessing the risk of rated portfolios. Ongoing development of internal rating models has yielded good results in Project Finance, Private Bank Property, Corporate and Bank and Financial Institutions areas of operation. We remain focused on developing our models in the light of our idiosyncratic risk profile and against extreme downturn events.

Fitch, Standard and Poor's 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 & Poor's being used as support where a Fitch rating is not available.
- In relation to sovereigns, corporates and small to medium enterprises, both Standard & Poor's 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 Banking

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 and secondary funding for property transactions covering the residential and commercial markets. Our exposure to the property market is well diversified. Our properties are well located residential or good quality commercial assets with recognised tenant covenant, there are also some exposures linked to asset performance. 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. Debt service cover ratios are core to the lending process supported by reasonable loan to security values. These average at approximately 80% taking into account recent market falls. All facilities are reviewed at least annually and property values are monitored by reference to reports from our appointed panel valuation firms. Committees review and monitor our mezzanine funding exposure on a quarterly basis.

Growth and Acquisition Finance provides composite debt funding to proven management teams, running UK based mid-market companies. Transaction sizes typically range between £8 million and £20 million. Credit risk is assessed against debt service coverage from the robustness of the cash generation for the business both historically and against forecasts.

Higher risk exposures arising out of the transactions mentioned above is approximately £200 million, against a total portfolio of £3.6 billion.

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.

Specialised Lending provides bespoke credit facilities to high net worth individuals and financially sophisticated clients. We also provide funding secured on contracted cash flows, including media rights and sponsorship transactions where certainty of serviceability, client quality and expertise are key.

Private Client Lending provides bespoke mortgages and secured lending to high net worth and high income individuals. Credit risk is assessed against prudent 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 some exposure to prime residential areas in Europe. All facilities are reviewed at least annually and property values are monitored by our appointed panel valuation firms. The total bespoke mortgage portfolio at 31 March 2009 was £224 million.

Risk management

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 market counterparties are highly rated with credit risk of a systemic nature in the UK, Europe and US.

Our trading portfolio consists of positions in interest rates, foreign exchange, equities, with some non precious metal positions. Credit risk arises from normal trading risks. 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 minimise 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 cash flow and security. 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 approximately £20 million per entity, giving portfolio diversity.
- Principal Finance: securitisation of our assets, predominantly residential and commercial mortgages. There is modest investment and trading in structured credit investments (see page 89 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 on an approved basis and makes markets in shares where we are appointed corporate broker under pre agreed market risk limits.

Settlement trades are all on a delivery versus payment basis, through major stock 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 (Reichmans Capital) 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.

A large portion of the lending portfolio is supported by residential and commercial property collateral. Exposure to commercial and retail properties was originally approved at conservative loan to value ratios. Income producing assets are generally substantially let with good quality anchor tenants. Collateral exposure to the South African property market is regionally diversified (primarily 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.

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. The global financial crisis impacted negatively on defaults and impairments across the residential and commercial property portfolios in the fourth quarter of 2008 and first quarter of 2009. These defaults are mainly made up of a relatively small number of clients. Further information is provided on pages 118 and 119.

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. Politcal risk insurance is taken to ensure political risks are well managed. There is also strong adherence to prudent country risk limits to manage concentration risk on an ongoing basis. 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.

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.

Reichmans Capital

Reichmans Capital 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. This is in accordance with established group guidelines and in conjunction with the Watchlist Committee policy and process. In the financial statements, credit losses and impairments are reported in accordance with International Financial Reporting Standards (IFRS).

The information provided below reflects the guidelines and definitions that have been applied in assessing the asset quality of credit exposures (see page 106). 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 assets with credit risk 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.

Regulatory and economic capital classification	IFRS impairment treatment	Arrears, default and recoveries classification category	Description
Performing assets	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.	Past due	An account is considered to be past due when it is greater than zero and less than or equal to 60 days past due the contractual/credit agreed payment due date, although management is not concerned and there is confidence in the counterparty's ability to repay the past due obligations.
		Special mention	The counterparty is placed in special mention when that counterparty is considered to be experiencing difficulties that may threaten the counterparty's ability to fulfil their credit obligation to the group (i.e. Credit Committee is concerned). For the following reasons: • 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; or • Any re-structured credit exposures until appropriate Credit Committee decides otherwise. Ultimate loss is not expected, but may occur if adverse conditions persist. Supplementary reporting categories • Credit exposures overdue 1 - 60 days • Credit exposures overdue 61 - 90 days
Assets in default	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: • 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	Sub-standard	The counterparty is placed in sub-standard when the 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; or • 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)
		Doubtful	• The counterparty is placed in doubtful when the 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
		Loss	• A counterparty is placed in the loss category when the credit exposure is considered to be uncollectible once all efforts, such as realisation of collateral and institution of legal proceedings, have been exhausted; or • Assets in this category are expected to be written off in the short-term since the likelihood of future economic benefits resulting from such assets is remote.

Credit risk mitigation Audited

Collateral is 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 appropriately valued.

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 often underpinned by strong third party leases. Residential property is also generally of a high quality and based in desirable locations. In the year 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 commercial 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. Residential properties valued by a combination of Computer Aided Valuation (CAV) and approved valuers, if applicable. Other common forms of collateral in the retail asset class are motor vehicles, cash 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.

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 should be 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 120.

Credit and counterparty risk year in review

UK and Europe

The year in review has seen large market volatilities caused by the global financial market crisis and the subsequent economic downturn. Through prudent risk management, exposures to large well published, distressed, bankrupted and failed counterparties have been avoided or losses substantially minimised.

The worsening economy has made it more difficult to re-finance or sell assets due to reduced liquidity and vastly lower asset prices in the market for all asset classes, in particular property, equities and commodities. Many traditional purchasers of assets either have not been able to raise funding to acquire new assets, or believe that assets will continue to cheapen and are cautious in their approach to new acquisitions. The slowdown has affected most asset classes and we have seen both property and corporate lending being negatively impacted particularly from diminishing asset values.

Core loans and advances increased by 13.1% to £6.0 billion, primarily as a result of currency fluctuations rather than increased lending activity. Approximately 20% of the book is denominated in Euro which has strengthened against Pounds Sterling in the year under review.

Default loans (net of impairments) have increased from 2.3% to 3.6% of core loans and advances, but remain within tolerable levels. The credit loss ratio has increased from 0.5% to 1.6%. All accounts are proactively managed and customers have demonstrated ability to service loans where assets have not been sold. The relatively low interest rate environment has enabled clients to bear the fairly low interest burden attached to their debt for longer periods. Holding assets for longer periods has thus allowed customers to avoid forced sale scenarios which may have exacerbated already depressed asset values. The performance of all accounts is regularly reviewed by the independent credit function and impairments taken as necessary. As a risk management strategy, prudent account management is formulised over asset growth.

Within our Capital Markets division we have experienced increased defaults in our Acquisition Finance, Resource Finance and small ticket leasing businesses.
- Acquisition Finance: counterparties in the automotive, construction and leisure sectors in particular have experienced severe cash flow pressures. Our exposures are all senior secured facilities. We expect further difficulties to be experienced in this book as consumer facing counterparties' cash flows weaken.

- Resource Finance: junior- to mid-cap mining operators have suffered from the collapse in commodity prices and the drying up of equity finance. We are in active negotiations regarding the refinancing of several of our larger facilities. We expect to receive repayment on a significant proportion of our book over the next few months.

Activity in the Private Banking business diminished significantly in the second half of the financial year. The business unit members as well as members of the Group Risk division have proactively assessed the entire loan book to ascertain where the bank may be exposed to increased risk. Where customers have experienced financial difficulty we have worked with them to arrive at an optimal solution including change of use for certain property related transactions and extensions of time for properties that are servicing their debt obligations. Where private clients have supported a transaction by way of personal guarantees, and the original exit was through the sale of assets and such sale would severely diminish the profitability of a project, we may agree an extension of term to achieve an orderly exit.

The Kensington mortgage book continues to perform within expectations taking into account the economic landscape.

The Group Risk division will continue to work closely with the business units over the course of the next financial year to manage the risks in the lending portfolios. The focus will be on active book management whilst scanning the market for opportunities that present themselves.

Southern Africa

The past financial year has seen a number of trends and factors impacting on the credit quality and assessment of credit and counterparty risk:

- The global financial crisis had a negative impact on the domestic economic cycle, especially in the fourth quarter of 2008 and first quarter of 2009.
- Liquidity constraints and general tightening in liquidity across the industry.
- Conservative lending approach from the banking sector and the effects of repricing.
- A high interest rate environment with consumers reducing discretionary spending.
- High inflation numbers which delayed the central bank in reducing the repurchase rate.
- High levels of rand volatility against major trading currencies (Euro, US Dollar and Pounds Sterling).
- Market volatility with the main exchange (JSE) reflecting a reduction of 31.1% on a year on year basis.
- Collapse in commodity prices and continued volatility.
- Low or negative growth in the residential and commercial property markets.

The South African property market has been under pressure for the year in review. We are conscious of the effect of the slowdown of growth in the property market (both global and local) and the slowing economic cycle that have put pressure on our property portfolios. The high net worth and/or stable income streams of our target market clients provides a level of protection from decreases in property values. Over the past few years as property values increased, many clients built an effective equity buffer, resulting in lower average loan to value ratios which have reduced potential losses on depreciation of values.

As at 31 March 2009 the average loan to value ratio within the property development portfolio stood at 52% based on net sell out values.

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 rate products 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).

Loans and advances secured by share portfolios (including BEE transactions) are monitored frequently due to market volatility. Most of these counterparties remain within credit approved loan to value or cover ratios and are performing on current debt obligations.

For assets written during the current year there has been strict adherence to lower loan to value lending and increased pricing requirements.

Credit quality on gross core loans and advances deteriorated throughout the year under review (notably from September 2008), with the majority of impairments raised in the Private Bank division, distributed between the residential and commercial property portfolios which are made up of a relatively small number of clients.

Investec Capital Markets reported 3 material defaults in Specialised Finance and Resource Finance respectively, which were impaired accordingly. Investec Bank (Mauritius) reported 1 material default as at year end.

Core loans and advances portfolio increased by 16.3% to R120.4 billion. The quality of the overall loans and advances portfolio in Southern Africa deteriorated as a result of the global financial crisis with default loans (net of impairments) as a percentage of core loans and advances increasing from 0.7% to 2.2%. The credit loss ratio has increased from 0.5% to 0.7% Due to the deteriorating asset quality a lot of emphasis has been placed on the strengthening of recoveries and administrative areas and increased involvement from executive and senior management to deal with potential problematic loans and working on the best outcome/solution for our clients and ourselves.

Australia

During the year core loans and advances to customers increased by 13.2% to AUD2.9 billion, predominantly through selective growth within the professional finance business unit; which provides finance to targeted members of the medical and accounting professions.

There has been deterioration in credit quality throughout the year under review. Defaults (net of impairments) have risen to 9.6% of core loans and advances and the credit loss ratio has increased from 0.7% to 1.7%. A continued focus on asset quality remains fundamental to our approach to the challenging credit environment.

Credit and counterparty risk information

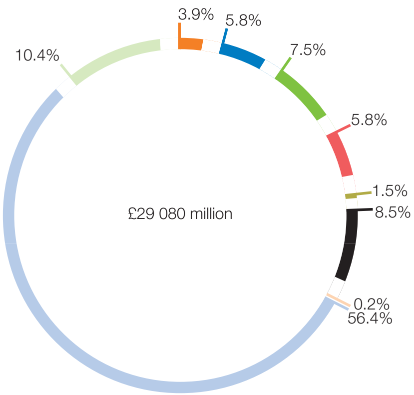
Pages 91 to 99 describe where and how credit and counterparty risk is exists in our operations. The tables that follow provide an analysis of our credit and counterparty exposures.

An analysis of gross credit and counterparty exposures

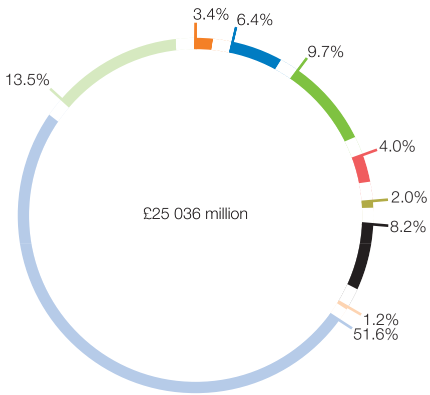
£'000 Audited	31 March 2009	31 March 2008	% change	Average*
On-balance sheet exposures	26 044 284	21 661 399	20.2%	23 852 844
Securitisation exposures arising from securitisation/principal finance activities	1 132 465	861 766	31.4%	997 117
Rated instruments	243 344	121 127	>100.0%	182 236
Unrated instruments	274 150	291 665	(6.0%)	282 908
Other	614 971	448 974	37.0%	531 973
Debt instruments (NCDs, bonds held, debentures)	1 702 216	1 594 676	6.7%	1 648 446
Bank placements	2 185 643	2 438 631	(10.4%)	2 312 137
Sovereign, government placements	1 687 885	1 002 781	68.3%	1 345 333
Call facilities (non-bank entities)	423 923	493 257	(14.1%)	458 590
Trading exposures (positive fair value excluding potential future exposures)	2 473 241	2 056 412	20.3%	2 264 827
Other credit exposures	45 708	306 109	(85.1%)	175 909
Gross core loans and advances to customers**	16 393 203	12 907 767	27.0%	14 650 485
Off-balance sheet exposures	3 035 446	3 374 450	(10.0%)	3 204 948
Guarantees	570 368	435 098	31.1%	502 733
Contingent liabilities, committed facilities, other	2 465 078	2 939 352	(16.1%)	2 702 215
Total gross credit and counterparty exposures pre collateral or other credit enhancements	29 079 730	25 035 849	16.2%	27 057 792

* Where the average is based on a straight line average
** As calculated on page 106

31 March 2009



31 March 2008



Securitisation 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 2009					
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	-	-	-	-	-
Trading securities	46 861	336	41 964	4 561	686 893
Derivative financial instruments	31 733	-	-	31 733	-
Investment securities	538	-	538	-	954 422
Loans and advances to customers	280 639	141 352	44 830	94 457	-
Loans and advances to customers - Kensington warehouse assets	474 302	-	-	474 302	-
Securitised assets	293 634	101 656	186 818	5 160	-
Deferred taxation assets	-	-	-	-	-
Other assets	4 758	-	-	4 758	60 901
Interests in associated undertakings	-	-	-	-	-
Property and equipment	-	-	-	-	-
Investment property	-	-	-	-	-
Goodwill	-	-	-	-	-
Intangible assets	-	-	-	-	-
Insurance assets	-	-	-	-	-
Total	1 132 465	243 344	274 150	614 971	1 702 216
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

Notes:

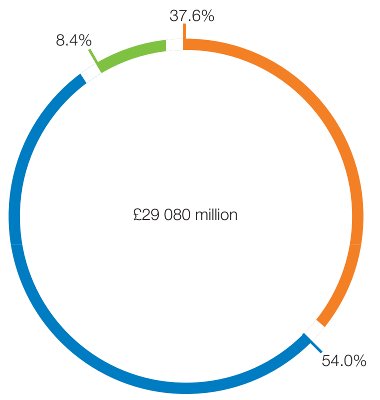
1. Largely relates to exposures that are classified as equity risk in the banking book. Further information is provided on pages 121 to 123.
2. Largely relates to impairments and the impact of hedge accounting.
3. Whilst the group manages all risks (including credit risk) from a day to day operational perspective, these assets are within special purpose vehicles that ring fence the assets to specific credit providers and limits security to the assets in the vehicle. The table above reflects the net credit exposure in the vehicles that the group has reflected in the "total credit and counterparty exposure" with the maximum credit exposure referenced to credit providers external to the group in the column headed "assets that we do not hold legal credit risk or have no credit risk".
4. Largely relates to net investments in Kensington securitised vehicles to which Investec has no direct exposure as discussed on pages 52 and 53. Also includes liquidity facilities provided to third party corporate securitisation vehicles in South Africa. These facilities have remained undrawn and are reflected as a contingent liability, i.e. off-balance sheet exposure of the bank.

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	Total credit and counterparty exposure	Assets that we deem to have no legal credit exposure	Note reference	Total balance sheet
2 582	1 101 552	-	935	-	-	1 105 069	20		1 105 089
1 983 044	-	-	34 944	101	-	2 018 089	-		2 018 089
-	-	379 978	12 918	3 277	-	396 173	-		396 173
144 129	-	43 945	381 696	-	-	569 770	-		569 770
-	540 238	-	498 329	-	-	1 772 321	541 524	1	2 313 845
-	-	-	1 257 912	7 758	-	1 297 403	285 505	1	1 582 908
-	46 095	-	-	16	-	1 001 071	62 498		1 063 569
-	-	-	-	-	15 264 870	15 545 509	(154 990)	2	15 390 519
-	-	-	-	-	-	474 302	1 423 576	3	1 897 878
-	-	-	-	-	1 128 333	1 421 967	4 206 380	4	5 628 347
-	-	-	-	-	-	-	136 757		136 757
55 888	-	-	286 507	34 556	-	442 610	451 452		894 062
-	-	-	-	-	-	-	93 494		93 494
-	-	-	-	-	-	-	174 532		174 532
-	-	-	-	-	-	-	189 156		189 156
-	-	-	-	-	-	-	255 972		255 972
-	-	-	-	-	-	-	34 402		34 402
-	-	-	-	-	-	-	3 360 106		3 360 106
2 185 643	1 687 885	423 923	2 473 241	45 708	16 393 203	26 044 284	11 060 384		37 104 668
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	627 072		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

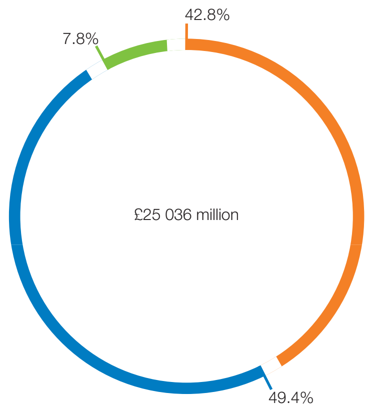
An analysis of gross credit and counterparty exposures by geography

£'000 Audited	UK and Europe 31 March 2009	UK and Europe 31 March 2008	Southern Africa 31 March 2009	Southern Africa 31 March 2008	Australia 31 March 2009	Australia 31 March 2008	Total 31 March 2009	Total 31 March 2008
On-balance sheet exposures	10 458 448	9 775 140	13 296 566	10 195 495	2 289 270	1 690 764	26 044 284	21 661 399
Securitisation exposures arising from securitisation/principal finance activities	1 001 191	821 378	131 274	40 388	-	-	1 132 465	861 766
Rated instruments	243 344	121 127	-		-	-	243 344	121 127
Unrated instruments	226 703	278 988	47 447	12 677	-	-	274 150	291 665
Other	531 144	421 263	83 827	27 711	-	-	614 971	448 974
Debt instruments (NCDs, bonds held, debentures)	289 838	762 531	779 242	530 954	633 136	301 191	1 702 216	1 594 676
Bank placements	1 044 213	909 837	1 008 501	1 384 861	132 929	143 933	2 185 643	2 438 631
Sovereign, government placements	916 748	616 122	771 137	386 659	-	-	1 687 885	1 002 781
Call facilities (non-bank entities)	-	-	423 923	493 257	-	-	423 923	493 257
Trading exposures (positive fair value excluding potential future exposures)	1 155 297	1 100 903	1 218 544	891 505	99 400	64 004	2 473 241	2 056 412
Other credit exposures	12 575	268 656	33 133	37 453	-	-	45 708	306 109
Gross core loans and advances to customers	6 038 586	5 295 713	8 930 812	6 430 418	1 423 805	1 181 636	16 393 203	12 907 767
Off-balance sheet exposures	486 136	948 139	2 400 469	2 166 703	148 841	259 608	3 035 446	3 374 450
Guarantees	32 909	50 256	508 118	338 098	29 341	46 744	570 368	435 098
Contingent liabilities, committed facilities, other	453 227	897 883	1 892 351	1 828 605	119 500	212 864	2 465 078	2 939 352
Total gross credit and counterparty exposures pre collateral or other credit enhancements	10 944 584	10 723 279	15 697 035	12 362 198	2 438 111	1 950 372	29 079 730	25 035 849

31 March 2009



31 March 2008



UK and Europe
Southern Africa
Australia

Risk and governance

Summary analysis of gross credit and counterparty exposures by industry

£'000	Gross core loans and advances		Other credit and counterparty exposures		Total	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008	31 March 2009	31 March 2008
HNW and professional individuals	11 166 476	7 947 927	2 350 916	2 453 598	13 517 392	10 401 525
Agriculture	71 116	98 121	4 007	18 913	75 123	117 034
Electricity, gas and water (utility services)	165 475	125 913	50 234	13 047	215 709	138 960
Public and non-business services	269 928	275 884	1 695 168	1 040 223	1 965 096	1 316 107
Business services	216 286	378 634	57 518	120 379	273 804	499 013
Finance and insurance	1 161 634	760 998	6 877 722	6 485 153	8 039 356	7 246 151
Retailers and wholesalers	344 903	315 103	178 976	126 272	523 879	441 375
Manufacturing and commerce	649 240	620 943	293 109	288 177	942 349	909 120
Real estate	1 074 856	1 402 469	807 191	951 869	1 882 047	2 354 338
Mining and resources	250 383	181 382	200 908	217 852	451 291	399 234
Leisure, entertainment and tourism	334 444	305 983	18 755	24 485	353 199	330 468
Transport and communication	688 462	494 410	70 068	158 223	758 530	652 633
Other*	-	-	81 955	229 891	81 955	229 891
Total	16 393 203	12 907 767	12 686 527	12 128 082	29 079 730	25 035 849

* Only includes securitised exposures where the industry is not clearly defined

Detailed analysis 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 services	Finance and insurance
As at 31 March 2009						
On-balance sheet exposures	**11 191 566**	**75 123**	**194 043**	**1 958 081**	**257 100**	**7 694 163**
Securitisation exposures arising from securitisation/principal finance activities	-	-	-	-	-	300 667
Rated instruments	-	-	-	-	-	122 966
Unrated instruments	-	-	-	-	-	86 585
Other	-	-	-	-	-	91 116
Debt instruments (NCDs, bonds held, debentures)	-	-	4 413	-	-	1 678 876
Bank placements	-	-	-	-	-	2 185 643
Sovereign, government placements	-	-	-	1 687 885	-	-
Call facilities (non-bank entities)	-	3 725	18 230	-	27 171	95 729
Trading exposures (positive fair value excluding potential future exposures)	15 780	274	5 895	186	13 555	2 258 435
Other credit exposures	9 310	8	30	82	88	13 179
Gross core loans and advances to customers	*11 166 476	71 116	165 475	269 928	216 286	1 161 634
Off-balance sheet exposures	**2 325 826**	**-**	**21 666**	**7 015**	**16 704**	**345 193**
Guarantees	466 475	-	43	19	7 855	15 212
Contingent liabilities, committed facilities and other	1 859 351	-	21 623	6 996	8 849	329 981
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**13 517 392**	**75 123**	**215 709**	**1 965 096**	**273 804**	**8 039 356**
As at 31 March 2008						
On-balance sheet exposures	**8 220 078**	**116 206**	**133 532**	**1 291 898**	**475 772**	**6 707 468**
Securitisation exposures arising from securitisation/principal finance activities	-	-	-	-	-	27 710
Rated instruments	-	-	-	-	-	-
Unrated instruments	-	-	-	-	-	-
Other	-	-	-	-	-	27 710
Debt instruments (NCDs, bonds held, debentures)	-	-	2 639	3 278	-	1 582 919
Bank placements	-	-	-	-	-	2 438 631
Sovereign, government placements	-	-	-	1 002 781	-	-
Call facilities (non-bank entities)	-	17 437	3 818	941	72 682	92 697
Trading exposures (positive fair value excluding potential future exposures)	28 486	648	1 162	8 794	1 428	1 795 958
Other credit exposures	243 665	-	-	220	23 028	8 555
Gross core loans and advances to customers	7 947 927	98 121	125 913	275 884	378 634	760 998
Off-balance sheet exposures	**2 181 447**	**828**	**5 428**	**24 209**	**23 241**	**538 683**
Guarantees	285 865	83	3 551	5 319	259	52 251
Contingent liabilities, committed facilities and other	1 895 582	745	1 877	18 890	22 982	486 432
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**10 401 525**	**117 034**	**138 960**	**1 316 107**	**499 013**	**7 246 151**

* A further analysis of our private banking loan book is provided on page 42

** Largely relating to our principal finance/securisation activities

Retailers and wholesalers	Manu-facturing and commerce	Real estate	Mining and resources	Leisure, entertainment and tourism	Transport and com-munication	Other**	Total
484 081	792 713	1 852 816	397 242	334 731	730 670	81 955	26 044 284
9 270	-	740 573	-	-	-	81 955	1 132 465
-	-	57 438	-	-	-	62 940	243 344
4 110	-	182 708	-	-	-	747	274 150
5 160	-	500 427	-	-	-	18 268	614 971
5 157	-	-	11 722	-	2 048	-	1 702 216
-	-	-	-	-	-	-	2 185 643
-	-	-	-	-	-	-	1 687 885
115 122	117 371	-	20 093	-	26 482	-	423 923
6 744	13 512	36 576	109 002	85	13 197	-	2 473 241
2 885	12 590	811	6 042	202	481	-	45 708
344 903	649 240	1 074 856	250 383	334 444	688 462	-	16 393 203
39 798	149 636	29 231	54 049	18 468	27 860	-	3 035 446
15 044	38 177	4 709	18 791	16	4 027	-	570 368
24 754	111 459	24 522	35 258	18 452	23 833	-	2 465 078
523 879	942 349	1 882 047	451 291	353 199	758 530	81 955	29 079 730
415 606	790 442	2 051 411	349 012	305 996	574 087	229 891	21 661 399
-	-	616 222	-	-	-	217 834	861 766
-	-	-	-	-	-	121 127	121 127
-	-	200 482	-	-	-	91 183	291 665
-	-	415 740	-	-	-	5 524	448 974
-	-	217	-	-	-	5 623	1 594 676
-	-	-	-	-	-	-	2 438 631
-	-	-	-	-	-	-	1 002 781
89 173	151 787	1 564	2 526	-	60 632	-	493 257
10 935	14 207	23 168	165 104	13	75	6 434	2 056 412
395	3 505	7 771	-	-	18 970	-	306 109
315 103	620 943	1 402 469	181 382	305 983	494 410	-	12 907 767
	-						
25 769	118 678	302 927	50 222	24 472	78 546	-	3 374 450
5 291	30 655	34 238	17 586	-	-	-	435 098
20 478	88 023	268 689	32 636	24 472	78 546	-	2 939 352
441 375	909 120	2 354 338	399 234	330 468	652 633	229 891	25 035 849

Asset quality and impairments

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 combined 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 page 89.

£'000 Audited	31 March 2009	31 March 2008
Loans (pre-impairments) as per balance sheet	15 563 109	12 021 953
Less: warehouse facilities and warehouse assets arising out of our securitisation and principal finance activities (pre-impairments)	(298 239)	(28 000)
Add: own-originated securitised assets	1 128 333	913 814
Gross core loans and advances to customers (pre impairments)	16 393 203	12 907 767

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 2009	31 March 2008
Gross core loans and advances to customers	16 393 203	12 907 767
Total impairments	(166 660)	(54 011)
Portfolio impairments	(9 696)	(6 695)
Specific impairments	(156 964)	(47 316)
Net core loans and advances to customers	16 226 543	12 853 756
Average core loans and advances to customers	14 650 485	11 521 052
Current loans and advances to customers	15 015 290	12 182 609
Total gross non-current loans and advances to customers	1 377 913	725 158
Past due loans and advances to customers (1-60 days)	598 630	400 764
Special mention loans and advances to customers	79 662	103 978
Default loans and advances to customers	699 621	220 416
Gross core loans and advances to customers	16 393 203	12 907 767
Total gross non-current core loans and advances to customers	1 377 913	725 158
Default loans that are current and not impaired	12 624	-
Gross core loans and advances to customers that are past due but not impaired	929 865	567 802
Gross core loans and advances to customers that are impaired	435 424	157 356
Total income statement charge for impairments against core loans	(162 927)	(58 785)
Gross default loans and advances to customers	699 621	220 416
Specific impairments	(156 964)	(47 316)
Defaults net of specific impairments	542 657	173 100
Collateral and other credit enhancements	649 219	210 217
Net default loans and advances to customers (limited to zero)	-	-
Ratios:		
Specific impairments as a % of gross core loans and advances to customers	0.96%	0.37%
Portfolio impairments as a % of gross core loans and advances to customers	0.06%	0.05%
Total impairments as a % of gross core loans and advances to customers	1.02%	0.42%
Specific impairments as a % of gross default loans	22.44%	21.47%
Gross defaults as a % of gross core loans and advances to customers	4.27%	1.71%
Defaults (net of impairments) as a % of net core loans and advances to customers	3.34%	1.35%
Net defaults as a % of gross core loans and advances to customers	-	-
Credit loss ratio (i.e. income statement charge as a % of average gross core loans and advances)	1.11%	0.51%

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

£'000 Audited	31 March 2009	31 March 2008
Default loans that are current	95 523	-
1 - 60 days	658 046	465 095
61 - 90 days	90 352	72 977
91 - 180 days	284 058	167 898
181 - 365 days	148 275	8 221
>365 days	101 659	10 967
Total gross non-current loans and advances to customers (actual capital exposure)	1 377 913	725 158
1 - 60 days	35 929	27 913
61 - 90 days	14 691	4 309
91 - 180 days	53 092	25 641
181 - 365 days	65 763	3 268
>365 days	61 247	7 890
Total gross non-current loans and advances to customers (actual amount in arrears)	230 722	69 021

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

£'000 Audited	Current watchlist loans	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	>365 days	Total
As at 31 March 2009							
Default loans that are current and not impaired							
Total capital exposure	12 624	-	-	-	-	-	12 624
Amount in arrears	-	-	-	-	-	-	-
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	-	614 629	64 001	98 105	97 255	55 875	929 865
Amount in arrears	-	21 752	8 136	15 519	38 129	23 959	107 495
Gross core loans and advances to customers that are impaired							
Total capital exposure	82 899	43 417	26 351	185 953	51 020	45 784	435 424
Amount in arrears	-	14 177	6 555	37 573	27 634	37 288	123 227
As at 31 March 2008							
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	-	434 350	70 059	60 704	1 180	1 509	567 802
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	-	30 745	2 918	107 194	7 041	9 458	157 356
Amount in arrears	-	2 189	1 594	24 319	2 482	7 776	38 360

An age analysis of gross non-current core loans and advances to customers as at 31 March 2009 (based on total capital exposure)

£'000 Audited	Current watchlist loans	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	>365 days	Total
Past due (1 - 60 days)	-	598 630	-	-	-	-	598 630
Special mention	-	12 964	62 559	3 103	745	291	79 662
Special mention (1 - 60 days)	-	12 964	4 894	*3 103	*745	*291	21 997
Special mention (61 - 90 days and well secured)	-	-	57 665	-	-	-	57 665
Default	95 523	46 452	27 793	280 955	147 530	101 368	699 621
Sub-standard	17 912	3 837	5 599	149 721	104 608	57 110	338 787
Doubtful	77 468	42 615	22 194	113 619	42 922	43 182	342 000
Loss	143	-	-	17 615	-	1 076	18 834
Total	95 523	658 046	90 352	284 058	148 275	101 659	1 377 913

An age analysis of gross non-current core loans and advances to customers as at 31 March 2009 (based on actual amount in arrears)

£'000 Audited	Current watchlist loans	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	>365 days	Total
Past due (1 - 60 days)	-	18 902	-	-	-	-	18 902
Special mention	-	2 835	8 121	1 711	603	248	13 518
Special mention (1 - 60 days)	-	2 835	3 954	*1 711	*603	*248	9 351
Special mention (61 - 90 days and well secured)	-	-	4 167	-	-	-	4 167
Default	-	14 192	6 570	51 381	65 160	60 999	198 302
Sub-standard	-	457	1 463	19 008	43 173	29 169	93 270
Doubtful	-	13 735	5 107	32 343	21 982	30 770	103 937
Loss	-	-	-	30	5	1 060	1 095
Total	-	35 929	14 691	53 092	65 763	61 247	230 722

* 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, these exposures have been classified as special mention and will remain there until settled or their credit quality deteriorates

Risk management

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 days	>365 days	Total
Past due (1 - 60 days)	400 764	-	-	-	-	400 764
Special mention	30 742	70 020	527	1 180	1 509	103 978
Special mention (1 - 60 days)	30 742	16 341	*527	*1 180	*1 509	50 299
Special mention (61 - 90 days and well secured)	-	53 679	-	-	-	53 679
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 a actual amount in arrears)

£'000 Audited	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	>365 days	Total
Past due (1 - 60 days)	25 691	-	-	-	-	25 691
Special mention	27	2 715	249	786	114	3 891
Special mention (1 - 60 days)	14	58	*249	*786	*114	1 221
Special mention (61 - 90 days and well secured)	13	2 657	-	-	-	2 670
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, these exposures have been classified as special mention and will remain there until settled or their credit quality deteriorates

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)
As at 31 March 2009				
Current core loans and advances	15 015 290	-	-	15 015 290
Past due (1 - 60 days)	-	598 630	-	598 630
Special mention	-	79 662	-	79 662
Special mention (1 - 60 days)	-	21 997	-	21 997
Special mention (61 - 90 days and well secured)	-	57 665	-	57 665
Default	12 624	251 573	435 424	699 621
Sub-standard	12 624	251 573	74 590	338 787
Doubtful	-	-	342 000	342 000
Loss	-	-	18 834	18 834
Total	15 027 914	929 865	435 424	16 393 203
As at 31 March 2008				
Current core loans and advances	12 182 609	-	-	12 182 609
Past due (1 - 60 days)	-	400 764	-	400 764
Special mention	-	103 978	-	103 978
Special mention (1 - 60 days)	-	50 299	-	50 299
Special mention (61 - 90 days and well secured)	-	53 679	-	53 679
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

Specific impairments	Portfolio impairments	Total net core loans and advances (actual capital exposure)	Actual amount in arrears
-	(9 006)	15 006 284	-
-	(238)	598 392	18 902
-	(452)	79 210	13 518
-	(451)	21 546	9 351
-	(1)	57 664	4 167
(156 964)	-	542 657	198 302
(50 155)	-	288 632	93 270
(98 272)	-	243 728	103 937
(8 537)	-	10 297	1 095
(156 964)	(9 696)	16 226 543	230 722
-	(2 894)	12 179 715	-
-	(3 669)	397 095	25 691
-	(125)	103 853	3 891
-	(36)	50 263	1 221
-	(89)	53 590	2 670
(47 316)	(7)	173 093	39 439
(16 423)	(3)	137 198	9 973
(18 948)	(1)	30 275	13 194
(11 945)	(3)	5 620	16 272
(47 316)	(6 695)	12 853 756	69 021

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)	Special mention (1 - 60 days)	Special mention (61 - 90 days and well secured)
As at 31 March 2009				
Private Banking professional and HNW individuals	10 071 673	528 967	21 997	37 260
Corporate sector	3 380 375	61 404	-	18 878
Banking, insurance, financial services (excluding sovereign)	1 161 413	-	-	-
Public and government sector (including central banks)	269 564	-	-	-
Trade Finance	132 265	8 259	-	1 527
Total gross core loans and advances to customers	15 015 290	598 630	21 997	57 665
As at 31 March 2008				
Private Banking professional and HNW individuals	7 901 316	373 400	50 299	50 157
Corporate sector	3 171 078	20 484	-	2 364
Banking, insurance, financial services (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	50 299	53 679

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

£'000 Audited	31 March 2009	31 March 2008
Private Banking professional and HNW individuals*	11 166 476	8 550 145
Corporate sector	3 639 141	3 235 553
Banking, insurance, financial services (excluding sovereign)	1 161 634	760 998
Public and government sector (including central banks)	269 928	275 884
Trade Finance	156 024	85 187
Total gross core loans and advances to customers	16 393 203	12 907 767

* A further analysis of our Private Banking loan book is provided on page 42

Sub-standard	Doubtful	Loss	Total gross core loans and advances to customers	Portfolio impairments	Specific impairments	Total impairments
231 717	256 723	18 139	11 166 476	(6 887)	(81 510)	(88 397)
100 276	77 513	695	3 639 141	(1 826)	(69 713)	(71 539)
-	221	-	1 161 634	(983)	(161)	(1 144)
-	364	-	269 928	-	(227)	(227)
6 794	7 179	-	156 024	-	(5 353)	(5 353)
338 787	342 000	18 834	16 393 203	(9 696)	(156 964)	(166 660)
117 283	40 246	17 444	8 550 145	(4 528)	(41 228)	(45 756)
36 341	5 162	124	3 235 553	(1 843)	(4 288)	(6 131)
-	-	-	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)

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

£'000 Audited	UK and Europe 31 March 2009	UK and Europe 31 March 2008	Southern Africa 31 March 2009	Southern Africa 31 March 2008	Australia 31 March 2009	Australia 31 March 2008	Total 31 March 2009	Total 31 March 2008
Gross core loans and advances to customers	6 038 586	5 295 713	8 930 812	6 430 418	1 423 805	1 181 636	16 393 203	12 907 767
Total impairments	(76 057)	(21 854)	(74 969)	(23 367)	(15 634)	(8 790)	(166 660)	(54 011)
Portfolio impairments	(3 032)	(2 053)	(6 664)	(4 642)	-	-	(9 696)	(6 695)
Specific impairments	(73 025)	(19 801)	(68 305)	(18 725)	(15 634)	(8 790)	(156 964)	(47 316)
Net core loans and advances to customers	5 962 529	5 273 859	8 855 843	6 407 051	1 408 171	1 172 846	16 226 543	12 853 756
% of total	36.7%	41.0%	54.6%	49.8%	8.7%	9.1%	100.0%	100.0%
% change since 31 March 2008	13.1%	-	38.2%	-	20.1%	-	26.2%	-
Average gross core loans and advances to customers	5 667 150	4 635 210	7 680 615	5 958 499	1 302 720	927 345	14 650 485	11 521 052
Current loans and advances to customers	5 287 746	4 816 940	8 481 356	6 276 582	1 246 188	1 089 087	15 015 290	12 182 609
Total gross non current loans and advances to customers	750 840	478 772	449 456	153 836	177 617	92 550	1 377 913	725 158
Past due loans and advances to customers (1 - 60 days)	442 966	283 445	139 021	73 219	16 643	44 100	598 630	400 764
Special mention loans and advances to customers	22 445	56 165	47 378	18 282	9 839	29 531	79 662	103 978
Default loans and advances to customers	285 429	139 162	263 057	62 335	151 135	18 919	699 621	220 416
Gross core loans and advances to customers	6 038 586	5 295 712	8 930 812	6 430 418	1 423 805	1 181 637	16 393 203	12 907 767
Total gross non current loans and advances to customers	750 840	478 772	449 456	153 836	177 617	92 550	1 377 913	725 158
Default loans that are current and not impaired	11 056	-	1 568	-	-	-	12 624	-
Gross core loans and advances to customers that are past due but not impaired	590 726	399 965	221 211	92 187	117 928	75 650	929 865	567 802
Gross core loans and advances to customers that are impaired	149 058	78 807	226 677	61 649	59 689	16 900	435 424	157 356
Total income statement charge for impairments on core loans	(88 790)	(21 589)	(51 452)	(30 844)	(22 685)	(6 352)	(162 927)	(58 785)
Gross default loans and advances to customers	285 429	139 162	263 057	62 335	151 135	18 919	699 621	220 416
Specific impairments	(73 025)	(19 801)	(68 305)	(18 725)	(15 634)	(8 790)	(156 964)	(47 316)
Defaults net of specific impairments	212 404	119 361	194 752	43 610	135 501	10 129	542 657	173 100
Collateral and other credit enhancements	218 000	114 011	267 767	83 844	163 452	12 362	649 219	210 217
Net default loans and advances to customers	-	5 350	-	-	-	-	-	-

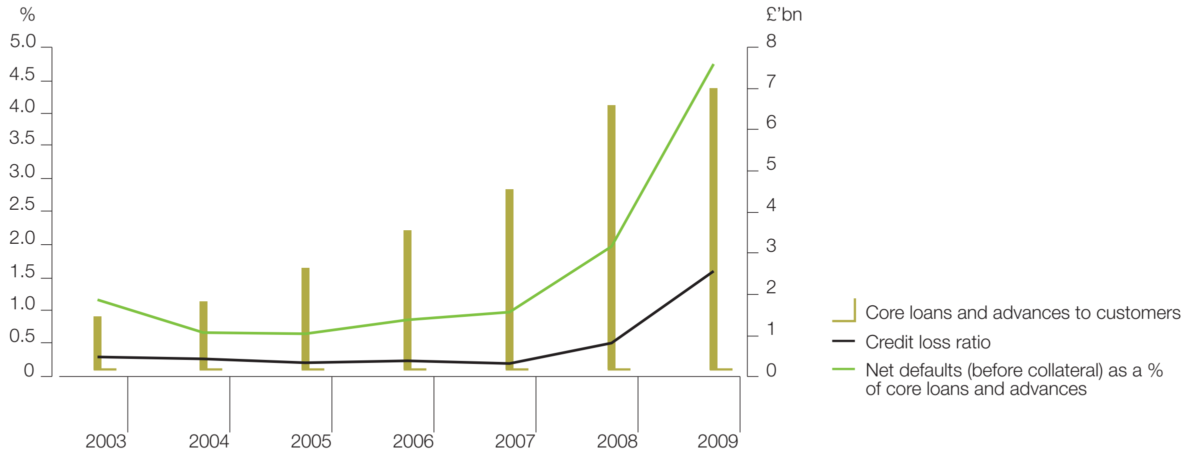
An analysis of core loans and advances to customers and asset quality by geography (continued)

Audited

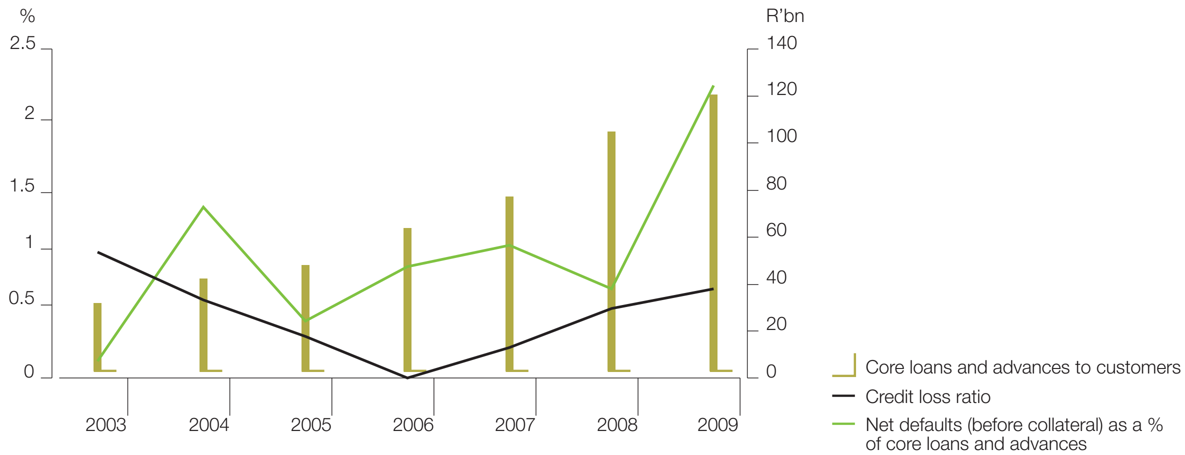
	UK and Europe		Southern Africa		Australia		Total	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008	31 March 2009	31 March 2008	31 March 2009	31 March 2008
Specific impairments as a % of gross core loans and advances to customers	1.21%	0.37%	0.76%	0.29%	1.10%	0.74%	0.96%	0.37%
Portfolio impairments as a % of gross core loans and advances to customers	0.05%	0.04%	0.07%	0.07%	-	-	0.06%	0.05%
Total impairments as a % of gross core loans and advances to customers	1.26%	0.41%	0.84%	0.36%	1.10%	0.74%	1.02%	0.42%
Specific impairments as a % of gross default loans	25.58%	14.23%	25.97%	30.04%	10.34%	46.46%	22.44%	21.47%
Gross defaults as a % of gross core loans and advances to customers	4.73%	2.63%	2.95%	0.97%	10.61%	1.60%	4.27%	1.71%
Defaults (net of impairments) as a % of net core loans and advances to customers	3.56%	2.26%	2.20%	0.68%	9.62%	0.86%	3.34%	1.35%
Net defaults as a % of gross core loans and advances to customers	-	0.10%	-	-	-	-	-	-
Credit loss ratio (i.e. income statement charge as a % of average gross core loans and advances)	1.57%	0.47%	0.67%	0.52%	1.74%	0.69%	1.11%	0.51%

Defaults and core loans trend

UK, Europe and Australia



Southern Africa



Risk management

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

As at 31 March 2009 £'000 Audited	Private Bank UK and Europe	 Southern Africa	 Australia	 Total
Gross core loans and advances to customers	3 682 761	6 228 923	1 252 814	11 164 498
Total impairments	(37 726)	(37 619)	(13 050)	(88 395)
Portfolio impairments	(2 132)	(4 754)	-	(6 886)
Specific impairments	(35 594)	(32 865)	(13 050)	(81 509)
Net core loans and advances to customers	3 645 035	6 191 304	1 239 764	11 076 103
Average gross core loans and advances	3 513 898	5 399 705	1 145 563	10 059 166
Current loans and advances to customers	3 124 164	5 860 702	1 088 511	10 073 377
Total gross non current loans and advances to customers	558 597	368 221	164 303	1 091 121
Past due loans and advances to customers (1 - 60 days)	386 846	126 145	15 975	528 966
Special mention loans and advances to customers	3 087	42 879	9 611	55 577
Default loans and advances to customers	168 664	199 197	138 717	506 578
Gross core loans and advances to customers	3 682 761	6 228 923	1 252 814	11 164 498
Total gross non-current loans and advances to customers	558 597	368 221	164 303	1 091 121
Default loans that are current and not impaired	6 398	1 568	-	7 966
Gross core loans and advances to customers that are past due but not impaired	463 215	203 836	116 611	783 662
Gross core loans and advances to customers that are impaired	88 984	162 817	47 692	299 493
Total income statement charge for impairments on core loans	(52 195)	(17 699)	(20 200)	(90 094)
Gross default loans and advances to customers	168 664	199 197	138 717	506 578
Specific impairments	(35 594)	(32 865)	(13 050)	(81 509)
Defaults net of specific impairments	133 070	166 332	125 667	425 069
Collateral and other credit enhancements	136 986	223 679	153 617	514 282
Net default loans and advances to customers (limited to zero)	-	-	-	-
Specific impairments as a % of gross core loans and advances to customers	0.97%	0.53%	1.04%	0.73%
Portfolio impairments as a % of gross core loans and advances to customers	0.06%	0.08%	0.00%	0.06%
Total impairments as a % of gross core loans and advances to customers	1.02%	0.60%	1.04%	0.79%
Specific impairments as a % of gross default loans	21.10%	16.50%	9.41%	16.09%
Gross defaults as a % of gross core loans and advances to customers	4.58%	3.20%	11.07%	4.54%
Defaults (net of impairments) as a % of net core loans and advances to customers	3.65%	2.69%	10.14%	3.84%
Net defaults as a % of gross core loans and advances to customers	-	-	-	-
Credit loss ratio (i.e. income statement charge as a % of average gross core loans and advances)	1.49%	0.33%	1.76%	0.90%

* Largely includes lending activities within our Central Funding and International Trade Finance businesses

Capital Markets				Other*				Total
UK and Europe	Southern Africa	Australia	Total	UK and Europe	Southern Africa	Australia	Total	
2 279 315	2 418 052	169 748	4 867 115	76 509	283 838	1 243	361 590	16 393 203
		-				-	-	
(38 331)	(25 161)	(2 583)	(66 075)	-	(12 190)	-	(12 190)	(166 660)
(899)	(1 413)	-	(2 312)	-	(498)	-	(498)	(9 696)
(37 432)	(23 748)	(2 583)	(63 763)	-	(11 692)	-	(11 692)	(156 964)
		-						
2 240 984	2 392 891	167 165	4 801 040	76 509	271 648	1 243	349 400	16 226 543
		-				-	-	
2 139 842	2 159 311	155 930	4 455 083	13 410	121 599	1 227	136 236	14 650 485
		-						
2 087 437	2 366 177	156 434	4 610 047	76 144	254 478	1 243	331 866	15 015 290
191 878	51 875	13 314	257 067	365	29 360	-	29 725	1 377 913
56 119	4 617	668	61 404	-	8 260	-	8 260	598 630
19 358	2 972	228	22 558	-	1 527	-	1 527	79 662
116 401	44 286	12 418	173 105	365	19 573	-	19 938	699 621
2 279 315	2 418 052	169 748	4 867 114	76 509	283 838	1 243	361 590	16 393 203
		-						
191 878	51 875	13 314	257 067	365	29 360	-	29 725	1 377 913
4 658	-	-	4 658	-	-	-	-	12 624
127 510	7 589	1 316	136 415	-	9 788	-	9 787	929 865
59 710	44 286	11 998	115 994	365	19 572	-	19 938	435 424
(36 596)	(23 515)	(2 484)	(62 595)	-	(10 238)	-	(10 238)	(162 927)
116 401	44 286	12 418	173 105	365	19 573	-	19 938	699 621
(37 432)	(23 748)	(2 583)	(63 763)	-	(11 692)	-	(11 692)	(156 964)
78 969	20 538	9 835	109 342	365	7 881	-	8 246	542 657
80 684	33 061	9 835	123 580	331	11 026	-	11 358	649 219
-	-	-	-	34	-	-	-	-
1.64%	0.98%	1.52%	1.31%	-	4.12%	-	3.23%	0.96%
0.04%	0.06%	-	0.05%	-	0.18%	-	0.14%	0.06%
1.68%	1.04%	1.52%	1.36%	-	4.29%	-	3.37%	1.02%
32.16%	53.62%	20.80%	36.83%	-	59.74%	-	58.65%	22.44%
5.11%	1.83%	7.32%	3.56%	0.48%	6.90%	-	5.51%	4.27%
3.52%	0.86%	5.88%	2.28%	0.48%	2.90%	-	2.36%	3.34%
-	-	-	-	0.04%	-	-	-	-
1.71%	1.09%	1.59%	1.41%	-	8.42%	-	7.51%	1.11%

An analysis of default core loans and advances

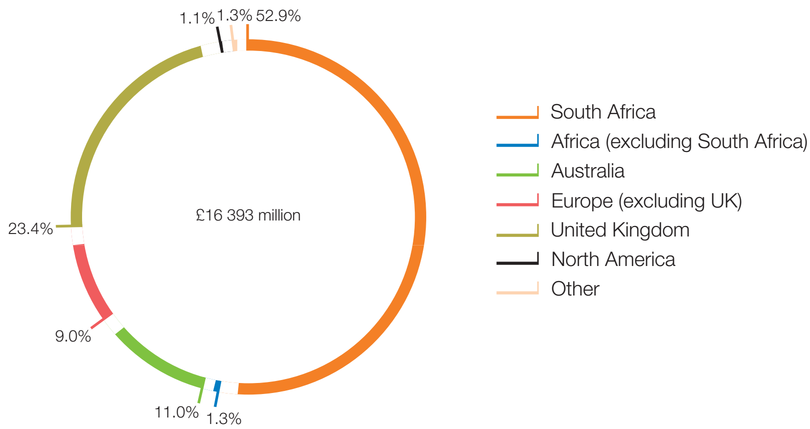
As at 31 March 2009 £'million	UK and Europe Gross defaults	 Collateral	 Impairments
Private Bank	168.7	137.0	35.6
Property planning projects	79.8	66.7	14.5
Residential developments	59.9	44.5	17.7
Residential investments	10.9	8.4	2.6
Commercial developments	0.6	0.6	-
Commercial investments	14.1	13.5	0.8
Lending to corporates	3.4	3.3	-
Professional and other	-	-	-
Capital Markets	116.4	80.7	37.4
Principal Finance (RMBS)	52.0	52.0	-
Acquisition Finance	33.4	14.6	19.6
Asset Finance	18.7	7.2	12.4
Project Finance	4.7	0.6	4.1
Resource Finance	4.2	3.4	0.8
Structured Finance	3.4	2.9	0.5
Other*	0.3	0.3	-
Total	285.4	218.0	73.0

* Largely includes lending activities within our Central Funding and International Trade Finance businesses

Additional information

An analysis of core loans and advances to customers by country of exposure

31 March 2009



Southern Africa			Australia			Total group		
Gross defaults	Collateral	Impairments	Gross defaults	Collateral	Impairments	Gross defaults	Collateral	Impairments
199.2	223.7	32.9	138.7	153.6	13.0	506.6	514.3	81.5
-	-	-	0.5	0.5	-	80.3	67.2	14.5
0.3	0.3	-	82.0	82.7	8.9	142.2	127.5	26.6
41.0	53.3	2.7	11.5	11.9	0.8	63.4	73.6	6.1
32.5	40.5	2.3	22.4	34.3	0.8	55.5	75.4	3.1
62.7	81.2	4.7	19.4	23.0	0.9	96.2	117.7	6.4
56.0	44.5	19.7	0.8	0.2	0.6	60.2	48.0	20.3
6.7	3.9	3.5	2.1	1.0	1.0	8.8	4.9	4.5
44.3	33.1	23.7	12.4	9.8	2.6	173.1	123.6	63.7
-	-	-	-	-	-	52.0	52.0	-
-	-	-	-	-	-	33.4	14.6	19.6
-	-	-	-	-	-	18.7	7.2	12.4
-	-	-	-	-	-	4.7	0.6	4.1
27.8	16.5	11.1	11.8	9.4	2.4	43.8	29.3	14.3
16.5	16.6	12.6	0.6	0.4	0.2	20.5	19.9	13.3
19.6	11.0	11.7	-	-	-	19.9	11.3	11.7
263.1	267.8	68.3	151.1	163.4	15.6	699.6	649.2	156.9

Collateral

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

£'000	Collateral held against Gross core loans and advances	Collateral held against Other credit and counterparty exposures*	Total
As at 31 March 2009			
Eligible financial collateral	2 062 959	533 935	2 596 894
Listed shares	1 527 665	49 154	1 576 819
Cash	530 905	255 234	786 139
Debt securities issued by sovereigns	4 389	229 547	233 936
Mortgage bonds	18 038 180	28 625	18 066 805
Residential mortgages	5 562 385	14 493	5 576 878
Residential development	3 092 006	12 167	3 104 173
Commercial property development	1 999 913	1 954	2 001 867
Commercial property investments	7 383 876	11	7 383 887
Other collateral	5 085 153	326 508	5 411 661
Unlisted shares	188 949	4 788	193 737
Bonds other than mortgage bonds	654 132	173 139	827 271
Debtors, stock, other corporate assets	2 701 979	5 924	2 707 903
Guarantees	809 363	100 491	909 854
Credit derivatives	32 764	-	32 764
Other	697 966	42 166	740 132
Total collateral	25 186 292	889 068	26 075 360
Suretyships	1 071 279	-	1 071 279
Collateral including suretyships	26 257 571	889 068	27 146 639

* 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

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): 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.

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

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 246 and pages 276 to 279 for factors taken into consideration in determining fair value. We have a low level of assets exposed to the volatility of IFRS fair value accounting with "level 3" assets amounting to 1% of total assets (refer to page 276 for further infromation).

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

Country/category £'000 Audited	Income (pre funding costs) - for the year ended				Fair value through the balance sheet
	Unrealised	Realised	Dividends, net interest and other	Total	
31 March 2009					
Unlisted investments	20 363	21 024	15 129	56 516	(1 012)
UK and Europe	(13 373)	832	(16 829)	(29 370)	(572)
South Africa	35 082	23 831	31 601	90 514	-
Australia	(1 346)	(3 639)	357	(4 628)	(440)
Listed equities	(18 892)	(2 248)	1 815	(19 325)	(5 569)
UK and Europe	(11 392)	(1 529)	1 588	(11 333)	(4 582)
South Africa	(7 184)	(710)	563	(7 331)	(203)
Australia	(316)	(9)	(336)	(661)	(784)
Investment and trading properties	16 717	42	7 631	*24 390	-
UK and Europe	-	42	-	42	-
South Africa	16 717	-	7 631	24 348	-
Warrants, profit shares and other embedded derivatives	1 101	27 735	1 026	29 862	-
UK and Europe	1 868	20 277	273	22 418	-
South Africa	2 184	7 458	753	10 395	-
Australia	(2 951)	-	-	(2 951)	-
Total	19 289	46 553	25 601	91 443	(6 581)
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)

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.

* Post funding costs

Summary of investments held and stress testing analyses

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

Country/category £'000 Audited	On balance sheet value of investments 31 March 2009	Valuation change stress test 31 March 2009	On balance sheet value of investments 31 March 2008	Valuation change stress test 31 March 2008
Unlisted investments	**490 982**	**73 647**	**365 189**	**54 778**
UK and Europe	120 689	18 103	120 872	18 131
South Africa	350 364	52 555	225 249	33 787
Australia	19 929	2 989	19 068	2 860
Listed equities	**115 793**	**27 628**	**96 711**	**24 193**
UK and Europe	37 060	7 945	40 359	10 090
South Africa	77 558	19 389	54 520	13 630
Australia	1 175	294	1 892	473
Investment and trading properties	**228 884**	**27 082**	**174 091**	**8 787**
UK and Europe	8 480	1 696	-	-
South Africa	220 404	25 386	174 091	8 787
Warrants, profit shares and other embedded derivatives	**103 199**	**36 120**	**65 640**	**22 974**
UK and Europe	63 463	22 212	41 879	14 658
South Africa	38 866	13 603	23 761	8 316
Australia	870	305	-	-
Total	**938 858**	**164 477**	**701 691**	**110 732**

* 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	20%
Investment properties	10%
Warrants, profit shares and other embedded derivatives	35%

Stress testing summary

Based on the information above we could have a £164 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 159 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 strategic intent 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.

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 are submitted to the regulator on a monthly basis. In the UK, all desks are currently on Capital Adequacy (CAD) 1 level, while we are in the process of applying for CAD1 model extensions for the Structured Equity desk.

Risk management

VaR

Audited

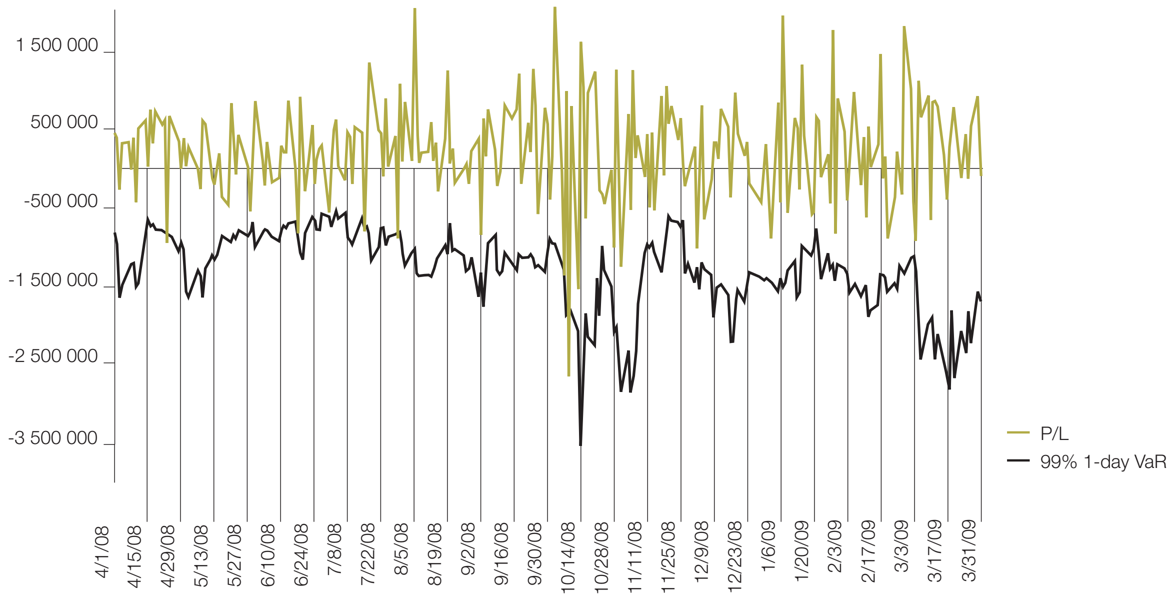
	UK and Europe 95% (one-day) £'000	Australia 99% (one-day) AUD'000	South Africa 95% (one-day) R'mn
31 March 2009			
Commodities	42	-	0.3
Equity derivatives	629	-	2.8
Foreign exchange	25	14	2.9
Interest rates	759	52	0.9
Consolidated*	996	66	4.1
High	2 497	307	15.3
Low	341	60	2.1
Average	738	139	4.5
31 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

* 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

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.

UK and Europe

99% 1-day VaR backtesting (GBP)

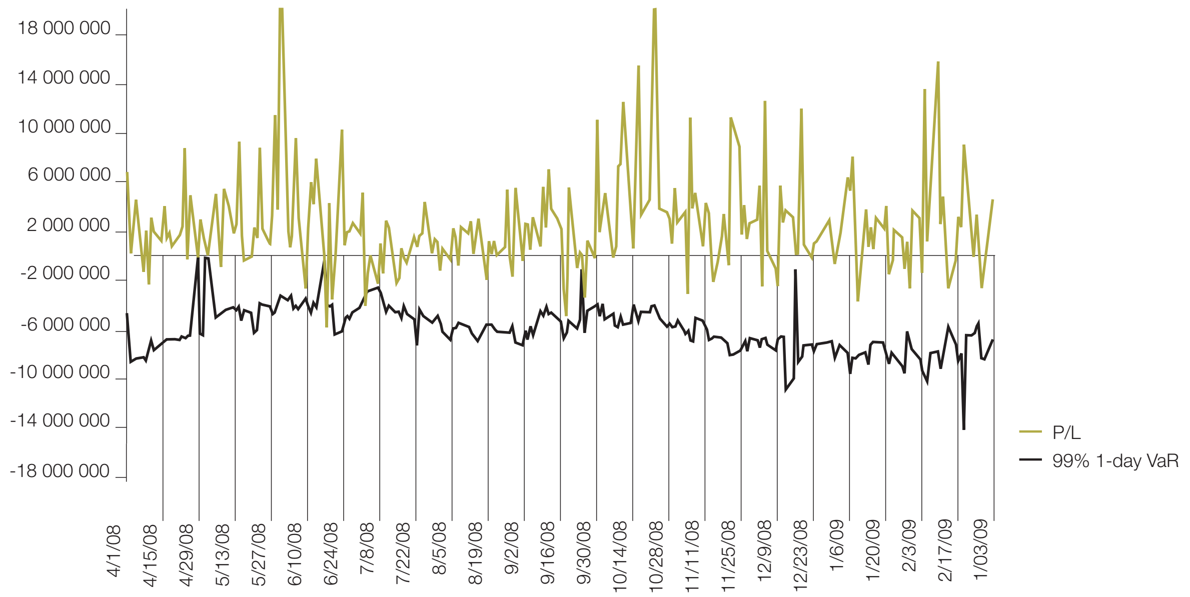


There have been five exceptions, i.e. where the loss is greater than the VaR. This exceeds the exceptions at the 99% level. Most of these exceptions were marginal and arose due to significant volatility on the Fixed Income desk. The largest variance was due to an extreme rise in the implied volatility in Euribor rates at the beginning of October 2008.

Risk management

South Africa

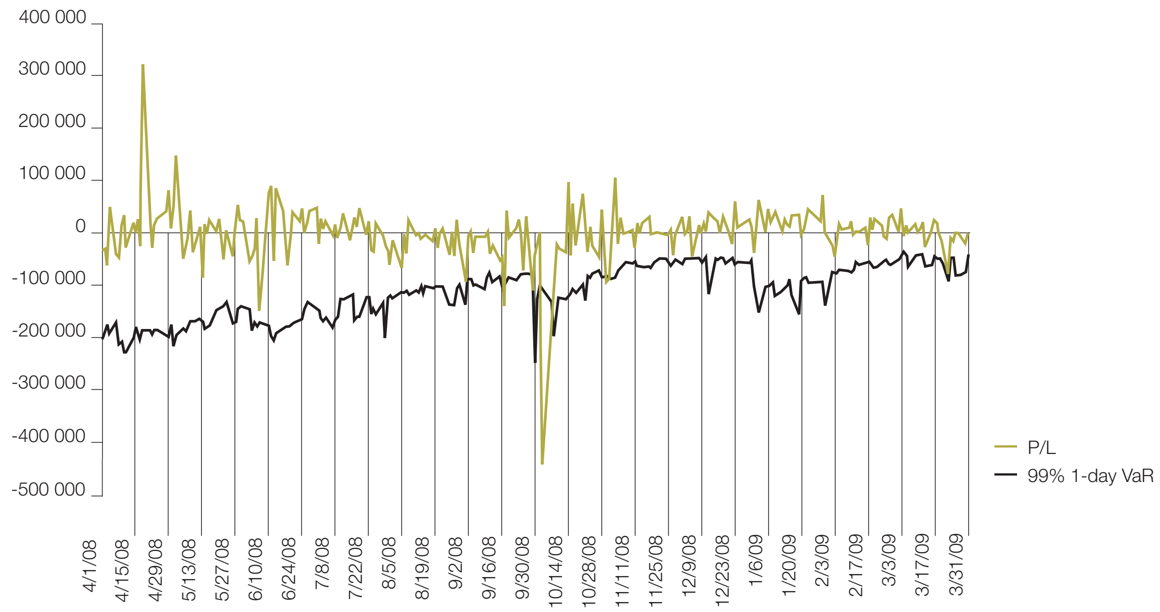
99% 1-day VaR backtesting (Rands)



There have been two exceptions, i.e. where the loss is greater than the VaR. These exceptions were mainly due to the sudden increased volatility in the interest rate and foreign exchange markets in the middle of 2008. Both exceptions were marginal and in line with the 99% confidence interval expectations.

Australia

99% 1-day VaR backtesting (AUD)



There have been four exceptions, i.e. where the loss is greater than the VaR. This exceeds the exceptions at the 99% level. The largest exceptions arose in the beginning of October 2008.The breach on 3 October 2008 was caused by a combination of a large parallel decrease in AUD interest rates, a large parallel increase in gold lease rates and a depreciation in the AUD exchange rate. The breach on 7 October 2008 was caused by a large parallel decrease in AUD interest rates and a depreciation in the AUD exchange rate.

ETL

Audited	Investec plc 95% (one-day) £'000	Investec Limited 95% (one-day) R'mn
31 March 2009		
Commodities	78	0.6
Equity derivatives	929	4.4
Foreign exchange	39	5.4
Interest rates	1 359	1.4
Consolidated*	1 653	6.8
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

* The consolidated VaR for each desk and each entity is lower than the sum of the individual

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)

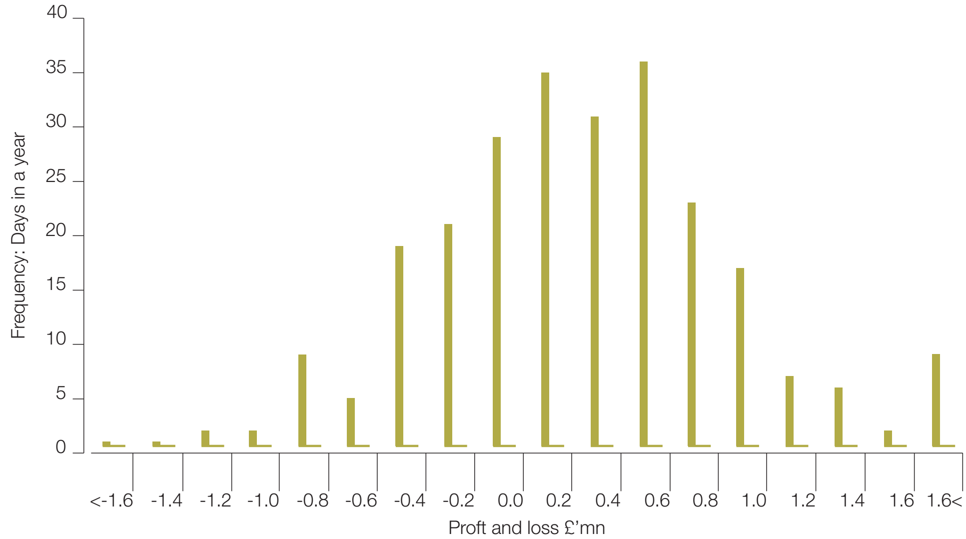
Audited	UK and Europe using VaR £'000	Australia using VaR AUD'000	South Africa using VaR R'mn
31 March 2009			
Commodities	324	-	2.3
Equity derivatives	4 812	-	21.7
Foreign exchange	193	81	22.1
Interest rates	5 812	302	7.2
Consolidated	11 141	383	53.3
31 March 2008			
Commodities	712	-	3.1
Equity derivatives	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

Risk management

Profit and loss histograms

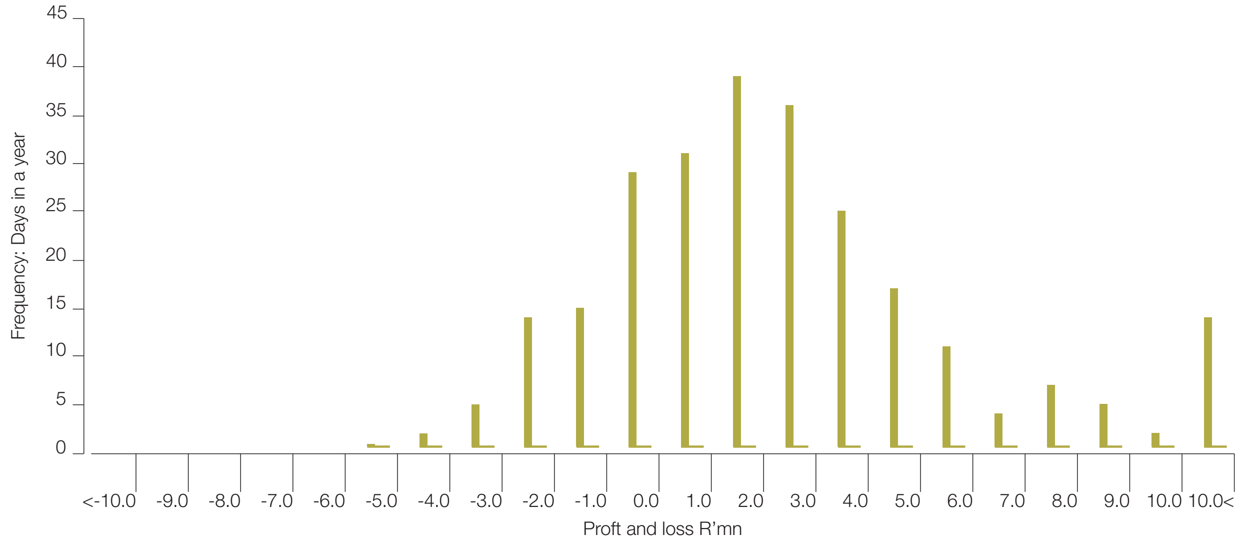
UK and Europe

The histogram below illustrates the distribution of daily revenue during the financial year for our trading businesses. The distribution is skewed to the profit side and the graph shows that trading revenue was realised on 166 days out of a total of 255 days in the trading business. The average daily trading revenue generated for the year ended 31 March 2009 was £244 000.



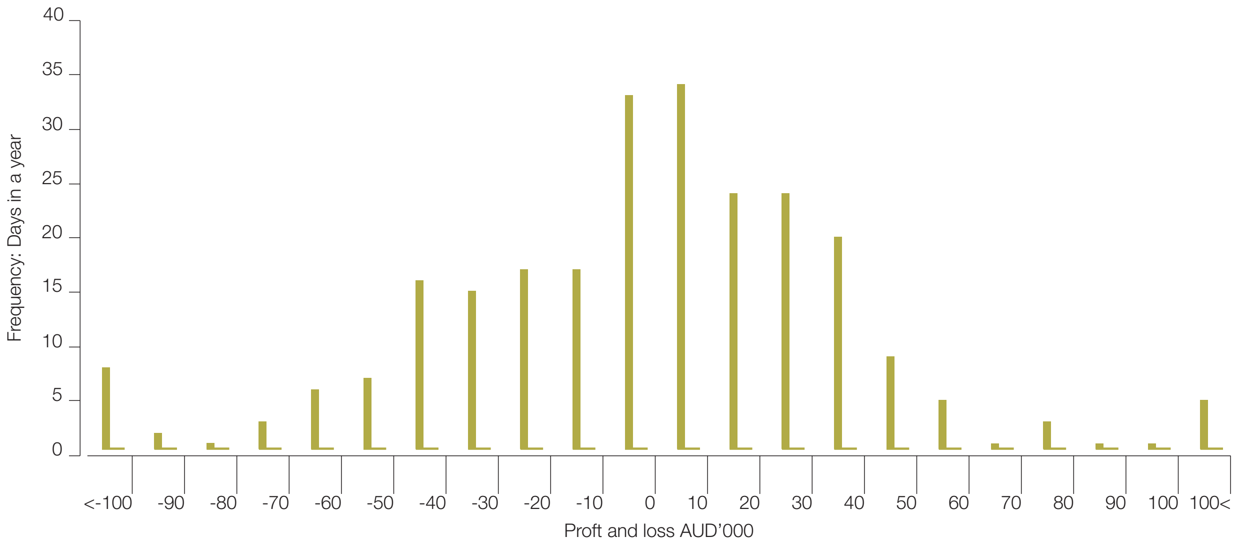
South Africa

The histogram below illustrates the distribution of daily revenue during the financial year for our trading businesses. The distribution is skewed to the profit side and the graph shows that trading revenue was realised on 191 days out of a total of 258 days in the trading business. The average daily trading revenue generated for the year ended 31 March 2009 was R2.5 million.



Australia

The histogram below illustrates the distribution of daily revenue during the financial year for our trading businesses. The distribution is more normally distributed, the graph shows that trading revenue was realised on 160 days out of a total of 252 days in the trading business. The average daily trading revenue generated for the year ended 31 March 2009 was AUD5 thousand.



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. Historical VaR is used (over 500 days of unweighted data), where every "risk factor" is exposed to daily moves over the past two years. 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

The past year has been masked by extreme market movements, both in direction and volatility.

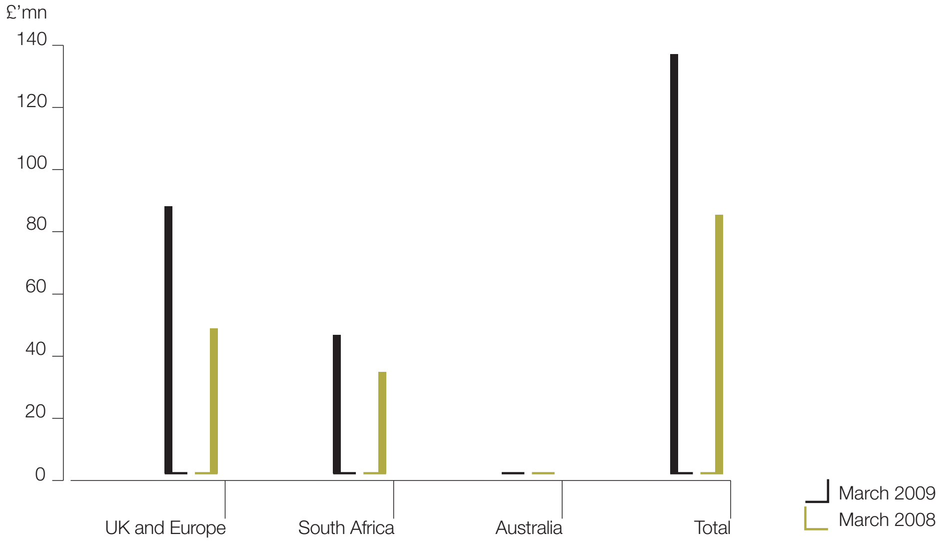
Investec's South African model of basing trades on client flow has once again proved to be successful as all trading desks have, to a varying degree, been profitable.

In the UK the Structured Equity desk has experienced strong growth in their retail product sales and they continue to expand their product range. The Fixed Income and Forex desks have also performed well benefiting from both the increased volatility and flows.

Australian trading activity remains modest, with the focus being mainly commodity hedging.

The majority of revenue earned from our trading activities within the Capital Markets division is related to client flow activity.

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 280.

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.

Balance sheet risk management

Balance sheet risk description

Balance sheet risk management encompasses the independent monitoring and prudential management of 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 active global management of balance sheet risk in this complex environment. Balance sheet risk management is discharged within each geography, using regional expertise and local market access as appropriate, continuously assessing the risks whilst taking changes in market conditions into account. Under the delegated authority of the board of directors, Asset and Liability Management Committees (ALCOs) within each region are mandated to manage the balance sheet risks on a consistent basis with pre-approved principles and policies across all business activities without exception. 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. Each region further ensures that the liquidity management framework is compatible with local regulatory requirements and limits are set according to the depth and liquidity of the market in which we operate.

Risk management

We continue to improve risk measurement processes and methodologies in line with regulatory requirements and banking industry best practice. The Balance Sheet Risk Management team ensure that a comprehensive and consistent governance framework for balance sheet risk management is followed across the group. The Balance Sheet Risk Management team independently identifies, quantifies and monitors risks, providing 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, providing for a controlled and flexible response to volatile market conditions. 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 conservative 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 the stability of unsecured funding 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 arises from the provision of retail, private client and wholesale (non-trading) banking products and services. 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 yield 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 both from a net interest margin (earnings) perspective over a specified time horizon, and the sensitivity of economic value of equity to hypothetical changes to market factors on the current values of financial assets and liabilities. 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 appetite. The standard tools that are used to measure the sensitivity of earnings to changes in interest rates are the repricing gap which provides a basic representation of the balance sheet structure and allows for the detection of interest rate risk by concentration of repricing; net interest income sensitivity which measures the change in accruals expected over the specified horizon in response to a shift in the yield curve; and economic value sensitivity and stress-testing to macroeconomic movement or changes which measures the interest risk implicit change in net worth as a result of a change in interest rates on the current values of financial assets and liabilities. This combination of measures provides senior management (and ALCO) with an assessment of the financial impact of identified rate changes on potential future net interest income and sensitivity to changes in 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.

Risk management

Operationally, non-trading interest rate risk is transferred from the originating business to the Treasury function and aggregated or netted. The Treasury function then implements appropriate balance sheet strategies to achieve a cost-effective source of funding and mitigates any residual undesirable risk where possible, by transferring the risk into the trading books within the Capital Markets division and managing these under market risk limits. Policy requires that interest rate risk arising from fixed interest loans 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 an obligation to manage the market risk within our statutory and surplus liquid assets portfolios. The Treasury mandate allows for tactically responding to market opportunities which may arise during changing interest rate cycles. 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 assuming no management intervention.

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	1 698	-	-	-	-	-	1 698
Investment/trading assets	733	47	7	3	-	327	1 117
Securitised assets	4 136	83	10	-	-	-	4 229
Advances	6 401	837	303	414	123	-	8 078
Other assets	-	-	-	-	-	973	973
Assets	12 968	967	320	417	123	1 300	16 095
Deposits - banks	(3 697)	(137)	(197)	(59)	(65)	-	(4 155)
Deposits - non-banks	(3 819)	(235)	(170)	(4)	(53)	(15)	(4 296)
Negotiable paper	(230)	(2)	-	(82)	-	-	(314)
Securitised liabilities	(3 947)	-	-	-	-	-	(3 947)
Investment/trading liabilities	(866)	(78)	-	-	-	(24)	(968)
Subordinated liabilities	(90)	-	(10)	(200)	(404)	(25)	(729)
Other liabilities	-	-	-	-	-	(534)	(534)
Liabilities	(12 649)	(452)	(377)	(345)	(522)	(598)	(14 943)
Shareholders' funds	-	-	-	-	-	(1 152)	(1 152)
Balance sheet	319	515	(57)	72	(399)	450	1 152
Off-balance sheet	135	(455)	(28)	(51)	399	-	-
Repricing gap	454	60	(85)	21	-	(450)	-
Cumulative repricing gap	454	514	429	450	450	-	

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	11 564	-	-	-	-	3 286	14 850
Cash and short-term funds - non-banks	5 378	-	-	-	-	-	5 378
Investment/trading assets	12 905	4 573	2 837	425	100	14 137	34 977
Securitised assets	12 626	24	49	271	43	-	13 013
Advances	92 919	2 623	1 457	9 968	5 194	-	112 161
Other assets	195	-	-	-	-	5 606	5 801
Assets	135 587	7 220	4 343	10 664	5 337	23 029	186 180
Deposits - banks	(11 954)	(115)	(90)	-	-	-	(12 159)
Deposits - non-banks	(108 460)	(7 116)	(3 909)	(2 283)	(681)	(2 070)	(124 519)
Negotiable paper	(622)	(300)	(20)	-	-	(12)	(954)
Securitised liabilities	(10 235)	-	-	(865)	-	-	(11 100)
Investment/trading liabilities	-	-	-	-	-	(1 425)	(1 425)
Subordinated liabilities	(1 141)	-	-	(3 750)	(200)	-	(5 091)
Other liabilities	(2 573)	(109)	(386)	(431)	(140)	(9 221)	(12 860)
Liabilities	(134 985)	(7 640)	(4 405)	(7 329)	(1 021)	(12 728)	(168 108)
Intercompany loans	(1 189)	(311)	(458)	(7)	(102)	-	(2 067)
Shareholders' funds	(3 749)	-	-	-	-	(12 165)	(15 914)
Balance sheet	(4 336)	(731)	(520)	3 328	4 214	(1 864)	91
Off-balance sheet	(2 666)	12 481	(3 780)	(3 260)	(2 866)	-	(91)
Repricing gap	(7 002)	11 750	(4 300)	68	1 348	(1 864)	-
Cumulative repricing gap	(7 002)	4 748	448	516	1 864	-	

Australia - interest rate sensitivity

AUD'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	275	-	-	-	-	-	275
Investment/trading assets	1 130	-	28	139	51	218	1 566
Securitised assets	251	59	110	484	8	-	912
Advances	1 732	71	43	134	16	-	1 996
Other assets	-	-	-	-	-	196	196
Assets	3 388	130	181	757	75	414	4 945
Deposits - banks	(211)	-	-	-	-	-	(211)
Deposits - non-banks	(1 357)	(157)	(124)	(62)	(8)	(49)	(1 757)
Negotiable paper	(860)	(18)	(30)	(400)	-	7	(1 301)
Securitised liabilities	(907)	-	-	-	-	-	(907)
Investment/trading liabilities	-	-	-	(4)	(1)	(145)	(150)
Subordinated liabilities	(101)	-	-	-	-	-	(101)
Other liabilities	-	-	-	-	-	(28)	(28)
Liabilities	(3 436)	(175)	(154)	(466)	(9)	(215)	(4 455)
Intercompany loans	121	-	-	(4)	-	13	130
Shareholders' funds	-	-	-	-	-	(620)	(620)
Balance sheet	73	(45)	27	287	66	(408)	-
Off-balance sheet	538	(32)	(14)	(350)	(60)	-	82
Repricing gap	611	(77)	13	(63)	6	(408)	82
Cumulative repricing gap	611	534	547	484	490	82	

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 assuming no management intervention, i.e. the numbers represent the change in our net asset value should such a hypothetical scenario arise.

UK and Europe

’million	Sensitivity to the following interest rates (expressed in original currencies)				All
	GBP	USD	EUR	Other (GBP)	(GBP)
200bp down	(0.5)	0.8	(0.6)	0.3	(0.2)
200bp up	0.5	(0.8)	0.6	(0.3)	0.2

South Africa

’million	Sensitivity to the following interest rates (expressed in original currencies)				All
	ZAR	GBP	USD	AUD	(ZAR)
200bp down	(12.7)	(0.1)	0.2	0.2	(9.5)
200bp up	(13.9)	0.3	0.1	(0.1)	(10.2)

Australia

’million	AUD
200bp down	1.9
200bp up	(1.9)

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 with established funding sources. 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, projected balance sheet growth, and future funding and liquidity needs, whilst taking the desired nature and profile of liabilities into account. These metrics are used to develop our funding strategy and measure and manage the execution thereof. The funding plan details the proportion of our external assets which are funded by customer liabilities, unsecured wholesale debt, equity and loan capital thus maintaining an appropriate mix of term funding and strong balance sheet liquidity ratios within approved risk limits.

The bank maintains an internal funds transfer pricing system based on prevailing market rates, thus signalling the right incentive to our lending businesses. Central Treasury charge out the cost of long- and short-term funding to internal consumers of liquidity and provide long-term stable funding for our asset creation activity.

We are an active participant in the global financial markets. Our relationship is continuously enhanced through regular investor presentations internationally. During the year we have instituted various unsecured term syndicated loan programmes to broaden and diversify term-funding in supplementary markets and currencies, enhancing the proven capacity to borrow in the money markets during challenging conditions and global market dislocation. 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 unsecured 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 without recourse to the wholesale markets. 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 dislocation in the financial markets with customer deposits increasing by 17.0% to £7.7 billion over the financial year.

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 that provides our customers with access to the commercial paper market. Securitisation represents a relatively modest proportion of our current funding profile, but provides additional flexibility and a 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, government, or bank paper (typically eligible for repurchase with the central bank), and near cash well in excess of the statutory requirements as protection against unexpected disruptions in cash flows. In aggregate, Investec is a net liquidity provider to the interbank market, placing significantly more funds with other banks than our short-term interbank borrowings. 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 1 April 2008 to 31 March 2009 average cash and near cash balances over the period amounted to £4.9 billion (£1.7 billion in UK and Europe; R41.3 billion in South Africa and AUD1.0 billion in Australia).

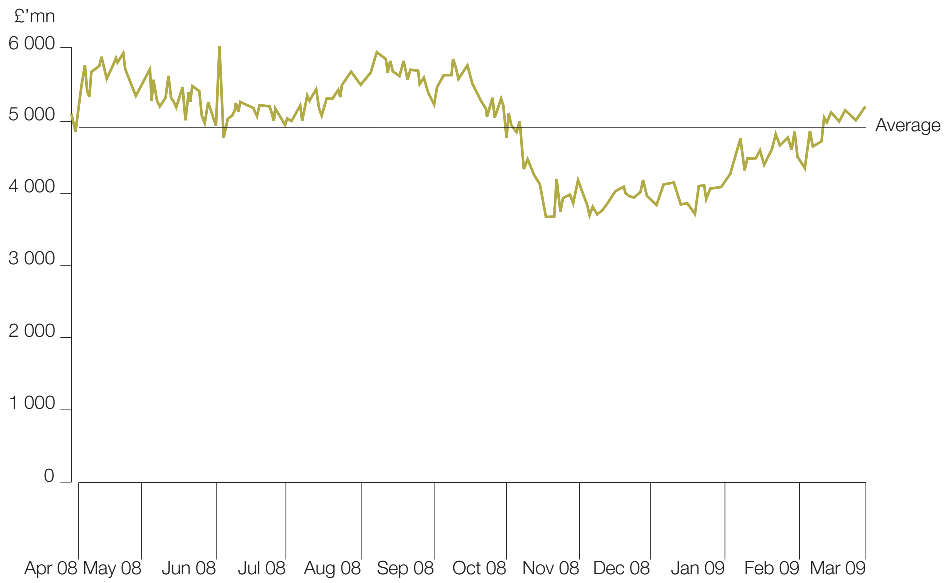
A key component of our liquidity management framework is assumptions-based planning and scenario modelling to estimate the funding requirement to meet expected growth. Anticipated on- and off-balance sheet cash flows are subjected to a variety of scenarios in order to evaluate the impact of both likely 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 a wide range of normal and stressed market conditions, in which the rate and timing of deposit withdrawals and drawdowns on lending facilities are varied, and the ability to access funding and to generate funds from asset portfolios is restricted. Our liquidity risk parameters reflect a range of liquidity stress assumptions which are reviewed regularly and updated as needed. Operationally the preparation of cash flow projections (for assets and liabilities) and funding requirements corresponding to the forecasted cash flow mismatch are translated into flexible short- and long-term funding plans 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 and 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.

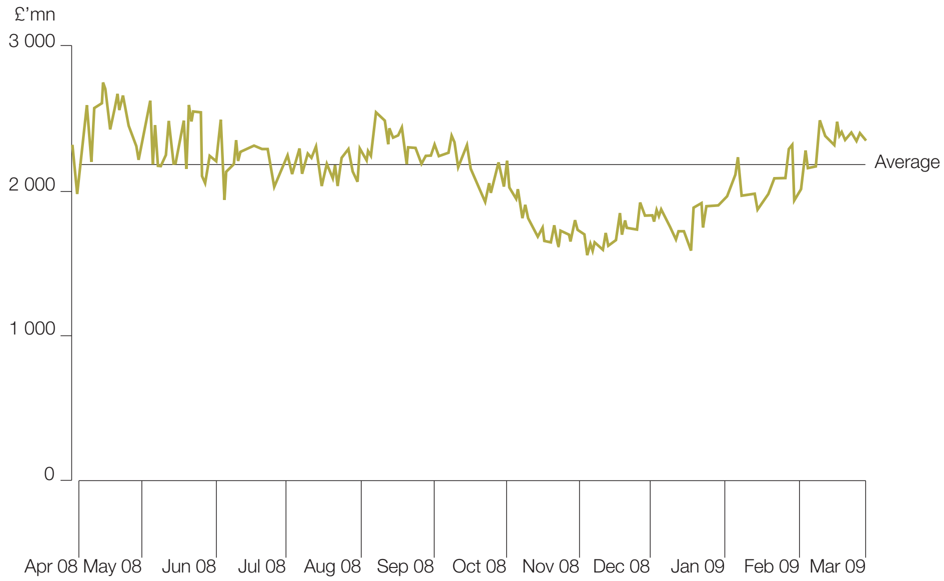
We maintain liquidity contingency plans and the identification of alternative sources of funds in the market. This is to ensure that cash flow estimates and commitments can be met in the event of general market disruption or adverse business and economic scenarios, while minimising detrimental long-term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

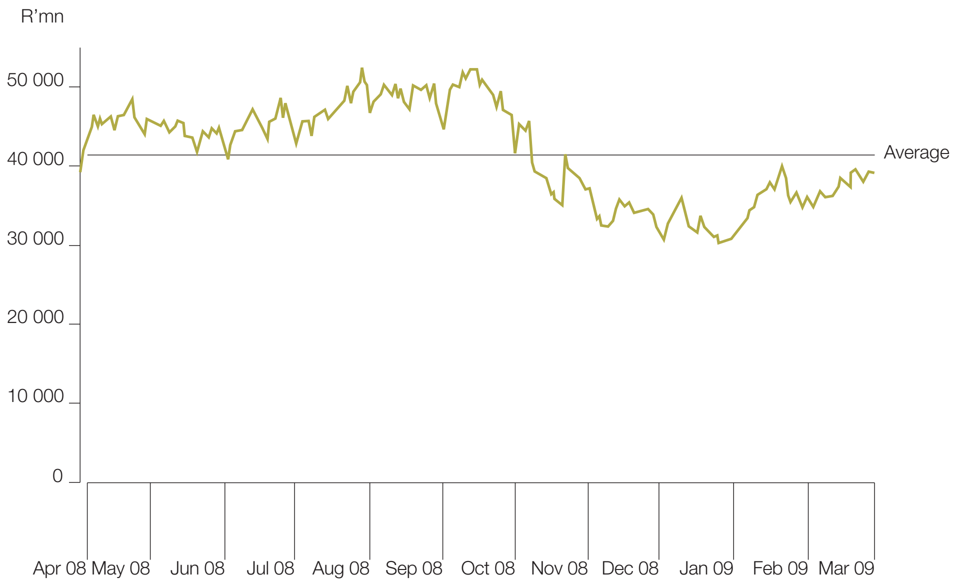
Total Investec group cash and near cash trend



Investec plc cash and near cash trend

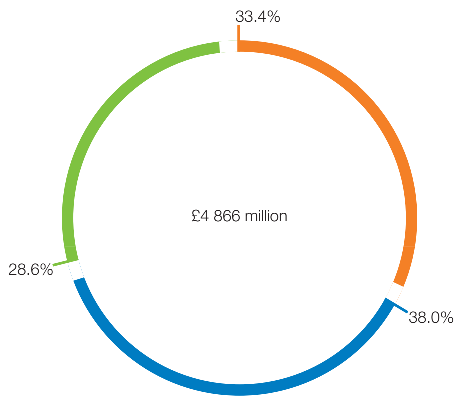


Investec Limited cash and near cash trend

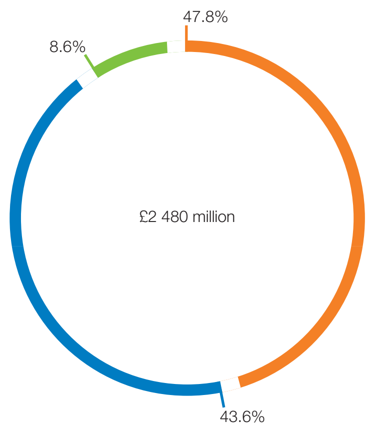


An analysis of cash and near-cash

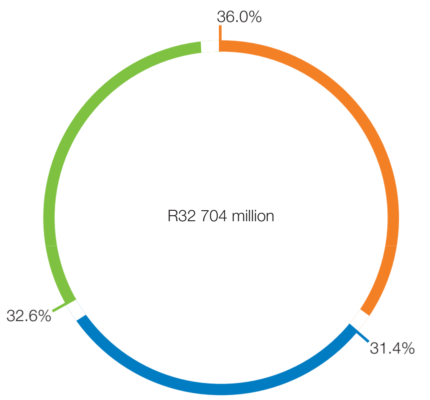
Total group



Investec plc



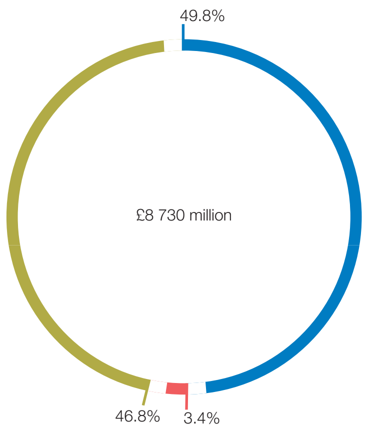
Investec Limited



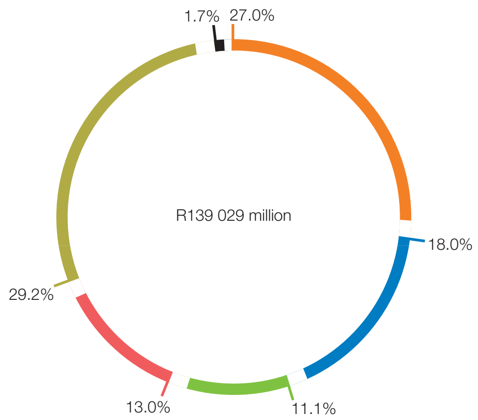
Cash
Near cash (Central Bank guaranteed liquidity)
Near cash (other "monetisable" assets)

Bank and non-bank depositor concentration by type

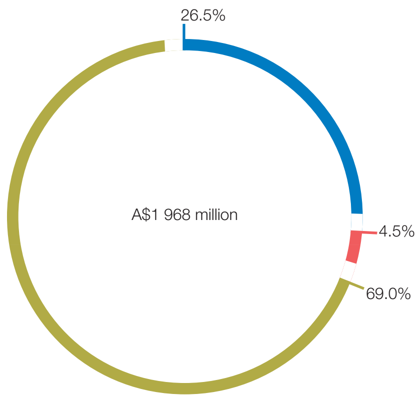
UK and Europe



South Africa



Australia



Liquidity mismatch

The tables that follow show our liquidity mismatch across our core geographies. The tables reflect that loans and advances to customers are largely financed by stable funding sources.

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, we maintain a liquidity buffer in the form of unencumbered cash, government, or bank paper (typically eligible for repurchase with the central bank), and near cash as a buffer against both expected and unexpected cash flows.
- The actual contractual profile of this asset class is of little consequence, as practically Investec would meet any unexpected net cash outflows by selling these securities. 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. An internal analysis model is used, based on statistical research of the historical series of products, which models the point of probable 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	1 338	541	-	-	-	14	15	1 908
Investment/trading assets	232	560	65	63	196	255	455	1 826
Securitised assets	15	4	4	-	1	5	4 199	4 228
Advances	68	716	419	448	902	2 004	3 520	8 077
Other assets	207	210	15	2	23	76	440	973
Assets	1 860	2 031	503	513	1 122	2 354	8 629	17 012
Deposits - banks	(183)	(732)	(218)	(362)	(631)	(1 962)	(258)	(4 346)
Deposits - non-banks	(554)	(898)	(1 692)	(867)	(204)	(111)	(58)	(4 384)
Negotiable paper	-	(5)	(207)	(2)	-	(100)	-	(314)
Securitised liabilities	-	-	-	-	-	-	(3 947)	(3 947)
Investment/trading liabilities	(272)	(985)	(212)	(15)	(18)	(43)	(57)	(1 602)
Subordinated liabilities	10	-	-	(6)	(10)	(208)	(515)	(729)
Other liabilities	(137)	(166)	(12)	(27)	(52)	(119)	(23)	(536)
Liabilities	(1 136)	(2 786)	(2 341)	(1 279)	(915)	(2 543)	(4 858)	(15 858)
Shareholders' funds	-	-	-	-	-	-	(1 154)	(1 154)
Contractual liquidity gap	724	(755)	(1 838)	(766)	207	(189)	2 617	-
Cumulative liquidity gap	724	(31)	(1 869)	(2 635)	(2 428)	(2 617)	-	-

Behavioural liquidity (as discussed on page 139)

£'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	988	(755)	(1 230)	(766)	207	(783)	2 339	-
Cumulative	988	233	(997)	(1 763)	(1 556)	(2 339)	-	-

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*	13 802	898	19	29	47	548	-	15 343
Cash and short-term funds - non-banks	5 378	-	-	-	-	-	-	5 378
Investment/trading assets**	14 016	13 435	1 294	1 541	1 513	10 219	6 712	48 730
Securitised assets	1 067	68	56	424	883	4 691	5 824	13 013
Advances	4 911	5 236	10 643	9 840	12 756	40 374	28 401	112 161
Other assets	861	1 571	79	260	42	1 674	1 500	5 987
Assets	40 035	21 208	12 091	12 094	15 241	57 506	42 437	200 612
Deposits - banks	(2 317)	(1 099)	(126)	(210)	(90)	(8 317)	-	(12 159)
Deposits - non-banks	(36 921)	(35 572)	(25 497)	(8 398)	(13 153)	(3 695)	(3 634)	(126 870)
Negotiable paper	-	(150)	(484)	(300)	(20)	-	-	(954)
Securitised liabilities	(147)	(1 555)	(1 611)	(2 100)	-	(4 483)	(1 204)	(11 100)
Investment/trading liabilities	(937)	(303)	(1 719)	(1 316)	(1 547)	(8 996)	(49)	(14 867)
Subordinated liabilities	-	-	-	-	-	(4 691)	(400)	(5 091)
Other liabilities	(2 626)	(455)	(1 191)	(1 313)	(1 322)	(2 074)	(4 421)	(13 402)
Liabilities	(42 948)	(39 134)	(30 628)	(13 637)	(16 132)	(32 256)	(9 708)	(184 443)
Shareholders' funds	-	-	-	-	-	-	(16 169)	(16 169)
Contractual liquidity gap	(2 913)	(17 926)	(18 537)	(1 543)	(891)	25 250	16 560	-
Cumulative liquidity gap	(2 913)	(20 839)	(39 376)	(40 919)	(41 810)	(16 560)	-	-

Note: contractual liquidity adjustments (as discussed on page 139)

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	10 668	898	19	29	47	548	3 314	15 343
**Investment/trading assets	7 381	3 900	6 907	6 464	5 800	11 217	7 061	48 730

Behavioural liquidity (as discussed on page 139)

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	16 057	1 310	(1 798)	(5 212)	(37 293)	7 040	19 896	-
Cumulative	16 057	17 367	15 569	10 357	(26 936)	(19 896)	-	-

Australia

Contractual liquidity

AUD'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	272	2	-	-	-	-	-	274
Investment/trading assets*	1 184	69	32	56	42	99	83	1 565
Securitised assets	1	26	69	93	175	540	8	912
Advances	-	118	225	280	557	682	135	1 997
Other assets	-	-	-	-	-	-	196	196
Assets	1 457	215	326	429	774	1 321	422	4 944
Deposits - banks	(211)	-	-	-	-	-	-	(211)
Deposits - non-banks	(523)	(473)	(398)	(95)	(137)	(123)	(8)	(1 757)
Negotiable paper	-	(179)	(62)	(30)	(75)	(945)	(11)	(1 302)
Securitised liabilities	(1)	(25)	(69)	(92)	(491)	(226)	(2)	(906)
Investment/trading liabilities	(12)	(1)	(2)	(49)	(9)	(50)	(27)	(150)
Subordinated liabilities	-	-	-	-	(76)	(25)	-	(101)
Other liabilities	-	-	-	-	-	-	(28)	(28)
Liabilities	(747)	(678)	(531)	(266)	(788)	(1 369)	(76)	(4 455)
Intercompany loans	23	102	-	1	6	(3)	2	131
Shareholders' funds	-	-	-	-	-	-	(620)	(620)
Contractual liquidity gap	733	(361)	(205)	164	(8)	(51)	(272)	-
Cumulative liquidity gap	733	372	167	331	323	272	-	-

Note: contractual liquidity adjustments (as discussed on page 139)

AUD'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	80	403	259	59	110	591	63	1 565

Behavioural liquidity (as discussed on page 139)

AUD'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	1 200	(423)	(423)	60	(91)	(51)	(272)	-
Cumulative	1 200	777	354	414	323	272	-	-

Risk management

Financial markets year in review

During the financial year ended 31 March 2009 the impacts of the global financial crisis intensified with funding conditions deteriorating in response to the collapse of Lehman Brothers in late 2008 and the uncertainty it created in the minds of individuals with respect to the safety of banks in general.

A noteworthy characteristic of the market turmoil is the adverse effects it has had on the liquidity and funding risk profile of the banking system in general. At a universal level, these may be characterised as follows:

- Banks became unwilling to lend to each other beyond the very short-term resulting in pressure being placed on funding costs
- The ability of many market participants to issue unsecured debt has been constrained
- Asset classes considered to be liquid turned out to be illiquid with no readily available repo market.

In response to the global financial crisis, many governments and central banks have taken unprecedented action to alleviate the effects of market turmoil making available guaranteed funding facilities and introducing wide-ranging fiscal stimuli.

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

- Pounds Sterling interest rates – The financial year began with a further modest easing in the Bank Rate, April's meeting reducing the rate by 0.25% to 5.0% in reaction to ongoing signs that the economy was continuing to slow and credit conditions were not improving. This followed a precipitous drop in equities at the start of 2008 and a savage interest rate response from the Federal Reserve. However, inflation concerns continued to balance the Monetary Policy Committee's (MPC) concerns for the economic outlook, with some members considering tightening policy over the summer as oil prices surged pushing inflation to peak at 5.2% in September 2008. The collapse of Lehman Brothers in September 2008 epitomised growing financial strains that spilt into the real economy in the final quarter of 2008, realising fears that many had held since the onset of the financial crisis. The MPC responded to growing signs of economic collapse, even after emergency measures were put in place to avert a financial meltdown that Bank of England (BoE) Governor admitted had been close in October 2008. The MPC reduced rates by a record 3% in the fourth quarter of 2008. Reductions continued in the first quarter of 2009 on a monthly basis (but smaller) until the Bank Rate reached 0.50% in March 2009. This is the lowest rates have been since the BoE's inception in 1694. In March, with rates effectively at zero, the BoE announced it would follow a path of quantitative easing by purchasing assets to expand the monetary base and hence, it is hoped, broad money. The BoE announced a plan to buy £75 billion of a variety of assets, but largely gilts.
- Euro interest rates – Despite signs of growing international economic turmoil and a significant weakening in survey evidence the European Central Bank (ECB) left its key refinancing rate on hold at 4.0% in the early stages of the financial year, only to raise the rate to 4.25% in July 2008. This reflected the continued surge in oil prices and its impact on Eurozone inflation, which rose to 4.0% in June. A significant rise in inflation expectations at this time probably proved the final straw. Nevertheless, the breaking of the financial tidal wave on the real economy in the wake of the Lehman Brothers collapse in September 2008 (particularly its impact on international trade, which saw German exports fall in November 2008 alone by 11.0%) prompted the ECB to reverse its policy sharply across the fourth quarter of 2008. The ECB cut the refinancing rate by 1.75% in the fourth quarter of 2008 to 2.5%, moving in each month. The final quarter of this financial year has additionally seen 0.5% rate cuts in January and March 2008, taking the refinancing rate to 1.5%, with a further cut expected at the start of the next financial year. Moreover, the ECB initiated a more technical change in October 2008, allowing unlimited liquidity in its money market operations. This depressed overnight interest rates relative to the refinancing rate, driving them closer to the ECB deposit rate in what looked like a premeditated side effect. Following the subsequent lowering of the deposit rate relative to the refinancing rate in January 2009, overnight rates have traded between 0.5% to 0.75% lower than the refinancing rate.
- Rand interest rates – The South African Reserve Bank (SARB) increased interest rates by 0.5% in June 2008 (following on April 2008's 0.5% increase) bringing South Africa's interest rate cycle to its most recent peak, thereafter the cycle turned down, with the first cut of 0.5% occurring in December 2008. February 2009 saw monetary easing of 1.0%, with the Reserve Bank Governor announcing that if he had had his way a full 2.0% cut would have occurred instead at that meeting. Citing that the rapidly deteriorating state of the economy requires constant monitoring and urgent action by policy makers, the SARB then promptly announced it would meet to decide on the interest rate stance every month this year instead, with the exception of July, which enabled it to ease monetary policy by a further 1% in March 2009.
- Australian interest rates – The Reserve Bank of Australia (RBA) had increased its Cash Rate Target to 7.25% at the close of the previous financial year, although comments from the central bank at the time suggested this could well prove the peak. For the first half of this financial year, the RBA was torn between growing signs of deteriorating domestic economic conditions, a worsening international outlook and a surge in oil and commodity prices driving inflation higher, which peaked at 5.0% in the third quarter of 2008. The RBA cut rates by 0.25% 'pre-emptively' in early September 2008 to 7.0%, but September's financial meltdown caused a collapse in international activity and the domestic economy slowed alarmingly. The RBA began cutting its policy rate aggressively, down to 4.25% by the end of 2008. Since then it has cut rates by a further 1.0% in February to 3.25% and we suspect this is close to the bottom of its cycle.
- USD interest rates – the Federal Reserve (FED) ended the previous financial year with a savage round of rate cuts, the Fed Funds Target started this financial year at just 2.25%. Although the Fed reduced the target further to 2.0% in April 2008, rates held at this level until September 2008 and the Lehman Brothers collapse. This prompted a further round of significant monetary policy easing. The Fed slashed the Fed Funds target to a range of 0-0.25% in December 2008, exhausting conventional policy moves. However, from September 2008 it engaged in a series of operations that significantly expanded its balance sheet, with a view to providing support for key asset markets, initially commercial paper markets which rose in the immediate wake of Lehman Brothers and money market funds. Fed Chairman Bernanke indicated that this policy differed from the more traditional quantitative easing as its focus was not pre-defined targets for central bank liabilities, but on the composition of loans and securities on the asset side of the Fed's balance sheet. The Fed Chairman referred to this as "credit easing". This process continued to evolve with the Fed committing to buying mortgage securities and agency debt, although the differences between Fed's policy and quantitative easing became less distinct towards the end of the financial year, when the central bank announced that it would commence purchasing US Treasuries as well.

Balance sheet risk year in review

Calendar year 2008 has to be one of the most torrid years for financial markets globally, causing severe dislocation in money markets and changing the funding landscape for future years to come. Longer term liquidity all but dried up even for AAA names.

In the UK, the government was forced to take action to inject liquidity back into financial markets and restore confidence through various schemes including:

- A £50 billion Credit Guarantee Scheme in October 2008. This is the scheme to which Investec Bank plc is eligible to participate.
- A government auction buy-back of gilts of £75 billion which is ongoing to provide liquidity to the markets.
- Nationalisation of Northern Rock and Bradford & Bingley and taking direct stakes in Royal Bank of Scotland and Lloyds TSB.
- Injecting up to £500 billion of tax payer's money by way of an Asset Protection Scheme.
- The Bank of England asset purchase facility to assist in compressing spreads and improving liquidity in corporate bonds.

Investec Bank plc has benefited in these troubled times as retail investors looked to diversify their savings across different institutions. Investec Bank plc saw good inflows into its retail savings products and Structured Equity Derivatives offerings over the latter half of the year.

Despite the relatively sound economic position that Australia held at the commencement of the global financial crisis and the rapid action by the RBA and the Federal Government, the Australian economy has still been negatively impacted by the severity of deterioration in the global economic conditions. In October 2008 the Australian government announced a Government Guarantee Scheme (the "Scheme") for deposit and wholesale funding. The Scheme guarantees bank deposits up to AUD1 million for a period up to 12 October 2011, while large deposits and non-deposit debt may be guaranteed for period of up to 60 months through the payment of a fee. Subsequent to the announcement of the Scheme, Investec Bank (Australia) Ltd's (IBAL) experienced major inflows of private client funds resulting in record levels being achieved. IBAL's activity in increasing funding through both the Private Bank and wholesale funding bases has been utilised to further increase an already strong liquidity position and to lengthen the average maturity profile of liabilities well in excess of regulatory and internal policy requirements.

The South African interest rate environment was exceptionally volatile and eventful during the financial year ended 31 March 2009. The second quarter however, brought a major change in interest rate expectations as the deflationary risks of the burgeoning crisis in global financial markets became apparent. This made for exceptionally good trading conditions for the Capital Markets trading teams. However, liquidity conditions worsened over the financial year, particularly after the collapse of Lehman Brothers. Fortunately South African banks were largely shielded from the worst of the fall-out. However, the cost of term deposits continued to rise reflecting higher credit risk spreads, fortunately partly offset by significant increases in rates on new loans written by the bank. We concluded a USD450 million two year syndicated loan rollover in October 2008 which buttressed our liquidity. However, a combination of asset growth, a slowdown in securitisation and slower liability growth resulted in a decrease in the amounts of surplus liquidity available on the South African balance sheet.

We successfully embarked on several term debt funding initiatives. This allowed us to maintain liquidity above internal and external liquidity targets. 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 plc:
  - €280 million Club Deal completed in April 2008 for one year at Libor+45bps.
  - A total of £570 million bilateral facilities were arranged through long-standing historical relationships maintained with other banks throughout the course of the year.
- Investec Bank (Australia) Limited (IBAL):
  - During July 2008 IBAL undertook an inaugural dual currency syndicated debt facility raising USD80 million and €43 million with a one year term and with 13 European and North American financial institutions participating.
  - During December 2008 IBAL modified its Debt Issuance Programme to allow it to undertake debt issuance in compliance with the Government Guarantee Scheme, and in February 2009 IBAL undertook two domestic term debt issues in Government Guaranteed format for a total raising of AUD600 million. The first issue was for an amount of AUD400 million and a term of 3 years, the second issue, undertaken a few weeks subsequent to the first, was for an amount of AUD200 million in a fixed rate structure, with a term of 5 years.

Operational risk management

Operational risk description

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

We have adopted the Standardised Approach to calculate operational risk regulatory capital.

Operational risk governance structure

The governance structure for operational risk management is outlined below.

Board

The board of directors through the BRCC and Audit Committee approve, monitor and review the operational risk framework, policies and practices of the group. Reports are presented to these committees on a regular basis.

Group Operational Risk Management

An independent specialist Group Operational Risk Management function is responsible for establishing the framework for operational risk management, and promotes consistent and sound operational risk management practices and processes across the group. This is in line with regulatory and stakeholder expectations in managing our operational risk.

Group Operational Risk Management has a specific responsibility for the monitoring and oversight of Business Continuity Risk Management and Financial Crime Risk Management; and monitors Change Control Management, Information Security Risk and Technology Risk, which is the responsibility of the subject matter experts.

The Operational Risk Committee and/or working groups promote and monitor the effectiveness of the operational risk management framework and develop and implement practices supporting operational risk policies and practices.

Group Operational Risk Management is responsible for facilitating the interaction and relationship with the various supervisors of the group.

Business units

Business unit senior management is responsible for the management of operational risk within their business units. This is achieved by ensuring that the operational risk management framework, policies and practices, as established by Group Operational Risk Management, are embedded within the business unit.

A network of Embedded Risk Managers (ERMs) within the business units assist management with the management and monitoring of operational risk. Material operational risks are addressed at the individual business unit risk committees and, if necessary, escalated to Group Operational Risk Management and the BRCC.

Assurance

All processes are subject to reviews by Internal Audit as well as onsite reviews by the relevant supervisors. In certain instances, internal specialist subject matter experts are called on to validate the operational risk practices.

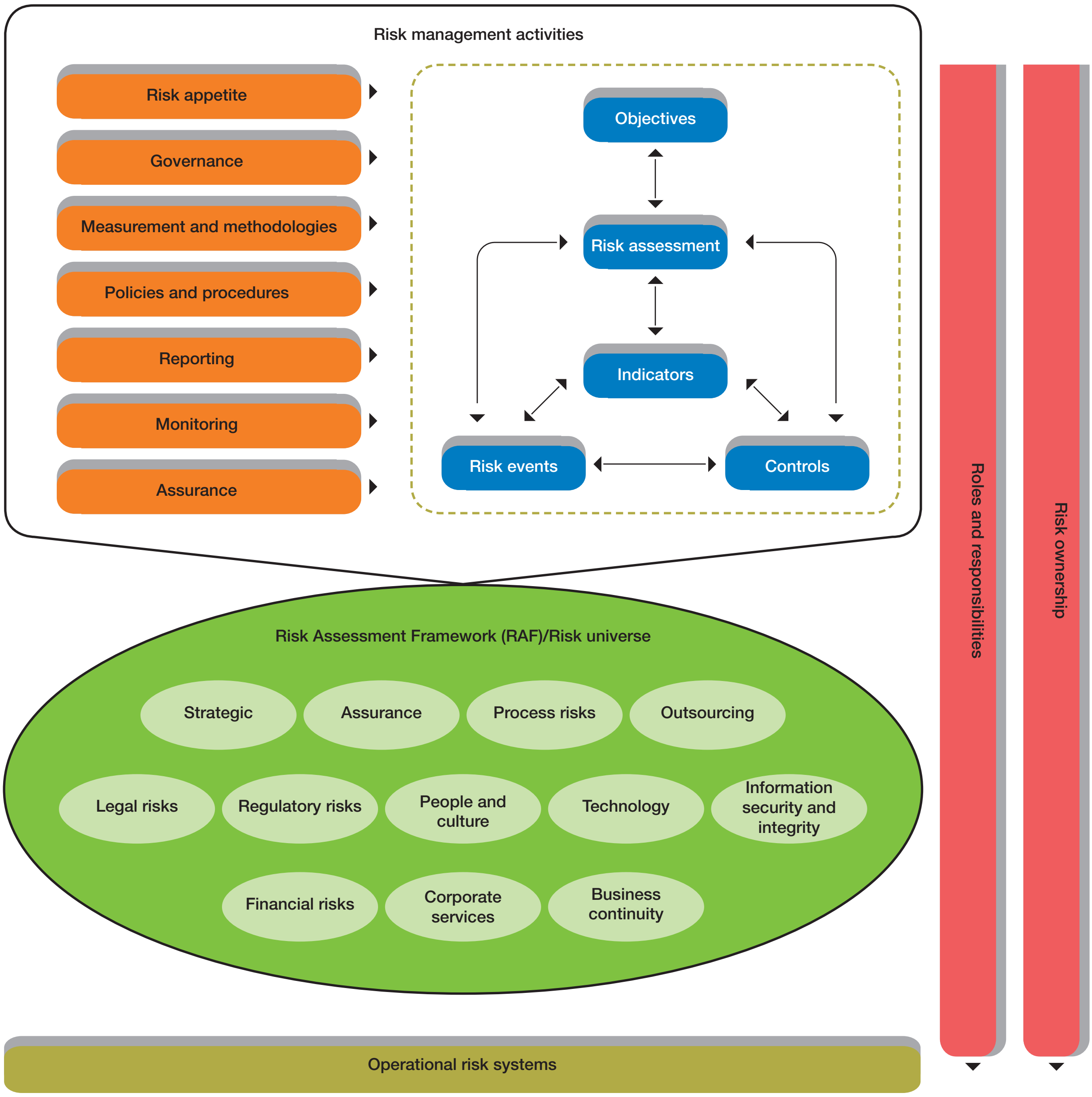
Operational risk management framework

The operational risk management framework adopted by the group sets out a structured and consistent approach for implementing a systematic, effective and efficient process to manage operational risk across the group.

A group wide operational risk system is used for the recording, identification, assessment, measurement and monitoring of operational risks facing the individual business units. This system allows for the recording and linking of risk assessments, risk events and risk indicators where appropriate, enabling a comprehensive view of the operational risk profile. Detailed analysis and reporting across the operational risk profile is also possible.

Risk management

The following diagram provides an overview of the Operational Risk Management framework.



Risk management

Operational risk identification and risk assessments

The risk assessment process is central to the operational risk management process. A qualitative risk assessment is conducted using an identified universe of operational risks contained in the Risk Assessment Framework (RAF).

The RAF is organised into risk areas and relevant associated detailed risks. Risks are assessed based on likelihood of occurrence and consequence, arriving at a controlled operational risk exposure.

Surveys and publications from reliable sources are monitored and compared to the RAF to confirm relevance and completeness, and to identify emerging issues.

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

Risk assessments are reviewed regularly based on the internal and external events, changes in the business environment, and new products introduced.

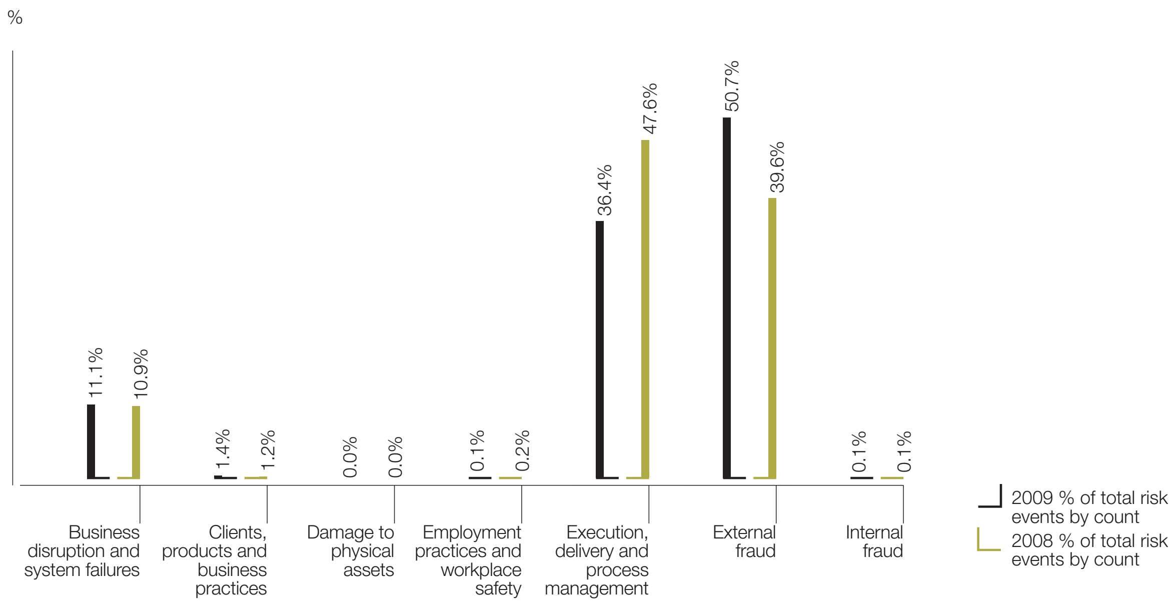
Risks are assessed and considered before implementation of new products in line with the relevant policies and procedures applicable to the respective operating jurisdictions.

Operational risk events

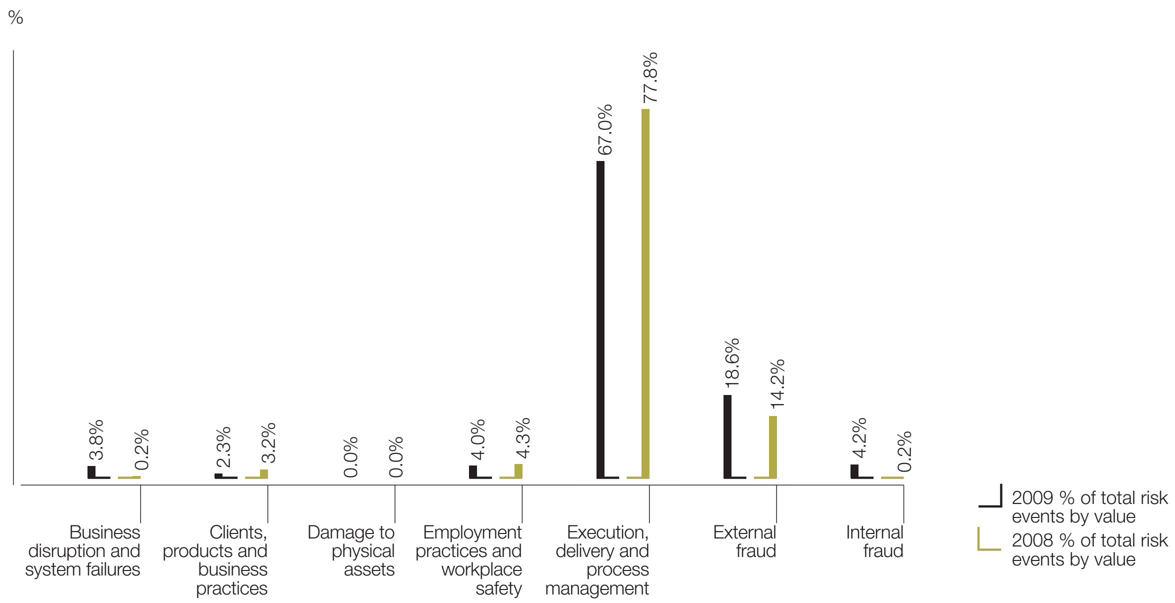
As shown in the graphs below, the majority of our internal risk events, by value, fall into the execution, delivery and process management event type. The majority of these events are infrequent and unexpected but high value events. The majority of events, by count, fall into the external fraud event type. These relate to credit card fraud.

Infrequent, unexpected, high value risk events for the financial year 2009 represent 96% of the total value of the risk events and less than one percent of the total number of risk events.

Operational risk events by risk category - % of total risk events by count



Operational risk events by category - % of total risk events by value



Internal risk events are recorded in the group wide operational risk system. Causal analyses are performed and actions are identified to mitigate and minimise losses and improve controls. Processes are in place for the monitoring and escalation of recorded events.

External events from public sources are monitored, recorded and analysed in the same manner as internal events. This allows for enhancement or improvements to the risk and control environment through the lessons learnt by these events.

Operational risk indicators

Key operational risk indicators are monitored. The process remains an ongoing area of development.

Operational risk measurement

Material operational risks relevant to the jurisdictions we operate in have been identified by Group Operational Risk Management in conjunction with the business units.

In the year under review each material operational risk was subjected to a scenario evaluation. Various plausible, extreme, infrequent scenarios were developed and documented for each material operational risk. Scenario information was sourced from an evaluation of the external business environment, internal business considerations, internal and external event data, and controlled operational risk exposures.

The scenario evaluations are combined through Monte Carlo simulation to determine a business unit and group proposed operational risk measure which is considered as an input into the internal operational risk capital. This is subject to review by the Capital Committee.

Reporting

Group Operational Risk reports to the Board, BRCC and Audit Committee on a regular basis. These reports are based on monitoring performed by Group Operational Risk Management and input received from the business units. This continues to be an area of focus to improve the relevance and reliability of reporting.

Other key operational risks

Business continuity risk

The ability of the group to respond to and maintain an appropriate level of operating capability in the event of a disruption is a significant area of focus.

Senior management is responsible for maintaining a crisis management as well as a business continuity capability for each of the group's geographical locations. A network of business continuity coordinators has responsibility for embedding the business continuity capability. This capability is subject to independent monitoring, review and assessment by both Group Operational Risk Management and Internal Audit.

Business continuity risk awareness and practices have continued to mature throughout the group. Continuous improvement of the operating resilience allowed the group to respond effectively to various minor incidents without significant disruption to the business. Regular and robust simulations are conducted throughout the group to assess the readiness to respond to disruptions and identify areas that require remediation.

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 the group's 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.

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

Developments

In the year under review the group was subject to regulatory onsite reviews by the SARB, the FSA and the Bank of Mauritius.

We participated in the international Loss Data Collection exercise. This assisted in confirming and refining loss data collection standards and practices.

As a result of the current financial crisis and the lessons learnt from this, we strive to continuously strengthen our operational risk environment by regularly evaluating the risk assessments and control framework and updating them in line with developments in the market and emerging exposures.

Areas of focus:

- Business continuity capability – rigorous and ongoing simulations and readiness evaluation.
- Awareness and understanding of financial crime. Developments in this area are monitored through participation in the industry fora.
- Enhancements to the IT Risk Assessment Framework which incorporates the Information Security Framework.
- The refinement of the operational risk measurement methodologies through scenario analysis.
- Key operational risk indicators that are relevant have been considered and remain an ongoing development area.
- Improvement of the quality of operational risk management data.
- Introduction of a new risk and causal analysis approach to enable us to further analyse internal and external risk events.
- Improvements to the reporting framework. Continued enhancements based on industry practice.

Our processes provide for continuous development and monitoring to ensure that the framework and practices remain relevant and are appropriate and adequate and in line with leading industry practices including regulatory requirements. Embedding operational risk management awareness and practices in our business remains an ongoing activity.

Insurance

The group maintains adequate insurance to cover key insurable risks. The insurance process and requirements are managed by the Group Insurance Risk Manager. Regular interaction between Group Operational Risk Management and Group Insurance Risk ensures that there is an exchange of information of both areas in order to enhance the mitigation of operational risks.

Reputational risk

Reputational risk is caused by damage to our 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.

We have various policies and practices to mitigate reputational 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. Our policies and practices are regularly reinforced through transparent communication, accurate reporting, continuous group culture and values assessment, internal audit and regulatory compliance review, and risk management practices.

Corporate 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, and
- Increased life expectancy of individuals leading to increased liabilities.

Investec plc monitors the position of the funds closely, regularly assessing potential adverse movements in the schemes. Further information is provided on pages 294 to 296.

Capital management and allocation

Although Investec plc (and its subsidiaries) and Investec Limited (and its subsidiaries) are managed independently, the approach to capital management of each group is consistently applied. The DLC structure requires the two groups to be considered independent from a capital perspective and hence capital is managed on this basis. This approach is exercised through the BRCC (via the Investec DLC Capital Committee) which is a board sub-committee with ultimate responsibility for the capital sufficiency of 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 Investec Limited were a single unified enterprise. Investec plc is regulated by the FSA in the UK and Investec Limited is regulated by the SARB. In addition, a number or subsidiaries are subject to the capital regulations of the regulators for the jurisdictions in which they operate.

Philosophy and approach

As a consequence of the global financial crisis there is a strong expectation from bank stakeholders that banking groups need to and will improve their capital adequacy ratios. Investec has always held capital well in excess of regulatory requirements and the group intends to perpetuate this philosophy and ensure that it remains well capitalised in a vastly changed banking world. Accordingly, the group considers it appropriate to adjust its capital adequacy targets and build its capital base, targeting a minimum tier one capital ratio of 11% and a total capital adequacy ratio of 14% to 17% on a consolidated basis for Investec plc and Investec Limited, respectively.

The determination of target capital is driven by our strategy and risk appetite, taking into account regulatory and market factors applicable to the group. At the most fundamental level, we seek to balance our capital consumption between ensuring that we are prudently capitalised to meet our risks, and optimisation of shareholder returns.

Our internal (economic) capital framework is designed to manage and achieve this balance. The internal capital framework is tied to group-wide disciplines surrounding:

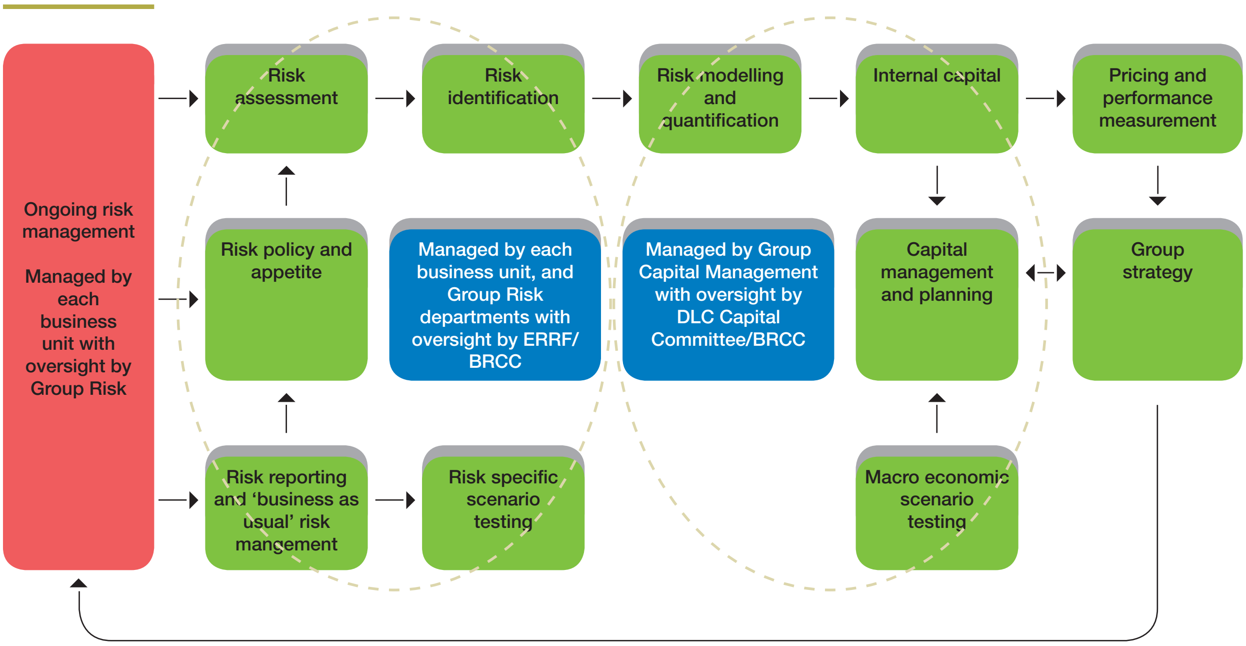
- Capital allocation and structuring
- Investment decision making and pricing
- Risk management, especially as it relates to the selection of deals, markets, and investment opportunities
- Performance measurement
- Risk-based incentive compensation.

Consequently the objectives of the internal capital framework are to:

- Maintain sufficient capital to satisfy the board's risk appetite across all risks faced by the group
- Support a target level of financial strength aligned with a long-term rating of at least A
- 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
- Maintain sufficient capital to meet regulatory requirements across each regulated entity
- Support our growth strategy
- Allow the exploration of acquisition opportunities where such opportunities are consistent with our strategy and risk appetite
- Facilitate pricing that is commensurate with the risk being taken
- Allocate capital according to the greatest expected marginal risk based return, and track performance on this basis
- Reward performance taking into account the relative levels of risk adopted.

The framework has been approved by the board and is managed by the DLC Capital Committee, which is responsible for oversight of the management of capital on a regulatory and an internal basis.

In order to achieve these objectives, we adhere to 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 the BRCC following an extensive process of engagement with senior management. 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. 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

As part of standard business practice, 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. Detailed performance and control metrics of these risks are reported to each ERRF and BRCC meeting, including, where appropriate the results of scenario testing. Key risk types that are considered fall within the following:

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

Each of these risk categories may consist of a number of specific risks, each of which are analysed in detail and managed through ERRF and BRCC.

Role of regulatory capital in capital management

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

The regulatory rules within Basel II are designed to provide greater differentiation of risk between asset classes. In addition, the rules seek to account for operational risk, in addition to the traditional capital requirements for credit and market risks. We do not, however, use regulatory capital as the driver exclusive of capital allocation.

In addition, while the measurement of capital from a regulatory perspective has changed following the introduction of Basel II, the risk appetite of the board and senior management remains unchanged. Indeed, given the rapid deterioration in capital availability across the global banking industry and the increasing risk aversion of the market, senior management have determined that capital should remain at conservative levels, in line with capital targets, regardless of any potential benefit arising from a change in regulatory capital rules. This requirement has been adopted within our approach to "Pillar 2", of which the internal capital framework constitutes a central role.

Therefore, 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 requirements. However, we do manage our capital resources to ensure that all group entities exceed local capital adequacy rules in the jurisdictions in which they operate. Local management are responsible for compliance with entities' minimum regulatory requirements, although the allocation of capital supply is controlled by the DLC Capital Committee.

Internal capital

Internal capital requirements are quantified by analysis of the potential impact of key risks to a degree consistent with our risk appetite. Internal capital requirements are supported by the board approved risk assessment process described above. Assessments for all risks are based on analysis of internal data, management expertise and judgment and external benchmarking.

The following risks are included within the internal capital framework and quantified for capital allocation purposes:

- Credit and counterparty risk, including:
  - Underlying counterparty risk
  - Concentration risk
  - Securitisation risk
- Traded market risk;
- Equity and property risk in the banking book;
- Balance sheet risk, including:
  - Liquidity
  - Non-trading interest rate risk
- Strategic and reputational risks;
- Business risk;
- Operational risk; and
- Pension risk (UK only).

Operational risk is considered as an umbrella term and covers a range of independent risks including, but not limited to, risks relating to: fraud, litigation, business continuity, outsourcing and out of policy trading. The specific risks covered are assessed dynamically through constant assessment of the underlying business environment.

Capital management, planning and scenario testing

A group capital plan is prepared at least 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 over the medium term (3 years), with the impact on both earnings and asset growth 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 at least three times annually.

Stressing the capital plans is an important tool by which the board can gain insight as to the potential sources of vulnerability of the capital sufficiency of the group through market, economic or internal events. As such, we stress the capital plans based on conditions most likely to place us under duress. The conditions themselves are agreed by the DLC Capital Committee. Such plans are used by management to formulate responses to potential adverse business conditions using all available management levers.

In particular, our capital plans are designed to allow senior management and the board to review:

- Changes to capital demand caused by implementation of agreed strategic objectives, including the creation or acquisition of new businesses, or as a result of the manifestation of one or more of the risks to which we are potentially susceptible
- The impact on profitability of current and future strategies
- Required changes to the capital structure
- The impact of implementing a proposed dividend strategy
- The impact of alternate market or operating conditions on any of the above.

At a minimum level, each capital plan assesses the impact on our capital adequacy of a range of scenarios based on an expected case, upturn and downturn scenarios. 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, in consultation with the board, for consideration of the appropriate response.

Pricing and performance measurement

Internal capital is fully integrated into many key operational processes, including:
- Determining transactional risk based returns on capital
- Establishing break even pricing
- Optimising capital allocation
- Comparing risk based performance across business areas
- Forming 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 means that all transactions are considered in the context of the impact on the allocation of our capital resources, and hence on the basis of their contribution to risk adjusted return on capital. This is to ensure that expected returns are sufficient after taking recognition of 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.

For an assessment of return on equity and our return on economic capital utilised refer to pages 26 to 28.

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. The group's senior management take active roles in allocating capital at a transactional level. At the highest level, the boards have delegated direct responsibility for capital management to the BRCC, and in turn the DLC Capital Committee. These forums have been in place for several years and their roles and responsibilities are discussed on pages 179 to 181.

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.

The following areas within the structure of the business have specific operational capital management responsibilities:
- Business units, in particular those who 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 requirements and the projected return on this capital as part of the deal approval process. Pricing explicitly takes into account the capital usage.
  - 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. These plans assist senior management with prioritising the use of our available capital.
- Risk Management:
  - The credit approval process for each (relevant) transaction is approved only after review and approval by our central credit risk management team. Capital usage forms an explicit part of the approval process.
  - For exposures which generate market risk, the market risk management team quantify and monitor market risk capital generated by trading activities. Traded market risk is closely monitored by our various risk management fora,
  - As part of operational risk management, a process managed by centralised operational risk management and embedded risk managers within each business unit identify, assess and quantify key operational risks arising from Investec's operations. Quantification is then used as the basis for the operational risk capital used held via 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:
  - Regulatory reporting is the responsibility of a dedicated team within Group Finance, who are responsible for ensuring regulatory capital requirements are continuously met.
  - 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 group's 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.

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 plc (IBP) 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 IBP.

Investec plc

Identity of investment/interest held	Regulator	% interest held	Regulatory treatment Fully consolidated	Regulatory treatment Entities that are given a deduction treatment	Country of operation	Restrictions and major impediments on the transfer of funds and regulatory capital within the group
Bank controlling company						
Investec plc	Subject to consolidated supervision				UK	None
Investec 1 Limited	Subject to consolidated supervision	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 plc	FSA	100%	Yes		UK	Subject to regulatory rules
Investec Bank (Channel Islands) Limited	Guernsey Financial Services Commission/ Jersey Financial Services Commission	100%	Yes		Guernsey and Jersey	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
NUA Homeloans Limited	Irish Financial Services Regulatory Authority	100%	Yes		Ireland	Subject to regulatory rules
NUA Mortgages Limited	Irish Financial Services Regulatory Authority	100%	Yes		Ireland	Subject to regulatory rules
Start Mortgages Limited	Irish Financial Services Regulatory Authority	65.1%	Yes		Ireland	Subject to regulatory rules
Rensburg Sheppards Investment Management Limited	FSA	47.3%	Proportionately Consolidated		UK	Subject to regulatory rules
Rensburg Fund Management Limited	FSA	47.3%	Proportionately Consolidated		UK	Subject to regulatory rules
Rensburg Sheppards Trustees Limited	FSA	47.3%	Proportionately Consolidated		UK	Subject to regulatory rules

Investec plc (continued)

Identity of investment/interest held	Regulator	% interest held	Regulatory treatment: Fully consolidated	Regulatory treatment: Entities that are given a deduction treatment	Country of operation	Restrictions and major impediments on the transfer of funds and regulatory capital within the group
Mayflower Management Limited	FSA	47.3%	Proportionately Consolidated		UK	Subject to regulatory rules
Hargreave Hale Limited	FSA	35.0%	Proportionately Consolidated		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 Securities and Exchange Commission	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 (Channel Islands) Limited	Guernsey Financial Services Commission	100%	Yes		Ireland	Subject to regulatory rules
Investec Asset Management (Ireland) Limited	Irish Financial Services Regulatory Authority	100%	Yes		Ireland	Subject to regulatory rules
Investec Asset Management Taiwan Limited	Taiwan Securities and Futures Commission	100%	Yes		Taiwan	Subject to regulatory rules
Investec Asset Management Australia Pty Ltd	Australian Securities and Investment Commission	100%	Yes		Australia	Subject to regulatory rules
Unregulated subsidiaries	**Not regulated subject to consolidated supervision**					
Investec Holdings Company 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
Experien (Pty) Limited		100%	Yes		Australia	None
Guinness Mahon & Co Limited		100%	Yes		UK	None
Unregulated subsidiaries	**Not regulated and not subject to consolidated supervision**					
Global Ethanol Holdings Limited		44.4%		Deduction	USA	Minority interests
Global Ethanol LLC		26.6%		Deduction	USA	Minority interests
Ida Tech plc		73.1%		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 operation	Restrictions and major impediments on the transfer of funds and regulatory capital within the group
Bank controlling company						
Investec Limited	SARB	100%	Yes		SA	None
Regulated subsidiaries						
Banking and securities trading						
Investec Bank Limited	SARB	100%	Yes		SA	None
Investec Bank (Mauritius) Limited	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
Investec Asset Management (Pty) Ltd	FSB/SAFEX	100%	Yes		SA	None
Investec Fund Managers SA Ltd	FSB/SAFEX	100%	Yes		SA	None
Insurance						
Investec Employee Benefits Holdings (Pty) Ltd	FSB	100%	Deconsolidated		SA	None
Investec Employee Benefits Ltd	FSB	100%	Deconsolidated		SA	None
Investec Assurance Limited	FSB and Long-Term Insurance Act	100%	Deconsolidated		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
Quyn Martin Asset Management (Pty) Ltd		100%	Yes		SA	None
Investec Group Data (Pty) Ltd		100%	Yes		SA	None
APA Network Consultants (Pty) Ltd		100%	Yes		SA	None
Fuzztique (Pty) Limited		100%	Yes		SA	None
Cordatus Capital (Pty) Ltd		100%	Yes		SA	None
Investec Properties Group Holdings Ltd		100%	Yes		SA	None

There are no current or foreseen material practical or legal impediments to the prompt transfer of capital resources or repayment of liabilities among the parent undertaking and its subsidiary undertakings, other than indicated on the table above.

Capital structure

Summary information on the terms and conditions of the main features of all capital instruments is provided on pages 299 to 302.

As at 31 March 2009	Investec plc £'mn	IBP* £'mn	IBAL* AUD'mn	Investec Limited R'mn	IBL* R'mn
Regulatory capital					
Tier 1					
Called up share capital	-	655	292	-	22
Share premium	839	37	-	9 862	9 056
Retained income	340	275	336	7 872	5 098
Treasury shares	(39)	-	-	(1 758)	-
Other reserves	115	50	(7)	340	6
Minority interests in subsidiaries	156	(11)	-	-	-
Goodwill	(296)	(72)	(89)	(309)	-
Total Tier 1	1 115	934	532	16 007	14 182
Less: deductions	(41)	(18)	(94)	(141)	(242)
	1 074	916	438	15 866	13 940
Tier 2 capital					
Aggregate amount	745	604	134	5 106	5 106
Less: deductions	(41)	(18)	(17)	(142)	(142)
	704	586	117	4 964	4 964
Tier 3 capital					
Aggregate amount	10	10	-	-	-
Other deductions from Tier 1 and Tier 2	(67)	(105)	-	-	-
Total capital	1 721	1 407	555	20 830	18 904

As at 31 March 2008	Investec plc £'mn	IBP* £'mn	IBAL* AUD'mn	Investec Limited R'mn	IBL* R'mn
Regulatory capital					
Tier 1					
Called up share capital	-	555	292	-	19
Share premium	781	37	-	8 423	8 277
Retained income	299	275	345	6 508	4 328
Treasury shares	(16)	-	-	(1 227)	-
Other reserves	90	27	(2)	48	4
Minority interests in subsidiaries	159	-	-	-	-
Goodwill	(308)	(74)	(84)	(339)	-
Total Tier 1	1 005	820	551	13 413	12 628
Less: deductions	(69)	(29)	(90)	(303)	(402)
	936	791	461	13 110	12 226
Tier 2 capital					
Aggregate amount	736	602	118	5 290	5 006
Less: deductions	(69)	(29)	(26)	(204)	(204)
	667	573	92	5 086	4 802
Tier 3 capital					
Aggregate amount	18	18	-	-	-
Other deductions from Tier 1 and Tier 2	(67)	(116)	-	-	-
Total capital	1 554	1 266	553	18 196	17 028

* Where IBP is Investec Bank plc; IBAL is Investec Bank (Australia) Limited and IBL is Investec Bank Limited

Capital requirements

As at 31 March 2009	Investec plc £'mn	IBP* £'mn	IBAL* AUD'mn	Investec Limited R'mn	IBL* R'mn
Capital requirements	852	709	394	13 951	12 652
Credit risk - prescribed standardised exposure classes	680	578	340	11 431	10 780
Corporates	211	216	245	9 154	8 507
Secured on real estate property	245	197	6	968	968
Counterparty risk on trading positions	25	25	18	349	349
Short-term claims on institutions and corporates	29	25	23	292	288
Retail	41	41	16	251	251
Institutions	17	14	11	331	331
Other exposure classes	112	60	21	86	86
Securitisation exposures	17	16	-	169	169
Equity risk - standardised approach	16	16	11	625	576
Listed equities	2	2	1	96	47
Unlisted equities	14	14	10	529	529
Market risk - portfolios subject to internal models approach	29	29	1	171	106
Interest rate	14	14	1	17	17
Foreign Exchange	1	1	-	39	39
Commodities	-	-	-	8	8
Equities	14	14	-	107	42
Operational risk - standardised approach	110	70	42	1 555	1 021

As at 31 March 2008	Investec plc £'mn	IBP* £'mn	IBAL* AUD'mn	Investec Limited R'mn	IBL* R'mn
Capital requirements	813	695	442	12 395	11 285
Credit risk - prescribed standardised exposure classes	669	584	378	10 462	9 914
Corporates	239	236	296	8 150	7 604
Secured on real estate property	249	196	11	754	754
Counterparty risk on trading positions	40	40	13	485	485
Short-term claims on institutions and corporates	33	20	24	250	248
Retail	28	28	25	313	313
Institutions	27	22	3	421	421
Other exposure classes	53	42	6	89	89
Securitisation exposures	6	5	-	118	118
Equity risk - standardised approach	11	11	15	361	346
Listed equities	3	3	4	45	30
Unlisted equities	8	8	11	316	316
Market risk - portfolios subject to internal models approach	30	30	3	193	57
Interest rate	20	20	3	9	9
Foreign Exchange	1	1	-	17	17
Commodities	3	3	-	3	3
Equities	6	6	-	164	28
Operational risk - standardised approach	97	65	46	1 261	850

* Where IBP is Investec Bank plc; IBAL is Investec Bank (Australia) Limited and IBL is Investec Bank Limited

Risk management

Capital adequacy

As at 31 March 2009	Investec plc £'mn	IBP* £'mn	IBAL* AUD'mn	Investec Limited R'mn	IBL* R'mn
Tier 1 capital	1 115	934	621	16 007	14 182
Less: deductions	(41)	(18)	(183)	(141)	(242)
	1 074	916	438	15 866	13 940
Tier 2 capital	745	604	134	5 106	5 106
Less: deductions	(41)	(18)	(17)	(142)	(142)
	704	586	117	4 964	4 964
Tier 3 capital					
Aggregate amount	10	10	-	-	-
Other deductions from Tier 1 and Tier 2	(67)	(105)	-	-	-
Total capital	1 721	1 407	555	20 830	18 904
Risk-weighted assets (banking and trading)	10 645	8 855	3 028	146 856	133 180
Credit risk - prescribed standardised exposure classes	8 492	7 220	2 612	120 331	113 478
Corporates	2 641	2 701	1 882	96 359	89 547
Secured on real estate property	3 060	2 459	44	10 186	10 186
Counterparty risk on trading positions	308	308	136	3 678	3 678
Short-term claims on institutions and corporates	365	312	176	3 077	3 036
Retail	514	514	126	2 640	2 640
Institutions	199	175	83	3 489	3 489
Other exposure classes	1 405	751	165	902	902
Securitisation exposures	218	206	-	1 778	1 778
Equity risk - standardised approach	199	197	83	6 573	6 061
Listed equities	29	27	7	1 009	497
Unlisted equities	170	170	76	5 564	5 564
Market risk - portfolios subject to internal models approach	359	359	11	1 805	1 118
Interest rate	171	171	10	182	182
Foreign Exchange	12	12	1	405	405
Commodities	2	2	-	83	83
Equities	174	174	-	1 135	448
Operational risk - standardised approach	1 377	873	322	16 369	10 745
Capital adequacy ratio	16.2%	15.9%	18.3%	14.2%	14.2%
Tier 1 ratio	10.1%	10.3%	14.4%	10.8%	10.5%
Capital adequacy ratio - pre operational risk	18.6%	17.6%	20.5%	16.0%	15.4%
Tier 1 ratio - pre operational risk	11.6%	11.5%	16.2%	12.2%	11.4%

* Where: IBP is Investec Bank plc; IBAL is Investec Bank (Australia) Limited and IBL is Investec Bank Limited

Capital adequacy (continued)

As at 31 March 2008	Investec plc £'mn	IBP* £'mn	IBAL* AUD'mn	Investec Limited R'mn	IBL* R'mn
Tier 1 capital	1 005	820	635	13 413	12 628
Less: deductions	(69)	(29)	(174)	(303)	(402)
	936	791	461	13 110	12 226
Tier 2 capital	736	602	118	5 290	5 006
Less: deductions	(69)	(29)	(26)	(204)	(204)
	667	573	92	5 086	4 802
Tier 3 capital					
Aggregate amount	18	18	-	-	-
Other deductions from Tier 1 and Tier 2	(67)	(116)	-	-	-
Total capital	1 554	1 266	553	18 196	17 028
Risk-weighted assets (banking and trading)	10 162	8 688	2 944	130 474	118 792
Credit risk - prescribed standardised exposure classes	8 364	7 301	2 521	110 123	104 357
Corporates	2 991	2 953	1 973	85 785	80 043
Secured on real estate property	3 108	2 441	73	7 935	7 935
Counterparty risk on trading positions	504	504	87	5 104	5 104
Short-term claims on institutions and corporates	406	247	163	2 630	2 606
Retail	355	355	164	3 293	3 293
Institutions	343	279	22	4 430	4 430
Other exposure classes	657	522	39	946	946
Securitisation exposures	75	63	-	1 237	1 237
Equity risk - standardised approach	142	138	100	3 798	3 644
Listed equities	38	34	24	471	318
Unlisted equities	104	104	76	3 327	3 326
Market risk - portfolios subject to internal models approach	372	372	19	2 046	605
Interest rate	255	255	17	95	95
Foreign Exchange	13	13	2	184	184
Commodities	33	33	-	36	36
Equities	71	71	-	1 731	290
Operational risk - standardised approach	1 209	814	304	13 270	8 949
Capital adequacy ratio	15.3%	14.6%	18.8%	13.9%	14.3%
Tier 1 ratio	9.2%	9.1%	15.7%	10.0%	10.3%
Capital adequacy ratio - pre operational risk	17.4%	16.1%	21.0%	15.5%	15.5%
Tier 1 ratio - pre operational risk	10.5%	10.0%	17.5%	11.2%	11.1%

* Where: IBP is Investec Bank plc; IBAL is Investec Bank (Australia) Limited and IBL is Investec Bank Limited

Analysis of rated counterparties in each standardised credit risk exposure class

The tables below show the exposure amounts associated with the credit quality steps and relevant risk weightings as at 31 March 2009.

The capital requirement disclosed as held against credit risk as at 31 March 2009 includes a small amount of capital held for counterparty credit risk, mainly within the group's trading businesses. On the basis of materiality no detail has been provided on this risk in the following analysis.

Investec plc

Credit quality steps

	Risk weight	Exposure £'mn	Exposure after credit risk risk mitigation £'mn
Central Banks and Sovereigns:			
1	0%	1 117	1 117
2	20%	-	-
3	50%	-	-
4	100%	-	-
5	100%	-	-
6	150%	-	-
Institutions original effective maturity of more than three months:			
1	20%	657	492
2	50%	173	173
3	50%	85	57
4	100%	-	-
5	100%	-	-
6	150%	-	-
Short-term claims on institutions:			
1	20%	680	680
2	20%	497	497
3	20%	36	36
4	50%	-	-
5	50%	-	-
6	150%	-	-
Corporates:			
1	20%	2	2
2	50%	-	-
3	100%	-	-
4	100%	5	5
5	150%	-	-
6	150%	-	-
Securitisation positions:			
1	20%	113	113
2	50%	15	15
3	100%	66	66
4	350%	14	14
5	1250%	4	4
Total rated counterparty exposure		3 464	3 271

Analysis of rated counterparties in each standardised credit risk exposure class (continued)

Investec Limited

Credit quality steps

	Risk weight	Exposure R'mn	Exposure after credit risk risk mitigation R'mn
Central Banks and Sovereigns:			
1	0%	10 468	10 468
2	20%	-	-
3	50%	24	24
4	100%	-	-
5	100%	-	-
6	150%	-	-
Institutions original effective maturity of more than three months:			
1	20%	-	-
2	50%	4 253	4 253
3	50%	2 368	2 368
4	100%	-	-
5	100%	-	-
6	150%	-	-
Short-term claims on institutions and corporates:			
1	20%	2 982	2 982
2	20%	4 933	4 933
3	20%	6 477	6 477
4	50%	4	4
5	50%	-	-
6	150%	-	-
Corporates:			
1	20%	186	186
2	50%	60	60
3	100%	87	87
4	100%	99	99
5	150%	-	-
6	150%	-	-
Securitisation positions:			
1	20%	101	101
2	50%	2 397	2 397
3	100%	189	189
4	350%	37	37
5	1 250%	360	360
Total rated counterparty exposure		35 025	35 025

Credit ratings

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 plc, Investec Bank Limited and Investec Bank (Australia) Limited. Certain rating agencies have assigned ratings to the holding companies, namely, Investec plc and Investec Limited.

Rating agency		Investec Limited	Investec Bank Limited - a subsidiary of Investec Limited	Investec plc	Investec Bank plc - a subsidiary of Investec plc	Investec Bank (Australia) Limited - a subsidiary of Investec Bank plc
Fitch	Individual rating	C	C		C	C
	Support rating	5	2		5	2
	Foreign currency					
	Short-term	F2	F2		F3	F2
	Long-term	BBB+	BBB+		BBB	BBB
	National					
	Short-term		F1+(zaf)			
	Long-term		AA-(zaf)			
Moody's	Bank financial strength rating		C		D+	C-
	Foreign currency					
	Short-term deposit rating		Prime-2	Non prime	Prime-3	Prime-2
	Long-term deposit rating		Baa1	Ba1	Baa3	Baa1
	National					
	Short-term		P1(za)			
	Long-term		Aa2(za)			
Global Credit Ratings	Local currency					
	Short-term		A1+(zaf)		A2	
	Long-term		AA-(za)		BBB+	

Internal Audit

Internal Audit provides objective and independent assurance to management and the board that group processes are adequate to identify 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 to address any weaknesses 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. Our Internal Audit departments have adopted and comply with the International Standards for the Professional Practice of Internal Auditing.

Annually, Internal Audit conducts a formal risk assessment of all businesses, from which a comprehensive risk based annual audit plan is derived. The assessment and programme are validated by 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. As a result of the continuing instability in the macro economic environment there has been a focus in the past year on the provision of assurance over liquidity, credit and capital management controls. 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 related 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 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

The UK and European financial systems have experienced significant turmoil particularly over the last six months. As a result of this we expect fundamental reforms to take place to the international regulatory and supervisory framework. Significant work is already underway with the Financial Stability Board and the global standard setters including the Basel Committee on Banking Supervision and the International Organisation of Securities Commissions. In the UK a significant contribution to the debate was provided by the Chairman of the UK's FSA in the form of the Turner Review. This report had a wide scope which included a review of the causes of the current crisis, and recommendations on the changes in regulation and supervisory approach needed to create a more robust banking system for the future. The European Commission's High Level Group on European Financial Supervision published its report in December 2008.

During the period under review regulatory activity in the UK has focused on:

- Liquidity and stress testing
- Banking Conduct of Business
- Payment Services
- Treating Customers Fairly
- Various market conduct measures (including civil and criminal prosecutions).

Liquidity and stress testing

The FSA is conducting a comprehensive review and restructuring of its liquidity regime and is taking part in various liquidity work streams both in Europe and globally. The FSA published a consultation paper in this regard in December 2008. Whilst it remains the responsibility of firms' senior management to adopt a sound approach to liquidity risk management, the FSA is proposing the following:

- A new, quantitative framework for liquidity risk management which places greater emphasis on firms' ability to assess liquidity risks and develop policies to tackle them;
- A strengthened qualitative framework for liquidity risk management, with an increased focus on firms' stress testing and contingency funding plans; new liquidity reporting requirements; and
- A new approach to firms operating in the UK which are part of a wider UK or international group.

The FSA believe that the proposed measures will enhance firms' liquidity risk management practices significantly and will, in some cases, reshape their business models over the coming years. Furthermore, the measures are intended to improve the FSA's ability to monitor and supervise firms' liquidity risk exposures.

In relation to stress testing, the FSA are proposing to introduce a 'reverse-stress test' requirement, which would apply to banks, building societies, investment firms and insurers, and would require firms to consider the scenarios most likely to cause their current business model to become unviable. The FSA is also proposing to make some drafting changes to the existing requirements on Pillar 2 capital stress and scenario testing, or where firms use internal models to assess their Pillar 1 capital requirements. The proposed changes are intended to better reflect the importance that the FSA attaches to robust stress and scenario testing and clarify the FSA's expectations of firms.

Compliance

Banking Conduct of Business/Payment Services

The FSA has proposed a new framework to regulate the way that banks treat their customers. Currently, the Banking Code Standards Board monitors and enforces the voluntary Banking Codes governing current accounts, personal loans and overdrafts, savings accounts, card services and ATMs.

This year the FSA will become responsible for regulating banks and building societies payment transactions under the Payment Services Directive. The FSA is proposing an extension of their regulation to include all aspects of banks' relationships with their retail customers and is looking to introduce the following framework:
- Full application of the FSA's Principles for Businesses to the regulated activities of accepting deposits and issuing electronic-money;
- New high-level rules applying to retail banking services outside PSD scope in a Banking Conduct of Business sourcebook ;
- Transfer of existing COBS rules and guidance applying to deposit taking to BCOBS; and
- Monitoring and enforcement by the FSA, integrated into the wider risk-based approach to the supervision of the relevant firms and groups.

Treating Customers Fairly (TCF)

TCF remains central to the FSA's retail strategy. Firms were expected to meet the FSA's December 2008 deadline where they were required to prove that TCF management information demonstrated that they were consistently treating customers fairly. The FSA has confirmed that as from January 2009, delivery of TCF will be tested as part of firms' usual supervision and to achieve this, the FSA has said that it will accelerate the full integration of TCF into core supervisory work.

Market abuse measures

The combating of market abuse continues to be a significant objective for the FSA. Their agenda has included a move to pursue insider dealing cases in the criminal courts. During 2008 we also saw various other initiatives from the FSA including:
- Short selling - On 18 September 2008 the FSA introduced temporary short selling measures in relation to stocks in UK financial sector companies on an emergency basis. The measures were introduced because of concerns about the potential for market abuse resulting from short selling and the consequent destabilising effects in the extreme circumstances prevailing at the time. The FSA effectively banned the active creation or increase of net short positions in the stocks of UK financial sector companies and required disclosure to the market of significant short positions in those stocks. The FSA has now lifted the ban but have extended the disclosure obligation until 30 June 2009 and continue to keep the position under review. The FSA has said that it will reintroduce the ban should this be warranted, and without consultation if necessary.
- Unauthorised trading controls - In response to the Société Générale 'rogue trader' incident the FSA published its expectations for the systems and controls necessary to deter unauthorised trading, to detect it promptly if it is occurring and to take appropriate corrective action. The measures expected by the FSA include mandatory 10 day holidays for all traders.
- Rumours - The FSA has published guidelines with respect to the dissemination of false or misleading information and market rumours about companies. The FSA expressed concern about the impact these forms of market abuse have on general market confidence, particularly in volatile or fragile market conditions.

South Africa - year in review

Anti-money laundering (AML)

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.

During the past year there has been an initiative to get all business units to implement the AML system, which in turn will provide for a centralised view of the Investec customer base. 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.

A further enhancement to the AML system to more adequately address the legislative requirements of suspicious activity reporting was implemented in the last quarter of 2008. In terms of the transactional monitoring requirement, a project has been initiated in 2008 which is aimed at the implementation of an automated suspicious activity monitoring system (ASAM), which takes cognisance of the clients' risk weighting and screening and profiles the clients' transactional behaviour across all business unit transactional systems. The ASAM system provides for customer segmentation and enhances customer due diligence on high risk customers. The project is due to be implemented in October 2009 but will have ongoing enhancements.

Compliance

Consumer Law

The focus on consumer protection continues into 2009 and the implementation and monitoring of compliance with the requirements of the Financial Advisory and Intermediary Services Act (FAIS) and the National Credit Act (NCA) is ongoing. Marking the introduction of broader and more comprehensive consumer rights is the Consumer Protection Act No. 68 of 2008 (CPA), which was signed into law in April 2009. The purpose of the CPA is to protect the interests of all consumers who are subject to abuse or exploitation in the market place and to give effect to internationally recognised best practice, while creating a strong culture of consumer rights and responsibilities. The Act is expected to be fully implemented by October 2010.

Conflicts of interest

Potential conflicts of interest have been identified through workshops with the respective business areas. The potential conflicts identified have been mapped on a Conflicts Index Matrix, which includes an outline of general conflict types and the business areas between which the conflicts could occur. The mapping exercise additionally identified current mitigations and controls in place to manage the respective conflicts, as well as where enhanced controls are necessary.

This mapping exercise has been substantially completed for all business areas classified as having a high risk of exposure to conflicts of interest. The mapping for business areas identified as having a medium or low risk of exposure to conflicts of interest has been initiated, and is scheduled for completion by 31 March 2010.

All compliance policies that include mitigations and controls for conflicts of interest have been updated and aligned with international best practice.

A Market Conduct module has been added to the compliance induction training. The module focuses on practical identification and management of conflicts of interest including the conflicts inherent in gifts and entertainment, market abuse and personal account dealing.

Risk based monitoring

The second phase of the project which involved the design and migration of a fully comprehensive risk based monitoring programme onto the Enterprise risk Assessor software was completed successfully during the year. An annual reassessment programme is in progress for all the relevant acts loaded on the Enterprise Risk Assessor which involves re-evaluation of all the risks, controls, treatments and monitoring tests to ensure that these are still relevant.

Australia – year in review

The main areas of regulatory focus were:

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

The AML/CTF Act has been implemented in stages, and 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.

This year has seen the final stage roll out of the anti-money laundering/counter terrorism financing procedures with the last of these obligations coming into effect on 12 December 2008. These obligations relate to reporting requirements and ongoing customer due diligence, which require reporting entities, such as Investec Australia and its subsidiaries, to monitor customers and their transactions on an ongoing basis.

Licensing

During the period under review, we applied for a number of Australian Financial Services Licenses to cover the activities of the Investec Global Aircraft Fund (part of our Capital Markets business) and the Asset Management business in Australia.

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 of the group is responsible for acting in accordance with sound 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 markets and other stakeholders' 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
- Respond appropriately to changes in market conditions and the business environment
- Remain at the forefront of international corporate governance practices.

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 and maintain trust.

Sound corporate governance is implicit in our values, culture, processes, functions and organisational structure. Structures are designed to ensure that our 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.

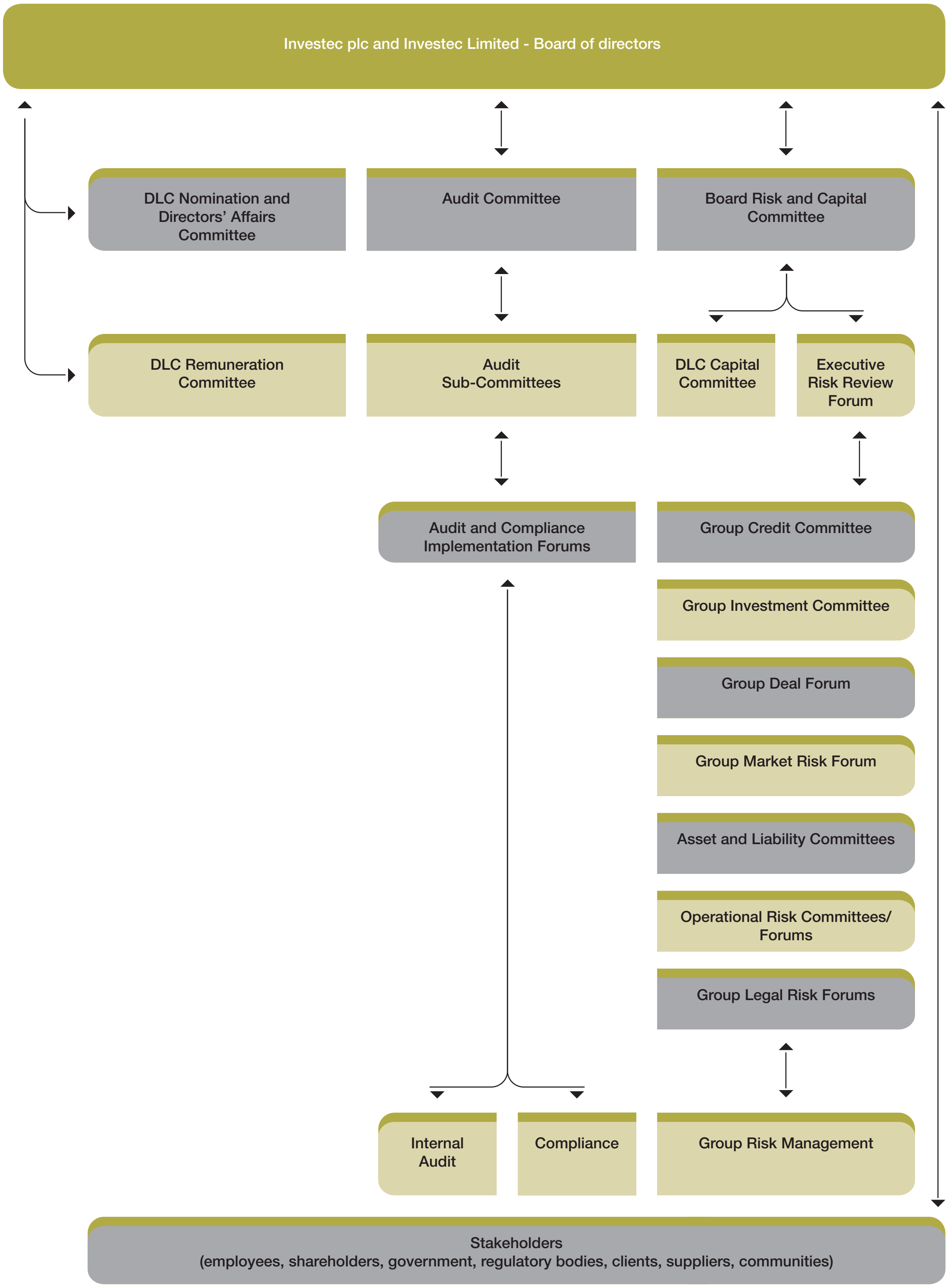
We operate under a Dual Listed Companies (DLC) structure, and consider the corporate governance principles and regulations of both the UK and South Africa before adopting the stricter rule for the group.

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

Corporate governance

Governance framework

Our governance framework can be depicted as follows:



Risk and governance

Corporate governance

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, excluding the independence of the Chairman, 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 and up to 2005, 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.

The opinion of the board regarding compliance with the Principles of Good Governance and Best Practice and King II is based on the practices below which were in operation during the year 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 are prepared on a going concern basis, taking into consideration:

- The group's strategy and prevailing market conditions and business environment
- 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 for the foreseeable future. Further information on our liquidity and capital position is provided on pages 134 to 143 and pages 150 to 161.

Board of directors

Role and responsibilities

The board is accountable for the performance and affairs of Investec. It provides entrepreneurial leadership for the group within a framework of prudent and effective controls which allows risks 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 group's values and standards, promoting the highest standards of corporate governance, 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, directly or through its sub-committees, the board:
- 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 and disclosures made
- 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 the Investec group is managed as a unified economic enterprise. At the end of the year 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 219 to 222. The names of the directors, the year of their appointment, their independence status and whether they will retire and seek re-election at the 2009 Annual General Meeting, are set out in the table below.

	Date of appointment		Independent	Last elected	Retiring and seeking re-election in 2009
	Investec plc	Investec Limited			
Executive directors					
S Koseff (Chief Executive Officer)	26 Jun 02	6 Oct 86	No	2006	Yes
B Kantor (Managing Director)	26 Jun 02	8 Jun 87	No	2008	No
GR Burger (Group Risk and Finance Director)	3 Jul 02	3 Jul 02	No	2007	No
A Tapnack	1 Jul 02	1 Jul 02	No	2007	No
Non-executive directors					
HS Herman (Chairman)	26 Jun 02	1 Jan 94	No	2008	Yes
SE Abrahams	26 Jun 02	21 Oct 96	Yes	2008	Yes
GFO Alford	26 Jun 02	26 Jun 02	Yes	2007	No
CA Carolus	18 Mar 05	18 Mar 05	Yes	2008	No
H Fukuda OBE	21 Jul 03	21 Jul 03	Yes	2008	No
GMT Howe	21 Jul 03	21 Jul 03	Yes	2008	No
IR Kantor	26 Jun 02	30 Jul 80	No	2008	Yes
Sir Chips Keswick (Senior Independent Director)	26 Jun 02	26 Jun 02	Yes	2008	No
MP Malungani	26 Jun 02	26 Jun 02	No	2008	No
Sir David Prosser	23 Mar 06	23 Mar 06	Yes	2006	Yes
PRS Thomas	26 Jun 02	29 Jun 81	Yes	2008	Yes
F Titi	30 Jan 04	30 Jan 04	No	2007	No

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 uses to determine 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 171.

Relationships and associations

Peter Malungani is the Chairman of Peu Group (Proprietary) Limited and Fani Titi was previously the 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 they do and will use their independent judgement when making decisions that affect the organisation and stakeholders.

Attendance at risk management meetings

Sam Abrahams and Peter Thomas regularly attend, by invitation, certain risk management committees of Investec Limited. The board considers their attendance at these committees to be desirable in terms of developing an understanding of the day-to-day issues facing the business. This further allows Sam to discharge his responsibilities more effectively as Chairman of the Investec plc and Investec Limited Audit Committees. The board therefore concluded that Sam and Peter retain 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. Accordingly, 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 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 ll, 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 and its committees are reviewed regularly by the DLC Nominations and Directors' Affairs Committee, to ensure an appropriate and relevant composition from a governance, succession and effectiveness perspective.

Board and directors' performance evaluation

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 evaluation questionnaires. The results, including additional comments in such questionaires, 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 to 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, responsibilities and 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 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 they become familiar with business operations, senior management, our business environment and internal controls, policies, processes and systems for managing risk.

Directors' ongoing training and development is a standing board agenda item, including updates on the various training and development initiatives provided. Board members receive regular formal presentations on regulatory and governance matters as well as on the business and support functions. Regular interactive workshops are arranged between directors and 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 Investec.

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 2009 financial year.

Remuneration

Details of the directors' remuneration and remuneration process are set out in the Remuneration Report on pages 189 to 205.

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 220. 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.

Corporate governance

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 coordinates and drives the secretarial functions and board governance.

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	5	-
GR Burger (Group Risk and Finance Director)	6	6	-
A Tapnack	6	5	-
Non-executive directors			
H Herman (Chairman)	6	6	-
SE Abrahams	6	6	Yes
GFO Alford	6	5	Yes
CA Carolus	6	5	Yes
H Fukuda OBE	6	5	Yes
GMT Howe	6	5	Yes
IR Kantor	6	3	-
Sir Chips Keswick (Senior Independent Director)*	6	1	Yes
MP Malungani	6	5	-
Sir David Prosser	6	5	Yes
PRS Thomas	6	6	Yes
F Titi	6	6	-

* Sir Chips Keswick was excused from several board meetings and board committee meetings between 1 April 2008 and 31 March 2009 due to health reasons. However, his views and advice were obtained where considered necessary by the Chairman.

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 the Nominations and Directors Affairs Committee before nomination for re-election and re-appointment. Biographical details of the directors standing for re-election at the 2009 Annual General Meeting are on pages 219 to 222.

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 85 to 168.
- DLC Nominations and Directors' Affairs Committee
- DLC Remuneration Committee

These committees have specific terms of reference, appropriately skilled members 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 has responsibility to the board for 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 the Audit Committees have the necessary expertise to discharge their responsibilities effectively. The committee's terms of reference are available on our website.

As required by the JSE Listings Requirement 3.4(h), the Audit Committee has satisfied itself that the Group Finance Director has appropriate expertise and experience.

The independence of the external auditors is reviewed with the auditors by the Audit Committees each year.

Corporate governance

Membership and attendance

Details of membership, relevant qualifications and experience, as well as attendance at Audit Committee meetings, are shown below and on the next 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, Director and Group General Counsel of Robert Fleming Holdings Ltd and Chairman of Nationwide Building Society
Sir Chips Keswick*	4	2	Yes	Sir Chips is a former Chairman of Hambros Bank Limited, Hambros PLC, former director of Anglo American plc and de Beers Board
Sir David Prosser	4	4	Yes	BSc (Hons) FIA - Sir David was previously Chief Executive of Legal & General Group PLC and was previously 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

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)	4	4	Yes	Refer as above
GFO Alford	4	4	Yes	Refer as above
GMT Howe	4	3	Yes	Refer as above
Sir Chips Keswick*	4	2	Yes	Refer as above
Sir David Prosser	4	4	Yes	Refer as above
PRS Thomas	4	4	Yes	Refer as above

* Sir Chips Keswick was excused from several board meetings and board committee meetings between 1 April 2008 and 31 March 2009 due to health reasons. However, his views and advice were obtained where considered necessary by the Chairman

Risk and governance

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)	4	4	Yes	Refer as above
GFO Alford	4	4	Yes	Refer as above
RMW Dunne^	4	2	Yes	CA (SA) - Richard is a former partner and Chief Operating Officer of Deloitte
GMT Howe	4	3	Yes	Refer as above
Sir Chips Keswick*	4	2	Yes	Refer as above
Sir David Prosser	4	4	Yes	Refer as above
PRS Thomas	4	4	Yes	Refer as above
CB Tshili°	4	3	-	CA (SA) - Busi is Group Finance Director of Peu Group (Pty) Ltd

* Sir Chips Keswick was excused from several board meetings and board committee meetings between 1 April 2008 and 31 March 2009 due to health reasons. However, his views and advice were obtained where considered necessary by the Chairman

° Busi Tshili is a non-executive director of Investec Bank Limited, a major subsidiary of Investec Limited, and represents its interest on this committee

^ Richard Dunne is a non-executive director of Investec Bank Limited, a major subsidiary of Investec Limited, and represents its interest on the committee. Richard was appointed to the committee in June 2008 and attended two of the meetings since his appointment

Audit Sub-Committees

Audit Sub-Committees for Investec plc and Investec Limited and other regulated subsidiaries, have been established. These 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. Members of the Investec plc and Investec Limited Audit Committees are entitled to attend these meetings and, as a general rule, at least one non-executive member does so.

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 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 190.

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)	6	6	Yes
GMT Howe	6	6	Yes
Sir Chips Keswick**	6	2	Yes

Additional meetings are held throughout the year when necessary.

** Sir Chips Keswick was excused from several board meetings and board committee meetings between 1 April 2008 and 31 March 2009 due to health reasons. However, his views and advice were obtained where considered necessary by the Chairman

DLC Nominations and Directors' Affairs Committee

The Nominations and Directors' Affairs Committee has combined the duties of a Nomination Committee and that of a Directors Affairs Committee as required under Section 64B of the South African Banks Act.

Role and responsibilities

The Nominations and Directors' Affairs Committee is responsible for, among other things:

- Identifying and nominating the approval of board 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 and board committees 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 Nominations and Directors' Affairs Committee	Number of meetings held during the year	Number of meetings attended during the year	Independent
HS Herman (Chairman)	3	3	-
SE Abrahams	3	3	Yes
Sir Chips Keswick*	3	1	Yes
F Titi	3	2	-
PRS Thomas	3	3	Yes

* Sir Chips Keswick was excused from several board meetings and board committee meetings between 1 April 2008 and 31 March 2009 due to health reasons. However, his views and advice were obtained where considered necessary by the Chairman

Board Risk and Capital Committee

The purpose of the Board Risk and Capital Committee is to determine, under delegated authority from (and as a sub-committee of) the board, the categories of risk, specific risks and the extent of such risks which the group on a consolidated basis, and its banks on a solo basis, should undertake, mitigation of risks and capital management.

Role and responsibilities

The committee will 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
- There is sufficient capital in relation to existing and potential risks to the organisation.

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 and the Board Risk and Capital Committee. 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.

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	-
SE Abrahams	6	5	Yes
GFO Alford	6	5	Yes
GR Burger (Group Risk and Finance Director)	6	5	-
GMT Howe	6	3	Yes
B Kantor (Managing Director)	6	6	-
Sir Chips Keswick*	6	3	Yes
MP Malungani	6	4	-
K Socikwa^	6	4	Yes
A Tapnack	6	5	-
PRS Thomas	6	6	Yes
F Titi	6	4	-

* Sir Chips Keswick was excused from several board meetings and board committee meetings between 1 April 2008 and 31 March 2009 due to health reasons. However, his views and advice were obtained where considered necessary by the Chairman

^ Karl Socikwa is a non-executive director of Investec Bank Limited, a major subsidiary of Investec Limited, and represents its interests on this committee

Executive Risk Review Forum

The purpose of the Executive Risk Review Forum is to supplement the Board Risk and Capital Committee. It assists in determining the categories of risk, the specific risks and the extent of such risks which the group should undertake.

Role and responsibilities

The Executive Risk Review Forum will:
- 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 agent 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

The DLC Capital Committee is mandated by the Board Risk and Capital Committee to be the Capital Committee of Investec plc and Investec Limited and their subsidiaries, as regards capital allocation and structuring, performance measurement, investment decisions and capital-based incentivisation.

Role and responsibilities

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
- Considering, determining and approving 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 **Senior management** SM Burgess B Fried RJ Jacobson LR Penfold N Samujh B Tapnack 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 37.

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 these 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.

Corporate governance

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 regularly by the Executive Risk Review Forum and 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, that appropriate segregation exists between duties, and that there is suitable independent review. These areas are monitored by the board through the Audit Committees and are 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 the independent audit process.

The board considers that the group's systems of internal control are 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 systems of internal control. A number of committees and forums assist in this regard. Senior management is responsible for identifying risks and implementing appropriate mitigation processes and controls within their businesses. The independent Group Risk Management functions, which are accountable to the board, are responsible for establishing, reviewing and monitoring 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 85 to 168.

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 165.

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 Directive 6/2008 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 £7.0 million (2008: £7.1 million), of which £1.2 million (2008: £1.4 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 166 to 168.

Regulation and supervision

We are subject to external regulation and supervision by various supervisory authorities in each of the jurisdictions in which we operate, the main ones being the Banking Supervision Department (BSD) of 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.

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 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, depositors, 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.

The processes 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 almost 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, and are kept on the website for several years.
- 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. In addition, we also publish two interim management statements (i.e. quarterly updates) as required in terms of the UKLA Listing Rules. 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. In this regard a number of channels are used, including our quarterly magazine (Impact), comprehensive intranet sites and staff updates hosted by the executive.
- 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 good practice.

The policy is designed to discourage speculative trading and highlights the potential conflicts of interest between the interests of employees and the Investec group or any of its clients, shareholders or potential shareholders.

The UK's Disclosure and Transparency Rules 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.

The UK and SA Companies Acts require directors to disclose any direct or indirect material interest they have in contracts, including proposed contracts, which are of significance to the company's business. Directors are required to make these disclosures at board meetings, and all disclosures made are recorded in the minutes of that meeting.

Directors' dealings

The Remuneration Report, as set out on pages 189 to 205, 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.

Corporate governance

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 209 to 211 and further detail can be found on our website.

Remuneration Report

4

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 consists entirely of non-executive directors, and executive directors are not involved in determining their own remuneration packages.

This report describes our remuneration policy and directors' remuneration for the 2009 financial year. Our overall remuneration philosophy remains unchanged from prior years, however, certain aspects with respect to the components of our reward programmes have been reviewed and amended.

During the period, in addition to its regular business, the committee focused specifically on:

- The continued appropriateness of our long standing reward programmes given volatile market conditions
- The introduction of a non-cash deferred component of our variable remuneration payments (see page 194)
- Industry commentary and developments with respect to remuneration practices, notably:
  - the Financial Services Authority (FSA) "Reforming remuneration practices in financial services" consultation paper of March 2009
  - the South African Registrar of Banks' circular 2/2008 and their review of incentive schemes operated by South African based banks
- Talent management and the retention of senior management and executives.

Key points to note for the period under review include:

- Investec has continued to operate its diversified business model which has enabled it to navigate through the present challenging operating environment. Core capital and liquidity ratios remain sound and the group has reported attributable earnings of £269.2 million (2008: £344.7 million). The group has increased the upper end of its dividend cover range and its capital adequacy targets. Further information on our risk management indicators, policies and procedures and the group's performance can be found on page 201.
- Total employee costs decreased from £552.2 million to £520.2 million with fixed costs increasing by 8.6% to £375.3 million and variable remuneration decreasing by 29.9% to £144.8 million.
- £34.2 million of the current year's variable remuneration has been paid in the form of share awards and deferred (representing 23.6% of our variable remuneration expense for the year).
- Executive directors have received no salary increases for the 2010 financial year and bonuses have decreased by 51.7%.
- Non-executive directors will receive no increases in fee arrangements for the 2010 financial year.
- Our rewards programmes continue to be appropriately adjusted for risk and unrealised profits.
- We further believe that our reward programmes align directors' and employees' interests with those of our other stakeholders.
- Our total shareholder return was negative 7.5% for Investec plc in Pounds Sterling and negative 26.6% for Investec Limited in Rands. This compares to a negative return of 45.8% for the FTSE 350 General Finance Index. The group has decreased its dividend return by 12.2% in Pounds Sterling and 2.8% in Rands over the year. We have also 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 198).
- Executive directors hold 1.6% and 3.2% of the issued share capital of Investec plc and Investec Limited, respectively. Non-executive directors hold 0.7% and 4.0% of the issued share capital of Investec plc and Investec Limited, respectively (see table on page 201).
- Investec plc issued 1.6 million ordinary shares and Investec Limited issued 2.3 million ordinary shares to the staff share schemes during the year.

Looking forward

The Remuneration Committee will continue to ensure that reward packages remain appropriately competitive, provide an incentive for performance, and take due regard of our culture, values, philosophies, business strategy and risk management and capital framework. The committee will keep the existing remuneration arrangements, as discussed in this report, under review during the 2010 financial year, particularly taking cognisance of regulatory and market driven remuneration reform proposals. Where appropriate, we will continue to consult shareholders and shareholder bodies on any significant proposed changes in remuneration policy.

The committee unanimously recommends that you vote to approve this report at the 2009 Annual General Meeting.

Signed on behalf of the board

George Alford
Chairman, Remuneration Committee

15 June 2009

Compliance and governance statement

The Remuneration 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 and to address some of the issues raised in the various public debates that are currently ongoing with respect to remuneration practices.

Furthermore, the auditors are of the opinion that the auditable part of this report on pages 199 to 205 was properly prepared, in accordance with Schedule 7A of the UK Companies Act 1985.

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 all independent non-executive directors and are free from any business or other relationship which could materially interfere with the exercise of their independent judgement. All the members are also members of the group's Board Risk and Capital Committee and the Audit Committee (as discussed on page 176 and 179), thus bringing risk and control mechanisms into their deliberations. 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 directors' 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 six times during the financial year with full attendance other than for four meetings which Sir Chips Keswick was unable to attend, having been excused from attending several board meetings and board committee meetings between 1 April 2008 and 31 March 2009 due to health reasons. However, his views and advice were obtained where considered necessary by the Chairman. The Company Secretary of Investec plc acts as Secretary to the committee. Executive directors do not attend these meetings. 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, among other things, specifically reviewed and provided information on industry consultation papers and developments with respect to remuneration practices and our alignment to them. In addition, they continued to review and provide information on appropriate benchmark, industry and comparable organisations' remuneration practices. Their recommendations are important in the ongoing review of our remuneration practices.

Furthermore, we have used the services of Linklaters, which have advised this year mainly 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 variable remuneration pools are determined by our Finance teams taking into account risk adjusted capital requirements and after eliminating unrealised gains. The employees within these specialist divisions, which provide support to the committee, are not board directors and are not appointed by the committee.

The committee, together with the board, attends a strategic offsite at the beginning of each year at which senior executive employees provide information and presentations on the group's strategic direction, prospects, key focus areas and annual budget.

While executive directors have the right to address any meeting of the committee, they play no role in the determination of their remuneration package. During the financial year no executive director attended any meeting of the Remuneration Committee. Furthermore, no employee participates in discussions or decisions of the committee relating to their own remuneration.

Policy on executive directors' and employees' remuneration

Our philosophy and policy remain unchanged from prior years and aim 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.

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.

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, thus ensuring the promotion of effective risk management.
- Reward programmes incorporate a pool mechanism that incorporates risk factors as discussed on page 193.
- 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 in normal market conditions 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.
- We do not apply an upper limit on performance bonuses given our risk based Economic Value Added approach (discussed further on page 193) and prefer to contain the fixed cost component of remuneration at modest 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. In view of the current market conditions and the focus on controlling fixed remuneration, it was decided that the non-executive directors will receive no increase in their fees in the forthcoming year. Their 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 for the 2009 and 2010 financial years is shown below:

Non-executive directors' remuneration	2009 financial year	As approved by the board for the 2010 financial year
Chairman's total fee	£360 000 per year	£360 000 per year
Basic fee non-executive director fee	£53 000 per year	£53 000 per year
Chairman of the DLC Audit Committee	£45 000 per year	£45 000 per year
Chairman of the DLC Remuneration Committee	£32 000 per year	£32 000 per year
Member of the DLC Audit Committee	£13 000 per year	£13 000 per year
Member of the DLC Remuneration Committee	£12 500 per year	£12 500 per year
Member of Investec Bank (UK) Limited board	£9 000 per year	£9 000 per year
Member of the Investec Bank Limited board	R150 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		

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 2010 (subject to rotational re-election as directors at the 2009 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 2009 Annual General Meeting are shown on page 172.

Biographical details of the directors of the board

These details can be found on pages 219 to 222.

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 172.

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.

As a consequence of the global financial markets crisis and the resultant debate and review surrounding remuneration policies and procedures the committee has made a few changes to the components of our reward programmes.

Base salary and benefits

Salaries are reviewed annually and reflect the relative skills and experience of, and contribution made by, the individual. It is the company's policy to seek to set base salaries (including benefits) at median market levels.

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 199 has been done on a gross basis (i.e. inclusive of pension fund contributions from the company).

Annual bonus

Annual bonuses are closely linked to business performance, based on target business unit performance goals determined in the main by realised Economic Value Added (EVA) profit performance against pre-determined targets above a risk and capital weighted return. These targets have been in force, and unchanged, for the past few years and are subject to annual review.

Our business strategy and associated risk appetite, together with effective capital utilisation, form the key cornerstones which underpin the EVA annual bonus allocation model. This model has been consistently applied for in excess of ten years. Business units share in the annual bonus pool to the extent that they have generated a realised return on their allocated risk adjusted capital base in excess of their target ROE. Targeted returns reflect the competitive economics and shareholder expectation for the specific area of the business, and are set with reference to competitive benchmarks for each product line. Capital allocated is a function of both regulatory and internal capital requirements, the risk assumed within the business and our overall business strategy. The group has always held capital in excess of minimum regulatory requirements, and this philosophy is perpetuated in our internal capital allocation process. A detailed explanation of our capital management and allocation process is provided on pages 150 to 154. Growth in profitability over time will result in an increasing incentive pool, as long as it is not achieved at the expense of capital efficiency. Target returns must be reflective of the inherent risk assumed in the business. Thus, an increase in absolute profitability does not automatically result in an increase in the annual bonus pool. This approach allows us to embed risk and capital discipline in our business processes.

In essence varying levels of return required for each business unit reflect 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.

Developments over the past year

During the financial year the group implemented two changes with respect to annual bonus payments, which are highlighted here and explained in more detail below:
- The introduction of a deferred bonus plan; and
- The introduction of non-cash bonuses.

Investec Limited Deferred Bonus Plan 2008 and Investec plc Deferred Bonus Plan 2008

In April 2008, the group introduced a deferred bonus scheme whereby a portion of an employee's variable remuneration can be awarded in the form of deferred bonus shares. The first awards were made as part of the June 2008 bonus payments. These share awards provided for a two-year deferral but the Bonus Plan allows for deferral of between one to five years. It is the condition of the plan that the employee is still employed by the group on vesting date in order to benefit under this plan. Participants have no rights in respect of these shares, including the right to dividends, until the vesting date occurs.

EVA share awards (non-cash bonuses)

During the current year the group further refined its performance bonus policies by introducing a non-cash element (in the form of forfeitable share awards) for all employees whose bonuses exceed a pre-determined hurdle rate (the amount of which will be reviewed each year) and by introducing a more formal deferral requirement, initially over an eleven-month period. These awards will be made in terms of our existing long term incentive plans.

These changes are in addition to the introduction in 2008 of a deferred bonus plan and further align directors' and employees' interests with those of stakeholders, and ensure that reward programmes are appropriately risk-adjusted.

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 2.2% of the issued share capital of Investec plc and Investec Limited.

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. This plan reached its final maturity in July 2008.

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	Options granted during the year[3]	Total issued as at 31 March 2009[4/5/6]
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	5 425 681	Number: 24 355 807 % of issued share capital of company: 5.5%
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	5 454 600	Number: 28 058 075 % of issued share capital of company: 10.5%

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	Options granted during the year[3]	Total issued as at 31 March 2009[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	Nil	Number 2 450 000 % of issued share capital of company: 0.6%
Current share option plans								
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	Initially two tranches of 50% at the end of year one and the end of year two	162 600	Number: 1 777 570 % of issued share capital of company: 0.4%
Investec Limited Deferred Bonus Plan 2008	• New and existing full-time employees in SA, Botswana, Namibia and Mauritius	2 June 2008	Investec Limited	• Cumulative limit of 2 500 000 across all option plans • In any financial year: 1x remuneration package	None	Initially two tranches of 50% at the end of year one and the end of year two	43 850	43 850 % of issued share capital of company: 0%
Investec plc Deferred Bonus Plan 2008	• New and existing full-time employees • Excluding employees in SA, Botswana, Namibia and Mauritius	2 June 2008	Investec plc	• Cumulative limit of 2 500 000 across all option plans • In any financial year: 1x remuneration package	None	Variable with a minimum non dealing period of one year.	663 000	663 000 % of issued share capital of company: 0.1%

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	Options granted during the year[3]	Total issued as at 31 March 2009[4/5/6]
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	1 411 875	Number: 11 140 171 % of issued share capital of company: 4.2%
Share plans not currently in use								
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: 1 269 725 % of issued share capital of company: 0.3%
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: Nil % 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: 990 247 % of issued share capital of company: 0.2%

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	Options granted during the year[3]	Total issued as at 31 March 2009[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: 371 890 % 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: 2 309 029 % of issued share capital of company: 0.3%

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 2010 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 231. 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 2009 was 444.9 million shares and 268.3 million shares, respectively. As announced on the stock exchange news services, 1.6 million Investec plc and 2.3 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 2009 was £2.92 (2008: £3.39), ranging from a low of £1.69 to a high of £4.21 during the financial year.

6 The market price of an Investec Limited share as at 31 March 2009 was R38.86 (2008: R57.43), ranging from a low of R27.20 to a high of R63.19 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

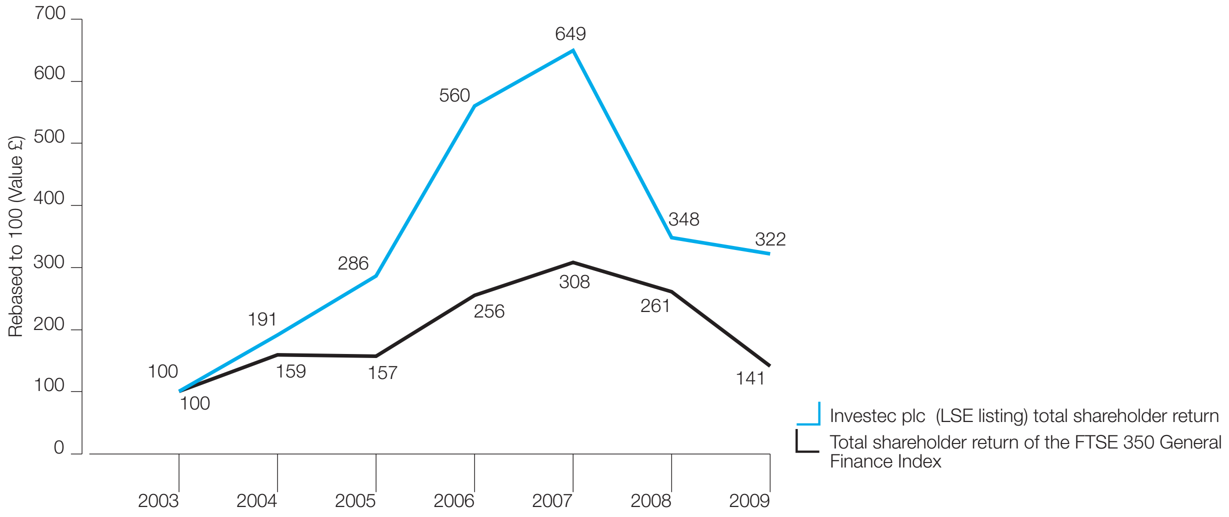
We have implemented a DLC structure, in terms of which we have primary listings in London and Johannesburg. The listing on the London Stock Exchange (LSE) took place on 29 July 2002, although we have been listed in South Africa since 1986.

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 2009, 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 £222 compared with a return of £41 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 2008 to 31 March 2009, the return to shareholders of Investec plc (measured in Pounds Sterling) and Investec Limited (measured in Rands) was negative 7.5% and negative 26.6%, respectively. This compares to a negative return of 45.8% for the FTSE 350 General Finance Index.

The market price of our shares on the LSE was £2.92 as at 31 March 2009, ranging from a low of £1.69 to a high of £4.21 during the financial year. Furthermore, the market price of our shares on the JSE Limited was R38.86 as at 31 March 2009, ranging from a low of R27.20 to a high of R63.19 during the financial year.



Source: Datastream

Remuneration Report

Audited information

Directors' annual remuneration

The following table shows a breakdown of the annual remuneration (excluding equity awards) of directors for the year ended 31 March 2009:

Name	Salaries, directors fees and other remuneration 2009 £	Total other benefits 2009[3] £	Gross remuneration 2009[1/2] £	Annual bonus 2009[4] £	Total remuneration 2009 £	Total remuneration 2008[6] £
Executive directors						
S Koseff (Chief Executive Officer)	331 007	78 993	410 000	1 250 000	1 660 000	3 297 500
B Kantor (Managing Director)	364 566	45 434	410 000	1 250 000	1 660 000	3 307 959
GR Burger (Group Risk and Finance Director)	267 240	9 676	276 916	1 348 618	1 625 534	2 708 401
A Tapnack	270 833	56 933	327 766	500 000	827 766	1 039 177
Total Pounds Sterling	1 233 646	191 036	1 424 682	4 348 618	5 773 300	10 353 037
Non-executive directors						
HS Herman (Chairman)	360 000	-	360 000	-	360 000	340 000
SE Abrahams	202 520	-	202 520	-	202 520	171 826
GFO Alford	120 500	-	120 500	-	120 500	114 000
CA Carolus	56 372	-	56 372	-	56 372	51 572
H Fukuda OBE	53 000	-	53 000	-	53 000	50 000
GMT Howe	86 500	-	86 500	-	86 500	82 000
DE Jowell[5]	-	-	-	-	-	83 229
IR Kantor	62 000	-	62 000	-	62 000	58 500
Sir C Keswick	87 500	-	87 500	-	87 500	83 000
MP Malungani	66 487	-	66 487	-	66 487	57 862
Sir D Prosser	74 500	-	74 500	-	74 500	62 500
PRS Thomas	150 291	-	150 291	-	150 291	137 244
F Titi	160 892	-	160 892	-	160 892	132 968
Total Pounds Sterling	1 480 562	-	1 480 562	-	1 480 562	1 424 701
Total Pounds Sterling	2 714 208	191 036	2 905 244	4 348 618	7 253 862	11 777 738

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 4%. 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 7.7% from R2 795 833 to R3 012 500. Gross remuneration increases for other employees across the group have generally been in the range of 2% to 8%, and the increases awarded to executive directors are consistent with this. The executive directors have received no increases in salaries for the 2010 financial year.

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 In determining annual bonuses, a number of quantitative and qualitative factors/metrics were considered which included:
- The group recorded a decline in attributable earnings, dividends per share and total shareholder return.
- The group, however, maintained a sound balance sheet with low leverage and healthy capital and liquidity ratios during a challenging operating environment.
- The group reported operating profits in all of its core geographies, benefiting from its recurring income base.
- The group maintained its capital strength without recourse to shareholders, new investors or government assistance.
- A focused and intimate involvement of the executive directors in ensuring stringent management of risk, liquidity and capital.
- The group emerged from this period with its capacity to compete, its brand and its entrepreneurial spirit unimpeded.

Further information on the group's performance and risk management metrics have been discussed elsewhere in the Annual Report.

Remuneration Report

Notes to table on page 199 continued:

4
- S Koseff and B Kantor are each awarded a total bonus of £1 250 000, comprising £494 000 in cash payable in June 2009 and the balance deferred and payable in cash on 28 February 2010. The deferred component will be calculated with reference to the value of 240 000 shares at 28 February 2010. For annual report disclosure and reporting purposes the deferred component was determined at the remuneration committee meeting held on 3 June 2009 at a price per share of £3.15 being the average closing Investec plc share price over the period 31 March 2009 to 31 May 2009.
- GR Burger has been awarded a total bonus of R20 million, comprising R10 107 200 in cash payable in June 2009 and the balance deferred and payable in cash on 28 February 2010. The deferred component will be calculated with reference to the value of 240 000 shares at 28 February 2010. For annual report disclosure and reporting purposes the deferred component was determined at the remuneration committee meeting held on 3 June 2009 at a price per share of R41.22 being the average closing Investec plc share price over the period 31 March 2009 to 31 May 2009.
- A Tapnack has been awarded a total bonus of £500 000, comprising £235 000 in cash payable in June 2009 and the balance deferred and payable in cash on 28 February 2010. The deferred component will be calculated with reference to the value of 84 127 shares at 28 February 2010. For annual report disclosure and reporting purposes the deferred component was determined at the remuneration committee meeting held on 3 June 2009 at a price per share of £3.15 being the average closing Investec plc share price over the period 31 March 2009 to 31 May 2009.
- The introduction of the deferred component in annual bonuses is in line with the committee's philosophy as described on page 193.

5 Resigned with effect 30 September 2007.

6 A breakdown of the components of the reward packages for the executive directors in the 2008 financial year is as follows:

Name	Salary £	Total other benefits £	Gross remuneration £	Annual bonus £	Total remuneration £
Executive directors					
S Koseff (Chief Executive Officer)	323 740	73 760	397 500	2 900 000	3 297 500
B Kantor (Managing Director)	370 236	37 723	407 959	2 900 000	3 307 959
GR Burger (Group Risk and Finance Director)	219 729	42 830	262 559	2 445 842	2 708 401
A Tapnack	258 333	30 844	289 177	750 000	1 039 177
Total Pounds Sterling	1 172 038	185 157	1 357 195	8 995 842	10 353 037

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	2009 £	2008 £
Executive directors		
S Koseff (Chief Executive Officer)	58 055	54 813
B Kantor (Managing Director)	32 302	27 563
GR Burger (Group Risk and Finance Director)	-	26 841
A Tapnack	49 689	25 833
Total Pounds Sterling	140 046	135 050

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 2009 £	Accounting IFRS charge in relation to equity awards 2009 £	Total assumed remuneration expense 2009 £	Salary, bonus and other benefits 2008 £	Accounting IFRS charge in relation to equity awards 2008 £	Total assumed remuneration expense 2008 £
Executive directors						
S Koseff (Chief Executive Officer)	1 660 000	623 666	2 283 666	3 297 500	636 737	3 934 237
B Kantor (Managing Director)	1 660 000	623 838	2 283 838	3 307 959	633 809	3 941 768
GR Burger (Group Risk and Finance Director)	1 625 534	666 258	2 291 792	2 708 401	647 000	3 355 401
A Tapnack	827 766	166 483	994 249	1 039 177	170 075	1 209 252
Total Pounds Sterling	5 773 300	2 080 245	7 853 545	10 353 037	2 087 621	12 440 658

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 2009.

Directors' shareholdings in Investec plc and Investec Limited shares as at 31 March 2009

Name	Beneficial and non-beneficial interest Investec plc[2]		% of shares in issue[1] Investec plc	Beneficial and non-beneficial interest Investec Limited[3]		% of shares in issue[1] Investec Limited
	1 April 2008	31 March 2009	31 March 2009	1 April 2008	31 March 2009	31 March 2009
Executive directors						
S Koseff[4]	4 886 633	4 986 633	1.1%	441 515	1 899 330	0.7%
B Kantor[5]	1 500	48 525	-	5 001 000	5 301 000	2.0%
GR Burger[6]	2 530 095	2 132 135	0.5%	499 885	1 037 076	0.4%
A Tapnack	88 900	-	-	185 105	340 607	0.1%
Total number	7 507 128	7 167 293	1.6%	6 127 505	8 578 013	3.2%
Non-executive directors						
HS Herman[7]	1 369 915	1 369 915	0.3%	44 525	760 470	0.3%
SE Abrahams	30 000	30 000	-	-		-
GFO Alford	3 100	3 100	-	-		-
CA Carolus	-	-	-	-		-
H Fukuda OBE	5 000	5 000	-	-		-
GMT Howe	-		-	-		-
IR Kantor	1 512 570	1 509 545	0.3%	2 002 100	2 000 325	0.7%
Sir C Keswick	15 750	15 750	-	9 250	9 250	-
MP Malungani[8]	-	-	-	7 728 890	7 728 890	2.9%
Sir D Prosser	10 000	10 000	-	-		-
PRS Thomas	415 855	415 855	0.1%	255 955	255 955	0.1%
F Titi	-	-	-	-		-
Total number	3 362 190	3 359 165	0.7%	10 040 720	10 754 890	4.0%
Total number	10 869 318	10 526 458	2.3%	16 168 225	19 332 903	7.2%

Notes:

1. The total number of Investec plc and Investec Limited shares in issue as at 31 March 2009 was 444.9 million and 268.3 million, respectively.
2. The market price of an Investec plc share as at 31 March 2009 was £2.92 (2008: £3.39), ranging from a low of £1.69 to a high of £4.21 during the financial year.
3. The market price of an Investec Limited share as at 31 March 2009 was R38.86 (2008: R57.43), ranging from a low of R27.20 to a high of R63.19 during the financial year.

In addition to their shareholdings reflected in the table above, some of the directors have an interest in options over Investec Limited shares, the details of which are as follows:

4. S Koseff - purchased European call options on 11 June 2008 over 155 825 Investec Limited shares at a strike of R48.27 per share and an expiry date of 11 June 2011.
5. B Kantor -
   - Purchased European call options on 22 July 2008 over 500 000 Investec Limited shares at a strike of R52.03 per share and an expiry date of 22 July 2010.
   - Purchased European call options on 11 June 2008 over 500 000 Investec Limited shares at a strike of R48.27 per share and an expiry date of 11 June 2011.
   - Purchased put options on 27 November 2008 over 1 000 000 Investec Limited shares at a strike of R40.00 per share and an expiry date of 27 May 2009.
   - Sold call options on 27 November 2008 over 2 000 000 Investec Limited shares at a strike of R50.00 per share and an expiry date of 27 May 2009.
6. GR Burger - purchased European call options on 11 June 2008 over 63 300 Investec Limited shares at a strike of R48.27 per share and an expiry date of 11 June 2011.
7. HS Herman - purchased European call options on 11 June 2008 over 30 875 Investec Limited shares at a strike of R48.27 per share and an expiry date of 11 June 2011.
8. In November 2003, Investec Limited concluded an empowerment transaction with Tiso Group (Tiso), Peu Group (Proprietary) Limited (Peu), a broad-based Entrepeneurship 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.

Directors' interest in preference shares as at 31 March 2009

Name	Investec plc 1 April 2008	Investec plc 31 March 2009	Investec Limited 1 April 2008	Investec Limited 31 March 2009	Investec Bank Limited 1 April 2008	Investec Bank Limited 31 March 2009
Executive directors						
S Koseff[1]	21 198	101 198	3 000	3 000	4 000	4 000
Non-executive directors						
HS Herman	-	-	-	-	1 135	1 135

Notes:
- The market price of an Investec plc preference share as at 31 March 2009 was R34.00 (2008: R98.00).
- The market price of an Investec Limited preference share as at 31 March 2009 was R75.80 (2008: R84.40).
- The market price of an Investec Bank Limited preference share as at 31 March 2009 was R82.00 (2008: R91.00).
- [1] S Koseff bought the following preference shares during the year under review:
  - 10 757 shares on 19 December 2008 at R31.46 per share.
  - 5 143 shares on 22 December 2008 at R33.37 per share.
  - 14 100 shares on 23 December 2008 at R36.61 per share.
  - 50 000 shares on 9 February 2009 at R29.19 per share.

Directors' attributable interest in Investec plc and Investec Limited shares through a leveraged equity plan called Fintique II as at 31 March 2009

Name	Entitlement to Investec plc shares 1 April 2008	Entitlement to Investec plc shares 31 March 2009	Entitlement to Investec Limited shares 1 April 2008	Entitlement to Investec Limited shares 31 March 2009
Executive directors				
S Koseff	918 420	-	539 395	-
GR Burger	629 515	-	369 715	-
A Tapnack	-		168 340	-
Non-executive directors				
HS Herman	451 045	-	264 900	-
Total number	1 998 980	-	1 342 350	-

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 were 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.
- The Fintique II scheme matured on 31 July 2008 and all of the unitholders in the scheme disposed of their respective units and settled their obligations in terms of the scheme. All the shares to which the directors were entitled in terms of the scheme were taken up at a price of R2.32 per share, based on the valuation of the scheme as at 30 June 2008.
- Following the disposal of their respective Fintique II units on 30 June 2008, S Koseff received 1 457 815 Investec Limited shares, GR Burger received 999 230 Investec Limited shares, A Tapnack received 155 502 Investec Limited shares and HS Herman received 715 945 Investec Limited shares. These share holdings are now disclosed as part of the directors' aggregate beneficial and non-beneficial shareholdings in Investec Limited as reflected on page 201.
- The Fintique II scheme has been terminated as at 31 March 2009.

Directors' interest in options as at 31 March 2009

Investec plc shares

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2008	Exercised during the year[1]	Options granted/ lapsed during the year	Balance at 31 March 2009	Market price at date of exercise[1]	Gross gains made on date of exercise[1]	Period exercisable
Executive directors									
B Kantor	20 Dec 2002	£1.59	15 130	5 675	-	9 455	£2.69	£6 243	Vesting scale in terms of the scheme rules. Vesting ends 20 Mar 2012
A Tapnack	20 Dec 2002	£1.59	15 130	5 675	-	9 455	£2.30	£4 029	Vesting scale in terms of the scheme rules. Vesting ends 20 Mar 2012

Notes:
No new grants were made to executive directors during the financial year. The market price of an Investec plc share as at 31 March 2009 was £2.92 (2008: £3.39), ranging from a low of £1.69 to a high of £4.21 during the financial year. A total of 444.9 million Investec plc shares were in issue as at 31 March 2009.

[1] Details with respect to options exercised:
- B Kantor exercised his options and bought 5 675 Investec plc shares on 22 December 2008, when the share price was £2.69 per share. The performance conditions with respect to these options were met.
- A Tapnack exercised his options and sold 5 675 Investec plc shares on 3 February 2009, when the share price was £2.30 per share. The performance conditions with respect to these options were met.

General comments:
- 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 December 2002 were made for no consideration.
- The options granted on 20 December 2002 have certain 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).

Investec Limited shares

The directors do not have any interest in options over Investec Limited shares.

Directors' interest in the Share Matching Plan 2005 as at 31 March 2009

Name	Date of grant	Exercise price	Number of Investec plc shares 1 April 2008	Number of Investec plc shares 31 March 2009	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	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	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 order to improve 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.

The performance conditions in terms of this plan have been met in respect of the November 2005 awards and the director's will be entitled to 75% of the matching award on 30 June 2009.

Summary: total interest in Investec plc and Investec Limited ordinary shares, options and long-term incentive awards as at 31 March 2009

Investec plc

Name	Beneficially and non-beneficially held	Options	Share Matching Plan	Balance at 31 March 2009	Balance at 31 March 2008
Executive directors					
S Koseff	4 986 633	-	750 000	5 736 633	6 555 053
B Kantor	48 525	9 455	750 000	807 980	766 630
GR Burger	2132 135	-	750 000	2 882 135	3 909 610
A Tapnack	-	9 455	200 000	209 455	304 030
Total number	7 167 293	18 910	2 450 000	9 636 203	11 535 323

Investec Limited

Name	Beneficially and non-beneficially held	Options	Share Matching Plan	Balance at 31 March 2009	Balance at 31 March 2008
Executive directors					
S Koseff	1 899 330	-	-	1 899 330	980 910
B Kantor	5 301 000	-	-	5 301 000	5 001 000
GR Burger	1 037 076	-	-	1 037 076	869 600
A Tapnack	340 607	-	-	340 607	353 445
Total number	8 578 013	-	-	8 578 013	7 204 955

Notes:
The total number of Investec plc and Investec Limited shares in issue as at 31 March 2009 was 444.9 million and 268.3 million, respectively. The market price of an Investec plc share as at 31 March 2009 was £2.92 (2008: £3.39), ranging from a low of £1.69 to a high of £4.21 during the financial year. The market price of an Investec Limited share as at 31 March 2009 was R38.86 (2008: R57.43), ranging from a low of R27.20 to a high of R63.19 during the financial year.

Our Business Responsibility

5

Our Business Responsibility

Taking stock

In a year of unprecedented distress within the global financial services industry, particularly the banks, the understanding of the word sustainability frequently narrowed to that of survival. As markets catapulted from one crisis to the next, banks everywhere hunkered down and tried to navigate through the ever-changing environment.

As the global banking crisis unfolded, known banking brands collapsed, the international investment banking model was wiped out, government intervention became the norm, heightened industry regulation became a distinct probability, massive bailout packages were required to ensure the ongoing viability of the international banking system and there was substantive talk around the need for a complete overhaul of the world economy's financial architecture.

Although the rapidly changing dynamics were mainly confined to those banks operating in the first world, the banking industry everywhere felt the effect of a dramatic squeeze in liquidity and near-paralysis from anxieties pertaining to banking counterparty risk. First-round effects of the global financial crisis gave rise to second-round effects of the global economic crisis where banks were once again exposed to credit defaults, bad debts and the impairments associated with a world economy in reverse.

As the period closed, banks everywhere were reeling from the blows of the previous 18 months and companies the world over were coming to terms with the toughest economic conditions in decades. Amid expectations that global sub-par economic growth would persist into an extended period, the crisis began to surface an attempt by some to de-bunk the merits of so-called corporate social responsibility. Risks were high that the previous mainstreaming of broader sustainability considerations within business would be rolled back, on the proposition that all that was likely to count over the short-to-medium term was sheer survival, or sustainability in the financial sense alone.

However, the tenets that underpin broader sustainability may actually have been strengthened by the events of the recent past. Since an excessive focus on the short-term may have been at the root cause of some developments that gave rise to the credit crisis in the first place, the case for the triple bottom line undoubtedly benefited from ensuing interrogation of the long-held market view of shareholder value maximisation. That is, the maximisation of shareholder value can no longer be seen as the sole guiding principle for corporate conduct.

At a time when the sustainability of the international banking system has been in question, banks can be forgiven for an unrelenting focus on their individual ability to survive. Banks have had to right themselves at a time when public trust in business in general, and banks in particular, is very low. Banks have had to face the glare of intense media and stakeholder scrutiny and the popular perception that, banks themselves were partly responsible for the crisis. Stakeholders have since been vociferous in their condemnation of management, their criticism of prior banking practices and their contempt for the notion that "too big to fail" has had consequences for everyone except the banking industry itself.

Although the short-term immediacy of the credit crisis seems to be over, courtesy of the extensive stimulatory support measures in place by the global authorities, banks still have a number of much longer-term issues with which to contend. Whether in terms of the need to ride out the vagaries of a still very tough economic cycle, to re-establish the essence of their business models, to restore profitability levels, to ensure appropriate levels of capital adequacy or to re-build levels of public trust, reputational considerations within the industry are of uppermost importance. As banks everywhere seek to take the necessary steps to restore the perceived integrity of the industry, and to realign broad stakeholder interests with those of shareholders, they will not have the luxury of doing so out of the line of public sight.

Investec remains mindful of its broad obligations to society and all stakeholders. This is nothing new and has not merely been prompted by recent events. Investec has long identified, and acted on, its desire to do the right thing and be an effective corporate citizen. However, in keeping with its business model of highly autonomous and independent business units, supported by a strong centre, Investec has chosen not to be prescriptive in this regard. As the different geographies have different operating environments, with differing areas of emphasis, we have chosen to give our geographies and business units the latitude to determine for themselves what this means, and to pursue accordingly.

For South Africa, being a good corporate citizen, in addition to sustaining a long history of financial success, means embracing the ongoing dynamics of a transforming country, bringing about a more representative workforce and using the resources available within the social investment space to address the country's recognised backlog of societal ills. More recently, it has also meant trying to come to grips with climate change considerations in a country where social requirements (albeit not mutually exclusive) are often seen to be more pressing.

Our Business Responsibility

Outside of the South African business, the pursuit of an active corporate citizenship role within Investec is perhaps less well advanced. This, for the most part, has reflected the relative newness of our other businesses and their need to grow, build critical mass and ensure the successful integration of acquired businesses. Over and above the imperative to sustain financial performance, extend brand franchise and attain optimal scale, these businesses have nonetheless sought to support the priorities identified within respective national policy agendas, of which climate change is an obvious example in both the UK and Australia.

In view of the emphasis placed on culture and values within Investec, invariably seen to be the DNA and lifeblood of the organisation, our sustainability approach is seen as a logical extension of who we are and how we go about things.

Developments during the year

As Investec's annual financial results attest, the group proved both resilient and adept at withstanding the pressures that emanated both globally and in each of its geographies throughout the period. While there was unrelenting focus on the financial dimension of our sustainability endeavours during the period, our non-financial activities remained top of mind, albeit less aggressively driven in view of prevailing external circumstances.

Sustainability developments during the period include:
- a complete review and strategic re-positioning of our social investment activities
- the completion or near-completion of a carbon-footprinting exercise across all principal geographies
- the aggressive pursuit of a country-wide energy-saving campaign in South Africa
- the launch of a group-wide leadership development trajectory
- the formal creation of an elected and representative Employment Equity Forum in South Africa
- further UK audits on the environmental front
- an initial foray into the realm of alternative technology low-cost housing in South Africa
- the evolution of a more deeply engrained understanding of sustainability considerations within our risk environment and processes
- the advent of greater energy efficiency in the new extension to our head office building in Johannesburg.

Over and above our chosen areas of emphasis during the period, we maintained our presence in the Dow Jones Sustainability Index and the JSE-SRI Index and, post the period close, were admitted to the UK's FTSE4Good Index. We enjoyed increased UK and European stakeholder and analyst interest in Investec's OBR activities.

Looking ahead

A less volatile but still generally unaccommodating period can be expected. Continued uncertainty about the timing, extent and durability of international economic recovery means that the possibility of renewed market dislocation remains, with attendant consequences for overall activity levels. The prospect of political change in certain areas may herald changes on national policy agendas while scheduled international climate change negotiations could have far reaching implications for environmental policy.

In the face of widespread uncertainty, from many different sources, a near all-embracing focus on the financial dimensions of sustainability is expected to persist. However, seen as a cyclical, not structural, phenomenon, this represents no more than a shift in the balance of emphasis, all the while within the realm of the triple bottom line. The notion of corporate social responsibility is not in terminal decline. Rather, it finds itself in remission, pending the return of a more conducive business operating environment.

For Investec, having weathered what seems to have been the worst of the financial inclemency, the group seems well poised, by virtue of its solid capital status and liquidity realities, to capitalise on the commercial opportunities that a slowly recovering international economy will provide. A fast-changing competitive landscape will elicit additional benefits in select areas.

In terms of our non-financial endeavours, we will continue to make incremental advances on many fronts. The year ahead is unlikely to elicit much in the way of dramatic change, with anticipated steady progress in respect of ongoing projects and previously earmarked objectives.

As fundamental inputs to the profit dimension of our activities, the disciplines of corporate governance and risk management, tried and tested during the most recent crisis and having proved to serve Investec extremely well, are well entrenched at Investec. Heightened global attention on these specific aspects of the triple bottom line has increased our desire to ensure outright consistency with international best practise and, where appropriate, to fine tune our processes.

Our Business Responsibility

The people dimension of our OBR activities will continue to revolve, internally, around the successful recruitment, development, diversity and retention of talent within our employee base and, externally, around the developmental and goal-oriented aspects of our varying social investment activities. Similarly, within the planet dimension of our OBR activities, internal focus will be on continued behavioural change so as to reduce the size of our overall environmental footprint while our external focus will remain on the selective financing of alternative technologies.

In the same way that our banking activities are guided by a strong sense of commercial know-how, our sustainability activities are guided by the will to do what makes sense to the organisation. Reputation remains key and a finely-honed sensitivity to reputational risk management across all our businesses will continue to inform our sustainability approach and drive it in the appropriate manner. In so doing, we seek to balance, in so far as possible, our obligations to all stakeholders.

Detail pertaining to Investec's OBR activities can be accessed on www.investec.com/en_za/#home/our_business_responsibility.html. Our overall approach is based on the recognition that we are a niched and specialist bank, driven by our culture and values, and guided by our in-house philosophy, which states:

"In pursuit of sustainable profits, we seek to be a positive influence in all our business activities, in each of the societies within which we operate. We do this by empowering communities through entrepreneurship and education, recognising the true value of diversity and addressing the challenge posed by climate change and our use of natural resources".

Additional information

6

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 2009 Investec plc and Investec Limited had 444.9 million and 268.3 million ordinary shares in issue, respectively.

Spread of ordinary shareholders as at 31 March 2009

Investec plc ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
6 713	1 to 500	32.6	1 934 528	0.4
4 779	501 to 1 000	23.2	3 817 360	0.9
6 171	1 001 to 5 000	30.0	14 499 833	3.3
1 092	5 001 to 10 000	5.3	8 157 375	1.8
1 683	10 001 to 50 000	8.2	112 228 388	25.2
68	50 001 to 100 000	0.4	49 770 375	11.2
64	100 001 and over	0.3	254 529 379	57.2
20 570		100.0	444 937 238	100.0

Investec Limited ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
4 578	1 to 500	41.4	1 132 202	0.4
2 293	501 to 1 000	20.8	1 789 206	0.7
2 784	1 001 to 5 000	25.2	6 311 039	2.4
515	5 001 to 10 000	4.7	3 836 873	1.4
545	10 001 to 50 000	4.9	12 164 365	4.5
129	50 001 to 100 000	1.2	9 370 941	3.5
206	100 001 and over	1.8	233 730 631	87.1
11 050		100.0	268 335 257	100.0

Shareholder classification as at 31 March 2009

	Investec plc number of shares	% holding	Investec Limited number of shares	% holding
Public*	411 826 051	92.6	193 335 408	72.1
Non-public	33 111 187	7.4	74 999 849	27.9
Non-executive directors of Investec plc/Investec Limited**	3 359165	0.7	3 026 000	1.1
Executive directors of Investec plc/ Investec Limited	7 045 943	1.6	8 578 013	3.2
Investec staff share schemes	22 706 079	5.1	36 340 281	13.5
PEU INL Investment 1 (Pty) Ltd **	-	-	13 055 555	4.9
Tiso INL Investments (Pty) Ltd **	-	-	14 000 000	5.2
Total	444 937 238	100.0	268 335 257	100.0

* As per the JSE listing requirements

** In November 2003, Investec implemented an empowerment transaction. The shareholding held by MP Malungani (non-executive director of Investec) is shown under the holding of PEU INL Investment 1 (Pty) Ltd

Shareholder analysis

Largest shareholders as at 31 March 2009

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 the group has conducted investigations into the registered holders of its 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	PIC (ZA)	37 643 896	8.5
2	Old Mutual Asset Managers (ZA)	33 107 398	7.4
3	Investec Securities (Pty) Limited (ZA)*	24 363 100	5.5
4	Investec Staff Share Schemes (ZA and UK)	22 706 079	5.1
5	Legal & General Investment Mgmt Ltd (UK)	18 356 041	4.1
6	RMB Asset Management (ZA)	18 116 305	4.1
7	J.P. Morgan Asset Management (UK)	15 411 731	3.5
8	Coronation Fund Managers (ZA)	14 108 806	3.2
9	Polaris Capital (Pty) Limited (ZA)	13 556 175	3.0
10	Schroder Investments (UK)	10 360 243	2.3
	Cumulative total	207 729 774	46.7

The top 10 shareholders account for 46.7% 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	PIC (ZA)	40 439 405	15.1
2	Investec Staff Share Schemes (ZA)	36 340 281	13.5
3	Old Mutual Asset Managers (ZA)	18 360 474	6.8
4	Tiso INL Investments (Pty) Ltd (ZA)**	14 000 000	5.2
5	Entrepreneurial Development Trust (ZA)**	14 000 000	5.2
6	PEU INL Investment 1 (Pty) Ltd (ZA)**	13 055 555	4.9
7	Coronation Fund Managers (ZA)	9 686 030	3.6
8	Investec Securities (Pty) Limited (ZA)*	8 320 456	3.1
9	STANLIB Asset Management (ZA)	7 512 249	2.8
10	Barclays Global Investors (US and UK)	7 215 071	2.7
	Cumulative total	168 929 521	62.9

The top 10 shareholders account for 62.9% 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.

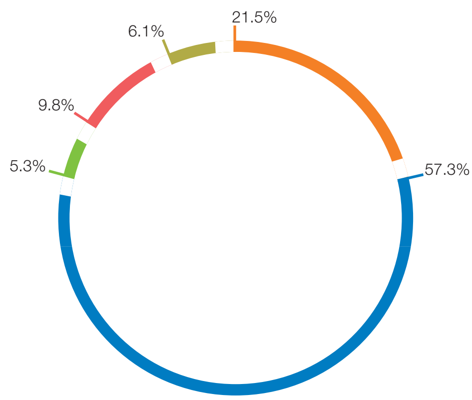
* Managed on behalf of clients

** 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

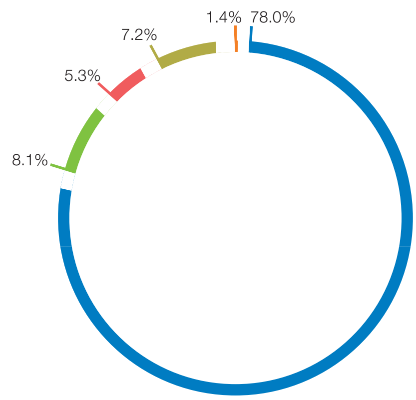
Shareholder analysis

Geographic holding by beneficial owner as at 31 March 2009

Investec plc



Investec Limited



UK
Rest of Europe
South Africa
Other countries
USA and Canada

Share statistics

Investec plc ordinary shares in issue

For the year ended 31 March[1]	2009	2008	2007	2006	2005	2004	2003
Closing market price per share (Pounds Sterling)[2]							
- year end	2.92	3.39	6.58	5.88	3.11	2.18	1.23
- highest	4.21	7.65	6.76	6.07	3.47	2.36	1.92
- lowest	1.69	2.94	4.95	3.04	1.84	1.22	1.21
Number of ordinary shares in issue (million)[2]	444.9	423.3	381.6	373.0	373.0	373.0	373.0
Market capitalisation (£'million)[3]	1 299	1 435	2 511	2 194	1 160	812	459
Daily average volume of shares traded ('000)	2 603.6	3 925.9	2 832.5	1 489.0	741.0	498.0	349.5
Price earnings ratio[4]	6.9	6.0	12.4	14.0	11.6	10.5	6.3
Dividend cover (times)[4]	3.3	2.3	2.3	2.3	2.0	1.8	1.8
Dividend yield (%)[4]	4.5	7.4	3.5	3.1	4.3	5.3	8.8
Earnings yield (%)[4]	14.5	16.7	8.1	7.1	8.6	9.5	15.6

Investec Limited ordinary shares in issue

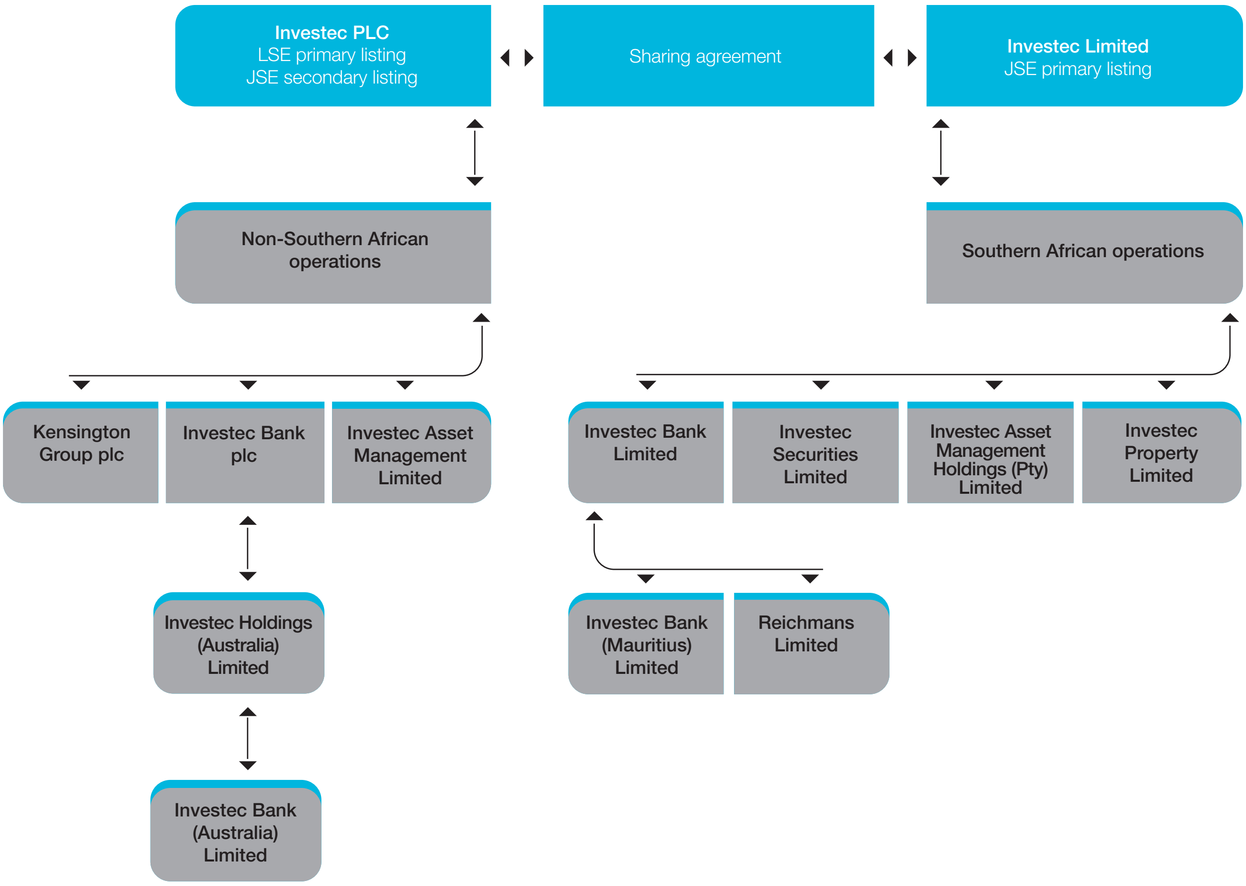
For the year ended 31 March[1]	2009	2008	2007	2006	2005	2004	2003
Closing market price per share (Rands)[2]							
- year end	38.86	57.43	93.30	62.60	35.60	25.06	15.30
- highest	63.19	104.40	94.60	66.50	38.00	30.20	34.88
- lowest	27.20	50.90	59.06	34.10	21.56	15.50	15.30
Number of ordinary shares in issue (million)[2]	268.3	234.3	227.7	220.0	220.0	220.0	192.0
Market capitalisation (R'million)[5]	27 715	37 766	56 848	37 121	21 111	14 860	8 645
Market capitalisation (£'million)	2 083	2 229	4 009	3 488	1 844	1 292	695
Daily average volume of shares traded ('000)	1 167.8	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 the group 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. 444.9 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 713.2 million shares in issue

Operational 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 2009	Qualifications	Current directorships	Investec committee membership	Brief biography
Chief Executive Officer Stephen Koseff	57	BCom CA(SA) H Dip BDP MBA	The Bidvest Group 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	59	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	52	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	62	BCom CA(SA)	Investec Bank plc and most of Investec plc's subsidiaries	Board Risk and Capital Committee and DLC Capital Committee	Alan is a former partner of PriceWaterhouse 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 plc and Chief Executive Officer of Investec's UK operations.

Directorate Investec plc and Investec Limited

Non-executive directors

Name	Age at 31 March 2009	Qualifications	Current directorships	Investec committee membership	Brief biography
Non-executive Chairman Hugh S Herman	68	BA LLB LLD (hc)	Growthpoint Properties Limited, Pick 'n Pay Holdings Limited, Pick 'n Pay Stores Limited and a number of Investec subsidiaries	DLC Nominations 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	70	FCA CA(SA)	Investec Bank Limited, Foschini Limited and Super Group Limited	DLC Audit Committee, Investec plc Audit Committee, Investec Limited Audit Committee, DLC Nominations and Directors' Affairs Committee, Board Risk and Capital Committee and DLC Capital Committee	Sam is a former international partner and South African Managing Partner of Arthur Andersen.
George FO Alford	60	BSc (Econ) FCIS FIPD MSI	Investec Bank plc	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	50	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 to 2001 and was Chief Executive Officer of South African Tourism.
Haruko Fukuda OBE	62	MA (Cantab) DSc	Director of Aberdeen Asian Smaller Companies Investment Trust PLC. She is an adviser to Metro AG and to Binani Industries of India	-	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.

Directorate Investec plc and Investec Limited

Non-executive directors

Name	Age at 31 March 2009	Qualifications	Current directorships	Investec committee membership	Brief biography
Geoffrey MT Howe	59	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	62	BSc (Eng) MBA	Insinger de Beaufort Holdings SA (in which Investec holds a 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	69	-	Investec Bank plc, 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 Nominations 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.
M Peter Malungani	51	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	65	BSc (Hons) FIA	Pippbrook Limited, Epsom Downs Racecourse Limited and The Royal Automobile Club Limited	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 1988 as Group Director (Investments) becoming Deputy Chief Executive in January 1991 and Group Executive in September 1991. Sir David was previously Chairman of the Financial Services Skills Council.

Directorate Investec plc and Investec Limited

Non-executive directors

Name	Age at 31 March 2009	Qualifications	Current directorships	Investec committee membership	Brief biography
Peter RS Thomas	64	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 Nominations 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	46	BSc (Hons) MA MBA	Investec Bank Limited (Chairman), AECI Limited and Investec Asset Management Holdings (Pty) Ltd	Board Risk and Capital Committee and DLC Nominations and Directors' Affairs Committee	Fani is Chairman of Investec Bank Limited and was the former Chairman of Tiso Group Limited.

Notes:

- The dates on which the directors were appointed to the boards of Investec plc and Investec Limited can be found on page 172.
- Details of the Investec committees can be found on pages 176 to 181.

Directorate

Investec Bank Limited

A subsidiary of Investec Limited

Fani Titi (46)
BSc (Hons) MA MBA
Non-Executive Chairman

David M Lawrence (58)
BA(Econ) (Hons) MCom
Deputy Chairman

Sam E Abrahams (70)
FCA CA(SA)

Glynn R Burger (52)
BAcc CA(SA) H Dip BDP MBL

Richard MW Dunne (60)*
CA(SA)

Bernard Kantor (59)
CTA

Stephen Koseff (57)
BCom CA(SA) H Dip BDP MBA

M Peter Malungani (51)
BCom MAP LDP

Karl-Bart XT Socikwa (40)
BCom LLB MAP

Bradley Tapnack (62)
BCom CA(SA)

Peter R S Thomas (64)
CA(SA)

C Busi Tshili (45)
CA(SA)

* Appointed with effect from 2 June 2008

Investec Asset Management Holdings (Pty) Limited

A subsidiary of Investec Limited

Hugh S Herman (68)
BA LLB LLD (hc)
Non-Executive Chairman

Hendrik J du Toit (47)
BCom (Law) BCom Hons (cum laude) MCom (cum laude) MPhil (Cambridge)
Chief Executive Officer

Cheryl A Carolus (50)
BA (Law) B Ed

Gail Daniel (41)
BA (Hons) MBA

Domenico Ferrini (40)
BCom

Jeremy B Gardiner (43)**
BCom (Hons)

Noluthando P Gosa (46)
BA (Hons) MBA

John C Green (43)
BCom LLB

Bernard Kantor (59)
CTA

Thabo Khojane (36)
BA (Econ) (Hons) BSc (Eng)

Stephen Koseff (57)
BCom CA(SA) H Dip BDP MBA

M Peter Malungani (51)
BCom MAP LDP

Kim M McFarland (44)
BAcc BCom CA(SA) MBA

John T McNab (42)
BEng MEng CFA

Bradley Tapnack (62)
BCom CA(SA)

Fani Titi (46)
BSc (Hons) MA MBA

** Appointed with effect from 1 April 2008

Directorate

Investec Securities Limited

A subsidiary of Investec Limited

Andrew WJ Leith (49)
BCom CA(SA)
Chairman

Sam E Abrahams (70)
FCA CA(SA)

Reginald S Berkowitz (72)
Natal Law Certificate

Henry E Blumenthal (49)
BCom BAcc CA(SA)

Kevin Brady (42)
BA (Hons)

Joubert D Hay (43)
BCom (Hons) (Acc) CA(SA)

Stephen Koseff (57)
BCom CA(SA) H Dip BDP MBA

Kevin P McKenna (42)
BCom BAcc CA(SA)

JKC Whelan (45)
CA (Irish) H Dip Tax

Investec Property Limited

A subsidiary of Investec Limited

Stephen Koseff (57)
BCom CA(SA) H Dip BDP MBA
Chairman

Glynn R Burger (52)
BAcc CA(SA) H Dip BDP MBL

Angelique N Du Hecquet de Rauville (34)
BSSc FSA FSB

Dave AJ Donald (58)
BCom CA(SA) H Dip Tax Law

Sam Hackner (53)
BCom (Hons) CA(SA)

Sam R Leon (59)
LLB (London)

Robin Magid (36)
BCom

David M Nurek (59)
Dip Law Dip Advanced Company Law

Ronnie Sevitz (65)

Investec Bank (Mauritius) Limited

A subsidiary of Investec Bank Limited

David M Lawrence (58)
BA(Econ) (Hons) MCom
Chairman

Pierre de Chasteigner du Mee (56)
ACEA FBIM FMAAT

Angelique A Desvaux de Marigny (33)
LLB, Barrister-at-Law
Maitrise en Droit (Université de Paris I-Panthéon - Sorbonne)

Hugh S Herman (68)*
BA LLB LLD (hc)

Craig C McKenzie (48)
BSc MSc CFA

Peter RS Thomas (64)
CA(SA)

David M van der Walt (44)**
BCom (Hons) CA(SA)

* Resigned on 17 July 2008
** Resigned on 13 February 2009

Investec Bank plc

A subsidiary of Investec plc

Hugh S Herman (68)
BA LLB LLD (hc)
Non-Executive Chairman

Bradley Fried (43)
BCom CA(SA) MBA
Chief Executive Officer

George F O Alford (60)
BSc (Econ) FCIS FIPD MSI

Bernard Kantor (59)
CTA

Ian R Kantor (62)
BSc (Eng) MBA

Sir Chips Keswick (69)

Stephen Koseff (57)
BCom CA(SA) H Dip BDP MBA

Alan Tapnack (62)
BCom CA(SA)

David M van der Walt (44)
BCom (Hons) CA(SA)

Ian R Wohlman (54)
ACIB

Directorate

Investec Asset Management Limited

A subsidiary of Investec plc

Hugh S Herman (68)
BA LLB LLD (hc)
Non-Executive Chairman

Hendrik J du Toit (47)
BCom (Law) BCom Hons (cum laude)
M Com (cum laude) MPhil (Cambridge)
Chief Executive Officer

David J Aird (42)
BA (Hons)

Domenico Ferrini (40)
BCom

Howard E Flight (60)
MA MBA

Luc JJJ van Hoof (56)

Bernard Kantor (59)
CTA

Stephen Koseff (57)
BCom CA(SA) H Dip BDP MBA

Kim M McFarland (44)
BAcc BCom CA(SA) MBA

Mark I Samuelson (44)
BCom CFA

Philip GS Saunders (51)
MA (Hons)

Bradley Tapnack (62)
BCom CA(SA)

Investec Bank (Australia) Limited

A subsidiary of Investec Bank plc

David M Gonski (55)
BCom LLB
Non-Executive Chairman

Geoffrey Levy AO (50)
BCom LLB FFIN
Non-Executive Deputy Chairman

Brian M Schwartz (56)*
FCA
Chief Executive Officer

Alan H Chonowitz (54)
BAcc MCom CA

Stephen Koseff (57)
BCom CA(SA) H Dip BDP MBA

Richard A Longes (63)
BA LLB MBA

Robert C Mansfield AO (57)
BCom FCPA

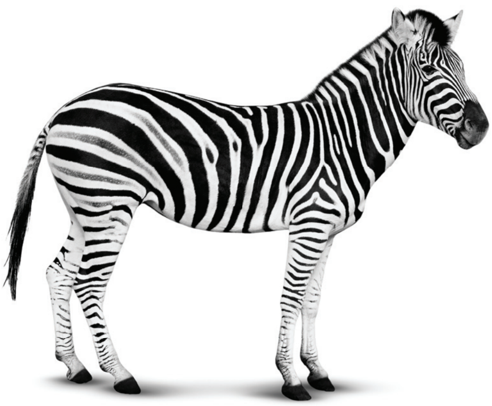
John W Murphy (56)
BCom MCom ACA FCPA

Kathryn Spargo (57)
BA LLB (Hons) FAICD

Bradley Tapnack (62)
BCom CA(SA)

Peter RS Thomas (64)
CA(SA)

* Resigned with effect from 31 March 2009. David Clarke was appointed as Chief Executive Officer with effect from 1 June 2009.



Financial statements 7

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 8 to 10 provides an overview of our strategic position, performance during the financial year and outlook for the business. It should be read in conjunction with the sections on pages 11 to 225 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 38 to the financial statements.

Investec plc

During the year the following shares were issued:
- 854 869 ordinary shares on 23 May 2008 at 256 pence per share.
- 1 109 184 special converting shares on 23 May 2008 at par.
- 9 300 000 special converting shares on 27 June 2008 at par.
- 17 869 970 special converting shares on 1 August 2008 at par.
- 1 147 258 special converting shares on 21 November 2008 at par.
- 762 870 ordinary shares on 21 November 2008 at 206 pence per share.
- 4 422 478 special converting shares on 20 March 2009 at par.
- 175 053 special converting shares on 31 March 2009 at par.
- 10 000 000 ordinary shares on 31 March 2009 at 279 pence per share.
- 10 000 000 ordinary shares on 31 March 2009 at 268 pence per share.

Investec Limited

During the year the following shares were issued:
- Allotment and issue on 23 May 2008 of 1 109 184 ordinary shares of R0.0002 each at a premium of R35.3398 per share (total issue price of R35.34 per share).
- Allotment and issue on 23 May 2008 of 854 869 special convertible redeemable preference shares of R0.0002 each.
- Conversion of 880 000 Series 1 debentures to 4 400 000 ordinary shares of R0.0002 each issued at a premium of R34.9998 per share (total issue price of R35.00) per share.
- Conversion of 980 000 Series 2 debentures to 4 900 000 ordinary shares of R0.0002 each issued at a premium of R45.9998 per share (total issue price of R46.00) per share.
- Allotment on 31 July 2008 and issue on 1 August 2008 of 17 869 970 ordinary shares of R0.0002 plus a premium of R15.7998 per share (total issue price of R15.80 per share).
- Allotment and issue on 21 November 2008 of 1 147 258 ordinary shares of R0.0002 each at a premium of R28.5698 per share (total issue price of R28.57 per share).
- Allotment and issue on 21 November 2008 of 762 870 special convertible redeemable preference shares of R0.0002 each.
- Allotment and issue on 20 March 2009 of 4 422 478 ordinary shares of R0.0002 each at a premium of R39.9998 (total issue price of R40.00 per share).
- Allotment and issue on 30 March 2009 of 175 053 ordinary shares of R0.0002 each at a premium of R38.9998 (total issue price of R39.00 per share).
- Allotment and issue on 31 March 2009 of 20 000 000 special convertible redeemable preference shares of R0.0002 each.

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 2009.

Directors' Report

Ordinary dividends

Investec plc

An interim dividend was declared to shareholders as follows:
- 8.0 pence per ordinary share to non-South African resident shareholders (2008: 11.5 pence) registered on 12 December 2008.
- to South African resident shareholders registered on 12 December 2008, a dividend paid by Investec Limited on the SA DAS share, equivalent to 128.0 cents per ordinary share and 8.0 pence per ordinary share paid by Investec plc.

The dividends were paid on 12 December 2008.

The directors have proposed a final dividend to shareholders registered on 31 July 2009, which is subject to the approval of the members of Investec plc at the Annual General Meeting which is scheduled to take place on 13 August 2009 and, if approved, will be paid on 18 August 2009 as follows:
- 5.0 pence per ordinary share to non-South African resident shareholders (2008: 13.5 pence) registered on 31 July 2009.
- to South African resident shareholders registered on 31 July 2009, a dividend paid by Investec Limited on the SA DAS share, equivalent to 66.0 cents per ordinary share and 5.0 pence per ordinary share paid by Investec plc.

Shareholders in Investec plc will receive a distribution of 5.0 pence (2008: 13.5 pence) per ordinary share.

Investec Limited

An interim dividend of 128.0 cents per ordinary share (2008: 159.5 cents) was declared to shareholders registered on 12 December 2008 and was paid on 19 December 2008.

The directors have proposed a final dividend of 66.0 cents per ordinary share (2008: 202.0 cents) to shareholders registered on 31 July 2009 to be paid on 18 August 2009. The final dividend is subject to the approval of members of Investec Limited at the Annual General Meeting scheduled for 13 August 2009.

Preference dividends

Investec plc

Perpetual preference shares

Preference dividend number 5 for the period 1 April 2008 to 30 September 2008, amounting to 30.14 pence per share, was declared to members holding preference shares registered on 28 November 2008 and was paid on 9 December 2008.

Preference dividend number 6 for the period 1 October 2008 to 31 March 2009, amounting to 16.03 pence per share was declared to members holding preference shares registered on 19 June 2009 and will be paid on 2 July 2009.

Preferred securities

The fourth 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 2009 and will be paid on 24 June 2009.

Investec Limited

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

Preference dividend number 8 for the period 1 April 2008 to 30 September 2008 amounting to 536.03 cents per share was declared to members holding preference shares registered on 28 November 2008 and was paid on 9 December 2008.

Preference dividend number 9 for the period 1 October 2008 to 31 March 2009 amounting to 518.77 cents per share was declared to members holding preference shares registered on 19 June 2009 and will be paid on 2 July 2009.

Redeemable cumulative preference shares

Dividends amounting to R42 071 233 were paid on the redeemable cumulative preference shares.

Directors' Report

Directors and secretaries

Details of directors and secretaries of Investec plc and Investec Limited are reflected on pages 219 to 222 and at the beginning of the Annual Report.

In accordance with the Articles of Association, SE Abrahams, HS Herman, IR Kantor, S Koseff, Sir David Prosser and PRS Thomas, retire by rotation at the forthcoming Annual General Meeting but, being eligible, offer themselves for re-election.

Directors and their interests

Directors' shareholdings and options to acquire shares are set out on pages 201 to 205. 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 264 and 265.

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 176.

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 13 August 2009.

Contracts

Refer to page 192 for details of contracts with directors.

Subsidiary and associated companies

Details of principal subsidiary and associated companies are reflected on pages 311 and 312.

Major shareholders

The largest shareholders of Investec plc and Investec Limited are reflected on page 216.

Special resolutions

Investec plc

At the Annual General Meeting held on 7 August 2008, 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.
- Authority to increase the number of authorised special converting shares of £0.0002 each in the authorised share capital of Investec plc to 300 000 000.
- Amendments to the Articles of Association to reflect provisions of the Companies Act 2006 that are already in force since 1 October 2008.

Directors' Report

Investec Limited

At the Annual General Meeting held on 7 August 2008, 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.
- The authorised ordinary share capital has 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 R0.0002 each.
- An amendment was made to the Memorandum of Association by updating the authorised share capital of Investec Limited.
- An amendment was made to the Articles of Association by inserting a new Article 72A to allow for Multiple Proxies.
- An amendment was made to the Articles of Association by inserting a new Article 57.2(a) - Demand for a poll.
- An amendment was made to the Articles of Association by inserting a new Article 75 - Corporate Representation.
- An amendment was made to the Articles of Association by inserting a new Article 72 - Timing for the deposit of form of proxy.
- Replacement of the old Articles of Association of Investec Limited by adopting the new Articles of Association.

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 244 to 253.

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 £ 1.4 million and Investec Limited made donations for charitable purposes, totalling £2.2 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 209 to 211 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

15 June 2009

Directors' Responsibility Statement

The following statement, which should be read in conjunction with the Auditors' Report set out on pages 238 to 240, 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 238 to 240 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 229 to 232 and pages 241 to 319, were approved by the board of directors on 15 June 2009.

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
Chief Executive Officer

Bernard Kantor
Managing Director

15 June 2009

Schedule A to the Directors' Report

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 13 August 2009. Further details are set out in the notice of the Annual General Meeting on pages 321 to 331.

Share capital

The share capital of Investec plc at 12 June 2009 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, 300 000 000 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 than less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Schedule A to the Directors' Report

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 shares

The following are the rights and privileges which attach to the perpetual preference shares:

- Each perpetual preference shares 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 shares and equal basis, the right on 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
  - (ii) 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 ("Investec 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 20 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 2009 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 51. 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 Directors' 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 Auditor’s 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 2009 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 2009;
- 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 2009 and of its profit for the year then ended.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
London

15 June 2009

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 website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's 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 2009, the combined consolidated income statement, the combined consolidated statement of total recognised income and expenses and combined consolidated cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 229 to 319, the separate annual financial statements of Investec Limited, which comprise the separate balance sheet as at 31 March 2009, the separate income statement, the separate statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 316 to 319 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 consolidated and separate financial position of Investec Limited as of 31 March 2009 and its consolidated and separate financial performance and consolidated 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
Wanderers Office Park
52 Corlett Drive
Sandton

15 June 2009

Combined consolidated income statement

For the year to 31 March £'000	Notes	2009	2008
Interest income		2 596 913	2 083 380
Interest expense		(1 902 882)	(1 499 960)
Net interest income		694 031	583 420
Fee and commission income		592 814	614 357
Fee and commission expense		(61 292)	(63 061)
Principal transactions	4	276 521	276 705
Operating income from associates	24	12 438	12 138
Investment income on assurance activities	32	74 584	89 593
Premiums and reinsurance recoveries on insurance contracts	32	18 773	40 849
Other operating (loss)/income	5	(30 240)	50 043
Other income		883 598	1 020 624
Claims and reinsurance premiums on insurance business	32	(88 108)	(120 358)
Total operating income net of insurance claims		1 489 521	1 483 686
Impairment losses on loans and advances	22	(256 173)	(114 185)
Operating income		1 233 348	1 369 501
Administrative expenses	6	(803 158)	(807 500)
Depreciation, amortisation and impairment of property, equipment and intangible assets	27/30	(30 102)	(24 330)
Operating profit before goodwill		400 088	537 671
Goodwill	29	(32 467)	(62 765)
Operating profit		367 621	474 906
Profit on disposal of group operations	31	721	72 855
Profit before taxation		368 342	547 761
Taxation	8	(81 675)	(127 249)
Profit after taxation		286 667	420 512
(Losses)/earnings attributable to minority shareholders		(5 355)	28 954
Earnings attributable to shareholders		292 022	391 558
Earnings per share (pence)			
- Basic	9	38.5	57.7
- Diluted	9	36.1	54.0
Dividends per share (pence)			
- Interim	10	8.0	11.5
- Final	10	5.0	13.5

Combined consolidated balance sheet

At 31 March £'000	Notes	2009	2008
Assets			
Cash and balances at central banks		1 105 089	788 472
Loans and advances to banks		2 018 089	2 153 773
Cash equivalent advances to customers		396 173	504 382
Reverse repurchase agreements and cash collateral on securities borrowed	18	569 770	794 153
Trading securities	19	2 313 845	1 984 580
Derivative financial instruments	20	1 582 908	1 305 264
Investment securities	21	1 063 569	1 130 872
Loans and advances to customers	22	15 390 519	12 011 261
Loans and advances to customers - Kensington warehouse assets	22	1 897 878	2 034 874
Securitised assets	23	5 628 347	6 082 975
Interests in associated undertakings	24	93 494	82 576
Deferred taxation assets	25	136 757	84 493
Other assets	26	894 062	882 209
Property and equipment	27	174 532	141 352
Investment properties	28	189 156	134 975
Goodwill	29	255 972	271 932
Intangible assets	30	34 402	31 506
		33 744 562	30 419 649
Financial instruments at fair value through income in respect of			
- Liabilities to customers	32	3 358 338	2 878 894
- Assets related to reinsurance contracts	32	1 768	805 009
		37 104 668	34 103 552
Liabilities			
Deposits by banks		3 781 153	3 489 032
Deposits by banks - Kensington warehouse funding		1 412 961	1 778 438
Derivative financial instruments	20	1 196 326	881 577
Other trading liabilities	33	344 561	450 580
Repurchase agreements and cash collateral on securities lent	18	915 850	382 384
Customer accounts		14 572 568	12 133 120
Debt securities in issue	34	1 014 871	777 769
Liabilities arising on securitisation	23	5 203 473	5 760 208
Current taxation liabilities		155 395	132 656
Deferred taxation liabilities	25	120 135	79 172
Other liabilities	35	1 264 144	1 279 373
Pension fund liabilities	36	1 212	-
		29 982 649	27 144 309
Liabilities to customers under investment contracts	32	3 352 863	2 862 916
Insurance liabilities, including unit-linked liabilities	32	5 475	15 978
Reinsured liabilities	32	1 768	805 009
		33 342 755	30 828 212
Subordinated liabilities (including convertible debt)	37	1 141 376	1 065 321
		34 484 131	31 893 533
Equity			
Called up share capital	2/38	190	177
Perpetual preference share capital	2/39	151	151
Share premium	2/40	1 769 040	1 632 634
Treasury shares	2/41	(173 068)	(114 904)
Equity portion of convertible debentures	2	-	2 191
Other reserves	2	42 509	(42 057)
Profit and loss account	2	658 129	433 012
Shareholders' equity excluding minority interests		2 296 951	1 911 204
Minority interests	2/42	323 586	298 815
- Perpetual preferred securities issued by subsidiaries		295 084	251 637
- Minority interests in partially held subsidiaries		28 502	47 178
Total shareholders' equity		2 620 537	2 210 019
Total liabilities and shareholders' equity		37 104 668	34 103 552

Combined consolidated statement of total recognised income and expenses

For the year to 31 March £'000	Notes	2009	2008
Profit after taxation		286 667	420 512
Total gains and losses recognised directly in equity		185 415	(110 879)
Fair value movements on available for sale assets		(4 223)	(38 907)
Fair value movements on cash flow hedges		(16 293)	-
Foreign currency movements		215 653	(79 591)
Pension fund actuarial (losses)/gains	36	(9 722)	7 619
Total recognised income and expenses		**472 082**	**309 633**
Total recognised income and expenses attributable to minority shareholders		21 285	17 365
Total recognised income and expenses attributable to ordinary shareholders		376 020	270 327
Total recognised income and expenses attributable to perpetual preferred securities		74 777	21 941
		472 082	309 633

Combined consolidated cash flow statement

For the year to 31 March £'000	Notes	2009	2008
Operating profit adjusted for non cash items	44	726 573	708 295
Taxation paid		(95 195)	(97 845)
Decrease/(increase) in operating assets		46 724	(655 805)
(Decrease)/increase in operating liabilities		(323 255)	1 080 433
Net cash inflow from operating activities		**354 847**	**1 035 078**
Cash flow on acquisition of group operations	31	-	(32 419)
Cash flow on disposal of group operations	31	721	-
Cash flow on net acquisition of associates		(3 713)	(1 563)
Cash flow on acquisition and disposal of property, equipment and intangible assets		(60 678)	(31 660)
Net cash outflow from investing activities		**(63 670)**	**(65 642)**
Dividends paid to ordinary shareholders		(143 995)	(145 926)
Dividends paid to other equity holders		(47 503)	(45 702)
Proceeds on issue of shares, net of related costs		91 764	-
Proceeds on (acquisition)/issue of treasury shares, net of related costs		(58 164)	8 630
Proceeds on issue of other equity instruments*		3 486	6 777
Proceeds from subordinated debt raised		26 737	209 871
Reduction in subordinated debt		(57 306)	(88 543)
Net cash outflow from financing activities		**(184 981)**	**(54 893)**
Effects of exchange rates on cash and cash equivalents		**226 277**	**(97 791)**
Net increase in cash and cash equivalents		**332 473**	**816 752**
Cash and cash equivalents at the beginning of the year		1 951 876	1 135 124
Cash and cash equivalents at the end of the year		**2 284 349**	**1 951 876**
Cash and cash equivalents is defined as including:			
Cash and balances at central banks		1 105 089	788 472
On demand loans and advances to banks		783 087	659 022
Cash equivalent advances to customers		396 173	504 382
Cash and cash equivalents at the end of the year		**2 284 349**	**1 951 876**

* Includes equity instruments issued by subsidiaries

Note:
Cash and cash equivalents have a maturity profile of less than three months.

Accounting policies

Basis of preparation

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 2009, 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 and 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, except as noted below.

The group has elected to early adopt IFRS 8, Operating Segments as of 1 April 2008. This standard requires disclosure of information about the group's operating segments on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. Adoption of this standard did not have any impact on the financial position or performance of the group. The group determined that operating segments were the same as the business segments previously identified under IAS 14, Segment Reporting.

IAS 39, Financial Instruments: Recognition and Measurement was amended in October 2008, effective immediately. Following the amendment, a non-derivative financial asset held for trading may be transferred out of the fair value through profit and loss category in the following circumstances:
- In rare circumstances, it is no longer held for the purpose of selling or repurchasing in the near term; or
- It is no longer held for the purpose of selling or repurchasing in the near term, it would have met the definition of a loan and receivable at initial recognition and the group has the intention and ability to hold it for the foreseeable future or until maturity.

The initial value of the financial asset that has been reclassified, per the above, is the fair value at the date of reclassification. The group has not applied the initial transitional rules. This change in accounting policy has had no impact on the prior year financial statements. Refer to note 14 on page 276 for details on reclassifications in the current year.

Reclassifications

The group had previously included the par value and share premium received on the issue of perpetual preference shares (an equity instrument) in a single line item within equity on the balance sheet. The presentation has been amended to include the share premium received within the share premium account. This change in presentation has no impact on overall equity, assets and liabilities. Refer to notes 38 and 39 on pages 299 to 302 for further details.

Basis of consolidation

Investec consists of two separate legal entities, being Investec plc and Investec Limited, that operate under a dual listed companies ("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.

Accounting policies

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 segmental reporting is presented in the form of a business analysis and a geographical analysis.

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 greater than the cost of the acquisition, the group reassess 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 (Pounds 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, 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 Pounds 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 the income statement on disposal of the foreign operation; and
- Cash flow items are translated at the exchange rates ruling at the date of the transaction.

Accounting policies

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 the income statement;
- 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; and
- 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, or, 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. Fee and commission income is only recognised when it 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 page 263.

Included in other operating income is operating profit net of all direct cost of sales from consolidated private equity investments. Operating costs associated with these investments is 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 sales 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 at fair value through profit and loss

Financial instruments at fair value through profit and loss include all instruments classified as held for trading and those instruments designated as at fair value through profit and loss.

Financial instruments classified as held for trading or designated as 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 intention of generating short-term profits, or are derivatives which are not designated as part of effective hedges. Financial instruments designated as 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 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.

Accounting policies

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.

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 financial assets

Available for sale financial assets are those which are designated as such or do not qualify to be classified as held for trading, designated at fair value through profit and loss, held-to-maturity, or loans and receivables. They include strategically held equity instruments that are not associates, joint ventures or subsidiaries of the group. Further, 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 and available for sale;
- Equity securities;
- Private equity investments;
- Derivative positions;
- Loans and advances designated as at fair value through profit and loss;
- Loans and advances designated as available for sale; and
- Financial liabilities classified as trading or designated as 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 collective 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 right 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 gains 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 hedged 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 included in the initial cost of any asset/liability when 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 the income statement. 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 and;
- 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 are 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 taxation payable is provided on taxable profits at rates that are enacted or substantially enacted 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 taxation 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 the income statement.
- In respect of taxable temporary differences associated with 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 taxation assets or liabilities are measured using the taxation rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation 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 period beginning on or after 1 July 2009)

The main changes to the standard that affects the group's 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.

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)

These amendments will have no impact on the group.

IFRS 7 – Improving disclosures about financial instruments (applicable for reporting periods beginning on or after 1 January 2009)

Whilst the group has adopted several of the improvements in this set of financial statements, a complete transition to the revised standard will be achieved in the 2010 Annual Report. Changes to the standard have no impact on accounting policies and recognition and measurement of financial instruments.

IFRIC 13 – Customer Loyalty Programmes (applicable for reporting periods beginning on or after 1 July 2008)

IFRIC 13, Customer Loyalty Programmes addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The impact of this standard is currently being determined by the group.

Improvements to International Financial Reporting Standards 2008 and Improvements to International Financial Reporting Standards 2009

There were numerous updates issued, which are considered by the IASB to be non urgent but important. None of these updates will result in a change to the accounting policies of the group.

The following standards or interpretations have 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:
- IFRS 1 – First-time adoption of International Financial Reporting Standards
- IFRS 1 and IAS 27 – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- IAS 23 – Borrowing Costs
- IAS 39 – Eligible Hedged Items
- IAS 39 and IFRIC 9 – Embedded Derivatives
- IFRIC 15 – Arrangements for the Construction of Real Estate
- IFRIC 16 – Hedges on a Net Investment in a Foreign Operation
- IFRIC 17 – Distribution of Non-cash Assets
- IFRIC 18 – Transfers of Assets from Customers

Key management assumptions

In preparation of the financial statements the group makes estimations and applies judgement that could affect the reported amount of assets and liabilities within the next financial year. Key areas in which judgement 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 19, trading securities and note 21, investment securities. .
- Valuation of investment properties is performed twice annually by directors that are qualified valuers. 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 28 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 judgemental in nature.
- Determination of interest income and interest expense using the effective interest method involves judgement in determining the timing and extent of future cash flows.

£'000	Called up share capital	Perpetual preference share capital	Share premium account	Treasury shares	Equity portion of convertible instruments
2. Consolidated statements of changes in equity					
At 1 April 2007	169	151	1 421 881	(109 279)	2 191
Movement in reserves 1 April 2007 - 31 March 2008					
Foreign currency adjustments	-	-	(19 838)	-	-
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	-	-	(19 838)	-	-
Share based payments adjustments	-	-	-	-	-
Dividends paid to ordinary shareholders	-	-	-	-	-
Dividends paid to perpetual preference shareholders	-	-	-	-	-
Dividends paid to minorities	-	-	-	-	-
Issue of ordinary shares	8	-	230 656	-	-
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	-	-	-	-	-
At 31 March 2008	177	151	1 632 634	(114 904)	2 191
Movement in reserves 1 April 2008 - 31 March 2009					
Foreign currency adjustments	-	-	27 274	-	-
Profit for the year	-	-	-	-	-
Pension fund actuarial losses	-	-	-	-	-
Fair value movements on cash flow hedges	-	-	-	-	-
Fair value movements on available for sale assets	-	-	-	-	-
Losses on realisation and impairment of available for sale assets recycled through income	-	-	-	-	-
Total recognised gains and losses for the year	-	-	27 274	-	-
Share based payments adjustments	-	-	-	-	-
Dividends paid to ordinary shareholders	-	-	-	-	-
Dividends paid to perpetual preference shareholders	-	-	-	-	-
Issue of ordinary shares	13	-	91 751	-	-
Conversion of convertible instruments	-	-	17 381	-	(2 191)
Issue of equity by subsidiaries	-	-	-	-	-
Movement of treasury shares	-	-	-	(58 164)	-
Transfer to capital reserves	-	-	-	-	-
Transfer from regulatory general risk reserve	-	-	-	-	-
At 31 March 2009	190	151	1 769 040	(173 068)	-

	Other reserves							
Capital reserve account	Available for sale reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserve	Profit and loss account	Share-holders' equity excluding minority interests	Minority interests	Total
12 542	30 642	71 940	-	(74 579)	186 827	1 542 485	277 931	1 820 416
-	-	-	-	(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
-	(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)
-	-	-	-	-	-	-	(3 923)	(3 923)
-	-	-	-	-	-	230 664	-	230 664
-	-	-	-	-	-	-	6 777	6 777
-	-	-	-	-	-	-	665	665
-	-	-	-	-	-	(65)	-	(65)
-	-	-	-	-	-	(5 625)	-	(5 625)
(5 609)	-	-	-	-	5 609	-	-	-
-	-	10 078	-	-	(10 078)	-	-	-
6 933	(8 265)	82 018	-	(122 743)	433 012	1 911 204	298 815	2 210 019
-	-	459	-	158 664	2 616	189 013	26 640	215 653
-	-	-	-	-	292 022	292 022	(5 355)	286 667
-	-	-	-	-	(9 722)	(9 722)	-	(9 722)
-	-	-	(16 293)	-	-	(16 293)	-	(16 293)
-	(6 753)	-	-	-	-	(6 753)	-	(6 753)
-	2 530	-	-	-	-	2 530	-	2 530
-	(4 223)	459	(16 293)	158 664	284 916	450 797	21 285	472 082
-	-	-	-	-	92 848	92 848	-	92 848
-	-	-	-	-	(143 995)	(143 995)	-	(143 995)
-	-	-	-	-	(47 503)	(47 503)	-	(47 503)
-	-	-	-	-	-	91 764	-	91 764
-	-	-	-	-	(15 190)	-	-	-
-	-	-	-	-	-	-	3 486	3 486
-	-	-	-	-	-	(58 164)	-	(58 164)
4 949	-	-	-	-	(4 949)	-	-	-
-	-	(58 990)	-	-	58 990	-	-	-
11 882	(12 488)	23 487	(16 293)	35 921	658 129	2 296 951	323 586	2 620 537

For the year to 31 March £'000	Private Client Activities	Capital Markets	Investment Banking	Asset Manage-ment	Property Activities	Group Services and Other Activities	Total group
3. Combined consolidated segmental analysis							
Business analysis 2009							
Net interest income	276 287	286 712	2 612	7 821	(6 886)	127 485	694 031
Fee and commission income	136 502	117 437	77 400	238 373	23 415	(313)	592 814
Fee and commission expense	(6 443)	(1 972)	(8 359)	(40 641)	(691)	(3 186)	(61 292)
Principal transactions	7 865	140 462	91 159	(30)	22 539	14 526	276 521
Operating income from associates	11 864	-	248	-	-	326	12 438
Investment income on assurance activities	-	-	-	-	-	74 584	74 584
Premiums and reinsurance recoveries on insurance contracts	-	-	-	-	-	18 773	18 773
Other operating income/(losses)	1 026	-	(24 774)	(5 009)	(286)	(1 197)	(30 240)
Other income	150 814	255 927	135 674	192 693	44 977	103 513	883 598
Claims and reinsurance premiums on insurance business	-	-	-	-	-	(88 108)	(88 108)
Total operating income net of insurance claims	427 101	542 639	138 286	200 514	38 091	142 890	1 489 521
Impairment losses on loans and advances	(90 094)	(155 841)	(3 858)	-	-	(6 380)	(256 173)
Operating income	337 007	386 798	134 428	200 514	38 091	136 510	1 233 348
Administrative expenses	(228 588)	(237 980)	(117 545)	(133 258)	(13 395)	(72 392)	(803 158)
Depreciation, amortisation and impairment of property, equipment and intangible assets	(3 854)	(8 215)	(10 948)	(789)	(15)	(6 281)	(30 102)
Operating profit before goodwill	104 565	140 603	5 935	66 467	24 681	57 837	400 088
Operating profit before goodwill attributable to minorities	-	771	22 231	(281)	-	(26 043)	(3 322)
Operating profit before goodwill and after minorities	104 565	141 374	28 166	66 186	24 681	31 794	396 766
Goodwill	-	(2 365)	(27 900)	(2 202)	-	-	(32 467)
Goodwill attributable to minorities	-	-	8 677	-	-	-	8 677
Operating profit after minorities	104 565	139 009	8 943	63 984	24 681	31 794	372 976
Reconciliation to profit before taxation							
Operating profit after minorities							372 976
Operating profit before goodwill attributable to minorities							3 322
Goodwill attributable to minorities							(8 677)
Profit on disposal of group operations							721
Profit before taxation							368 342
Net intersegment revenue	(303 268)	244 452	(12 893)	1 261	(8 503)	78 951	-
ROE (pre-taxation)*	14.8%	18.7%	13.9%	41.4%	47.5%	9.6%	19.2%
Cost to income ratio	54.4%	45.4%	92.9%	66.9%	35.2%	55.1%	55.9%
Number of permanent employees	2 304	1 012	359	878	75	995	5 623
Total assets (£'million)	12 258	19 689	886	407	238	3 627	37 105
Adjusted shareholders' equity (£'million)*	714	818	191	120	49	105	1 997
Adjusted tangible shareholders' equity (£'million)*	673	743	139	13	49	105	1 722

* Refer to calculation on page 28

Notes to the financial statements

For the year to 31 March £'000	Private Client Activities	Capital Markets	Investment Banking	Asset Manage-ment	Property Activities	Group Services and Other Activities	Total group
3. Combined consolidated segmental analysis (continued)							
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
Operating profit before goodwill attributable to minorities	-	(119)	(4 804)	(410)	-	(23 621)	(28 954)
Operating profit before goodwill and after minorities	193 736	115 631	72 526	76 411	36 321	14 092	508 717
Goodwill	-	(59 900)	-	(2 865)	-	-	(62 765)
Operating profit after minorities	193 736	55 731	72 526	73 546	36 321	14 092	445 952
Reconciliation to profit before taxation							
Operating profit after minorities							445 952
Operating profit before goodwill attributable to minorities							28 954
Profit on disposal of group operations							72 855
Profit before taxation							547 761
Net intersegment revenue	(169 813)	94 865	(17 671)	626	(9 433)	101 426	-
ROE (pre-taxation)*	35.3%	23.4%	34.3%	55.0%	122.8%	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

Notes to the financial statements

For the year to 31 March £'000	UK and Europe	Southern Africa	Australia	Total group
3. Combined consolidated segmental analysis (continued)				
Geographical income statement analysis 2009				
Net interest income	352 188	287 675	54 168	694 031
Fee and commission income	319 629	249 294	23 891	592 814
Fee and commission expense	(48 270)	(11 673)	(1 349)	(61 292)
Principal transactions	114 650	160 591	1 280	276 521
Operating income from associates	12 624	(5)	(181)	12 438
Investment income on assurance activities	-	74 584	-	74 584
Premiums and reinsurance recoveries on insurance contracts	-	18 773	-	18 773
Other operating losses	(18 013)	(7 241)	(4 986)	(30 240)
Other income	380 620	484 323	18 655	883 598
Claims and reinsurance premiums on insurance business	-	(88 108)	-	(88 108)
Total operating income net of insurance claims	732 808	683 890	72 823	1 489 521
Impairment losses on loans and advances	(182 036)	(51 452)	(22 685)	(256 173)
Operating income	550 772	632 438	50 138	1 233 348
Administrative expenses	(431 478)	(322 612)	(49 068)	(803 158)
Depreciation, amortisation and impairment of property, equipment and intangible assets	(22 978)	(6 057)	(1 067)	(30 102)
Operating profit before goodwill	96 316	303 769	3	400 088
Operating profit before goodwill attributable to minorities	4 574	(10 341)	2 445	(3 322)
Operating profit before goodwill and after minorities	100 890	293 428	2 448	396 766
Goodwill	(24 825)	(2 202)	(5 440)	(32 467)
Goodwill attributable to minorities	12 107	(6 557)	3 127	8 677
Operating profit after minorities	88 172	284 669	135	372 976
Profit on disposal of group operations	-	721	-	721
Profit before taxation and after minorities	88 172	285 390	135	373 697
Taxation	(13 203)	(72 802)	4 330	(81 675)
Earnings attributable to shareholders	74 969	212 588	4 465	292 022
Net intersegment revenue	(6 008)	6 201	(193)	-
ROE (post-taxation)*	8.3%	25.6%	2.8%	14.8%
Cost to income ratio	62.0%	48.1%	68.8%	55.9%
Effective operational taxation rate	15.8%	24.0%	>100%	21.1%
Number of permanent employees	1 728	3 541	354	5 623

* Refer to calculation on page 27

Notes to the financial statements

At 31 March £'000	UK and Europe	Southern Africa	Australia	Total group
3. Combined consolidated segmental analysis (continued)				
Geographical analysis of assets and liabilities 2009				
Assets				
Cash and balances at central banks	872 101	232 654	334	1 105 089
Loans and advances to banks	987 859	897 559	132 671	2 018 089
Cash equivalent advances to customers	-	396 173	-	396 173
Reverse repurchase agreements and cash collateral on securities borrowed	253 247	316 523	-	569 770
Trading securities	356 147	1 951 962	5 736	2 313 845
Derivative financial instruments	747 225	736 353	99 330	1 582 908
Investment securities	367 456	46 806	649 307	1 063 569
Loans and advances to customers	6 178 268	8 245 666	966 585	15 390 519
Loans and advances to customers - Kensington warehouse assets	1 897 878	-	-	1 897 878
Securitised assets	4 228 165	958 598	441 584	5 628 347
Interests in associated undertakings	87 164	2 489	3 841	93 494
Deferred taxation assets	74 325	37 456	24 976	136 757
Other assets	527 547	347 786	18 729	894 062
Property, plant and equipment	156 495	13 981	4 056	174 532
Investment properties	-	189 156	-	189 156
Goodwill	200 208	22 601	33 163	255 972
Intangible assets	24 024	6 519	3 859	34 402
	16 958 109	14 402 282	2 384 171	33 744 562
Other financial instruments at fair value through income in respect of				
- linked liabilities to customers	-	3 358 338	-	3 358 338
- assets related to reinsurance contracts	-	1 768	-	1 768
Total assets	16 958 109	17 762 388	2 384 171	37 104 668
Liabilities				
Deposits by banks	2 783 331	895 710	102 112	3 781 153
Deposits by banks - Kensington warehouse funding	1 412 961	-	-	1 412 961
Derivative financial instruments	349 404	773 865	73 057	1 196 326
Other trading liabilities	191 897	152 664	-	344 561
Repurchase agreements and cash collateral on securities lent	747 177	168 673	-	915 850
Customer accounts	4 376 051	9 345 797	850 720	14 572 568
Debt securities in issue	314 429	70 252	630 190	1 014 871
Liabilities arising on securitisation	3 946 872	817 655	438 946	5 203 473
Current taxation liabilities	68 642	94 127	(7 374)	155 395
Deferred taxation liabilities	50 022	70 113	-	120 135
Other liabilities	416 449	826 568	21 127	1 264 144
Pension fund liabilities	1 212	-	-	1 212
	14 658 447	13 215 424	2 108 778	29 982 649
Liabilities to customers under investment contracts	-	3 352 863	-	3 352 863
Insurance liabilities, including unit-linked liabilities	-	5 475	-	5 475
Reinsured liabilities	-	1 768	-	1 768
	14 658 447	16 575 530	2 108 778	33 342 755
Subordinated liabilities (including convertible debt)	739 819	363 034	38 523	1 141 376
Total liabilities	15 398 266	16 938 564	2 147 301	34 484 131

Notes to the financial statements

For the year to 31 March £'000	UK and Europe	Southern Africa	Australia	Total group
3. Combined consolidated segmental analysis (continued)				
Geographical income statement 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)
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	164 628	339 970	33 073	537 671
Operating profit before goodwill attributable to minorities	(27 019)	(743)	(1 192)	(28 954)
Operating profit before goodwill and after minorities	137 609	339 227	31 881	508 717
Goodwill	(59 900)	(2 865)	-	(62 765)
Operating profit after minorities	77 709	336 362	31 881	445 952
Profit on disposal of group operations	-	72 855	-	72 855
Profit before taxation and after minorities	77 709	409 217	31 881	518 807
Taxation	(30 964)	(90 289)	(5 996)	(127 249)
Earnings attributable to shareholders	46 745	318 928	25 885	391 558
Net intersegment revenue	5 151	(6 613)	1 462	-
ROE (post-taxation)*	11.8%	41.9%	15.0%	23.6%
Cost to income ratio	64.8%	47.1%	59.1%	56.1%
Effective operational taxation 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

Notes to the financial statements

At 31 March £'000	UK and Europe	Southern Africa	Australia	Other geographies	Total group
3. Combined consolidated segmental analysis (continued)					
Geographical analysis of assets and liabilities 2008					
Assets					
Cash and balances at central banks	608 439	173 844	6 189	-	788 472
Loans and advances to banks	991 798	1 024 225	137 750	-	2 153 773
Cash equivalent advances to customers	7 183	497 199	-	-	504 382
Reverse repurchase agreements and cash collateral on securities borrowed	350 616	443 537	-	-	794 153
Trading securities	441 749	1 526 490	16 341	-	1 984 580
Derivative financial instruments	639 030	598 021	68 213	-	1 305 264
Investment securities	809 113	13 711	307 316	732	1 130 872
Loans and advances to customers	5 452 539	5 731 424	827 298	-	12 011 261
Loans and advances to customers - Kensington warehouse assets	2 034 874	-	-	-	2 034 874
Securitised assets	4 905 922	831 507	345 546	-	6 082 975
Interests in associated undertakings	79 794	9	2 773	-	82 576
Deferred taxation assets	44 649	29 017	10 827	-	84 493
Other assets	570 823	303 332	8 054	-	882 209
Property and equipment	127 586	10 226	3 540	-	141 352
Investment properties	-	134 975	-	-	134 975
Goodwill	215 068	20 789	36 075	-	271 932
Intangible assets	25 044	4 618	1 844	-	31 506
	17 304 227	11 342 924	1 771 766	732	30 419 649
Other financial instruments at fair value through income in respect of					
- liabilities to customers	-	2 878 894	-	-	2 878 894
- assets related to reinsurance contracts	-	805 009	-	-	805 009
	17 304 227	15 026 827	1 771 766	732	34 103 552
Liabilities					
Deposits by banks	2 856 335	583 079	49 618	-	3 489 032
Deposits by banks - Kensington warehouse funding	1 778 438	-	-	-	1 778 438
Derivative financial instruments	192 469	633 036	56 072	-	881 577
Other trading liabilities	192 987	257 593	-	-	450 580
Repurchase agreements and cash collateral on securities lent	287 585	94 799	-	-	382 384
Customer accounts	4 442 854	7 142 356	547 910	-	12 133 120
Debt securities in issue	222 963	156 097	398 709	-	777 769
Liabilities arising on securitisation	4 627 586	783 552	349 070	-	5 760 208
Current taxation liabilities	52 498	78 661	1 497	-	132 656
Deferred taxation liabilities	41 856	37 316	-	-	79 172
Other liabilities	661 066	586 489	31 741	77	1 279 373
Pension fund liabilities	-	-	-	-	-
	15 356 637	10 352 978	1 434 617	77	27 144 309
Liabilities to customers under investment contracts	-	2 862 916	-	-	2 862 916
Insurance liabilities, including unit-linked liabilities	-	15 978	-	-	15 978
Reinsured liabilities	-	805 009	-	-	805 009
	15 356 637	14 036 881	1 434 617	77	30 828 212
Subordinated liabilities (including convertible debt)	737 212	292 162	35 947	-	1 065 321
	16 093 849	14 329 043	1 470 564	77	31 893 533

Notes to the financial statements

3. Combined consolidated segmental analysis (continued)

A geographical analysis of business operating profit before goodwill, non-operating items, taxation and after minorities is shown below:

For the year to 31 March £'000	UK and Europe	Southern Africa	Australia	Total group
2009				
Private Client Activities	54 078	48 012	2 475	104 565
Capital Markets	78 015	61 150	2 209	141 374
Investment Banking	(30 810)	66 065	(7 089)	28 166
Asset Management	17 149	49 037	-	66 186
Property Activities	774	21 769	2 138	24 681
Group Services and Other Activities	(18 316)	47 395	2 715	31 794
	100 890	293 428	2 448	396 766
Minority interest - equity				3 322
Operating profit before goodwill				400 088
2008				
Private Client Activities	103 548	72 173	18 015	193 736
Capital Markets	39 187	68 118	8 326	115 631
Investment Banking	3 995	64 775	3 756	72 526
Asset Management	24 940	51 471	-	76 411
Property Activities	144	36 078	99	36 321
Group Services and Other Activities	(34 205)	46 612	1 685	14 092
	137 609	339 227	31 881	508 717
Minority interest - equity				28 954
Operating profit before goodwill				537 671

A further analysis of business line operating profit before goodwill, non-operating items, taxation and after minorities is shown below:

For the year to 31 March £'000	2009	2008
Private Client Activities		
Private Banking	80 463	166 394
Private Client Portfolio Management and Stockbroking	24 102	27 342
	104 565	193 736
Capital Markets	141 374	115 631
Investment Banking		
Corporate Finance	5 630	14 277
Institutional Research, Sales and Trading	10 231	12 422
Principal Investments	12 305	45 827
	28 166	72 526
Asset Management	66 186	76 411
Property Activities	24 681	36 321
Group Services and Other Activities		
International Trade Finance	7 215	7 258
Central Funding	90 721	80 223
Central Costs	(66 142)	(73 389)
	31 794	14 092
Total group	396 766	508 717

Notes to the financial statements

For the year to 31 March £'000	2009	2008
4. Principal transactions		
Principal transaction income includes:		
Gross trading income	276 249	170 680
Funding cost against trading income	(44 846)	(55 509)
Net trading income	231 403	115 171
Fair value movement from financial instruments designated as held at fair value	(8 220)	56 785
Gains on realisation of available for sale instruments	6 642	34 210
Impairments on available for sale instruments	(3 519)	-
Fair value adjustment on investment properties	16 114	43 560
Dividend income	28 729	25 154
Other income	5 372	1 825
	276 521	276 705
Fair value movement from financial instruments designated as held at fair value includes:		
Fair value movement of designated equity positions	21 607	81 373
Fair value movement of designated loans and receivables net of associated derivative instruments	48 695	(17 283)
Fair value movement of other designated securities	(48 011)	(27 936)
Fair value movement of designated liabilities	(30 511)	20 631
	(8 220)	56 785
5. Other operating (loss)/income		
Rental income from properties	1 037	1 307
Losses on realisation of properties	(1 662)	-
Operating (loss)/income of non core businesses*	(29 615)	48 736
	(30 240)	50 043

* Includes net operating income of certain private equity investments that have been consolidated. Operating income includes gross income of £192.6 million (2008: £147.1 million) net of all direct cost of sales. Their other indirect costs are included in administrative expenses

For the year to 31 March £'000	2009	2008
6. Administrative expenses		
Staff costs	520 271	552 419
- Salaries and wages (including directors' remuneration)^	428 500	469 962
- Share based payments expense	47 286	39 600
- Social security costs	23 895	25 066
- Pensions and provident fund contributions	20 590	17 791
Premises expenses (excluding depreciation)	47 632	45 737
Equipment expenses (excluding depreciation)	47 206	37 087
Business expenses**	153 766	141 258
Marketing expenses	34 283	30 999
	803 158	807 500
The following amounts were paid to the auditors:		
Group audit	2 027	1 900
Subsidiary statutory audit	3 490	3 270
Regulatory reporting	203	260
Other audit services	-	230
Total audit fees	5 720	5 660
Taxation services	707	820
Other non-audit fees	523	600
Total non-audit fees	1 230	1 420
Total fees	6 950	7 080
Audit fees by audit firm:		
Ernst & Young	5 710	5 790
KPMG Inc	1 240	1 290
	6 950	7 080

^ Details of the directors' emoluments, pensions and their interests are disclosed in the Remuneration Report on pages 189 to 205

** Business expenses mainly comprise insurance costs, consulting and professional fees, travel expenses and subscriptions

7. Share based payments

The group operates share option and share purchase schemes for employees, the majority of which are 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 194 to 197 of the Remuneration Report.

Expense charged to the income statement (included in administrative expenses) £'000	PC*	CM*	IB*	AM*	PA*	GSO*	Total group
2009							
Equity settled	10 760	7 034	7 113	4 093	920	17 381	47 301
Cash settled	(4)	(23)	9	-	-	3	(15)
Total income statement charge	10 756	7 011	7 122	4 093	920	17 384	47 286
2008							
Equity settled	8 684	5 342	5 948	3 089	1 079	15 040	39 182
Cash settled	64	60	100	-	-	194	418
Total income statement charge	8 748	5 402	6 048	3 089	1 079	15 234	39 600

Included in the above income statement charge is an accelerated share based payment charge as a result of modifications to certain options granted. The accelerated expense for the year was £1 125 388 (2008: Nil).

An additional amount of £45.6 million charged to the income statement, as part of the variable remuneration expense within personnel costs, has a corresponding credit to equity as it forms part of a shared based payment. This arises from the group introducing a non-cash deferred component to variable remuneration payments. The number of shares to be delivered in lieu of cash payments is the value of the award divided by the value per share applicable to the awards.

* PC = Private Client Activities, CM = Capital Markets, IB = Investment Banking, AM = Asset Management, PA = Property Activities, GSO = Group Services and Other Activities

	2009	2008
Liabilities on cash settled options		
Total liability included in other liabilities	-	6
Total fair value for vested appreciation rights	-	13
Weighted average fair value of options granted in the year		
UK Schemes	9 447	25 239
SA Schemes	9 385	28 509

Details of options outstanding during the year	UK schemes				South African schemes			
	2009		2008		2009		2008	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
Outstanding at the beginning of the year	28 304 271	0.53	29 029 906	0.84	28 917 806	6.55	30 542 346	14.02
Granted during the year	6 251 281	0.07	7 290 269	0.26	5 498 450	-	7 601 180	-
Exercised during the year**	(2 592 134)	0.88	(5 790 043)	1.63	(1 691 084)	26.28	(7 433 770)	30.30
Expired during the year	(1 075 426)	3.69	(2 225 861)	0.86	(1 323 971)	12.60	(1 791 950)	7.63
Outstanding at the end of the year	30 887 992	0.89	28 304 271	0.53	31 401 201	4.08	28 917 806	6.55
Exercisable at the end of the year	866 078	3.13	910 733	2.98	2 318 989	39.89	2 538 170	39.69

** Weighted average share price during the year was £3.01 (2008: £5.45)

7. Share based payments (continued)

The exercise price range and weighted average remaining contractual life for the options are as follows:

At 31 March	UK schemes		South African schemes	
	2009	2008	2009	2008
Options with strike prices				
Exercise price range	£1.55 - £6.52	£1.55 - £6.52	R20.28 - R57.60	R20.28 - R57.60
Weighted average remaining contractual life	2.47 years	3.12 years	1.76 years	2.33 years
Long-term incentive grants with no strike price				
Exercise price range	£0	£0	R0	R0
Weighted average remaining contractual life	2.79 years	3.21 years	2.74 years	3.34 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 follows:				
- Share price at date of grant	£2.60 - £3.02	£4.89 - £6.52	R44.6 - R47.3	R71 - R93
- Exercise price	£0, £2.60 - £3.02	£0, £4.89 - £6.52	R0	R0
- Expected volatility	34% - 45%	30%	34% - 45%	30%
- Option life	5 - 5.25 years	5 - 5.25 years	5 years	5 years
- Expected dividend yields	11.55% - 11.95%	4.63% - 6.90%	9.55%	4.30% - 6%
- Risk-free rate	2.85% - 6.12%	5.18% - 6.14%	7.71% - 11.96%	9.55% - 10.20%

Expected volatility was determined based on the implied volatility levels quoted by the derivatives trading desk. The expected volatility is based on the respective share price movement over the last 6 months, but also includes an element of forward expectation. 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	2009	2008
Current taxation		
UK		
Current taxation on income for the year	25 324	34 895
Adjustments in respect of prior years	(2 930)	(5 478)
Corporation taxation before double taxation relief	22 394	29 417
- Double taxation relief	(23 461)	(3 045)
	(1 067)	26 372
Southern Africa	50 479	93 605
Europe	8 846	11 742
Australia	(6 062)	4 994
Other	19 251	2 928
	71 447	139 641
Secondary taxation on companies*	188	-
Total current taxation	**71 635**	**139 641**
Deferred taxation		
UK	(7 395)	(10 087)
Southern Africa	22 135	(3 315)
Europe	-	7
Australia	1 732	1 003
Other	(6 432)	-
Total deferred taxation	**10 040**	**(12 392)**
Total taxation charge for the year	**81 675**	**127 249**
Deferred taxation comprises:		
Origination and reversal of temporary differences	5 936	(9 383)
Change in taxation rate	-	1 577
Adjustment in respect of prior years	4 104	(4 586)
	10 040	(12 392)

* Secondary taxation on companies is an additional corporate taxation on South African entities on declaration of dividends

For the year to 31 March £'000	2009	2008
8. Taxation (continued)		
Items which affect the taxation rate going forward are:		
Estimated taxation 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 taxation for the relevant years are:	%	%
- UK	28	30
South Africa	28	29
- Europe (average)	10	20
- Australia	30	30
- USA	35	35
Profit on ordinary activities before taxation	368 342	547 761
Taxation on profit on ordinary activities	81 675	127 249
Effective taxation rate	22%	23%
The taxation charge on activities for the year is different to the standard rate as detailed below:		
Taxation on profit on ordinary activities before taxation, at UK rate of 28% (2008: 28%)	103 136	153 373
Reconciliation to actual charge		
Taxation adjustments relating to foreign earnings	(14 801)	(26 205)
Taxation relating to prior years	1 175	(10 060)
Goodwill and non operating items	-	17 970
Share options accounting expense	4 353	4 458
Share options exercised during the year	(1 228)	(5 092)
Unexpired share options future taxation deduction	(1 091)	2 308
Non-taxable income	(24 708)	(18 601)
Net other permanent differences	9 916	11 942
Unrealised capital losses	5 748	-
Utilisation of brought forward capital losses	(825)	(2 719)
Utilisation of brought forward trading losses	-	(2 090)
Change in rate	-	1 965
Total taxation charge	81 675	127 249

Notes to the financial statements

For the year to 31 March	2009	2008
9. Earnings per share		
Earnings per share - pence	38.5	57.7
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	292 022	391 558
Preference dividends paid	(47 503)	(41 779)
Earnings attributable to ordinary shareholders	244 519	349 779
Earnings from future dilutive convertible instruments	184	736
Diluted earnings attributable to ordinary shareholders	244 703	350 515
Diluted earnings per share - pence	36.1	54.0
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	679 078 556	640 059 998
Weighted average number of treasury shares	(44 477 037)	(33 894 292)
Weighted average number of ordinary shares in issue during the year	634 601 519	606 165 706
Weighted average number of shares resulting from future dilutive potential shares	42 397 113	35 390 062
Weighted average number of shares resulting from future dilutive convertible instruments	1 778 343	7 489 820
Diluted weighted number of shares potentially in issue	678 776 975	649 045 588
Adjusted earnings per share - pence	42.4	56.9
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	292 022	391 558
Goodwill (after minorities)	23 790	62 765
Profit on disposal of group operations (net of taxation)	(721)	(64 345)
Preference dividends paid	(47 503)	(41 779)
Additional earnings/(losses) attributable to other equity holders*	1 627	(3 504)
Adjusted earnings attributable to ordinary shareholders before goodwill and non-operating items	269 215	344 695
Earnings from future dilutive convertible instruments	184	736
Diluted adjusted earnings attributable to ordinary shareholders before goodwill and non-operating items	269 399	345 431
Diluted adjusted earnings per share - pence	39.7	53.2
Headline earnings per share - pence Headline earnings per share has been calculated in accordance with the definition in the Institute of Investment Management Research Statement of Investment Practice No. 1 "The Definition of Headline Earnings" and is disclosed in accordance with the JSE Listing Requirements and in terms of circular 8/2007 issued by the South African Institute of Chartered Accountants.	41.2	49.7
	£'000	£'000
Earnings attributable to shareholders per income statement	292 022	391 558
Goodwill (after minorities)	23 790	62 765
Profit on disposal of group operations (net of taxation)	(721)	(64 345)
Preference dividends paid	(47 503)	(41 779)
Gains recognised on investment properties (after taxation and minority interests)	(6 376)	(28 989)
Other headline adjustments**	415	(17 711)
Headline earnings attributable to ordinary shareholders	261 627	301 499
Earnings from future dilutive convertible instruments	184	736
Diluted headline earnings attributable to ordinary shareholders	261 811	302 235
Diluted headline earnings per share - pence	38.6	46.6

* In accordance with IFRS, dividends attributable to equity holders are 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 EPS is best reflected by adjusting for earnings that are 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

** Other headline adjustments include the fair value of investment properties and realised gains/losses on available for sale instruments as well as impairments recognised against available for sale instruments. Taxation on headline earnings adjustments amounted to £2.3 million (2008: £27.6 million), with no impact on earnings attributable to minorities

10. Dividends

For the year to 31 March	2009 Pence per share	2009 Total £'000	2008 Pence per share	2008 Total £'000
Ordinary dividend				
Final dividend for prior year	13.5	89 140	13.0	55 415
Interim dividend for current year	8.0	54 855	11.5	90 511
Total dividend attributable to ordinary shareholder recognised in current financial year	21.5	143 995	24.5	145 926

The directors have proposed a final dividend in respect of the financial year ended 31 March 2009 of 5.0 pence per ordinary share (2008: 13.5 pence).

This will be paid as follows:

- for Investec Limited shareholders, through a dividend paid by Investec Limited of 66.0 cents per ordinary share.
- for Investec plc non-South African shareholders, through a dividend paid by Investec plc of 5.0 pence per ordinary share.
- for Investec plc South African resident shareholders, through a dividend payment on the SA DAS share equivalent to 5.0 pence per ordinary share.

The final dividend will be payable on 18 August 2009 to shareholders on the register at the close of business on 31 July 2009.

	2009 Pence per share^	2009 Cents per share*	2009 Total £'000	2008 Pence per share^	2008 Cents per share*	2008 Total £'000
Perpetual preference dividend						
Final dividend for prior year	32.67	1 038.64	28 808	30.20	887.48	20 411
Interim dividend for current year	30.14	1 110.35	18 695	32.93	941.02	21 368
Total dividend attributable to perpetual preference shareholder recognised in current financial year	62.81	2 148.99	47 503	63.13	1 828.50	41 779

The directors have declared a final dividend in respect of the financial year ended 31 March 2009 of 16.03 pence (Investec plc shares traded on the JSE Limited) and 16.03 pence (Investec plc shares traded on the Channel Island Stock Exchange), 518.77 cents (Investec Limited) and 555.82 cents (Investec Bank Limited) per perpetual preference share.

The final dividend will be payable on 2 July 2009 to shareholders on the register at the close of business on 19 June 2009.

^ Perpetual preference share dividends from Investec Tier I (UK) LP
* Perpetual preference share dividends from Investec Limited and Investec Bank limited

Notes to the financial statements

11. Miscellaneous income statement items

For the year to 31 March £'000	2009	2008
Total foreign currency losses recognised in income except for financial instruments measured at fair value through income	43 894	25 903
Operating lease expenses recognised in administrative expenses split as follows:		
Minimum lease payments	39 068	31 788
Contingent rents	-	4
Sublease payments	-	2 186
	39 068	33 978
Operating lease income recognised in income split as follows:		
Minimum lease payments	17 236	8 199
Sublease payments	865	3 754
	18 101	11 953

Notes to the financial statements

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			
2009			
Net interest income	83 638	268 677	45 136
Fee and commission income	91 279	10 634	451
Fee and commission expense	-	(3 009)	(166)
Principal transactions	277 324	17 316	-
Operating income from associates	-	-	-
Investment income on assurance activities	-	-	-
Premiums and reinsurance recoveries on insurance contracts	-	-	-
Other operating (losses)/income	-	(7 002)	-
Other income including net interest income	452 241	286 616	45 421
Claims and reinsurance premiums on insurance business	-	-	-
Total operating income net of insurance claims	452 241	286 616	45 421
Impairment losses on loans and advances	-	-	(19 332)
Operating income	452 241	286 616	26 089
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 (losses)/income	(19)	3 607	-
Other income including net interest income	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

Loans and receivables	Available for sale	Financial liabilities at amortised cost	Insurance related	Non-financial instruments	Other fee income/ (expense)	Total
2 107 515	45 154	(1 856 089)	-	-	-	694 031
85 492	-	234	-	36 202	368 522	592 814
(2 650)	-	(82)	-	(782)	(54 603)	(61 292)
-	3 123	(44 846)	-	21 327	2 277	276 521
-	-	-	-	12 438	-	12 438
-	-	-	74 584	-	-	74 584
-	-	-	18 773	-	-	18 773
-	-	-	-	(23 238)	-	(30 240)
2 190 357	48 277	(1 900 783)	93 357	45 947	316 196	1 577 629
-	-	-	(88 108)	-	-	(88 108)
2 190 357	48 277	(1 900 783)	5 249	45 947	316 196	1 489 521
(236 841)	-	-	-	-	-	(256 173)
1 953 516	48 277	(1 900 783)	5 249	45 947	316 196	1 233 348
1 722 155	98 475	(1 326 334)	-	-	-	583 420
104 861	-	(242)	-	18 157	462 468	614 357
(1 150)	(820)	(708)	-	7	(58 601)	(63 061)
-	34 100	(55 509)	-	45 111	2 073	276 705
-	-	-	-	12 138	-	12 138
-	-	-	89 593	-	-	89 593
-	-	-	40 849	-	-	40 849
-	-	-	-	1 328	45 127	50 043
1 825 866	131 755	(1 382 793)	130 442	76 741	451 067	1 604 044
-	-	-	(120 358)	-	-	(120 358)
1 825 866	131 755	(1 382 793)	10 084	76 741	451 067	1 483 686
(114 272)	-	-	-	-	-	(114 185)
1 711 594	131 755	(1 382 793)	10 084	76 741	451 067	1 369 501

Notes to the financial statements

For the year to 31 March 2009 £'000	At fair value through profit and loss Trading	 Designated at inception	Available for sale	Total instruments at fair value
13. Analysis of assets and liabilities by financial instruments classification				
Assets				
Cash and balances at central banks	-	-	-	-
Loans and advances to banks	11 520	35 045	-	46 565
Cash equivalent advances to customers	12 918	-	-	12 918
Reverse repurchase agreements and cash collateral on securities borrowed	364 733	-	-	364 733
Trading securities	1 213 987	1 099 858	-	2 313 845
Derivative financial instruments*	1 582 908	-	-	1 582 908
Investment securities	151	542	1 026 711	1 027 404
Loans and advances to customers	-	1 287 894	7 797	1 295 691
Loans and advances to customers - Kensington warehouse assets	-	-	-	-
Securitised assets	-	188 947	-	188 947
Interests in associated undertakings	-	-	-	-
Deferred taxation assets	-	-	-	-
Other assets	318 358	-	-	318 358
Property and equipment	-	-	-	-
Investment properties	-	-	-	-
Goodwill	-	-	-	-
Intangible assets	-	-	-	-
	3 504 575	2 612 286	1 034 508	7 151 369
Financial instruments at fair value through income in respect of				
- liabilities to customers	-	-	-	-
- assets related to reinsurance contracts	-	-	-	-
	3 504 575	2 612 286	1 034 508	7 151 369
Liabilities				
Deposits by banks	5 546	-	-	5 546
Deposits by banks - Kensington warehouse funding	-	-	-	-
Derivative financial instruments*	1 196 326	-	-	1 196 326
Other trading liabilities	344 561	-	-	344 561
Repurchase agreements and cash collateral on securities lent	381 411	-	-	381 411
Customer accounts	20 468	1 003 777	-	1 024 245
Debt securities in issue	-	-	-	-
Liabilities arising on securitisation	-	111 504	-	111 504
Current taxation liabilities	-	-	-	-
Deferred taxation liabilities	-	-	-	-
Other liabilities	228 062	23 490	-	251 552
Pension fund liabilities	-	-	-	-
	2 176 374	1 138 771	-	3 315 145
Liabilities to customers under investment contracts	-	-	-	-
Insurance liabilities, including unit-linked liabilities	-	-	-	-
Reinsured liabilities	-	-	-	-
	2 176 374	1 138 771	-	3 315 145
Subordinated liabilities (including convertible debt)	-	-	-	-
	2 176 374	1 138 771	-	3 315 145

* Derivative financial instruments have been classified as held for trading and include derivatives held as hedges. For more information on hedges, refer to note 49

Held-to-maturity	Loans and receivables	Financial liabilities at amortised cost	Total instruments at amortised cost	Insurance related	Non-financial instruments	Total
-	1 105 089	-	1 105 089	-	-	1 105 089
-	1 971 524	-	1 971 524	-	-	2 018 089
-	383 255	-	383 255	-	-	396 173
-	205 037	-	205 037	-	-	569 770
-	-	-	-	-	-	2 313 845
-	-	-	-	-	-	1 582 908
36 165	-	-	36 165	-	-	1 063 569
656 605	13 438 223	-	14 094 828	-	-	15 390 519
-	1 897 878	-	1 897 878	-	-	1 897 878
-	5 439 400	-	5 439 400	-	-	5 628 347
-	-	-	-	-	93 494	93 494
-	-	-	-	-	136 757	136 757
10	272 406	-	272 416	-	303 288	894 062
-	-	-	-	-	174 532	174 532
-	-	-	-	-	189 156	189 156
-	-	-	-	-	255 972	255 972
-	-	-	-	-	34 402	34 402
692 780	24 712 812	-	25 405 592	-	1 187 601	33 744 562
-	-	-	-	3 358 338	-	3 358 338
-	-	-	-	1 768	-	1 768
692 780	24 712 812	-	25 405 592	3 360 106	1 187 601	37 104 668
-	-	3 775 607	3 775 607	-	-	3 781 153
-	-	1 412 961	1 412 961	-	-	1 412 961
-	-	-	-	-	-	1 196 326
-	-	-	-	-	-	344 561
-	-	534 439	534 439	-	-	915 850
-	-	13 548 323	13 548 323	-	-	14 572 568
-	-	1 014 871	1 014 871	-	-	1 014 871
-	-	5 091 969	5 091 969	-	-	5 203 473
-	-	-	-	-	155 395	155 395
-	-	-	-	-	120 135	120 135
-	-	707 618	707 618	-	304 974	1 264 144
-	-	-	-	-	1 212	1 212
-	-	26 085 788	26 085 788	-	581 716	29 982 649
-	-	-	-	3 352 863	-	3 352 863
-	-	-	-	5 475	-	5 475
-	-	-	-	1 768	-	1 768
-	-	26 085 788	26 085 788	3 360 106	581 716	33 342 755
-	-	1 141 376	1 141 376	-	-	1 141 376
-	-	27 227 164	27 227 164	3 360 106	581 716	34 484 131

For the year to 31 March 2008 £'000	At fair value through profit and loss Trading	Designated at inception	Available for sale	Total instruments at fair value
13. Analysis of assets and liabilities by financial instruments classification (continued)				
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	-	-	246 187
Trading securities	1 184 491	800 089	-	1 984 580
Derivative financial instruments*	1 305 264	-	-	1 305 264
Investment securities	-	-	1 053 123	1 053 123
Loans and advances to customers	-	1 104 940	-	1 104 940
Loans and advances to customers - Kensington warehouse assets	-	-	-	-
Securitised assets	50 238	128 478	-	178 716
Interests in associated undertakings	-	-	-	-
Deferred taxation assets	-	-	-	-
Other assets	-	-	-	-
Property and equipment	-	-	-	-
Investment properties	-	-	-	-
Goodwill	-	-	-	-
Intangible assets	-	-	-	-
	2 786 180	2 033 507	1 053 123	5 872 810
Financial instruments at fair value through income in respect of				
- liabilities to customers	-	-	-	-
- assets related to reinsurance contracts	-	-	-	-
	2 786 180	2 033 507	1 053 123	5 872 810
Liabilities				
Deposits by banks	5 104	-	-	5 104
Deposits by banks - Kensington warehouse funding	-	-	-	-
Derivative financial instruments*	881 577	-	-	881 577
Other trading liabilities	450 580	-	-	450 580
Repurchase agreements and cash collateral on securities lent	250 429	-	-	250 429
Customer accounts	127 292	988 875	-	1 116 167
Debt securities in issue	-	-	-	-
Liabilities arising on securitisation	191 527	-	-	191 527
Current taxation liabilities	-	-	-	-
Deferred taxation liabilities	-	-	-	-
Other liabilities	-	22 146	-	22 146
Pension fund liabilities	-	-	-	-
	1 906 509	1 011 021	-	2 917 530
Liabilities to customers under investment contracts	-	-	-	-
Insurance liabilities, including unit-linked liabilities	-	-	-	-
Reinsured liabilities	-	-	-	-
	1 906 509	1 011 021	-	2 917 530
Subordinated liabilities (including convertible debt)	-	-	-	-
	1 906 509	1 011 021	-	2 917 530

* Derivative financial instruments have been classified as held for trading and include derivatives held as hedges. For more information on hedges, refer to note 49

Held-to-maturity	Loans and receivables	Financial liabilities at amortised cost	Total instruments at amortised cost	Insurance related	Non-financial instruments	Total
-	788 472	-	788 472	-	-	788 472
-	2 153 773	-	2 153 773	-	-	2 153 773
-	504 382	-	504 382	-	-	504 382
-	547 966	-	547 966	-	-	794 153
-	-	-	-	-	-	1 984 580
-	-	-	-	-	-	1 305 264
77 749	-	-	77 749	-	-	1 130 872
598 177	10 308 144	-	10 906 321	-	-	12 011 261
-	2 034 874	-	2 034 874	-	-	2 034 874
-	5 904 259	-	5 904 259	-	-	6 082 975
-	-	-	-	-	82 576	82 576
-	-	-	-	-	84 493	84 493
-	724 745	-	724 745	-	157 464	882 209
-	-	-	-	-	141 352	141 352
-	-	-	-	-	134 975	134 975
-	-	-	-	-	271 932	271 932
-	-	-	-	-	31 506	31 506
675 926	22 966 615	-	23 642 541	-	904 298	30 419 649
-	-	-	-	2 878 894	-	2 878 894
-	-	-	-	805 009	-	805 009
675 926	22 966 615	-	23 642 541	3 683 903	904 298	34 103 552
-	-	3 483 928	3 483 928	-	-	3 489 032
-	-	1 778 438	1 778 438	-	-	1 778 438
-	-	-	-		-	881 577
-	-	-	-	-	-	450 580
-	-	131 955	131 955	-	-	382 384
-	-	11 016 953	11 016 953	-	-	12 133 120
-	-	777 769	777 769	-	-	777 769
-	-	5 568 681	5 568 681	-	-	5 760 208
-	-	-	-	-	132 656	132 656
-	-	-	-	-	79 172	79 172
-	-	1 241 224	1 241 224	-	16 003	1 279 373
-	-	-	-	-	-	-
-	-	23 998 948	23 998 948	-	227 831	27 144 309
-	-	-	-	2 862 916	-	2 862 916
-	-	-	-	15 978	-	15 978
-	-	-	-	805 009	-	805 009
-	-	23 998 948	23 998 948	3 683 903	227 831	30 828 212
-	-	1 065 321	1 065 321	-	-	1 065 321
-	-	25 064 269	25 064 269	3 683 903	227 831	31 893 553

14. Reclassifications of financial instruments

2009

During the year the group reclassified certain financial instruments out of fair value through profit and loss. These assets were originally classified as held for trading but the group's intentions in regard to these assets changed and the group now intends to hold these assets for the foreseeable future or until maturity rather than to trade in the short-term.

- On 30 January 2009 a portfolio of asset backed securities was reclassified to loans and receivables.
- On 31 March 2009 a portfolio of asset backed securities was reclassified to loans and receivables and a residual position was reclassified to available for sale.

At the time of the transfers, the group identified rare circumstances permitting such reclassification, being severe liquidity in the relevant markets.

The following table shows carrying values and fair values of the assets reclassified:

£'000	Carrying value as at date of transfer	Carrying value as at 31 March 2009	Fair value as at 31 March 2009
Trading assets reclassified to loans and receivables	112 250	112 402	106 189
Trading assets reclassified to available for sale	7 797	7 797	7 797
Total financial assets reclassified	120 047	120 199	113 986

The reclassified financial instruments have expected recoverable cash flows of £134.2 million. After reclassification, the assets contributed a loss of £262 000 to the 2009 income before taxation. Prior to reclassification £656 000 of net interest expense and £17 275 000 of unrealised fair value losses on the reclassified trading assets was recognised in the consolidated income statement for the year. As at the date of reclassification, the effective interest rates on reclassified trading assets ranged from 4.61% to 18.29%.

15. Fair value hierarchy

For financial assets and financial liabilities carried at fair value, the table that follows provides details of the bases used for determining the 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 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 £'000	Total instruments at fair value	Valuation technique applied Level 1	Level 2	Level 3
15. Fair value hierarchy (continued)				
2009				
Assets				
Loans and advances to banks	46 565	11 521	35 044	-
Cash equivalent advances to customers	12 918	12 918	-	-
Reverse repurchase agreements and cash collateral on securities borrowed	364 733	174 050	190 683	-
Trading securities	2 313 845	1 294 574	977 342	41 929
Derivative financial instruments	1 582 908	82 370	1 409 762	90 776
Investment securities	1 027 404	844 340	156 956	26 108
Loans and advances to customers	1 295 691	-	1 070 806	224 885
Securitised assets	188 947	126 752	17 896	44 299
Other assets	318 358	317 652	706	-
Investment properties	189 156	-	189 156	-
	7 340 533	2 864 177	4 048 359	427 997
Liabilities				
Deposits by banks	5 546	5 546	-	-
Derivative financial instruments	1 196 326	75 357	1 120 969	-
Other trading liabilities	344 561	344 561	-	-
Repurchase agreements and cash collateral on securities lent	381 411	168 046	213 365	-
Customer accounts	1 024 245	19	1 024 226	-
Liabilities arising on securitisation	111 504	111 504	-	-
Other liabilities	251 552	231 521	20 031	-
	3 315 145	936 554	2 378 591	-
2008				
Assets				
Reverse repurchase agreements and cash collateral on securities borrowed	246 187	181 187	65 000	-
Trading securities	1 984 580	1 544 787	423 622	16 171
Derivative financial instruments	1 305 264	214 953	1 022 826	67 485
Investment securities	1 053 123	52 294	1 000 829	-
Loans and advances to customers	1 104 940	-	892 057	212 883
Securitised assets	178 718	-	100 462	78 256
Investment properties	134 975	-	134 975	-
	6 067 787	1 993 221	3 639 771	374 795
Liabilities				
Deposits by banks	5 104	5 104	-	-
Derivative financial instruments	881 577	196 831	684 746	-
Other trading liabilities	450 580	450 580		-
Repurchase agreements and cash collateral on securities lent	250 429	147 429	103 000	-
Customer accounts	1 116 167		1 116 167	-
Liabilities arising on securitisation	191 527	-	191 527	-
Other liabilities	22 146	-	22 146	-
	2 917 530	799 944	2 117 586	-

Notes to the financial statements

16. Analysis of assets and liabilities by financial instrument classification

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 balance sheet. The table does not include the fair values of non-financial assets and non-financial liabilities.

At 31 March £'000	2009 Carrying amount	2009 Fair Value	2008 Carrying amount	2008 Fair Value
Assets				
Cash and balances at central banks	1 105 089	1 105 089	788 472	788 472
Loans and advances to banks	2 018 089	2 018 092	2 153 773	2 154 016
Cash equivalent advances to customers	396 173	396 173	504 382	504 382
Reverse repurchase agreements and cash collateral on securities borrowed	569 770	569 770	794 153	794 153
Trading securities	2 313 845	2 313 845	1 984 580	1 984 580
Derivative financial instruments	1 582 908	1 582 908	1 305 264	1 305 264
Investment securities	1 063 569	1 082 182	1 130 872	1 130 872
Loans and advances to customers	15 390 519	15 353 234	12 011 261	12 062 411
Loans and advances to customers - Kensington warehouse assets	1 897 878	1 897 878	2 034 874	2 034 874
Securitised assets	5 628 347	5 644 496	6 082 975	6 072 863
Other assets	590 774	507 700	724 745	724 745
Liabilities				
Deposits by banks	3 781 153	3 772 537	3 489 032	3 499 340
Deposits by banks - Kensington warehouse funding	1 412 961	1 412 961	1 778 438	1 778 438
Derivative financial instruments	1 196 326	1 196 326	881 577	881 577
Other trading liabilities	344 561	344 561	450 580	450 580
Repurchase agreements and cash collateral on securities lent	915 850	915 850	382 384	382 384
Customer accounts	14 572 568	14 492 553	12 133 120	12 129 264
Debt securities in issue	1 014 871	1 011 683	777 769	778 469
Liabilities arising on securitisation	5 203 473	5 232 010	5 760 208	5 759 253
Other liabilities	959 170	959 260	955 241	955 241
Subordinated liabilities (including convertible debt)	1 141 376	792 203	1 065 321	932 675

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 have 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, and savings accounts without a specific maturity.

Fixed rate financial instruments

The fair value 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.

Notes to the financial statements

17. Designated at fair value: loans and receivables and financial liabilities

At 31 March Loans and receivables £'000	Carrying value	Fair value adjustment		Change in fair value attributable to credit risk		Maximum exposure to credit	Carrying value of related credit risk derivatives or similar instrument	Change in fair value of credit derivative since designation of loan or receivable	
		Year to date	Cumulative	Year to date	Cumulative			Year to date	Cumulative
2009									
Loans and advances to banks	35 045	1 685	6 486	-	-	35 045	-	-	-
Loans and advances to customers	1 287 894	59 552	64 289	100	-	1 287 894	-	-	-
Securitised assets	77 434	(2 854)	7 188	(5 927)	8 629	77 434	18 267	15 725	18 267
	1 400 373	58 383	77 963	(5 827)	8 629	1 400 373	18 267	15 725	18 267
2008									
Loans and advances to customers	1 104 940	47 962	132 766	76	(92)	1 104 940	-	-	-
Securitised assets	27 928	15 063	15 063	-	-	27 928	-	-	-
	1 132 868	63 025	147 829	76	(92)	1 132 868	-	-	-

At 31 March Financial liabilities £'000	Carrying value	Remaining contractual amount to be repaid to maturity	Fair value adjustment	
			Year to date	Cumulative
2009				
Customer accounts	1 003 777	1 033 354	(30 511)	(29 577)
Securitised liabilities	111 504	111 490	-	14
Other liabilities	23 490	25 405	(7 191)	(1 915)
	1 138 771	1 170 249	(37 702)	(31 478)
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

Changes in fair value attributable to credit risk are determined as the change in the fair value of the financial instrument that is not attributable to changes in market inputs.

18. Reverse repurchase agreements and cash collateral on securities borrowed and repurchase agreements and cash collateral on securities lent

At 31 March £'000	2009	2008
Assets		
Reverse repurchase agreements	342 531	246 187
Cash collateral on securities borrowed	227 239	547 966
	569 770	794 153

As part of the reverse repurchase and securities borrowing agreements, the group has received securities that it is allowed to sell or repledge. £343 million (2008: £246 million) has been resold or repledged to third parties in connection with financing activities or to comply with commitments under short sale transactions.

	2009	2008
Liabilities		
Repurchase agreements	909 050	360 578
Cash collateral on securities lent	6 800	21 806
	915 850	382 384

19. Trading securities

At 31 March £'000	2009		2008	
	Carrying value	Cumulative unrealised gains/ (losses)	Carrying value	Cumulative unrealised gains (losses)
Listed equities	379 661	(101 230)	456 820	20 138
Unlisted equities	407 203	169 346	243 048	125 764
Promissory notes	556 033	11 621	12 120	402
Liquid asset bills	451 063	(10 548)	143 536	1 420
Debentures	97 658	(2 054)	756 699	6 100
Bonds	422 227	(26 177)	372 357	(19 519)
	2 313 845	40 958	1 984 580	134 305

20. 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 that follow, 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.

20. Derivative financial instruments (continued)

At 31 March £'000	2009 Notional principal amounts	2009 Positive fair value	2009 Negative fair value	2008 Notional principal amounts	2008 Positive fair value	2008 Negative fair value
Foreign exchange derivatives						
Forward foreign exchange	3 184 331	124 848	76 835	4 021 799	87 673	110 650
Currency swaps	9 132 153	291 621	77 264	7 309 994	459 267	219 113
OTC options bought and sold	428 147	8 582	16 994	390 846	6 285	1 973
Other foreign exchange contracts	935 488	21 319	20 046	-	142	276
OTC derivatives	13 680 119	446 370	191 139	11 722 639	553 367	332 012
Exchange traded futures	277 305	856	17	72 312	-	-
	13 957 424	447 226	191 156	11 794 951	553 367	332 012
Interest rate derivatives						
Caps and floors	928 449	104	3 466	2 519 807	2 184	3 490
Swaps	35 984 634	556 022	535 405	33 377 251	360 565	348 708
Forward rate agreements	42 163 189	91 724	84 669	32 638 671	43 739	40 945
OTC options bought and sold	812 820	12 224	12 225	585 152	640	60
Other interest rate contracts	2 955 484	11 533	12 605	-	-	-
OTC derivatives	82 844 576	671 607	648 370	69 120 881	407 128	393 203
Exchange traded futures	28 817 996	844	-	22 359 770	494	1 027
Exchange traded options	720 391 308	2 107	3 384	594 783 497	13 669	14 730
	832 053 880	674 558	651 754	686 264 148	421 291	408 960
Equity and stock index derivatives						
OTC options bought and sold	387 936	21 645	105 371	513 771	32 189	34 670
Equity swaps and forwards	1	165	135	76 770	717	1 071
OTC derivatives	387 937	21 810	105 506	590 541	32 906	35 741
Exchange traded futures	13	-	-	877 715	-	535
Exchange traded options	141 767	11 491	22 402	158 928	6 736	6 758
Warrants	-	819	-	48 573	8 912	5 946
	529 717	34 120	127 908	1 675 757	48 554	48 980
Commodity derivatives						
OTC options bought and sold	647 032	154 104	167 651	437 078	29 650	1 067
Commodity swaps and forwards	2 829 819	428 296	455 477	2 298 046	263 650	183 359
OTC derivatives	3 476 851	582 400	623 128	2 735 124	293 300	184 426
Exchange traded futures	2 071 590	294 340	170 617	1 519 836	172 769	146 229
Exchange traded options	35 544	9 110	1 138	271 205	21 285	27 552
	5 583 985	885 850	794 883	4 526 165	487 354	358 207
Credit derivatives						
Credit linked notes bought and sold	23 937	7 708	-	78 081	8 725	6 209
Credit swaps bought and sold	45 990	26 227	4 062	-	-	-
	69 927	33 935	4 062	78 081	8 725	6 209
Embedded derivatives*		80 657	-		58 764	-
Gross fair values		2 156 345	1 769 763		1 578 055	1 154 368
Effect of on balance sheet netting		(573 437)	(573 437)		(272 791)	(272 791)
Derivatives per balance sheet		1 582 908	1 196 326		1 305 264	881 577

* Mainly includes profit shares received as part of lending transactions

Notes to the financial statements

At 31 March £'000	2009	2008
21. Investment securities		
Listed equities	15 592	25 602
Unlisted equities	45 319	48 316
Bonds	169 023	1 610
Floating rate notes	488 618	405 370
Commercial paper	344 853	649 801
Other investments	164	173
	1 063 569	1 130 872
22. Loans and advances to customers		
Loans and advances to customers	15 390 519	12 011 261
Loans and advances to customers - Kensington warehouse assets	1 897 878	2 034 874
Specific and portfolio impairments included above	233 686	79 331
Gross loans and advances to customers	17 522 083	14 125 466
Less: warehouse facilities and warehouse assets arising from securitisation and principal finance activities*	(2 257 213)	(2 131 513)
Own originated securitised assets (refer to note 23)	1 128 333	913 814
Gross core loans and advances to customers	16 393 203	12 907 767

* Whilst the group manages all risks (including credit risk) from a day to day operational perspective, these assets are within special purpose vehicles that ring fence the assets to specific credit providers and limits security to the assets in the vehicle

For further analysis on gross core loans and advances refer to pages 106 to 120 in the risk management section.

Specific and portfolio impairments

Reconciliation of movements in specific and portfolio impairments:

	2009	2008
Specific impairment		
Balance at beginning of year	50 763	33 129
Charge to the income statement	156 663	57 293
Acquired	-	147
Utilised	(54 784)	(41 819)
Exchange adjustment	10 496	2 013
Balance at end of year	163 138	50 763
Portfolio impairment		
Balance at beginning of year	6 694	6 662
Charge to the income statement	1 654	1 358
Acquired	-	117
Utilised	-	(743)
Exchange adjustment	1 104	(700)
Balance at end of year	9 452	6 694
Kensington warehouse loans		
Specific impairment		
Balance at beginning of year	21 874	-
Charge to the income statement	8 100	21 874
Utilised	(3 327)	-
Balance at end of year	26 647	21 874
Portfolio impairment		
Balance at beginning of year	-	-
Charge to the income statement	34 449	-
Balance at end of year	34 449	-

At 31 March £'000	2009	2008
22. Loans and advances to customers (continued)		
Total specific impairments	189 785	72 637
Total portfolio impairments	43 901	6 694
Total impairments	233 686	79 331
Interest income recognised on loans that have been impaired	26 468	1 356
Amounts charged to income statement:		
Loans and advances	158 317	58 651
Specific impairment charged to income statement	156 663	57 293
Portfolio impairment charged to income statement	1 654	1 358
Kensington warehouse loans	42 549	21 874
Specific impairment charged to income statement	8 100	21 874
Portfolio impairment charged to income statement	34 449	-
Securitised assets (refer to note 23)	54 075	33 660
Specific impairment charged to income statement	26 152	33 660
Portfolio impairment charged to income statement	27 923	-
Bad debts written off directly to the income statement	1 232	-
Total income statement charge	256 173	114 185
23. Securitised assets		
Securitised assets are made up of the following categories of assets:		
Loans and advances to banks	48 354	477 785
Cash and cash equivalents	567 449	-
Loans and advances to customers	4 892 437	5 488 217
Other financial instruments at fair value	189 447	150 785
	5 697 687	6 116 787
Total impairment of securitised assets	(69 340)	(33 812)
Total securitised assets	5 628 347	6 082 975
The associated liabilities are recorded on balance sheet in "liabilities arising on securitisation".		
Carrying value at 31 March	5 203 473	5 760 208
Analysis of securitised assets by risk exposure		
Own originated securitised assets forming part of gross core loans and advances to customers	1 128 333	913 814
Securitisation exposures arising from securitisation/principal finance activities	293 634	250 801
Total credit and counterparty exposure	1 421 967	1 164 615
Securitised assets with no legal credit exposure	4 206 380	4 918 360
Gross securitised assets deemed to have no legal credit exposure	4 275 720	4 952 172
Impairment of securitised assets deemed to have no legal credit exposure	(69 340)	(33 812)
Total securitised assets	5 628 347	6 082 975

At 31 March £'000	2009	2008
23. Securitised assets (continued)		
Specific and portfolio impairments		
Reconciliation of movements in specific and portfolio impairments of loans and advances that have been securitised:		
Specific impairment		
Balance at beginning of year	33 812	65
Charge to the income statement	26 152	33 660
Utilised	(18 673)	(36)
Exchange adjustment	106	123
Balance at end of year	41 397	33 812
Portfolio impairment		
Balance at beginning of year	-	133
Charge to the income statement	27 923	-
Utilised	-	(117)
Exchange adjustment	20	(16)
Balance at end of year	27 943	-
Total impairments	69 340	33 812
24. Interests in associated undertakings		
Interests in associated undertakings consist of:		
Net asset value	29 821	18 372
Goodwill	63 673	64 204
Investment in associated undertaking	93 494	82 576
Analysis of the movement in our share of net assets:		
At beginning of year	18 372	6 128
Exchange adjustments	529	144
Acquisitions	1 224	1 676
Disposal of shareholding in associate company	-	(113)
Operating income from associates	12 438	12 138
Loans to associate	2 489	-
Dividends received	(5 349)	(5 065)
Gains recognised in equity	118	3 464
At end of year	29 821	18 372
Analysis of the movement in goodwill:		
At beginning of year	64 204	64 204
Exchange adjustments	832	-
Goodwill impairment	(1 363)	-
At end of year	63 673	64 204
Associated undertakings:		
Listed	72 426	65 651
Unlisted	21 068	16 925
	93 494	82 576
Market value of listed investments	82 628	108 449

Notes to the financial statements

24. Interests in associated undertakings (continued)

At 31 March £'000	2009	2008
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 Rensburg Sheppards plc had the following shares of 10 90/91p:	43 883 500	43 883 500
Less: Shares held in RS Employee Share Ownership Trust	(210 350)	(229 600)
	43 673 150	43 653 900
Holding in Rensburg Sheppards ordinary share (%)	47.30%	47.32%

* 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

Significant transactions between the group and RS during the year ended 31 March 2009, all of which are on arm's length basis are:

- £39.375 million (2008: £50.0 million) subordinated loan from Investec Bank plc 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 28 September 2007 the remaining balance was transferred to Investec Bank plc. On 6 May 2009 a further £5.625 million was repaid. The interest receivable on the loan during the year amounted to £2 896 000 (2008: £3 716 000) of which £1 127 000 was receivable at 31 March 2009 (2008: £1 447 000).
- Rent of £1.4 million (2008: £1.1 million) and a contribution of £0.2 million (2008: £0.2 million) in respect of RS occupation of 2 Gresham Street. A further £0.5 million (2008: £0.7 million) was received in relation to other services provided including IT and Internal Audit.

Rensburg Sheppards plc	Assets	Liabilities	Revenues	Adjusted profit before taxation*
31 March 2009	390 163	192 480	118 874	36 605
31 March 2008	386 585	200 470	132 928	41 469

* Before amortisation of client relationships intangible asset, share based payments relating to the Employee Benefit Trust, reorganisation costs and profit on disposal of available for sale investments

Notes to the financial statements

At 31 March £'000	2009	2008
25. Deferred taxation		
Deferred taxation assets		
Deferred capital allowances	46 370	28 813
Income and expenditure accruals	44 802	38 590
Asset in respect of unexpired options	8 268	5 710
Unrealised fair value adjustments on financial instruments	16 362	117
Losses carried forward	14 612	2 701
Other temporary differences	6 343	8 562
	136 757	84 493
Deferred taxation liabilities		
Unrealised fair value adjustments on financial instruments	66 521	43 464
Arising on anticipated foreign dividends	7 315	7 027
Liability in respect of pensions surplus	12	3 793
Capital allowances	3 357	6 915
Income and expense accruals	3 801	6 830
Other temporary differences	39 129	11 143
	120 135	79 172
Net deferred taxation asset	16 622	5 321
Reconciliation of net deferred taxation asset:		
At beginning of year	5 321	11 346
(Charge)/credit to profit and loss	(10 040)	12 392
- Current year taxation	(10 040)	13 969
- Change in taxation rate	-	(1 577)
Credit/(charge) directly in equity	21 112	(16 749)
Deferred taxation arising on pension fund deficit movement in equity	-	(2 977)
Arising on acquisitions	-	4 789
Transfer from corporate taxation	2 368	-
Transfer to corporation taxation in respect of pensions contributions	-	(7 026)
Other	536	-
Exchange adjustments	(2 675)	3 546
At year end	16 622	5 321
Deferred taxation on available for sale instruments recognised directly in equity	1 141	(5 697)
Current taxation recognised directly in equity	-	6 202
26. Other assets		
Settlement debtors	476 357	401 930
Operating lease assets in stock	-	10 671
Dealing properties	38 744	25 299
Accruals and prepayments	64 015	63 201
Pension assets (refer to note 36)	10 326	18 256
Other debtors	304 620	362 852
	894 062	882 209

At 31 March £'000	Freehold properties	Leasehold improve-ments	Furniture and vehicles	Equipment	Total
27. Property and equipment					
2009					
Cost					
At beginning of year	8 997	32 420	18 339	142 710	202 466
Exchange adjustments	3 135	1 593	3 121	46 472	54 321
Reclassifications	-	-	(2 984)	4 238	1 254
Additions	460	5 338	3 437	9 084	18 319
Disposals	(1 369)	(19)	(695)	(7 478)	(9 561)
At end of year	11 223	39 332	21 218	195 026	266 799
Accumulated depreciation					
At beginning of year	(26)	(12 304)	(13 243)	(35 541)	(61 114)
Exchange adjustments	-	(893)	(1 401)	(11 569)	(13 863)
Reclassifications	-	-	2 984	(4 238)	(1 254)
Disposals	26	19	417	2 158	2 620
Depreciation charge for year	-	(2 823)	(1 748)	(14 085)	(18 656)
At end of year	-	(16 001)	(12 991)	(63 275)	(92 267)
Net carrying value	11 223	23 331	8 227	131 751	174 532
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 year	(13)	(2 047)	(2 561)	(11 151)	(15 772)
At end of year	(26)	(12 304)	(13 243)	(35 541)	(61 114)
Net carrying value	8 971	20 116	5 096	107 169	141 352

At 31 March £'000	2009	2008
28. Investment properties		
At beginning of year	134 975	85 424
Additions	17 022	26 333
Disposals	(7 142)	(3 190)
Fair value movement	16 114	43 560
Exchange adjustment	28 187	(17 152)
At end of year	189 156	134 975

Investment properties are carried at fair value. 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.

	2009	2008
29. Goodwill		
Cost		
At beginning of year	374 308	242 527
Acquisition of subsidiaries	-	138 550
Goodwill arising on acquisition of shares held by minority	-	740
Disposal of subsidiaries	-	(1 148)
Reclassifications	(1 459)	-
Exchange adjustments	28 289	(6 361)
At end of year	401 138	374 308
Accumulated impairments		
At beginning of year	(102 376)	(46 644)
Income statement charge	(31 104)	(62 765)
Exchange adjustments	(11 686)	7 033
At end of year	(145 166)	(102 376)
Net carrying value	255 972	271 932
Analysis of goodwill by line of business and geography		
UK and Europe		
Private Banking	18 596	18 004
Capital Markets	74 890	76 143
Investment Banking	18 677	32 876
Asset Management	88 045	88 045
	200 208	215 068
South Africa		
Private Client Portfolio Management and Stockbroking	2 662	2 240
Asset Management	19 615	18 277
Property Activities	324	272
	22 601	20 789
Australia		
Private Banking	19 483	18 536
Investment Banking	13 680	17 539
	33 163	36 075
Total group	255 972	271 932
Reconciliation to income statement:		
Income statement amount per above	31 104	62 765
Impairment of goodwill forming part of associate (refer to note 24)	1 363	-
	32 467	62 765

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 cash flows 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.

Discount rates are arrived at based on pre-taxation 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.

29. Goodwill (continued)

UK, Europe and Australia

The two most significant cash generating units giving rise to goodwill are Investec Asset Management and Kensington.

For Investec Asset Management, the recoverability of goodwill of £88.0 million has been tested with reference to both the underlying profitability (taking account 2009 profits before taxation of £17.1 million and budgets and plans for the next three years) and the value of the business as represented by funds under management of £13.1 billion (2008: £13.8 billion). Although both profitability and total funds under management declined during the year reflecting the tougher environment and weak equity markets, the value of goodwill is comfortably supported.

Goodwill of £121.1 million arising on the acquisition of Kensington on 7 August 2008 was written down by £60.0 million at 31 March 2008 to £61.2 million following the managed reduction in business volumes and limited activity in securitisation markets. At 31 March 2009, the remaining goodwill has been tested for impairment on the basis of the existing book, assuming no new mortgage origination and no recovery in securitisation markets. Cash flows have been projected for a 5 year period using the latest available information on debts and expected repayments discounted at 11%. On this basis the value of goodwill is 145% above book value. Future impairment of this goodwill will largely be dependent on the timing of future repayments.

South Africa

The majority of goodwill attributed to the South African operations relate to Investec Asset Management, particulary to the businesses from the Fedsure acquisition, which have been identified as a separate cash generating unit. The goodwill relating to Fedsure has been tested for impairment, taking into account profitability, being the current year profits and the budgeted profits and funds under management. The discount rates applied of between 10.7% and 13.2% are determined by using the South African risk free rate adjusted for the risk related to the cash generating unit. An impairment of £1.5 million was recognised in the current year on this goodwill.

Movement in goodwill

2009

There were no movements in goodwill arising from acquisitions or disposals of group operations.

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 31). 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.

Income statement movement

2009

- Following adverse movements in commodity prices which have squeezed margins, Global Ethanol Holdings Limited, in which the group has a 68.3% interest, impaired all of the £26.5 million of goodwill mainly relating to its 60% owned subsidiary Global Ethanol LLC.
- Other goodwill impairments of £4.6 million.

2008

- £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. The impairment was in the Capital Markets segment in the United Kingdom.

At 31 March £'000	Acquired contracts	Acquired software	Internally generate software	Core technology	Intellectual property	Total
30. Intangible assets						
2009						
Cost						
At beginning of year	-	36 185	3 327	11 463	3 108	54 083
Exchange adjustments	-	811	463	4 483	1 230	6 987
Reclassifications	-	2 524	(1 423)	-	(504)	597
Additions	-	9 055	773	-	14 688	24 516
Disposals	-	(3 927)	(843)	(9 067)	(2 518)	(16 355)
At end of year	-	44 648	2 297	6 879	16 004	69 828
Accumulated amortisation and impairments						
At beginning of year	-	(20 474)	(1 559)	(426)	(118)	(22 577)
Exchange adjustments	-	675	(306)	(167)	(388)	(186)
Reclassifications	-	(2 040)	342	-	(1 813)	(3 511)
Disposals	-	444	341	-	1 509	2 294
Amortisation	-	(10 045)	(518)	(161)	(722)	(11 446)
At end of year	-	(31 440)	(1 700)	(754)	(1 532)	(35 426)
Net carrying value	-	13 208	597	6 125	14 472	34 402
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	-	(7 436)	(426)	(430)	(266)	(8 558)
At end of year	-	(20 474)	(1 559)	(426)	(118)	(22 577)
Net carrying value	-	15 711	1 768	11 037	2 990	31 506

Notes to the financial statements

31. Acquisitions and disposals

2009

There were no acquisitions of group companies in the current financial year.

The Private Banking division in South Africa disposed of its short-term insurance business on 1 December 2008, with a net profit of £721 000 realised on sale.

2008

The group made the following acquisitions of subsidiary undertakings in the prior year 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 shares 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 dis closed 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 AUD 0.7 million. For the year ended 31 March 2008 the Experien Group's loss was AUD 1.1 million. The total cost of the combination was AUD 31.7 million and comprised of the payment of cash of AUD 3.2 million, future earn-out payments of AUD 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.

31. 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 taxation 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			32 419

iii. 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 gain of £72.9 million (£64.3 million post taxation) 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.

At 31 March £'000	2009	2008
32. Long-term assurance business attributable to policyholders		
Liabilities to customers under investment contracts	3 358 338	2 878 894
- Investec Employee Benefits Limited ("IEB")	355 236	402 593
- Investec Assurance Limited	2 997 627	2 460 323
- Insurance liabilities, including unit -linked liabilities - IEB	5 475	15 978
Reinsurance liabilities - IEB	1 768	805 009
	3 360 106	3 683 903
Investec Employee Benefits Limited		
The assets of the long-term assurance fund attributable to policyholders are detailed below:		
Investments	349 537	412 535
Reinsurance assets	1 768	805 032
Other assets	11 174	6 012
	362 479	1 223 579
Investments above comprise:		
Interest bearing securities	95 469	80 033
Stocks, shares and unit trusts	201 472	259 953
Deposits	52 596	72 549
	349 537	412 535
Investec Assurance Limited		
The assets of the long-term assurance fund attributable to policyholders are detailed below:		
Investments	2 885 787	2 404 849
Debtors and prepayments	88 864	37 870
Other assets	22 976	17 604
	2 997 627	2 460 323
Assets of long-term assurance fund attributable to policyholders		
Investments shown above comprise		
Interest bearing securities	366 005	178 854
Stocks, shares and unit trusts	1 614 742	1 499 661
Deposits	905 040	726 334
	2 885 787	2 404 849
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.		
Long-term assurance activities linked to policyholders		
Income statement items related to assurance activities:		
Investment income on assurance activities	74 584	89 593
Premiums and reinsurance recoveries in insurance contracts	18 773	40 849
Claims and reinsurance premiums on insurance business	(88 108)	(120 358)
Operating expenses	(1 688)	(5 968)
Net income before taxation	3 561	4 116
Taxation	(997)	(1 194)
Net income after taxation	2 564	2 922
33. Other trading liabilities		
Short positions		
- Equities	46 533	286 000
- Gilts	298 028	164 580
	344 561	450 580

Notes to the financial statements

At 31 March £'000	2009	2008
34. Debt securities in issue		
Bonds and medium term notes repayable:		
Not more than three months	-	54 182
Greater than one year but less than five years	17 472	12 576
	17 472	66 758
Other unlisted debt securities in issue repayable:		
Not more than three months	374 832	318 047
Over three months but not more than one year	76 471	241 498
Over one year but not more than five years	540 699	151 466
Greater than five years	5 397	-
	997 399	711 011
	1 014 871	777 769
35. Other liabilities		
Settlement liabilities	512 512	503 716
Cumulative redeemable preference shares including accrued dividends	269 046	204 582
Other creditors and accruals	293 057	298 564
Other non interest bearing liabilities	189 529	272 511
	1 264 144	1 279 373
36. Pension commitments		
Income statement charge		
Defined benefit obligations net income included in net interest income	(169)	(853)
Cost of defined contribution schemes included in administration expenses	20 590	17 791
Net income statement charge in respect of pensions	20 421	16 938

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 2009 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:	2009	2008
- Discount rate	6.80%	6.70%
- Rate of increase in salaries	3.30%	3.50%
- Rate of increase in pensions in payment	3.20%	3.30%
- Inflation	3.30%	3.50%

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:

	2009	2008
- Male aged 65	88	88
- Female aged 65	91	91
- Male aged 45	90	90
- Female aged 45	93	93

36. Pension commitments (continued)

The assets held in the schemes and the expected rates of return were:

At 31 March	Value at 2009 £'000	Long-term rate of return expected	Value at 2008 £'000	Long-term rate of return expected
GM Scheme				
Equities	26 660	8.00%	34 720	7.50%
Gilts	60 696	4.20%	60 121	4.50%
Cash	2 556	4.20%	3 109	5.25%
Total market value of assets	89 912		97 950	
IAM Scheme				
Equities	5 377	8.00%	6 486	7.50%
Gilts	1 764	4.20%	2 947	4.50%
Cash	554	4.20%	336	5.25%
Total market value of assets	7 695		9 769	

At 31 March	2009			2008		
£'000	GM	IAM	Total	GM	IAM	Total
Recognised in the balance sheet:						
Fair value of fund assets	89 912	7 695	97 607	97 950	9 769	107 719
Present value of obligations	(79 586)	(8 907)	(88 493)	(80 319)	(9 144)	(89 463)
Net asset/(liability)	10 326	(1 212)	9 114	17 631	625	18 256
Amounts in balance sheet:						
Assets	10 326	-	10 326	17 631	625	18 256
Liability	-	(1 212)	(1 212)	-	-	-
Net asset/(liability)	10 326	(1 212)	9 114	17 631	625	18 256
Recognised in the income statement:						
Expected return on pension scheme assets	5 455	606	6 061	5 582	682	6 264
Interest on pension obligations	(5 244)	(648)	(5 892)	(4 814)	(597)	(5 411)
Net return	211	(42)	169	768	85	853
Recognised in the statement of recognised income and expense:						
Actuarial losses on plan assets	(12 838)	(2 953)	(15 791)	(2 410)	(950)	(3 360)
Actuarial gains	1 770	518	2 288	11 543	2 399	13 942
Actuarial (loss)/gain	(11 068)	(2 435)	(13 503)	9 133	1 449	10 582
Deferred taxation	3 099	682	3 781	(2 557)	(406)	(2 963)
Actuarial (loss)/gain in statement of recognised income and expense	(7 969)	(1 753)	(9 722)	6 576	1 043	7 619
Actual return/(deficit) on plan assets	(7 383)	(2 305)	(9 688)	3 172	(268)	2 904

The cumulative amount of net actuarial losses recognised in the statement of recognised income and expense is £16.0 million (£11.3 million net of deferred taxation) [2008: £2.5 million (£1.6 million net of deferred taxation)].

Notes to the financial statements

36. Pension commitments (continued)

£'000	GM	IAM	Total
Changes in the fair value of defined benefit obligations			
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)
Opening defined benefit obligation at 31 March 2008	80 319	9 144	89 463
Interest cost	5 244	606	5 850
Actuarial gains	(1 770)	(518)	(2 288)
Benefits paid	(4 207)	(325)	(4 532)
Closing defined benefit obligation at 31 March 2009	79 586	8 907	88 493
Changes in the fair value of plan assets			
Assets 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)
Opening defined benefit obligation at 31 March 2008	97 950	9 769	107 719
Expected return	5 455	648	6 103
Actuarial losses	(12 838)	(2 953)	(15 791)
Contributions by the employer	3 552	556	4 108
Benefits paid	(4 207)	(325)	(4 532)
Closing fair value of plan assets at 31 March 2009	89 912	7 695	97 607

The group expects to make £4.1 million of contributions to the defined benefit schemes in 2010.

31 March £'000	2009	2008	2007	2006	2005
History of experience gains and losses					
GM Scheme					
Defined benefit obligation	(79 586)	(80 319)	(91 178)	(89 927)	(82 871)
Plan assets	89 912	97 950	95 356	93 175	74 447
Surplus/(deficit)	10 326	17 631	4 178	3 248	(8 424)
Experience adjustments on plan liabilities	1 770	11 543	(165)	(5 765)	1 731
Experience adjustments on plan assets	(12 838)	(2 410)	(3 315)	8 125	1 905
IAM Scheme					
Defined benefit obligation	(8 907)	(9 144)	(11 155)	(11 019)	(9 857)
Plan assets	7 695	9 769	9 688	9 006	7 290
Surplus/(deficit)	(1 212)	625	(1 467)	(2 013)	2 567
Experience adjustments on plan liabilities	518	2 399	206	(630)	(442)
Experience adjustments on plan assets	(2 953)	(950)	(254)	1 177	192

At 31 March £'000	2009	2008
37. Subordinated liabilities		
Issued by Investec Finance plc		
- a wholly owned subsidiary of Investec Bank plc which is a wholly owned subsidiary of Investec plc		
Guaranteed subordinated step-up notes	212 063	200 865
Guaranteed undated subordinated callable step-up notes	391 195	356 728
Issued by Investec Bank plc		
Zero coupon bonds	10 241	18 087
Issued by Investec Australia Limited		
Guaranteed subordinated medium term notes	48 887	45 748
Issued by Global Ethanol Holdings Limited		
Subordinated loan notes	13 882	12 473
Issued by Kensington Group plc		
Callable subordinated notes	90 046	127 230
Issued by Investec Bank Limited		
- a wholly owned subsidiary of Investec Limited		
Unsecured subordinated compulsorily convertible debentures (CCD's)	-	14 056
IV01 16% subordinated unsecured bonds	13 296	11 132
IV03 16% subordinated unsecured bonds	111 086	93 269
IV04 10.75% subordinated unsecured callable bonds	151 896	127 533
IV07 variable rate subordinated unsecured callable bonds	69 318	58 200
IV08 13.735% subordinated unsecured callable bonds	14 733	-
IV09 variable rate subordinated unsecured callable bonds	14 733	-
	1 141 376	1 065 321
All subordinated debt issued by Investec Limited and its subsidiaries are denominated in South African Rand.		
Remaining maturity:		
In one year or less, or on demand	10 279	22 557
In more than one year, but not more than two years	260 950	9 586
In more than two years, but not more than five years	277 820	270 218
In more than five years	592 327	762 960
	1 141 376	1 065 321

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 plc 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.

37. 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 plc 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.

Zero coupon bonds
On 16 November 2004 Investec Bank plc 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.

As a result of 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
AUD53 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 3 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. AUD21 500 000 of fixed rate MTN at 6.75% issued on 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.

AUD25 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.

Subordinated loan notes
Global Ethanol Holdings Limited has issued loan notes 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 the 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 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 taxation 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 9.00 per cent callable subordinated notes due 2015 issued on 21 November 2005).

Unsecured subordinated CCDs
The CCDs converted into Investec Bank Limited ordinary shares, on a one for one basis, on 31 July 2008. 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 unsecured bonds
R180 million (2008: R180 million) Investec Bank Limited local registered unsecured subordinated bonds due in 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.

IV03 16% subordinated unsecured bonds
R1 508 million (2008: R1 508 million) Investec Bank Limited local registered unsecured subordinated bonds due in 2017. Interest is paid 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.

37. Subordinated liabilities (continued)

IV04 10.75% subordinated unsecured callable bonds
R2 026 million (2008: R2 026 million) Investec Bank Limited local registered unsecured subordinated bonds due in 2018. Interest is paid 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 variable rate subordinated unsecured callable bonds
R941 million (2008: R941 million) Investec Bank Limited local registered unsecured subordinated callable bonds due in 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.

IV08 13.735% subordinated unsecured callable bonds
R200 million (2008: nil) Investec Bank Limited local registered unsecured subordinated bonds without a maturity date. Interest is paid six monthly in arrears on 31 October and 30 April at a rate of 13.735% per annum until 30 April 2018. The company has the option to call the bonds from 30 April 2013 or on any interest payment date falling after 30 April 2018. If not called by 30 April 2018, the bonds will switch to a floating rate of 3-month JIBAR plus 562.5 basis points payable quarterly in arrears until called.

IV09 variable rate subordinated unsecured callable bonds
R200 million (2008: nil) Investec Bank Limited local registered unsecured subordinated bonds without a maturity date. Interest is paid quarterly in arrears on 31 July, 31 October, 31 January and 30 April at a rate equal to JIBAR plus 375 basis points until 30 April 2018. The company has the option to call the bonds from 30 April 2013 or on any interest payment date falling after 30 April 2018. If not called by 30 April 2018, the bonds will pay interest of 562.5 basis points above JIBAR payable quarterly in arrears until called.

38. Share capital

At 31 March	2009	2008
Investec plc		
Authorised		
The authorised share capital of Investec plc is £1 182 000 (2008: £1 177 500) comprising: 560 000 000 (2008: 560 000 000) ordinary shares of £0.0002 each, 300 000 000 (2008: 277 500 000) special converting shares of £0.0002 each, 1 (2008: 1) special voting share of £0.001 each, 1 (2008:1) UK DAN share of £0.001 each, 1 (2008: 1) UK DAS share of £0.001 each, 1 000 000 (2008: 1 000 000) non-cumulative perpetual preference shares of €0.01 each, 100 000 000 (2005: 100 000 000) non-redeemable, non-cumulative, non-participating preference shares of £0.01 each.		
During the year the authorised share capital was increased by £4 500 by the creation of 2 250 000 special converting shares of £0.0002 each.		
Issued, allotted and fully paid		
Number of ordinary shares	Number	Number
At beginning of year	423 319 499	381 613 207
Issued during the year	21 617 739	41 706 292
At end of year	444 937 238	423 319 499
Nominal value of ordinary shares	£'000	£'000
At beginning of year	85	76
Issued during the year	4	8
At end of year	89	84
Number of special converting shares	Number	Number
At beginning of year	234 311 314	227 671 420
Issued during the year	34 023 943	6 639 894
At end of year	268 335 257	234 311 314
Nominal value of special converting shares	£'000	£'000
At beginning of year	47	46
Issued during the year	7	1
At end of year	54	47
Number of UK DAN shares	Number	Number
At beginning of year and end of year	1	1

At 31 March	2009	2008
38. Share capital (continued)		
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 1 210 002 (2008: R1 205 502), comprising 300 000 000 (2008: 277 500 000) ordinary shares of South African Rand 0.0002 each, 40 000 000 (2008: 40 000 000) class "A" variable rate compulsorily convertible non-cumulative preference shares of South African Rand 0.0002 each, 50 000 (2008: 50 000) variable rate cumulative redeemable preference shares of South African Rand 0.60 each, 100 000 000 (2008: 100 000 000) non-redeemable non-cumulative non-participating preference shares of R0.01 each, 1 (2008: 1) dividend access (South African Resident) redeemable preference share of 1 South African Rand, 1 (2008: 1) dividend access (non-South African resident) redeemable preference share of 1 South African Rand, 560 000 000 (2008: 560 000 000) special convertible redeemable preference shares of South African Rand 0.0002 each (special converting shares)

Issued, allotted and fully paid

	2009	2008
Number of ordinary shares	Number	Number
At beginning of year	234 311 314	227 671 420
Issued during the year	34 023 943	6 639 894
At end of year	268 335 257	234 311 314
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	423 319 499	381 613 207
Issued during the year	21 617 739	41 706 292
At end of year	444 937 238	423 319 499
Nominal value of special converting shares	£'000	£'000
At beginning of year	5	5
Issued during the year	*	*
At end of year	5	5
Number of SA DAN shares	Number	Number
At beginning of year and end of year	1	1
Nominal value of SA DAN shares	£'000	£'000
At beginning of year and end of year	*	*
Number of SA DAS shares	Number	Number
At beginning of year and end of year	1	1
Nominal value of SA DAS shares	£'000	£'000
At beginning of year and end of year	*	*

* Less than £1 000

At 31 March	2009	2008
38. Share capital (continued)		
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	194	181
Less: held by Investec Limited	-	-
Less: held by Investec plc	(4)	(4)
Total called up share capital	190	177

The Investec Limited shares were issued in South African Rands. The amounts recorded above were calculated by reference to historic Sterling/Rand exchange rates.

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:

For the year to 31 March	Number 2009	Number 2008
Outstanding at 1 April	57 222 077	59 572 252
Issued during the year	11 745 481	14 891 449
Exercised	(4 283 218)	(13 223 813)
Lapsed	(2 395 147)	(4 017 811)
Outstanding at 31 March	62 289 193	57 222 077

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.

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 group's share price.

At present, the practice of the group is to give all permanent staff members a share allocation based on their annual package after completing six months of employment. 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 201.

At 31 March £'000	2009	2008
39. Perpetual preference shares of holding company		
Perpetual preference share capital	151	151
Perpetual preference share premium (refer to note 40)	299 458	272 184
	299 609	272 335
Authorised		
100 000 000 (2008: 100 000 000) non-redeemable, non-cumulative, non-participating preference shares of one cent each.		
Issued by Investec plc		
9 381 149 (2008: 9 381 149) non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, issued at a premium of £8.58 per share.		
- Preference share capital	94	94
- Preference share premium	79 490	79 490
5 700 000 (2008: 5 700 000) non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, issued at a premium of £8.86 per share.		
- Preference share capital	57	57
- Preference share premium	49 917	49 917
Perpetual 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, on a daily basis and payable in two semi-annual instalments.		
An ordinary dividend will not be declared by Investec plc unless the perpetual preference dividend has been declared.		
If declared perpetual 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.		
Issued by Investec Limited		
22 182 000 (2008: 22 182 000) non-redeemable, non-cumulative, non-participating preference shares of one cent each, issued at a premium of R104.49 per share.		
- Preference share capital	*	*
- Preference share premium	170 051	142 777
Perpetual preference shareholders will be entitled to receive dividends if declared, at a rate of 70% of the prime interest rate on R100 being the deemed value of the issue price of the perpetual preference share held. Perpetual 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 perpetual preference dividend has been declared.		
If declared perpetual 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.		
* Less than £1 000		
	299 609	272 335

Notes to the financial statements

At 31 March	2009	2008
40. Share premium		
	£'000	£'000
Share premium account Investec plc	721 400	671 646
Share premium account Investec Limited	748 182	688 804
Perpetual preference share premium	299 458	272 184
	1 769 040	1 632 634
41. Treasury shares		
Treasury shares held by subsidiaries of Investec Limited and Investec plc	£'000	£'000
Investec plc ordinary shares	34 118	12 041
Investec Limited ordinary shares	138 624	102 082
Options held to acquire Investec plc and Investec Limited shares	328	781
	173 068	114 904
	Number	Number
Investec plc ordinary shares held by subsidiaries	22 706 079	2 112 368
Investec Limited ordinary shares held by subsidiaries	43 840 281	28 413 734
Investec plc and Investec Limited shares held by subsidiaries	66 546 360	30 526 102
Reconciliation of treasury shares:	Number	Number
At beginning of year	30 526 102	30 489 486
Purchase of own shares by subsidiary companies	59 071 490	11 521 631
Shares disposed of by subsidiaries	(23 051 232)	(11 485 015)
At end of year	66 546 360	30 526 102
Market value of treasury shares:	£'000	£'000
Investec plc	66 302	7 150
Investec Limited	125 497	100 915
	191 799	108 065

At 31 March £'000	2009	2008
42. Minority interests		
Minority interest in partially held subsidiaries	28 502	47 178
Perpetual preferred securities issued by subsidiaries	295 084	251 637
	323 586	298 815
Perpetual preferred securities issued by subsidiaries		
Issued by Investec plc subsidiaries €200 000 000 (2008: €200 000 000) 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.	185 251	159 420
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 (2008: 15 000 000) non-redeemable, non-cumulative, non-participating preference shares of one cent each, issued at a premium of R99.99 per share.	109 833	92 217
Perpetual 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 perpetual preference shares held. Perpetual 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 perpetual preference dividend has been declared. If declared perpetual 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.		
	295 084	251 637

43. Miscellaneous balance sheet items

At 31 March Finance lease receivables included in loans and advances to customers £'000	2009		2008	
	Total future minimum payments	Present value	Total future minimum payments	Present value
Lease receivables due in:				
Less than 1 year	157 326	124 257	137 386	107 005
1-5 years	358 702	307 466	256 947	217 062
Later than 5 years	16 880	13 248	6 977	6 136
	532 908	444 971	401 310	330 203
Unearned finance income	87 938		71 107	

At 31 March 2009, unguaranteed residual values of £920 000 (2008: £773 000) have been recognised.

At 31 March £'000	2009	2008
44. Cash flow reconciliations		
Reconciliation of operating profit to net operating cash flows:		
Operating profit	367 621	474 906
Adjustment for non cash items included in operating profit:		
Goodwill income statement amount	32 467	62 765
Depreciation and impairment of property, equipment and intangibles	30 102	24 330
Impairment of loans and advances	256 173	114 185
Operating income from associates	(12 438)	(12 138)
Dividends received from associates	5 349	5 065
Share based payment charges	47 299	39 182
Operating profit adjusted for non cash items	726 573	708 295
45. Commitments		
Undrawn facilities	2 259 941	2 939 351
Other commitments	34 131	-
	2 294 072	2 939 351
The group has entered into forward foreign exchange contracts and loan commitments 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	38 703	31 693
1-5 years	131 563	125 834
Later than 5 years	261 542	182 024
	431 808	339 551
At 31 March 2009, 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 receivables under non-cancellable operating leases:		
Less than 1 year	8 373	2 044
1-5 years	16 684	3 129
Later than 5 years	958	92
	26 015	5 265

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.

£'000	Carrying amount		Related liability	
	2009	2008	2009	2008
Pledged assets				
Loans and advances to customers	857 733	571 221	517 812	474 011
Investment securities	268 824	109 002	178 674	103 464
Trading securities	233 955	155 603	213 365	156 382
	1 360 512	835 826	909 851	733 857

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.

Notes to the financial statements

At 31 March £'000	2009	2008
46. Contingent liabilities		
Guarantees and assets pledged as collateral security:		
- Guarantees and irrevocable letters of credit	579 983	435 098
- Assets pledged as collateral security	-	364
- Other contingent liabilities	-	29
	579 983	435 491

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.

The UK Financial Services Compensation Scheme (FSCS) provides compensation to customers of UK authorised financial institutions in the event that an institution which is a participating member of the FSCS is unable, or is likely to be unable, to pay claims against it. During the 2008/09 financial year, a number of institutions, including Bradford & Bingley plc, Heritable Bank plc, Kaupthing Singer & Friedlander Limited, Landsbanki Islands hf (Icesave) and London Scottish Bank plc, were declared in default (or were deemed in default by virtue of a statutory instrument). In order to meet its obligations to the depositors of these institutions, the FSCS has (as of 4 February 2009) borrowed £19.7 billion from HM Treasury, on an interest only basis for the first three years of the loan.

Furthermore, HM Treasury intends to require the FSCS to make a contribution to the transfer costs of certain assets of Dunfermline Building Society to Nationwide Building Society in accordance with Section 214B of the Financial Services and Markets Act 2000. The extent of such contribution, its timing and any possible impact on Investec are, at this stage, impossible to estimate.

The FSCS raises annual levies from participating members to meet its management expenses and compensation costs. Individual participating members make payments based on their level of participation (in the case of deposits, the proportion that their protected deposits represent of total protected deposits) at 31 December each year. If an institution is a participating member on this date it is obligated to pay a levy imposed in the immediately following levy period.

Investec Bank plc was a participating member of the FSCS at 31 December 2007 and 2008. Investec Bank plc has accrued £2 million for its share of levies that will be raised by the FSCS including the interest on the loan from HM Treasury in respect of the two levy years to 31 March 2010. The accrual includes estimates for the interest FSCS will pay on the loan and estimates of Investec's market participation in the relevant periods. Interest will continue to accrue to the FSCS on the HM Treasury loan and will form part of future FSCS levies.

If the remaining available assets of the defaulting institutions are insufficient to allow the FSCS to repay the HM Treasury loan when due, the FSCS will agree a schedule of repayments of any remaining principal outstanding with HM Treasury, which will be recouped from the industry in the form of additional levies.

At the date of these financial statements, it is not possible to estimate whether there will ultimately be additional levies on the industry, the level of Investec's market participation or other factors that may affect the amounts or timing of amounts that may ultimately become payable, nor the effect that such levies may have upon operating results in any particular financial period.

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.

At 31 March £'000	2009	2008
47. Related party transactions		
Compensation to the board of directors and other key management personnel*		
- Short-term employee benefits	17 664	32 215
- Share based payments	5 025	4 893
	22 689	37 108

* Key management personnel are board directors and members of the Global Operations Forum

Notes to the financial statements

At 31 March £'000	2009
47. Related party transactions	
Transactions, arrangements and agreements involving directors and others	
Particulars of transactions, arrangements and agreements entered into by the bank with directors and connected persons and companies controlled by them, and with officers of the company, were as follows:	
Directors, key management and connected persons and companies controlled by them	
Loans	
Balance at 1 April 2008	22 792
Increase in loans	4 797
Repayment of loans	(7 681)
Balance at 31 March 2009	19 908
Guarantees	
Guarantees in issue at 1 April 2008	592
Additional guarantees granted	1 429
Guarantees cancelled	(28)
Guarantees in issue at 31 March 2009	1 993
Deposits	
Balance at 1 April 2008	(22 742)
Increase in deposits	(14 045)
Decrease in deposits	5 601
Balance at 31 March 2009	(31 186)

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. None of these loans have been impaired.

	2009	2008
Transactions with other related parties Various members of key management personnel are members of the boards of directors of other companies. At 31 March 2008, Investec Bank Limited group had the folliowing loans outstanding from these related parties	12 969	19 277
Amounts due from associates	52 794	61 718

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") are disclosed in note 24 interest in associated undertakings.

48. 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

49. 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, central 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 dependant on the classification between fair value hedges, cash flow hedges and in particular, accounting hedges which 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 hedges 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.

At 31 March £'000	Description of financial instrument designated as hedging instrument	Fair value of hedging instrument	Cumulative gains or losses on hedging instrument	Current year year gains or losses on hedging instrument	Cumulative gains or losses on hedged item	Current year gains or losses on hedged item
2009						
Assets	Interest rate swap	(59 511)	(82 134)	(38 574)	73 399	52 454
	Fx currency swap	9 523	(9 523)	(6 978)	8 535	7 422
	Cross currency swap	459 054	552 854	222 127	(552 854)	(222 127)
Liabilities	Interest rate swap	24 435	33 965	19 121	(16 458)	(21 679)
	Cross currency swap	9 681	13 980	11 423	(13 033)	(10 429)
	Calendar swap	1 757	1 757	1 757	(1 757)	(1 757)
		444 939	510 899	208 876	(502 168)	(196 116)
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)

49. Hedges (continued)

Cash flow hedges

The group is exposed to variability in cash flows on future liabilities arising from changes in base interest rates. The aggregate expected cash flows are hedged based on cash flow forecasts with reference to terms and conditions present in the affected contractual arrangements. Changes in fair value are initially recognised in equity and transferred to the income statement when the cash flow occurs. The nominal expected future cash flows that are subject to cash flow hedges are:

At 31 March £'000	Description of financial instrument designated as hedging instrument	Fair value of hedging instrument	Period cash flows are expected to occur	Ineffective portion recognised in principal transactions
2009				
Assets	Interest rate swap	297	1 to 5 years	-
	USD and EUR floating rate debt	22 795	3 months	-
Liabilities	Interest rate swap			
	Var. interest on notes	(21 192)	1 to 5 years	-
	Basis rate swap	(425)	3 months	-
		1 475		
2008				
Interest rate swap				
Assets	Fx contract	3 056	1 to 5 years	-
	Cross currency swap	(149)	1 - 5 years	-
Liabilities				
		2 907		

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.

At 31 March £'000	Hedging instrument negative fair value	Ineffective portion recognised in principal transactions
2009	7 033	-
2008	18 014	-

At 31 March £'000	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
50. Liquidity analysis of financial liabilities based on undiscounted cash flows								
2009								
Liabilities								
Deposits by banks	511 491	775 175	201 437	293 495	876 812	1 160 713	-	3 819 123
Deposits by banks - Kensington warehouse funding	7 966	18 485	33 010	48 910	237 112	987 431	352 863	1 685 777
Derivative financial instruments	1 101 094	-	68	21 216	180	11 101	63 324	1 196 983
Repurchase agreements and cash collateral on securities lent	915 223	-	2	2	4	-	627	915 858
Customer accounts	3 839 705	3 570 239	3 771 117	1 583 242	1 285 292	458 401	123 886	14 631 882
Debt securities in issue	-	100 361	277 207	46 582	48 969	624 315	7 031	1 104 465
Liabilities arising on securitisation	9 655	135 358	390 966	404 571	607 672	3 310 630	1 010 024	5 868 876
Other liabilities	567 414	74 453	217 375	448 571	25 558	146 883	39 936	1 520 190
	6 952 548	4 674 071	4 891 182	2 846 589	3 081 599	6 699 474	1 597 691	30 743 154
Subordinated liabilities (including convertible debt)	-	-	753	11 308	80 075	468 230	810 449	1 370 815
Total on balance sheet liabilities	6 952 548	4 674 071	4 891 935	2 857 897	3 161 674	7 167 704	2 408 140	32 113 969
Off-balance sheet liabilities	502 161	26 128	365 442	290 582	572 271	624 634	698 509	3 079 727
Total liabilities	7 454 709	4 700 199	5 257 377	3 148 479	3 733 945	7 792 338	3 106 649	35 193 696
2008								
Liabilities								
Deposits by banks	290 065	348 338	173 246	612 926	877 944	3 281 830	13 099	5 597 448
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
Total 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

The balances in the above table will not agree directly to the balances in the consolidated balance sheet as the table incorporates all cash flows, 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 an analysis based on discounted cash flows, please refer to pages 139 to 141.

	Principal activity	Country of incorporation	Interest % 2009	Interest % 2008
51. Principal subsidiaries and associated companies - Investec plc				
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 Holdings (UK) Limited	Holding company	England and Wales	100	100
Investec Bank plc (formerly 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	100
Kensington Mortgages Limited	Financial Services	England and Wales	100	100
Newbury Park Mortgage Funding Limited	Financial Services	England and Wales	100	100
St James Park Mortgage Funding Limited	Financial Services	England and Wales	100	100
Start Mortgages Limited	Financial Services	Ireland	65.1	65.1
Experien Pty Limited	Financial Services	Australia	100	100
Guinness Mahon & Co Limited	Investment holding	England and Wales	100	100
Global Ethanol Holdings Limited	Holding company	Australia	68.3	68.3
Global Ethanol LLC (formerly Midwest Grain Processors LLC)	Production and marketing of Ethanol	USA	41.0	41.0
Ida Tech plc	Development of fuel cell technology	England and Wales	73.1	73.1
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

Investec plc has no equity interest in the following special purpose vehicles which are consolidated on the basis of the group sharing in the risks and rewards associated with the entities:

- Residential Mortgage Securities 16 plc
- Residential Mortgage Securities 17 plc
- Residential Mortgage Securities 18 plc
- Residential Mortgage Securities 19 plc
- Residential Mortgage Securities 20 plc
- Residential Mortgage Securities 21 plc
- Residential Mortgage Securities 22 plc
- Kensington Mortgage Securities plc
- Money Partners Securities 1 plc
- Money Partners Securities 2 plc
- Money Partners Securities 3 plc
- Money Partners Securities 4 plc
- Lansdowne Mortgage Securities No. 1 plc
- Lansdowne Mortgage Securities No. 2 plc

	Principal activity	Country of incorporation	Interest % 2009	% 2008
51. Principal subsidiaries and associated companies - Investec Limited				
Direct subsidiaries of Investec Limited				
Investec Asset Management Holdings (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. Holdings (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		

Investec plc parent company accounts

Balance sheet

At 31 March £'000	Notes	2009	2008
Assets			
Cash at bank and in hand			
- balances with subsidiary undertaking		105 538	67 999
- balances with other banks		876	863
Amounts owed by group undertakings		494 739	499 529
Investments in subsidiaries	b	1 234 571	1 110 533
Taxation		13 376	16 116
Other assets		20	124
Prepayments and accrued income		-	108
		1 849 120	1 695 272
Liabilities			
Bank loans	c	185 372	159 659
Amounts owed to group undertakings		814 322	738 004
Other liabilities		971	924
Accruals and deferred income		3 251	3 563
		1 003 916	902 150
Equity			
Called up share capital	d	143	131
Perpetual preference share capital	d	151	151
Share premium account	d	838 911	780 430
Capital redemption reserve	d	50	50
Treasury shares	d	-	(3 549)
Profit and loss account	d	5 949	15 909
Total equity		845 204	793 122
Total equity and liabilities		1 849 120	1 695 272

Notes to 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 ruling 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 on an accrual basis.

Taxation
Corporate taxation is provided on taxable profits at the current rate.

b Investments in subsidiary undertakings

At 31 March £'000	2009	2008
At beginning and end of year	1 110 533	421 446
Additions	124 038	913 233
Disposals	-	(224 146)
	1 234 571	1 110 533

On 23 September 2008 the company purchased 12 million Investec 1 Limited's ordinary shares of 0.1 pence each at a cost of £1 per share.

Further purchases totalling 7.5 million Investec 1 Limited's ordinary shares of 0.1 pence each at a of cost of £10 per share were made during the year.

On 26 March 2009, Investec Finance (Jersey) Limited issued to the company 10 million preference shares of £2.6825 each.

On 30 March 2009, the company purchased 96 shares of 20 pence each of Investec Holding Company Limited for a cash consideration of £10 212 418.

c The company drew down on two Schuldschein loans of €100 million on 8 and 9 March 2006. These loans each bear interest at 90 basis points above three month EURIBOR and are repayable on 8 and 9 March 2011.

d Statement of changes in shareholders' equity	Ordinary share capital £'000	Perpetual preference share £'000	Share premium account £'000	Treasury shares £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total equity £'000
At 1 April 2008	131	151	780 430	(3 549)	50	15 909	793 122
Allotment of special converting shares	7	-	-	-	-	-	7
Issue of ordinary shares	5	-	58 481	-	-	-	58 486
Disposal of treasury shares	-	-	-	3 549	-	-	3 549
Share based payment adjustment	-	-	-	-	-	1 247	1 247
Profit for the year	-	-	-	-	-	46 558	46 558
Dividends paid to preference shareholders	-	-	-	-	-	(9 472)	(9 472)
Dividends paid to ordinary shareholders	-	-	-	-	-	(48 293)	(48 293)
At 31 March 2009	143	151	838 911	-	50	5 949	845 204

Parent company profit and loss account
The company has taken advantage of the exemption in Section 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 £46 558 000 (2008: £94 041 000).

Notes to Investec plc parent company accounts

Treasury shares	2009	2008
Treasury shares held by Investec plc	£'000	£'000
Investec plc ordinary shares	-	3 549
Number of Investec plc ordinary shares held by Investec plc	Number	Number
At 1 April	1 124 995	500 000
Purchase of own shares by Investec plc	-	624 995
Disposal of own shares by Investec plc	(624 995)	-
At 31 March	500 000	1 124 995
Reconciliation of treasury shares	£'000	£'000
At 1 April	3 549	1 197
Purchase of own shares by Investec plc	-	3 549
Disposal of own shares by Investec plc	(3 549)	-
Share based payments adjustment	-	(1 197)
At 31 March	-	3 549
Market value of treasury shares	£'000	£'000
	1 460	3 808

Treasury shares are being held in an employee benefit trust in relation to the Investec Share Matching Plan 2005.

Dividends on treasury shares have not been included in the profit and loss account.

Investec Limited parent company account

Income statement

For the year to 31 March R'million	2009	2008
Interest receivable	109	196
Interest payable	(50)	(81)
Net interest income	**59**	**115**
Principal transactions	1 747	3 619
Other income	**1 747**	**3 619**
Administrative expenses	(68)	(56)
Profit before taxation	**1 738**	**3 678**
Taxation	(32)	(35)
Profit after taxation	**1 706**	**3 643**

Notices

Investec Limited parent company account

Balance sheet

At 31 March R'million	Notes	2009	2008
Assets			
Loans and advances to banks		29	30
Trading securities		250	-
Loans and advances to customers		1	1
Other assets		1	1
Investment in subsidiaries	b	9 883	9 235
		10 164	9 267
Liabilities			
Current taxation liabilities		154	122
Other liabilities		467	482
		621	604
Subordinated liabilities (including convertible debt)		-	379
		621	983
Equity			
Ordinary share capital	c	1	1
Share premium		8 480	7 563
Other reserves		62	62
Retained income		1 000	658
Total equity		9 543	8 284
Total liabilities and shareholders' equity		10 164	9 267

Notes to Investec Limited parent company account

Summary of changes in equity

For the year to 31 March R'million	Share capital	Share premium account	Capital reserve account	Profit and loss account	Total shareholders' equity
At 1 April 2007	1	7 370	62	(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	7 563	62	658	8 284
At 1 April 2008					
Retained profit for the year	-	-	-	1 706	1 706
Share based payments	-	-	-	351	351
Dividends accrued to ordinary shareholders	-	-	-	(1 485)	(1 485)
Dividends accrued to perpetual preference shareholders	-	-	-	(230)	(230)
Issue of shares	-	917	-	-	917
At 31 March 2009	1	8 480	62	1 000	9 543

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 244 to 253 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.

Income

Dividends from subsidiaries are recognised when paid. Interest is recognised on an accrual basis.

b Investments in subsidiaries

At 31 March R'million	2009	2008
At beginning of year	9 235	6 561
Increase in investment in subsidiary	783	1 850
Increase/(decrease) in loans to subsidiaries	(135)	775
Exchange adjustments	-	49
At end of year	9 883	9 235

At list of the companies principal subsidiaries is detailed in note 51 of the group accounts on page 312.

c. The company's called up share capital is detailed in note 38 of the group accounts on pages 299 to 301.

d. The company's perpetual preference shares is detailed in note 39 of the group accounts on page 302.

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 106
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 267 and 268
Adjusted earnings per ordinary share before goodwill and non-operating items	Refer to pages 267 and 268
Effective operational taxation rate	Taxation on profit on ordinary activities (excluding exceptional items) divided by operating profit (excluding profit from associates)
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 25
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 31
Recurring income	Net interest income plus net annuity fees and commissions expressed as a percentage of total operating income net of insurance claims
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 267

Investec plc

Investec plc
(Incorporated in England and Wales)
(Registration number 3633621)
Share code: INVP 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 (UK time) on Thursday, 13 August 2009, 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 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.
3. 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.
4. To re-elect Stephen Koseff 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 Sir David Prosser 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 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 219 to 222 of the Annual Report of Investec plc/ Investec Limited.

In accordance with corporate governance best practice, all non-executive directors who have served on the board for nine years or more are required to seek re-election on an annual basis. This requirement is entrenched in the Articles of Association of both Investec plc and Investec Limited.

7. Directors' authority to take action in respect of the resolutions

   Resolved that:
   - any director or the company secretaries of Investec plc and Investec Limited, be and they are hereby authorised to do all things and sign all documents which may be necessary to carry into effect the resolutions contained in this notice to the extent the same have been passed and, where applicable, registered.

Ordinary business: Investec Limited

To consider and if deemed fit, to pass, with or without modification, the following ordinary resolutions of Investec Limited:

8. To receive and adopt the audited financial statements of Investec Limited for the year ended 31 March 2009, together with the reports of the directors of Investec Limited and of the auditors of Investec Limited.
9. To determine, ratify and approve the remuneration of the directors of Investec Limited for the year ended 31 March 2009.
10. 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 2008.
11. To sanction the interim dividend paid by Investec Limited on the dividend access (South African resident) redeemable preference share ("SA DAS share") for the 6 (six) month period ended 30 September 2008.
12. Subject to the passing of resolution no. 32, to declare a final dividend on the ordinary shares and the dividend access (South African resident) redeemable preference share ("SA DAS share") in Investec Limited for the year ended 31 March 2009 of an amount equal to that recommended by the directors of Investec Limited.
13. To re-appoint Ernst & Young Inc. of Ernst & Young House, Wanderers Office Park, 52 Corlett Drive, Illovo, 2196 South Africa (Private Bag X14, Northlands, 2116 South Africa) as joint auditors of Investec Limited to hold office until the conclusion of the Annual General Meeting of Investec Limited to be held in 2010 and to authorise the directors of Investec Limited to fix their remuneration.
14. To re-appoint KPMG Inc. of 85 Empire Road, Parktown, 2193 South Africa (Private Bag 9, Parkview, 2122 South Africa) as joint auditors of Investec Limited to hold office until the conclusion of the Annual General Meeting of Investec Limited to be held in 2010 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:

15. Ordinary resolution: Investec Limited: Placing 5% 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:
  (a) unless and until such date that special resolution no. 2 becomes effective, 1 564 516 (one million five hundred and sixty four thousand five hundred and sixteen) ordinary shares of R0.0002 each being 5% (five per cent) of the unissued ordinary shares in the authorised share capital of Investec Limited

  or

  (b) from the date on which special resolution no. 2 becomes effective, 9 064 516 (nine million sixty four thousand five hundred and sixteen) ordinary shares of R0.0002 each being 5% (five 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 2010, 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.

16. Ordinary resolution: Investec Limited: Placing 5% 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 2 000 000 (two million) class "A" variable rate compulsorily convertible non-cumulative preference shares ("class "A" preference shares") of R0.0002 each, being 5% (five 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 2010, 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.

17. 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 2010, 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. These preference shares, if issued, are non-dilutive to ordinary shareholders.

18. Ordinary resolution with a 75% majority: Investec Limited: Directors' authority to allot and issue ordinary shares for cash, in respect of 5% of the unissued ordinary shares

Resolved that:

- subject to the passing of resolution no. 15, the Listings Requirements of the JSE Limited ("JSE Listing 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:
  (a) unless and until such date that special resolution no. 2 becomes effective, 1 564 516 (one million five hundred and sixty four thousand five hundred and sixteen) ordinary shares of R0.0002 each

  or

  (b) from the date on which special resolution no. 2 becomes effective, 9 064 516 (nine million sixty four thousand five hundred and sixteen) ordinary shares of R0.0002 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 2010 or the date of the expiry of 15 (fifteen) months from the date of the Annual General Meeting of Investec Limited convened for 13 August 2009 whichever period is shorter

(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 ordinary shares must be issued to public shareholders, as defined in the JSE Listing Requirements, and not to related parties.

The directors are seeking an authority to allot up to 5% (five per cent) of the number of unissued ordinary shares for cash which represents 0.582% (zero point five eight two per cent) until special resolution no. 2 becomes effective and 3.373% (three point three seven three per cent) thereafter 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.18 and special resolution no. 10 are both passed and, subject to the limits specified in those respective resolutions, the directors will have authority to allot up to 5% (five per cent) of the total issued ordinary share capital of Investec plc and up to 5% (five per cent) of the total issued ordinary share capital of 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.

In terms of the JSE Listings Requirements, in order for resolution no. 18 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. 18.

19. Ordinary resolution with a 75% majority: 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. 16, the Listings Requirements of the JSE Limited ("JSE Listing 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 2 000 000 (two million) class "A" variable rate compulsorily convertible non-cumulative preference shares ("class "A" preference shares") of R0.0002 each being 5% (five 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 2010 or the date of the expiry of 15 (fifteen) months from the date of the Annual General Meeting of Investec Limited convened for 13 August 2009 whichever period is shorter
(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
(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 class "A" preference shares must be issued to public shareholders, as defined in the JSE Listing Requirements, and not to related parties.

If resolution no. 19 is passed, the directors will have authority to allot up to 2 000 000 (two million) class "A" preference shares for cash other than by way of rights issue in respect of Investec Limited, being equivalent to 5% (five per cent) of the unissued class "A" preference shares.

In terms of the JSE Listing Requirements, in order for resolution no. 19 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. 19.

20. Special resolution no. 1: Investec Limited: Directors' authority to acquire ordinary shares and perpetual preference shares

Resolved that:

- in terms of Article 9 of the Articles of Association of Investec Limited and with effect from 13 August 2009, 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 Listing Requirements"), being, inter alia, 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 2010, or for 15 (fifteen) months from the date of the passing of this special resolution no. 1, whichever is the shorter period
  (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 acquisition of such ordinary shares or perpetual preference shares, as the case may be, by Investec Limited or any of its subsidiaries
  (vi) at any point in time, Investec Limited may only appoint 1 (one) agent to effect any acquisition on Investec Limited's behalf
  (vii) Investec Limited remaining in compliance with the minimum shareholder spread requirements of the JSE Listings Requirements and
  (viii) Investec Limited and/or its subsidiaries not acquiring 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 acquire 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 acquisition but believe that Investec Limited should retain the flexibility to take action if future acquisitions 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 acquired, using the mechanism of the general authority at the maximum price at which the acquisition 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 acquisition) 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 13 August 2009 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 13 August 2009
- 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 13 August 2009
- 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 13 August 2009 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 13 August 2009.

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names appear on pages 219 to 222 of the 2009 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 219 to 222 of the 2009 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 2009 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 2009 Annual Report, is provided in terms of the JSE Listings Requirements for purposes of the general authority:

- Directors and management – Annual Report pages 219 to 225;
- Major beneficial shareholders – Annual Report page 216;
- Directors' interests in ordinary shares – Annual Report page 201;
- Share capital of Investec Limited – Annual Report pages 299 to 301

21. Special resolution no. 2: Investec Limited: Increase in share capital: Number of ordinary shares

Resolved that:
- subject to the passing of resolution no. 39 as contained in the Investec plc notice of Annual General Meeting convened for 13 August 2009 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 13 August 2009, the number of ordinary shares in the authorised share capital of Investec Limited be and is hereby increased to 450 000 000 (four hundred and fifty million) by the creation of 150 000 000 (one hundred and fifty million) new ordinary shares of R0.0002 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. Prior to the passing of this special resolution no. 2, Investec Limited has issued approximately 90% (ninety per cent) of its authorised ordinary share capital.

22. Special resolution no. 3: Investec Limited: Increase in share capital: Number of special convertible redeemable preference shares

Resolved that:
- subject to the passing of resolution no. 38 as contained in the Investec plc notice of Annual General Meeting convened for 13 August 2009 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 13 August 2009, the number of special convertible redeemable preference shares in the authorised share capital of Investec Limited be and is hereby increased to 700 000 000 (seven hundred million) by the creation of 140 000 000 (one hundred and forty million) special convertible redeemable preference shares of R0.0002 each in the authorised share capital of Investec Limited.

The reason for and effect of special resolution no. 3 is to increase the number of authorised special convertible redeemable preference shares in the authorised share capital of Investec Limited in order to align them with the authorised ordinary share capital of Investec plc thereby complying with the Dual Listed Companies agreements in place between Investec plc and Investec Limited.

23. Special resolution no. 4: Investec Limited: Amendment to Memorandum of Association

Resolved that:
- subject to the passing and registration of the above special resolutions nos. 2 and 3 and the passing of resolutions nos. 38 and 39 as contained in the Investec plc notice of Annual General Meeting convened for 13 August 2009, 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 13 August 2009, 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 268 002.00 (one million two hundred and sixty eight thousand and two rand) divided into:

  (i) 450 000 000 (four hundred and fifty 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 Africa Resident) redeemable preference share of R1.00
  (vi) 1 (one) dividend access (non-South African Resident) redeemable preference share of R1.00
  (vii) 700 000 000 (seven hundred million) special convertible redeemable preference shares of R0.0002 each."

The reason for and effect of special resolution no. 4 is to amend the Memorandum of Association of Investec Limited to correctly reflect the new authorised share capital of Investec Limited.

24. Special resolution no. 5: Investec Limited: Amendment to Articles of Association: Annual and General Meetings

Resolved that:

- subject to the passing of special resolution no. 12 as contained in the Investec plc notice of Annual General Meeting convened for 13 August 2009 the Articles of Association of Investec Limited be amended by the deletion of the current Article 47 and the insertion of the following new Article 47:

  "47 Annual and General Meetings

  An Annual General Meeting shall be held once in every year, at such time within a period of not more than six months from the day following the company's financial year end and not more than fifteen months after the holding of the last preceding Annual General Meeting, at a place as may be determined by the directors. All other meetings shall be called General Meetings."

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 Companies agreements.

25. Special resolution no. 6: Investec Limited: Amendment to Articles of Association: Contents of Notice of General Meetings

Resolved that:

- subject to the passing of special resolution no. 12 as contained in the Investec plc notice of Annual General Meeting convened for 13 August 2009 the Articles of Association of Investec Limited be amended by the deletion of the current Article 50.1 and the substitution thereof with the following new Article 50.1:

  "50.1 Every notice calling a General Meeting shall specify the place and the day and hour of the meeting and there shall appear, with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend, speak and vote instead of him on a poll or a show of hands and that a proxy need not be a member of the company."

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 Companies agreements.

26. Special resolution no. 7: Investec Limited: Amendment to Articles of Association: Votes attaching to shares

Resolved that:

- subject to the passing of special resolution no. 12 as contained in the Investec plc notice of Annual General Meeting convened for 13 August 2009, the Articles of Association of Investec Limited be amended by the deletion of the current Article 63.1(a) and the substitution thereof with the following new Article 63.1(a):

  "63 Votes attaching to shares

  63.1(a) on a show of hands every member being an individual who is present in person or by proxy, or if a body corporate, represented, shall have one vote; and"

The reason for and effect of special resolution no. 7 is to align the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Companies agreements.

27. Special resolution no. 8: 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 13 August 2009 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

  72.1 Validly completed proxy appointments will be accepted at the address specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting or, if no address is so specified, at the transfer office, if the proxy appointment is received:

  (a) in the case of a meeting or adjourned meeting, not less than 48 (forty eight) hours before the time appointed for the commencement of the meeting or adjourned meeting and

  (b) in the case of a poll taken more than 48 (forty eight) hours after it was demanded, not less than 24 (twenty four) hours before the time appointed for taking the poll

  and in default shall not be treated as valid, unless it is accepted by the Chairman of the meeting to which the proxy appointment relates, or unless the directors give notice that proxy appointments will be accepted up until a date or time closer to the appointed time of the meeting, adjourned meeting or poll.

  72.2 A proxy received from the holder of the Limited special convertible redeemable preference 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. 8 is to record the period in which a form of proxy must be deposited before the time appointed for a General or an Annual General Meeting, thereby aligning the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Companies agreements.

28. Special resolution no. 9: Investec Limited: Amendment to Articles of Association: Rights 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 13 August 2009 the Articles of Association of Investec Limited be amended by the deletion of the current Article 73 and the substitution thereof with the following new Article 73:
  "73 Rights of proxy
  A proxy shall have the right to exercise all or any of the rights of his appointer, or (where more than one proxy is appointed) all or any of the rights attached to the shares in respect of which he is appointed the proxy to attend, speak and vote at a meeting of the company. Unless his appointment provides otherwise, a proxy may vote or abstain at his discretion on any resolution put to the vote at the meeting to which his appointment relates."

The reason for and effect of special resolution no. 9 is to align the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Companies agreements.

Ordinary business: Investec plc

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions of Investec plc:

29. To receive and adopt the audited financial statements of Investec plc for the year ended 31 March 2009, together with the reports of the directors of Investec plc and of the auditors of Investec plc.
30. To approve the remuneration report of Investec plc for the year ended 31 March 2009.
31. 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 2008.
32. Subject to the passing of resolution no. 12, to declare a final dividend on the ordinary shares in Investec plc for the year ended 31 March 2009 of an amount equal to that recommended by the directors of Investec plc.
33. 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 2010 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 ordinary and special resolutions of Investec plc:

34. 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 2010 and for such period the Section 80 of the Companies Act 1985 amount shall be £915 243 (nine hundred and fifteen thousand two hundred and forty three 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 7 August 2008 expires on the date of the forthcoming Annual General Meeting of Investec plc convened for 13 August 2009 and the directors of Investec plc recommend that this authority be renewed.

Resolution no. 34 will, if passed, authorise the directors of Investec plc to allot Investec plc's unissued shares up to a maximum nominal amount of £915 243 (nine hundred and fifteen thousand two hundred and forty three Pounds Sterling) as set out in the table below:

	Number of shares	Relative part of Section 80 amount	Total
Ordinary shares[1]	148 982 054	£29 796	
Special converting shares[2]	181 290 334	£36 258	£915 243[3]
Non-redeemable, non-cumulative, non-participating preference shares ("perpetual preference shares")[2]	84 918 851	£849 189	

1. One third of the issued ordinary share capital in line with that normally adopted by UK companies.
2. Based on 100% (one hundred per cent) of the number of unissued shares. The special converting shares are required by the Dual Listing Companies structure and agreements to reflect the number of ordinary shares issued by Investec Limited at any time and from time to time. The issue of perpetual shares is non-dilutive to ordinary shareholders.
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 only due to the inclusion of the special converting shares and perpetual preference shares as noted in no. 2 above, neither of which are dilutive to ordinary shareholders. While the authority to allot shares to the value of £915 243 (nine hundred and fifteen thousand two hundred and forty three Pounds Sterling) is given in respect of all of the relevant securities of Investec plc as required by the Companies Act 1985, 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 12 June 2009 (the latest practicable date prior to publication of this notice), Investec plc holds 0 (zero) treasury shares.

35. Special resolution no. 10: Investec plc: Directors' authority to allot ordinary shares for cash

Resolved that:

- subject to the passing of resolution no. 34 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. 34 and for such period the Section 89 of the Companies Act 1985 amount shall be £4 469 (four thousand four hundred and sixty nine Pounds Sterling).

The purpose of special resolution no. 10 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 £4 469 (four thousand four hundred and sixty nine Pounds Sterling) which represents approximately 5% (five per cent) of the total issued ordinary share capital of Investec plc as at 12 June 2009 (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 2010 or, if earlier, 15 (fifteen) months after the passing of this special resolution no. 10.

If resolution no.18 and special resolution no. 10 are both passed and, subject to the limits specified in those respective resolutions, the directors will have authority to allot up to 5% (five per cent) of the total issued ordinary share capital of Investec plc and up to 5% (five per cent) of the total issued ordinary share capital of 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.

The directors also confirm that pursuant to the Dual Listed Companies 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 13 August 2009, whichever period is shorter
(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 order for special resolution no. 10 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. 10.

36. Special resolution no. 11: 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 44 694 616 (forty four million six hundred and ninety four thousand six hundred and sixteen) 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 2010, 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. 11 is to grant a general authority, subject to the specified limits, to Investec plc to acquire ordinary shares of Investec plc.

As of 12 June 2009 (the latest practicable date prior to publication of this notice), there were options outstanding over 32 330 013 (thirty two million three hundred and thirty thousand and thirteen) ordinary shares, representing 7.2% (seven point two 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. 11 was exercised in full, the total number of options to subscribe for ordinary shares would represent 8% (eight per cent) of Investec plc's issued ordinary share capital.

The Companies Act 1985 permits Investec plc to purchase its own ordinary shares to be held in treasury, with a view to possible resale at a future date.

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 Companies Act 1985 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. 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.

37. Ordinary resolution: Investec plc: Political donations

Resolved that:

- in accordance with section 366 of the Companies Act 2006 (the "2006 Act"), Investec plc and any company which, at any time during the period for which this resolution has effect, is a subsidiary of Investec plc, 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 Investec plc to be held in 2010, provided that the maximum amounts referred to in (i) and (ii) may consist of sums in any currency converted into Pounds Sterling at such rate as Investec plc 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 for resolution no. 37 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. Investec plc does not give any money for political purposes in the UK nor does it 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 Investec plc does not inadvertently breach the 2006 Act.

38. Ordinary resolution: Investec plc: Increase in share capital: Number of ordinary shares

Resolved that:

- subject to the passing and registering of special resolution no. 3 as contained in the Investec Limited Notice of Annual General Meeting convened for 13 August 2009, the number of ordinary shares in the authorised capital of Investec plc be and is hereby increased to 700 000 000 (seven hundred million) by the creation of 140 000 000 (one hundred and forty million) new ordinary shares of £0.0002 each in the authorised share capital of Investec plc.

The reason for and effect of resolution no. 38 is to increase the number of ordinary shares in the authorised share capital of Investec plc. Prior to the passing of this resolution no. 38, Investec plc has issued approximately 80% (eighty per cent) of its authorised share capital.

39. Ordinary resolution: Investec plc: Increase in share capital: Number of special converting shares

Resolved that:

- subject to the passing and registering of special resolution no. 2 as contained in the Investec Limited Notice of Annual General Meeting convened for 13 August 2009, the number of special converting shares of £0.0002 in the authorised share capital of Investec plc be and is hereby increased to 450 000 000 (four hundred and fifty million) by the creation of 150 000 000 (one hundred and fifty million) new special converting shares of £0.0002 each in the authorised share capital of Investec plc.

The reason and effect of resolution no. 39 is to increase the number of authorised special converting shares in the authorised share capital of Investec plc in order to align them with the authorised ordinary share capital of Investec Limited thereby complying with the Dual Listed Companies agreements in place between Investec plc and Investec Limited.

40. Special resolution no. 12: Investec plc: Amendments to the Articles of Association

Resolved that:

- with effect from 13 August 2009, 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"), in substitution for and to the exclusion of all existing Articles of Association.

The reason for and effect of special resolution no. 12 is to amend and replace the Articles of Association of Investec plc, in part in response to the provisions of the UK Companies Act 2006.

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) redraft of provision relating to the timing for deposit of form of proxy
(ii) definition of "Extraordinary General Meetings" removed and replaced with "Annual and General Meetings"
(iii) Annual General Meetings must now be held within six months of the financial year end
(iv) to enable proxies to speak at Annual and General Meetings if duly appointed and
(v) on a show of hands every member being an individual who is present in person or by proxy, or if a body corporate, represented, shall have one vote.

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.

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

15 June 2009

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 1 (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 ordinary 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 Investec plc or Investec Limited.

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 Pavilions, Bridgwater Road, Bristol BS99 6ZY, not less than 48 (forty eight) hours before the time for holding the meeting or adjourned meeting.
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 11 August 2009 or, if the meeting is adjourned, 48 (forty eight) hours before the time fixed for the adjourned meeting, as the case may be.
7. 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.
8. Copies of Investec plc's new Articles of Association are available for inspection at Investec plc and Investec Limited's registered offices 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 13 August 2009 and will also be available for inspection at the place of the meeting for 15 (fifteen) minutes before and during the meeting.
9. Copies of the non-executive directors' terms and conditions of appointment are available for inspection at Investec plc and Investec Limited's registered offices 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 13 August 2009 and will also be available for inspection at the place of the meeting for 15 (fifteen) minutes before and during the meeting.
10. As of 12 June 2009 (the latest practicable date prior to publication of this notice) Investec plc's issued capital consists of 446 946 162 (four hundred and forty six million nine hundred and forty six thousand one hundred and sixty two) ordinary shares of £0.0002 each. Investec plc holds 0 (zero) ordinary shares in treasury and therefore the total number of voting rights in Investec plc is 446 946 162 (four hundred and forty six million nine hundred and forty six thousand one hundred and sixty two).
11. As of 12 June 2009 (the latest practicable date prior to publication of this notice) Investec Limited's issued capital consists of 268 709 666 (two hundred and sixty eight million seven hundred and nine thousand six hundred and sixty six) ordinary shares of R0.0002 each. Investec Limited holds 25 298 959 (twenty five million two hundred and ninety eight thousand nine hundred and fifty nine) ordinary shares in treasury and therefore the total number of voting rights in Investec Limited is 243 410 707 (two hundred and forty three million four hundred and ten thousand seven hundred and seven).
12. Investec plc has issued 1 (one) special voting share and Investec Limited has issued special convertible redeemable preference shares to facilitate joint voting by shareholders of Investec plc and Investec Limited on joint electorate actions. As of 12 June 2009 (the latest practicable date prior to publication of this notice) the combined total number of voting rights of Investec plc and Investec Limited is 690 356 869 (six hundred and ninety million three hundred and fifty six thousand eight hundred and sixty nine).

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, 13 August 2009, 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 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.
3. 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.
4. To re-elect Stephen Koseff 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 Sir David Prosser 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 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 219 to 222 of the Annual Report of Investec plc/ Investec Limited.

In accordance with corporate governance best practice, all non-executive directors who have served on the board for nine years or more are required to seek re-election on an annual basis. This requirement is entrenched in the Articles of Association of both Investec plc and Investec Limited.

7. Directors' authority to take action in respect of the resolutions

   Resolved that:
   - any director or the company secretaries of Investec plc and Investec Limited, be and they are hereby authorised to do all things and sign all documents which may be necessary to carry into effect the resolutions contained in this notice to the extent the same have been passed and, where applicable, registered.

Ordinary business: Investec Limited

To consider and if deemed fit, to pass, with or without modification, the following ordinary resolutions of Investec Limited:

8. To receive and adopt the audited financial statements of Investec Limited for the year ended 31 March 2009, together with the reports of the directors of Investec Limited and of the auditors of Investec Limited.
9. To determine, ratify and approve the remuneration of the directors of Investec Limited for the year ended 31 March 2009.
10. 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 2008.
11. To sanction the interim dividend paid by Investec Limited on the dividend access (South African Resident) redeemable preference share ("SA DAS share") for the 6 (six) month period ended 30 September 2008.
12. Subject to the passing of resolution no. 32, to declare a final dividend on the ordinary shares and the dividend access (South African resident) redeemable preference share ("SA DAS share") in Investec Limited for the year ended 31 March 2009 of an amount equal to that recommended by the directors of Investec Limited.
13. To re-appoint Ernst & Young Inc. of Ernst & Young House, Wanderers Office Park, 52 Corlett Drive, Illovo, 2196 South Africa (Private Bag X14, Northlands, 2116 South Africa) as joint auditors of Investec Limited to hold office until the conclusion of the Annual General Meeting of Investec Limited to be held in 2010 and to authorise the directors of Investec Limited to fix their remuneration.
14. To re-appoint KPMG Inc. of 85 Empire Road, Parktown, 2193 South Africa (Private Bag 9, Parkview, 2122 South Africa) as joint auditors of Investec Limited to hold office until the conclusion of the Annual General Meeting of Investec Limited to be held in 2010 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:

15. Ordinary resolution: Investec Limited: Placing 5% 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:
  (a) unless and until such date that special resolution no. 2 becomes effective, 1 564 516 (one million five hundred and sixty four thousand five hundred and sixteen) ordinary shares of R0.0002 each being 5% (five per cent) of the unissued ordinary shares in the authorised share capital of Investec Limited

  or

  (b) from the date on which special resolution no. 2 becomes effective, 9 064 516 (nine million sixty four thousand five hundred and sixteen) ordinary shares of R0.0002 each being 5% (five 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 2010, 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.

16. Ordinary resolution: Investec Limited: Placing 5% 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 2 000 000 (two million) class "A" variable rate compulsorily convertible non-cumulative preference shares ("class "A" preference shares") of R0.0002 each, being 5% (five 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 2010, 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.

17. 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 2010, 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. These preference shares, if issued, are non-dilutive to ordinary shareholders.

18. Ordinary resolution with a 75% majority: Investec Limited: Directors' authority to allot and issue ordinary shares for cash in respect of 5% of the unissued ordinary shares

Resolved that:

- subject to the passing of resolution no. 15, the Listings Requirements of the JSE Limited ("JSE Listing 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:
  (a) unless and until such date that special resolution no. 2 becomes effective, 1 564 516 (one million five hundred and sixty four thousand five hundred and sixteen) ordinary shares of R0.0002 each

  or

  (b) from the date on which special resolution no. 2 becomes effective, 9 064 516 (nine million sixty four thousand five hundred and sixteen) ordinary shares of R0.0002 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 2010 or the date of the expiry of 15 (fifteen) months from the date of the Annual General Meeting of Investec Limited convened for 13 August 2009, whichever period is shorter
  (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 ordinary shares must be issued to public shareholders, as defined in the JSE Listing Requirements, and not to related parties.

The directors are seeking an authority to allot up to 5% (five per cent) of the number of unissued ordinary shares for cash which represents 0.582% (zero point five eight two per cent) until special resolution no. 2 becomes effective and 3.373% (three point three seven per cent) thereafter of the number of issued ordinary shares which is significantly lower than the 15% (fifteen per cent) permitted in terms of the JSE Listing Requirements.

If resolution no.18 and resolution no. 35 are both passed and, subject to the limits specified in those respective resolutions, the directors will have authority to allot up to 5% (five per cent) of the total issued ordinary share capital of Investec plc and up to 5% (five per cent) of the total issued ordinary share capital of 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.

In terms of the JSE Listing Requirements, in order for resolution no. 18 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. 18.

19. Ordinary resolution with a 75% majority: 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. 16, the Listings Requirements of the JSE Limited ("JSE Listing 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 2 000 000 (two million) class "A" variable rate compulsorily convertible non-cumulative preference shares ("class "A" preference shares") of R0.0002 each being 5% (five 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 2010 or the date of the expiry of 15 (fifteen) months from the date of the Annual General Meeting of Investec Limited convened for 13 August 2009, whichever period is shorter

(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

(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 class "A" preference shares must be issued to public shareholders, as defined in the JSE Listing Requirements, and not to related parties.

If resolution no. 19 is passed, the directors will have authority to allot up to 2 000 000 (two million) class "A" preference shares for cash other than by way of rights issue in respect of Investec Limited, being equivalent to 5% (five per cent) of the unissued class "A" preference shares.

In terms of the JSE Listing Requirements, in order for resolution no. 19 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. 19.

20. Special resolution no. 1: Investec Limited: Directors' authority to acquire ordinary shares and perpetual preference shares

Resolved that:

- in terms of Article 9 of the Articles of Association of Investec Limited and with effect from 13 August 2009, 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 Listing Requirements"), being, inter alia, 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 2010, or for 15 (fifteen) months from the date of the passing of this special resolution no. 1, whichever is the shorter period
(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 acquisition of such ordinary shares or perpetual preference shares, as the case may be, by Investec Limited or any of its subsidiaries
(vi) at any point in time, Investec Limited may only appoint 1 (one) agent to effect any acquisition on Investec Limited's behalf
(vii) Investec Limited remaining in compliance with the minimum shareholder spread requirements of the JSE Listings Requirements and
(viii) Investec Limited and/or its subsidiaries not acquiring 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 acquire 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 acquisition but believe that Investec Limited should retain the flexibility to take action if future acquisitions 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 acquired , using the mechanism of the general authority at the maximum price at which the acquisition 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 acquisition) 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 13 August 2009 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 13 August 2009
- 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 13 August 2009
- 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 13 August 2009 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 13 August 2009.

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names appear on pages 219 to 222 of the 2009 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 219 to 222 of the 2009 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 2009 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 2009 Annual Report, is provided in terms of the JSE Listings Requirements for purposes of the general authority:

- Directors and management – Annual Report pages 219 to 225;
- Major beneficial shareholders – Annual Report page 216;
- Directors' interests in ordinary shares – Annual Report page 201;
- Share capital of Investec Limited – Annual Report pages 299 to 301

21. Special resolution no. 2: Investec Limited: Increase in share capital: Number of ordinary shares

Resolved that:

- subject to the passing of resolution no. 39 as contained in the Investec plc notice of Annual General Meeting convened for 13 August 2009, 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 13 August 2009, the number of ordinary shares in the authorised share capital of Investec Limited be and is hereby increased to 450 000 000 (four hundred and fifty million) by the creation of 150 000 000 (one hundred and fifty million) new ordinary shares of R0.0002 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. Prior to the passing of this special resolution no. 2, Investec Limited has issued approximately 90% (ninety per cent) of its authorised ordinary share capital.

22. Special resolution no. 3: Investec Limited: Increase in share capital: Number of special convertible redeemable preference shares

Resolved that:

- subject to the passing of resolution no. 38 as contained in the Investec plc notice of Annual General Meeting convened for 13 August 2009 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 13 August 2009, the number of special convertible redeemable preference shares in the authorised share capital of Investec Limited be and is hereby increased to 700 000 000 (seven hundred million) by the creation of 140 000 000 (one hundred and forty million) special convertible redeemable preference shares of R0.0002 each in the authorised share capital of Investec Limited.

The reason for and effect of special resolution no. 3 is to increase the number of authorised special convertible redeemable preference shares in the authorised share capital of Investec Limited in order to align them with the authorised ordinary share capital of Investec plc, thereby complying with the Dual Listed Companies agreements in place between Investec plc and Investec Limited.

23. Special resolution no. 4: Investec Limited: Amendment to Memorandum of Association

Resolved that:

- subject to the passing and registration of the above special resolution nos. 2 and 3 and the passing of resolution nos. 38 and 39 as contained in the Investec plc notice of Annual General Meeting convened for 13 August 2009, 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 13 August 2009, 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 268 002.00 (one million two hundred and sixty-eight thousand and two rand) divided into:

  (i) 450 000 000 (four hundred and fifty 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 Africa Resident) redeemable preference share of R1.00
  (vi) 1 (one) dividend access (non-South African Resident) redeemable preference share of R1.00
  (vii) 700 000 000 (seven hundred million) special convertible redeemable preference shares of R0.0002 each."

The reason for and effect of special resolution no. 4 is to amend the Memorandum of Association of Investec Limited to correctly reflect the new authorised share capital of Investec Limited.

24. Special resolution no. 5: Investec Limited: Amendment to Articles of Association: Annual and General Meetings

Resolved that:

- subject to the passing of special resolution no. 12 as contained in the Investec plc notice of Annual General Meeting convened for 13 August 2009, the Articles of Association of Investec Limited be amended by the deletion of the current Article 47 and the insertion of the following new Article 47:

  "47 Annual and General Meetings

  An Annual General Meeting shall be held once in every year, at such time within a period of not more than six months from the day following the company's financial year end and not more than fifteen months after the holding of the last preceding Annual General Meeting, at a place as may be determined by the directors. All other meetings shall be called General Meetings."

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 Companies agreements.

25. Special resolution no. 6: Investec Limited: Amendment to Articles of Association: Contents of Notice of General Meetings

Resolved that:

- subject to the passing of special resolution no. 12 as contained in the Investec plc notice of Annual General Meeting convened for 13 August 2009, the Articles of Association of Investec Limited be amended by the deletion of the current Article 50.1 and the substitution thereof with the following new Article 50.1:

  "50.1. Every notice calling a General Meeting shall specify the place and the day and hour of the meeting and there shall appear, with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend, speak and vote instead of him on a poll or a show of hands and that a proxy need not be a member of the company."

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 Companies agreements.

26. Special resolution no. 7: Investec Limited: Amendment to Articles of Association: Votes attaching to shares

Resolved that:

- subject to the passing of special resolution no. 12 as contained in the Investec plc notice of Annual General Meeting convened for 13 August 2009, the Articles of Association of Investec Limited be amended by the deletion of the current Article 63.1. (a) and the substitution thereof with the following new Article 63.1. (a):

  "63 Votes attaching to shares

  63.1. (a) on a show of hands every member being an individual who is present in person or by proxy, or if a body corporate, represented, shall have one vote; and"

The reason for and effect of special resolution no. 7 is to align the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Companies agreements.

27. Special resolution no. 8: 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 13 August 2009, 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

  72.1 Validly completed proxy appointments will be accepted at the address specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting or, if no address is so specified, at the transfer office, if the proxy appointment is received:

  (a) in the case of a meeting or adjourned meeting, not less than 48 (forty eight) hours before the time appointed for the commencement of the meeting or adjourned meeting and

  (b) in the case of a poll taken more than 48 (forty eight) hours after it was demanded, not less than 24 (twenty four) hours before the time appointed for taking the poll

  and in default shall not be treated as valid, unless it is accepted by the Chairman of the meeting to which the proxy appointment relates, or unless the directors give notice that proxy appointments will be accepted up until a date or time closer to the appointed time of the meeting, adjourned meeting or poll.

  72.2 A proxy received from the holder of the Limited special convertible redeemable preference 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. 8 is to record the period in which a form of proxy must be deposited before the time appointed for a General or an Annual General Meeting, thereby aligning the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Companies agreements.

28. Special resolution no. 9: Investec Limited: Amendment to Articles of Association: Rights 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 13 August 2009, the Articles of Association of Investec Limited be amended by the deletion of the current Article 73 and the substitution thereof with the following new Article 73:

  "73 Rights of proxy

  A proxy shall have the right to exercise all or any of the rights of his appointer, or (where more than one proxy is appointed) all or any of the rights attached to the shares in respect of which he is appointed the proxy to attend, speak and vote at a meeting of the company. Unless his appointment provides otherwise, a proxy may vote or abstain at his discretion on any resolution put to the vote at the meeting to which his appointment relates."

The reason for and effect of special resolution no. 9 is to align the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Companies agreements.

Ordinary business: Investec plc

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions of Investec plc:

29. To receive and adopt the audited financial statements of Investec plc for the year ended 31 March 2009, together with the reports of the directors of Investec plc and of the auditors of Investec plc.
30. To approve the remuneration report of Investec plc for the year ended 31 March 2009.
31. 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 2008.
32. Subject to the passing of resolution no. 12, to declare a final dividend on the ordinary shares in Investec plc for the year ended 31 March 2009 of an amount equal to that recommended by the directors of Investec plc.
33. 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 2010 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:

34. 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 2010 and for such period the Section 80 of the Companies Act 1985 amount shall be £915 243 (nine hundred and fifteen thousand two hundred and forty three 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 07 August 2008 expires on the date of the forthcoming Annual General Meeting of Investec plc convened for 13 August 2009 and the directors of Investec plc recommend that this authority be renewed.

Resolution no. 34 will, if passed, authorise the directors of Investec plc to allot Investec plc's unissued shares up to a maximum nominal amount of £915 243 (nine hundred and fifteen thousand two hundred and forty three Pounds Sterling) as set out in the table below:

	Number of shares	Relative part of Section 80 amount	Total
Ordinary shares[1]	148 982 054	£29 796	£915 243[3]
Special converting shares[2]	181 290 334	£36 258	
Non-redeemable, non-cumulative, non-participating preference shares ("perpetual preference shares")[2]	84 918 851	£849 189	

1. One third of the issued ordinary share capital in line with that normally adopted by UK companies.
2. Based on 100% (one hundred per cent) of the number of unissued shares. The special converting shares are required by the Dual Listed Companies structure and agreements to reflect the number of ordinary shares issued by Investec Limited at any time and from time to time. The issue of perpetual preference shares is non-dilutive to ordinary shareholders.
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 only due to the inclusion of the special converting shares and perpetual preference shares as noted in no. 2 above, neither of which are dilutive to ordinary shareholders. While the authority to allot shares to the value of £915 243 (nine hundred and fifteen thousand two hundred and forty three Pounds Sterling) is given in respect of all of the relevant securities of Investec plc as required by the Companies Act 1985, 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 12 June 2009 (the latest practicable date prior to publication of this notice), Investec plc holds 0 (zero) treasury shares.

35. Ordinary resolution with a 75% majority: Investec plc: Directors' authority to allot ordinary shares for cash

Resolved that:

- subject to the passing of resolution no. 34, 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. 34 and for such period the Section 89 of the Companies Act, amount shall be £4 469 (four thousand four hundred and sixty nine Pounds Sterling).

The purpose of resolution no. 35 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 £4 469 (four thousand four hundred and sixty nine Pounds Sterling) which represents approximately 5% (five per cent) of the total issued ordinary share capital of Investec plc as at 12 June 2009 (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 2010 or, if earlier, 15 (fifteen) months after the passing of this resolution no. 35.

If resolution no.18 and resolution no. 35 are both passed and, subject to the limits specified in those respective resolutions, the directors will have authority to allot up to 5% (five per cent) of the total issued ordinary share capital of Investec plc and up to 5% (five per cent) of the total issued ordinary share capital of 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.

The directors also confirm that pursuant to the Dual Listed Companies 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 13 August 2009, whichever period is shorter
(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 order for resolution no. 35 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. 35.

36. Ordinary resolution with a 75% majority: 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 44 694 616 (forty four million six hundred and ninety four thousand six hundred and sixteen) 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 2010, 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. 36 is to grant a general authority, subject to the specified limits, to Investec plc to acquire ordinary shares of Investec plc.

As of 12 June 2009 (the latest practicable date prior to publication of this notice), there were options outstanding over 32 330 013 (thirty two million three hundred and thirty thousand and thirteen) ordinary shares, representing 7.2% (seven point two per cent) of Investec plc's issued ordinary share capital at that date. If the authority to buy back shares under this ordinary resolution no. 36 was exercised in full, the total number of options to subscribe for ordinary shares would represent 8% (eight per cent) of Investec plc's issued ordinary share capital.

The Companies Act 1985 permits Investec plc to purchase its own ordinary shares to be held in treasury, with a view to possible resale at a future date.

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 Companies Act 1985 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. 36 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 36.

37. Ordinary resolution: Investec plc: Political donations

Resolved that:

- in accordance with Section 366 of the Companies Act 2006 (the "2006 Act") Investec plc and any company which, at any time during the period for which this resolution has effect, is a subsidiary of Investec plc, 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 Investec plc to be held in 2010, provided that the maximum amounts referred to in (i) and (ii) may consist of sums in any currency converted into Pounds Sterling at such rate as Investec plc 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 for resolution no. 37 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. Investec plc 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 Investec plc does not inadvertently breach the 2006 Act.

38. Ordinary resolution: Investec plc: Increase in share capital: Number of ordinary shares

Resolved that:

- subject to the passing and registering of special resolution no. 3 as contained in the Investec Limited Notice of Annual General Meeting convened for 13 August 2009, the number of ordinary shares of £0.0002 in the authorised capital of Investec plc be and is hereby increased to 700 000 000 (seven hundred million) by the creation of 140 000 000 (one hundred and forty million) new ordinary shares of £0.0002 each in the authorised share capital of Investec plc.

The reason for and effect of resolution no. 38 is to increase the number of ordinary shares in the authorised share capital of Investec plc. Prior to the passing of this resolution no. 38, Investec plc has issued approximately 80% (eighty per cent) of its authorised share capital.

39. Ordinary resolution: Investec plc: Increase in share capital: Number of special converting shares

Resolved that:

- subject to the passing and registering of special resolution no. 2 as contained in the Investec Limited Notice of Annual General Meeting convened for 13 August 2009, the number of special converting shares in the authorised share capital of Investec plc be and is hereby increased to 450 000 000 (four hundred and fifty million) by the creation of 150 000 000 (one hundred and fifty million) new special converting shares of £0.0002 each in the authorised share capital of Investec plc.

The reason for and effect of resolution no. 39 is to increase the number of authorised special converting shares in the authorised share capital of Investec plc to the authorised ordinary share capital of Investec Limited, thereby complying with the Dual Listed Companies agreements in place between Investec plc and Investec Limited.

40. Ordinary resolution with a 75% majority: Investec plc: Amendments to the Articles of Association

Resolved that:

- with effect from 13 August 2009, 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”), in substitution for and to the exclusion of all existing Articles of Association.

The reason for and effect of resolution no. 40 is to amend and replace the Articles of Association of Investec plc in part in response to the provisions of the UK Companies Act 2006.

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) redraft of provision relating to the timing for deposit of form of proxy
(ii) definition of “Extraordinary General Meetings” removed and replaced with “Annual General Meetings”
(iii) Annual General Meetings must now be held within six months of the financial year end
(iv) to enable proxies to speak at Annual and General Meetings if duly appointed and
(v) on a show of hands every member being an individual who is present in person or by proxy, or if a body corporate, represented, shall have one vote.

In order for resolution no. 40 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. 40.

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

15 June 2009

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 the Investec Limited 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 the Investec Limited 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 the Investec Limited 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 ordinary 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 Investec plc or Investec Limited.
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
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 11 August 2009 or, if the meeting is adjourned, 48 (forty eight) hours before the time fixed for the adjourned meeting, as the case may be.
7. 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 a 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.
8. Copies of Investec plc'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 13 August 2009 and will also be available for inspection at the place of the meeting for 15 (fifteen) minutes before and during the meeting.
9. Copies of the non-executive directors' terms and conditions of appointment 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 13 August 2009 and will also be available for inspection at the place of the meeting for 15 (fifteen) minutes before and during the meeting.
10. As of 12 June 2009 (the latest practicable date prior to publication of this notice) Investec plc's issued capital consists of 446 946 162 (four hundred and forty six million nine hundred and forty six thousand one hundred and sixty two) ordinary shares of £0.0002 each. Investec plc holds 0 (zero) ordinary shares in treasury and therefore the total number of voting rights in Investec plc is 446 946 162 (four hundred and forty six million nine hundred and forty six thousand one hundred and sixty two).
11. As of 12 June 2009 (the latest practicable date prior to publication of this notice) Investec Limited's issued capital consists of 268 709 666 (two hundred and sixty eight million seven hundred and nine thousand six hundred and sixty six) ordinary shares of R0.0002 each. Investec Limited holds 25 298 959 (twenty five million two hundred and ninety eight thousand nine hundred and fifty nine) ordinary shares in treasury and therefore the total number of voting rights in Investec Limited is 243 410 707 (two hundred and forty three million four hundred and ten thousand seven hundred and seven).
12. Investec plc has issued 1 (one) special converting share and Investec Limited has issued special convertible redeemable preference shares to facilitate joint voting by shareholders of Investec plc and Investec Limited on joint electorate actions. As of 12 June 2009 (the latest practicable date prior to publication of this notice) the combined total number of voting rights of Investec plc and Investec Limited is 690 356 869 (six hundred and ninety million three hundred and fifty six thousand eight hundred and sixty nine).

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