Investec Annual Review and Summary
Financial Statements 2010

Out of the Ordinary®

Investec

Specialist Bank and
Asset Manager

ENTREPRENEURIAL | DISTINCTIVE | SHARPENING MINDS
FINANCIAL THINKING | FORWARD THINKING
FRESH APPROACH | SHARP FOCUS

The summary financial statements have been approved by the board of directors of the group and were signed on its behalf by the Chief Executive Officer, Mr S Koseff. This document provides a summary of the information contained in Investec's 2010 annual report (Annual Report). It is not the group's statutory accounts and does not contain sufficient information to allow for a complete understanding of the results and state of affairs of the group as would be provided by the full annual report. For further information consult the full annual financial statements, the unqualified auditor's reports on those financial statements and the Directors' report. The auditors' reports did not contain a statement under Section 237(2) or Section 237(3) of the UK Companies Act.

The 2010 Investec group annual report may be viewed on our website: http://www.investec.com

Should you wish to obtain a copy of the full 2010 annual report, please contact the Investor Relations division, whose contact details appear at the end of this report.

Overview of the year | ONE

Overview of the year

Who we are

Investec (comprising Investec plc and Investec Limited) is an international, specialist bank and asset manager 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 six business divisions: Asset Management, Private Wealth, Property Activities, Private Banking, Investment Banking and Capital Markets. 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 bank and asset manager. 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.

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 Partnership

Client Focus

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

Cast-iron Integrity

- Moral strength
- Risk consciousness
- Highest ethical standards

Mission statement

We strive to be a distinctive specialist bank and asset manager, driven by commitment to our core philosophies and values

Philosophies

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

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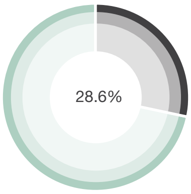
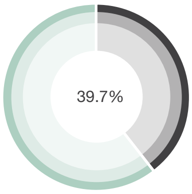
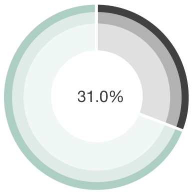
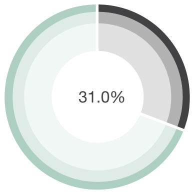
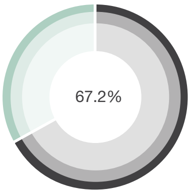
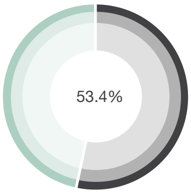
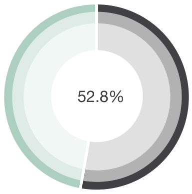
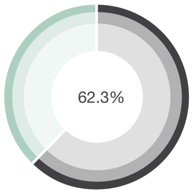
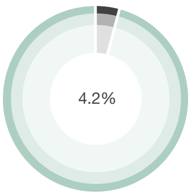
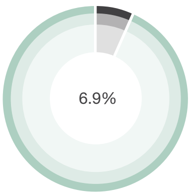
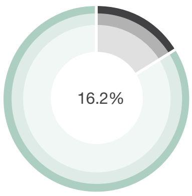
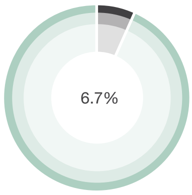
By geography	History	Market positioning
UK and Europe	• In 1992 we made our first international acquisition, acquiring Allied Trust Bank in London • Since that date, we have expanded organically and through a number of strategic acquisitions • Developed capabilities in all six of our core activities • Listed in London in July 2002, through the implementation of a Dual Listed Companies Structure • In March 2010 Investec plc was included as a new entrant to the FTSE100 index • Offices supporting the UK and European businesses include: Canada; Channel Islands; Hong Kong; Ireland; Switzerland; Abingdon; London; Manchester; New York; Taiwan	Total funds under management £36.4 billion Total loan portfolio £5.4 billion Total deposit book £8.0 billion
Southern Africa	• Founded as a leasing company in 1974 • Acquired a banking licence in 1980 • Listed on the JSE Limited South Africa in 1986 • In 2003 we implemented a 25.1% empowerment shareholding transaction • Market leading position in all six of our core activities • Fifth largest bank in the country • Offices supporting the Southern African businesses include: Botswana; Mauritius; Namibia; East London; Johannesburg; Knysna; Nelspruit; Pietermaritzburg; Port Elizabeth; Pretoria; Stellenbosch	Total funds under management £36.9 billion Total loan portfolio £10.6 billion Total deposit book £12.9 billion
Australia	• Entered the market in 1997 • Significantly expanded our capabilities in 2001 through the acquisition of Wentworth Associates, one of the leading corporate finance boutiques in Australia • In 2002 we received a banking licence which opened up many growth opportunities • Have grown our business organically and through select strategic acquisitions • We have offices in: Brisbane; Melbourne; Perth; Sydney	Total funds under management £0.9 billion Total loan portfolio £1.8 billion Total deposit book £1.0 billion

**Before goodwill, non-operating items, taxation and after minorities.*
***NAV is adjusted tangible shareholders' equity.*
^COI is cost to income ratio. ROE is the post-tax return on adjusted average shareholders' equity.

By geography

	% of operating profit*	% of assets	% of NAV**	% of permanent employees	COI/ROE^
	Investec total: £432.3mn	Investec total: £46 572mn	Investec total: £2 294mn	Investec total: 5 684	
					COI: 63.0% ROE: 11.4%
	Highlights • Operating profit of the UK operations increased 22.6% to £123.7 million				
					COI: 51.8% ROE: 18.5%
	Highlights • Operating profit of the Southern African operations remained in line with the prior year at £290.4 million				
					COI: 61.5% ROE: 4.0%
	Highlights • Operating profit of the Australian operations increased significantly to £18.2 million				

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	By business	Core client base	Market positioning
Asset and Wealth Management	Asset Management	Sovereign Wealth Funds, Pension Funds, Central Banks, Banks, Private Banks, Family Offices, Independent Financial Advisers and individual investors	Record funds under management 1991: £41.8 million ⇨ 2010: £46.4 billion Record net flows of £4.7 billion Good long term performance with growing traction in all distribution channels
	Private Wealth	High net worth individuals	Total funds under management 1997: £0.4 billion ⇨ 2010: £23.1 billion UK: Own 47.1% of Rensburg Sheppards plc, long standing reputation SA: largest player
Specialist Bank	Property Activities	High net worth individuals, retail and institutional investors, listed property companies and large property owners	Total funds under management: £286 million Total on balance sheet investments: £334.4 million UK and Aus: developing businesses SA: market leading position
	Private Banking	High income and high net worth individuals	Global loan portfolio: £12.9 billion Global deposit book: £11.8 billion Global funds under advice: £4.1 billion
	Investment Banking	Listed and unlisted companies, fund managers, government and parastatals	UK and Aus: recognised market positioning SA: No 1 M&A house for the 2009 calendar year (Dealmakers Survey, Ernst & Young review for M&A)
	Capital Markets	Select corporate clients, public sector bodies and institutions	Strong positioning in UK, SA and Aus Global loan portfolio: £4.5 billion
	Group Services and Other Activities		Central Funding and Central Services are internal activities International Trade Finance undertaken through Reichmans Capital

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***NAV is adjusted tangible shareholders' equity.*
^COI is cost to income ratio. ROE is the pre-tax return on adjusted average shareholders' equity.

By business

	% of operating profit*	% of assets	% of NAV**	% of permanent employees	COI/ROE^
	Investec total: £432.3mn	Investec total: £46 572mn	Investec total: £2 294mn	Investec total: 5 684	
	19.3%	0.9%	1.2%	15.8%	COI: 66.6% ROE: 53.0%
	6.0%	1.2%	0.7%	3.5%	COI: 50.1% ROE: 101.5%
	7.8%	0.8%	3.3%	1.2%	COI: 37.4% ROE: 41.0%
	8.6%	31.7%	42.2%	36.3%	COI: 61.0% ROE: 5.3%
	9.6%	2.3%	9.2%	6.4%	COI: 82.6% ROE: 17.1%
	41.4%	47.4%	38.1%	18.7%	COI: 47.5% ROE: 18.5%
	7.3%	15.7%	5.3%	18.1%	COI: 60.2% ROE: 28.8%

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Financial features

- Operating profit before taxation* increased 8.9% to £432.3 million (2009: £396.8 million)
- Adjusted earnings attributable to shareholders* increased 15.0% to £309.7 million (2009: £269.2 million)
- Adjusted EPS* increased 6.4% to 45.1 pence (2009: 42.4 pence)
- Net tangible asset value per share increased 21.7% to 324.1 pence (2009: 266.3 pence)
- Proposed full year dividend increased 23.1% to 16.0 pence (2009: 13.0 pence)
- We achieved three out of our five financial objectives. ROE and adjusted earnings per share (EPS) targets remain difficult to achieve

Highlights

- Investec recorded a good operating performance with all divisions and geographies profitable
- Operational and geographic diversity continue to support a large recurring revenue base, totaling 60.4% of operating income
- The group has further improved the quality of its balance sheet, with an increase in both capital and liquidity:
  - Tier 1 ratios rose for Investec plc and Investec Limited to 11.3% and 12.1%, respectively
  - Cash and near cash balances rose 87.4% to £9.1 billion
  - Customer deposits increased by 50.5% to £21.9 billion
  - The ratio of loans to deposits improved from 103.6% to 76.2%
- Strong growth recorded in third party assets under management of 51.9% to £74.2 billion
- The credit loss ratio was in line with guidance previously provided at 1.16% and we believe that the credit loss cycle is peaking
- Business units have moved onto the front foot and are taking advantage of new opportunities
- The proposed acquisition of Rensburg Sheppards plc represents an important strategic step towards building a substantial global wealth management platform
- Investment in the Investec brand continues to deliver shareholder value.

Financial objectives**

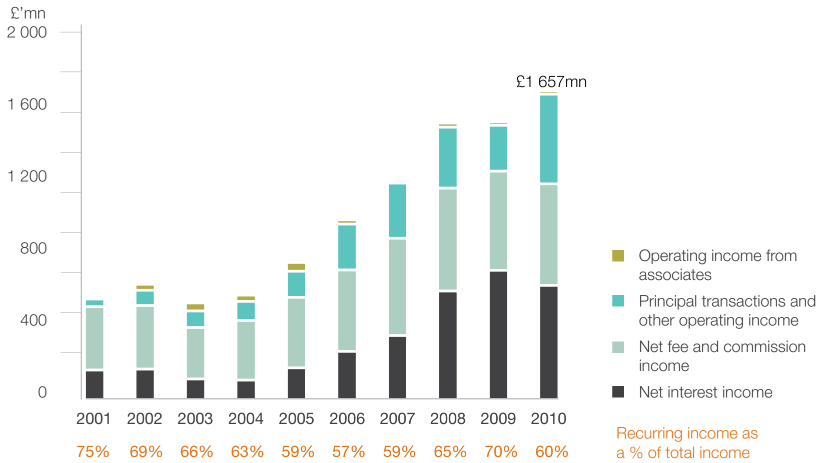
	Target in £	31 March 2010	31 March 2009
ROE	>20%	13.5%	14.8%
Cost to income ratio	<65%	57.8%	55.9%
Adjusted EPS* growth	10% >UK RPI	6.4%	(25.5%)
Dividend cover range	1.7 – 3.5 times	2.8x	3.3x
Capital adequacy ratio range	14% – 17%	plc: 15.9% Ltd: 15.6%	plc: 16.2% Ltd: 14.2%

**Before goodwill, non-operating items and after minorities.*

***The original targets were 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.*

Diversified business model… continues to support a large recurring revenue base

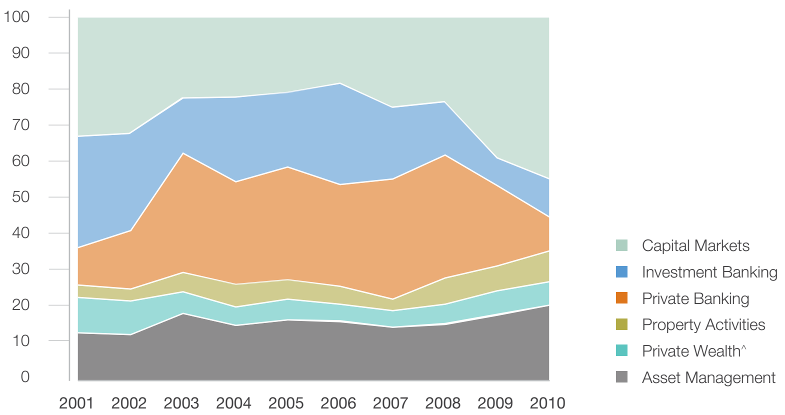
Total operating income



Where recurring income is net interest income and annuity fees and commissions.

% contribution to operating profit before taxation*

(excluding Group Services and Other Activities)

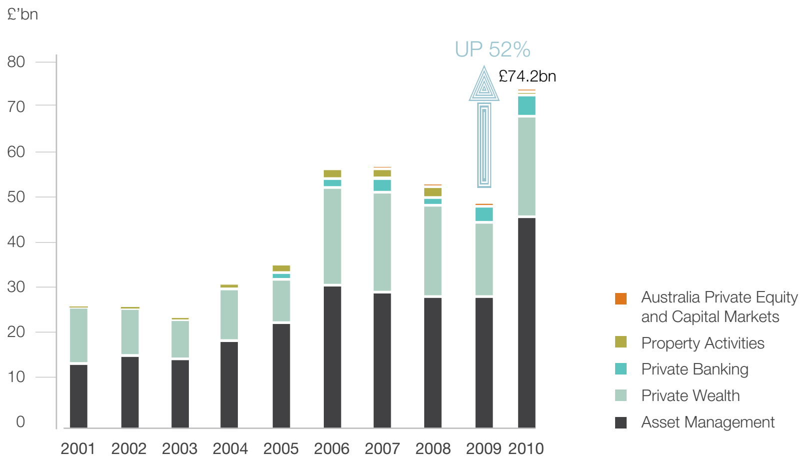


**Before goodwill, non-operating items and after minorities.*

^Formerly Private Client Portfolio Management and Stockbroking.

Significant growth in assets under management

Third party assets under management



- Consolidation of global wealth management businesses globally
- Proposed acquisition of Rensburg Sheppards plc in the UK
- Investec Asset Management reported record net inflows of £4.7 billion for the year

1

Improved balance sheet strength… achieved capital targets across all geographies

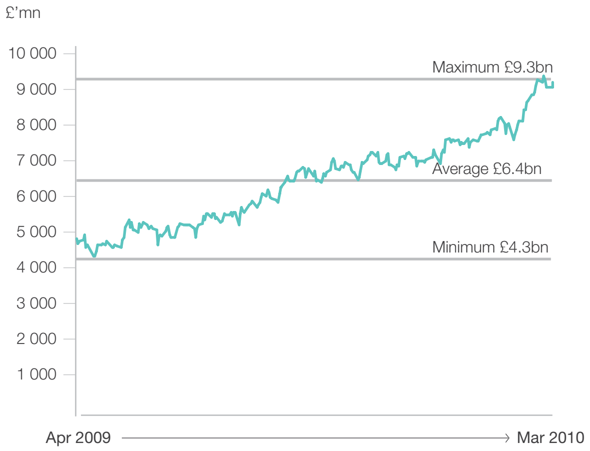
- The intimate involvement of senior management ensures stringent management of risk and liquidity
- Our policy has always been to hold capital in excess of regulatory requirements and we intend to perpetuate this philosophy
- Investec has been successful in building its capital base and has met its targets in this period
- Capital strength has been maintained without recourse to shareholders, new investors or government assistance
- 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
  - Reduced reliance on wholesale funding
  - Private Bank and the Capital Markets divisions have implemented a number of initiatives to increase funding from private client and retail deposits
- Growth in customer deposits of £7.3 billion since 31 March 2009 – up 51%
- Advances as a percentage of customer deposits is at 76.2%

Capital adequacy and Tier 1 ratios

At 31 March 2010	Capital adequacy ratio	Tier 1 ratio
Investec plc	15.9%	11.3%
Investec Bank plc	16.9%	12.3%
Investec Bank (Australia) Limited	19.2%	16.6%
Investec Limited	15.6%	12.1%
Investec Bank Limited	15.5%	11.7%

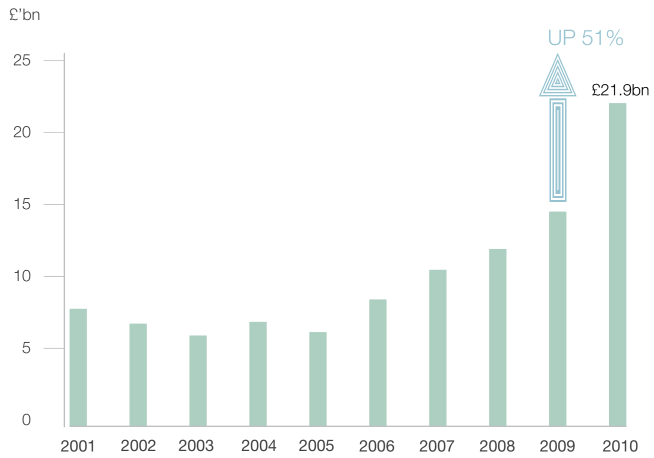
Improved balance sheet strength… enhanced liquidity through building a diverse customer deposit base

Surplus cash and near cash trend

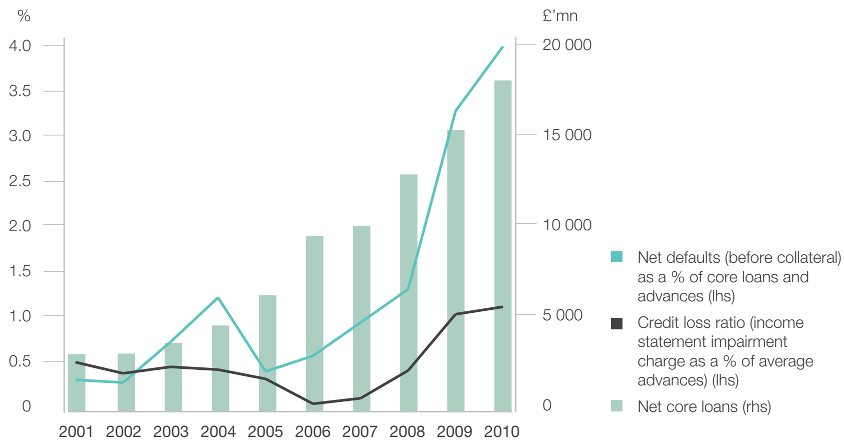


Total 31 March 2010	£9.1bn
Investec plc	£4.7bn
Investec Limited	£4.4bn

Customer accounts (deposits)



Defaults and core loans



Continue strategy of building our franchise… focus on key revenue drivers

- Generate high quality income through **diversified** revenue streams
- Further grow **funds** under management
- Increase **loan** growth
- Increase **transactional** activity
- Grow customer **deposits**.

Continue strategy of building our franchise... focus on clients and building the brand

- **Strengthen** existing client relationships
- Provide **distinctive** products and an **increased** breadth of services to clients

Improved balance sheet strength… impairments and defaults increased but are peaking

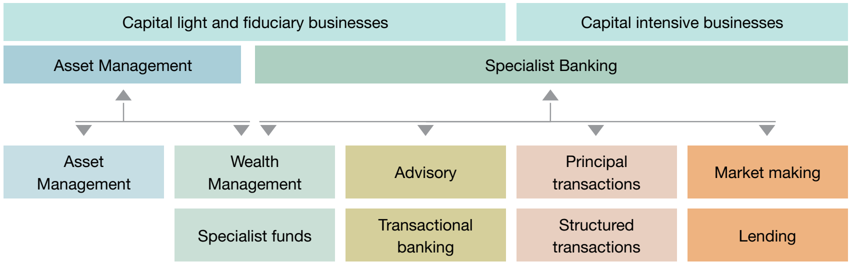
- Credit and counterparty exposures are to a select target market
  - Private Bank lends to high net worth and high income clients
  - Capital Markets transacts primarily with mid to large sized corporates, public sector bodies and institutions
- Continued focus on asset quality and credit risk in all geographies
- The slower pace of economic recovery has caused a delay in the improvement of non-performing loans, however, we started to see signs of improvement towards the end of the period
- Credit risk however, remains appropriately managed and net defaults (after collateral and impairments) are covered 100%
- The credit loss ratio remains in line with guidance previously provided

1

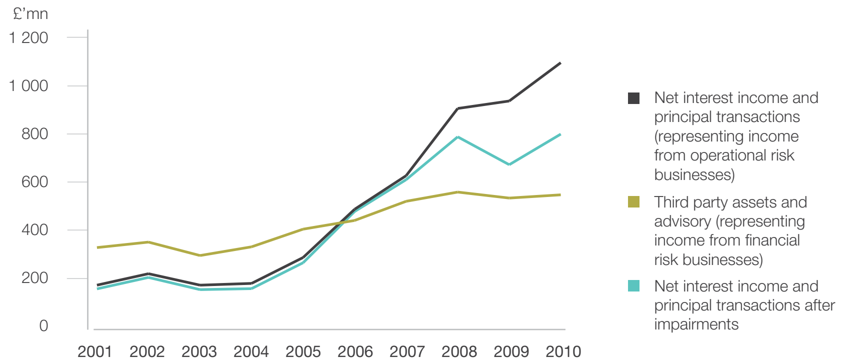
Continue strategy of building our franchise…evolving business model

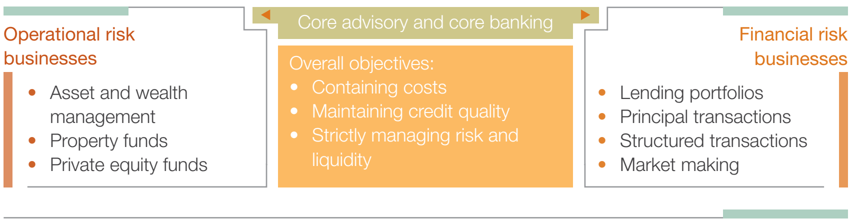
- Broadly defined, we operate in two distinct spaces, specialist banking and asset management
- We live in a world where the market requires a high degree of transparency and the appropriate management of conflicts of interest
- Within specialist banking, we offer a broad range of services from advisory, structuring, lending, securities trading, market making and principal transactions. These services are aimed at government, institutional, corporates and high net worth clients in our selected geographies
- We are in the process of creating a global wealth unit to serve the investment needs of high net worth clients directly or through our Private Banking network
- Operating completely independently from these structures is Investec Asset Management
- Its sole focus is the provision of investment management services to its predominantly global institutional client base

Business model (balancing operational risk businesses with financial risk businesses)



Continue strategy of building our franchise… balance operational risk businesses with financial risk businesses



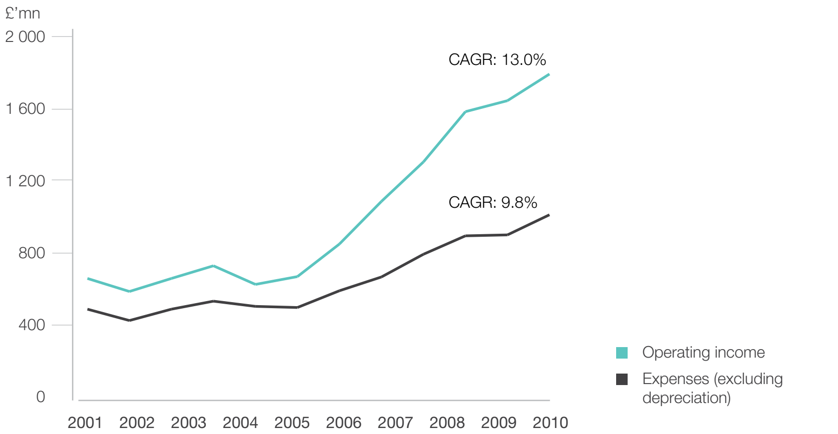


- We seek to maintain an appropriate balance between revenue earned from operational risk businesses and revenue earned from financial risk businesses
- This ensures that we are not reliant on any one part of our business to sustain our activities and that we have a large recurring revenue base that enables us to navigate through varying cycles and to support our long-term growth objectives
- Our current strategic objectives include increasing the proportion of our non-lending revenue base which we largely intend to achieve through the continued strengthening and development of our wealth and asset management businesses.

Continue strategy of building our franchise… maintain operational efficiency

Efficiency ratio

(before investments consolidated in the Private Equity portfolio)



Where CAGR is compound annual growth rate.

Leverage ratios

	31 March 2010	31 March 2009
Core loans to equity ratio	5.4x	6.2x
Core loans (excluding own originated assets which have been securitised) to customer deposits	76.2%	103.6%
Total gearing (assets excluding assurance assets to total equity)	12.5x	13.0x
Total gearing (excluding assurance and securitised assets)	11.7x	11.7x

Outlook

- We have **built** our capital, liquidity and third party assets under management over the period under review
- The **foundation** is now in place for further growth both in our non-capital intensive asset management businesses as well as our core specialist banking businesses
- Although the economic situation remains uncertain the business is oriented towards capturing available **opportunities** in all our core geographies.

- Cost to income ratio is 57.8% (well below our internal target of <65%)
- Total expenses grew by 14.9% to £957.2 million as a result of:
  - The appreciation of the Rand
  - An increase in variable remuneration in certain divisions given improved profitability
- Total headcount continues to be tightly managed across the group
- A non-cash deferred component has been introduced to variable remuneration payments

Continue strategy of building our franchise… maintain quality of balance sheet

- Continue to diversify funding sources and reduce reliance on wholesale funding
- Manage risk and maintain credit quality

Operating Financial review

Operating Financial review | **TWO**

2

We have benefited from a stable balance sheet and the intimate involvement of senior management in monitoring risk and liquidity

We have demonstrated the resilience of our business model and our ability to maintain strategic momentum

Improved performance with strong growth in core earnings drivers

The past year was a difficult year for many of the world's major economies which continued to impact on, not just our industry, but also our customers and clients. Throughout the financial crisis, we demonstrated the resilience of our business model and its ability to maintain strategic momentum. This, together with a constant focus on building the franchise and investing in the brand, has helped us secure increased recognition as a strong, independent financial institution. During the 2010 financial year, we strengthened our capital position while, at the same time, moving the organisation onto the front foot. This is reflected in an improved year end performance driven by the strong growth in both assets under management and customer deposits.

A diversified portfolio of businesses enabled us to deliver a stable performance, as demonstrated by the growth in earnings of our Asset Management, Investment Banking, Capital Markets and Property businesses. Although the operating environment did improve over the period, the pace of economic recovery was slow. This caused a delay in the improvement of non-performing loans which negatively affected our Private Banking business. Operating profit for the period increased 8.9% to £432.3 million. The board recommended a final dividend of 8.0 pence per ordinary share, bringing total dividends per share for the year to 16.0 pence, up 23.1% from 13.0 pence in 2009.

Strengthened capital and liquidity

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 in excess of regulatory requirements and capital ratios are within our target range across all core geographies. Investec Limited was able to increase its capital adequacy ratio from 14.2% at the beginning of the financial year to 15.6% at the end of the period while Investec plc remained solid at 15.9% with our tier 1 target of 11% being exceeded in all geographies. We will continue to protect the group's capital and liquidity position in a transformed capital environment.

Diversifying our funding sources has been a key element in improving the quality of the group's balance sheet and reducing our reliance on wholesale funding. We have been successful in growing customer deposits in all three core geographies with an additional £7.3 billion customer deposits raised across the group. The maintenance of cash reserves and a stock of readily available, high quality liquid assets well in excess of minimum regulatory requirements remains a core strategy. Accordingly, we substantially increased our cash and near cash balances from £4.9 billion to £9.1 billion which, on average, was between 20% to 30% of our liability base over the period.

One of our strengths over the past two years has been our consistent ability to maintain low gearing ratios across the group. This is represented by core loans and advances to equity at 5.4 times and total assets (excluding assurance assets) to equity at 12.5 times.

Distinctive specialist bank and asset manager

The aim of our business model is to maintain an appropriate balance between revenue earned from operational risk businesses and revenue earned from financial risk businesses. This ensures that we are not over reliant on any one part of the business to sustain our activities and that we have a large recurring revenue base that supports our long-term growth objectives and helps us navigate through varying cycles. Our current strategic objectives include increasing the proportion of our non-lending revenue base which we largely intend to achieve through the continued strengthening and development of our wealth and asset management businesses.

Accordingly, we have revised our mission statement to reflect this strategic intention. Our mission is hence to be a distinctive specialist bank and asset manager, driven by commitment to our core philosophies and values. Against this background, we have modified our segmental reporting disclosure for the period, effectively separating out the asset and wealth management activities from the specialist banking activities.

We will continue to protect the group's capital and liquidity position in a transformed capital environment

2

Asset Management

Asset Management reported an increase in operating profit of 26.0% to £83.4 million, benefiting from substantial net inflows of £4.7 billion. Since 31 March 2009, assets under management increased by 60.9% from £28.8 billion to £46.4 billion. The division's performance can be attributed to an experienced and stable team supported by a strong organisational culture and business structure. We now have a wide distribution footprint and seven distinct, scalable investment capabilities. We will continue our strategy of growing from the existing platform, reinforcing our position as an independent, pure play asset manager.

Private Wealth (previously Private Client Portfolio Management and Stockbroking)

Private Wealth reported an increase in operating profit of 7.4% to £25.9 million. The business in South Africa was affected by lower activity levels. The results of the UK operations include Investec's 47.1% share of the directors' estimate of the post-tax profit of Rensburg Sheppards plc for the year ended 31 March 2010.

On 30 March 2010, we reached agreement on the terms of a recommended all share offer in which we will acquire the entire issued and to-be-issued ordinary share capital of Rensburg Sheppards plc not already owned by ourselves. This provides a base for us to consolidate our wealth management businesses in the UK. In South Africa, we are in the process of integrating the Private Banking wealth management business with the Private Client Portfolio Management and Stockbroking business. This will result in a global wealth management business with a clear strategy to offer an integrated service to our domestic and international clients which will have a total of £27 billion of funds under management.

Property Activities

Property Activities generated an increase in operating profit of 35.6% to £33.5 million. The results of the division were largely supported by continued enhancement of the investment property portfolio in South Africa. Looking forward, efforts to launch additional funds are starting to gain traction in all three core geographies.

Private Banking

The Private Banking division reported a weaker performance as a result of a sharp decline in activity levels and credit extension, and higher impairments. Operating profit decreased by 54.0% to £37.0 million. We focused on liquidity substantially increasing our product range and distribution capabilities resulting in our deposit book growing by 52.3% to £11.8 billion. Funds under advice also increased 24.3% to £4.1 billion. We have remained profitable throughout this difficult period, maintaining momentum and substantially increasing our client base. This provides a solid foundation for future growth and we are now in a stronger competitive position to take advantage of identified opportunities.

Investment Banking

The Investment Banking division reported an increase of 47.6% in operating profit to £41.6 million with mixed performances across geographies and business activity. The Principal Investments division recorded a solid result, primarily driven by an improved performance from some of the investments held in the UK and Australian portfolios. The Agency divisions closed fewer transactions in comparison with the prior year and commissions were affected by lower volumes. While the outlook is predominantly driven by equity markets, our offering has expanded and we have grown the quality and size of our client base. We will continue to invest in building the capacity and strength of our platforms seeking appropriate investment opportunities in support of our clients.

Capital Markets

Capital Markets produced a solid performance with operating profit increasing 26.7% to £179.1 million. The division has experienced reasonable but reduced levels of activity across the advisory businesses and took advantage of appropriate credit and trading opportunities. Balance sheet management activities were affected by the lower rate environment and declining volatility. Core loans and advances declined 6.1% to £4.5 billion. Looking forward, we expect impairments to reduce and we remain well positioned in all key geographies to grow market share and extend our franchise.

Committed to high business ethics and to being a responsible lender

In the past few years, the corporate environment has been marked by intense regulatory and public scrutiny, particularly in the financial services industry where there is increased pressure to improve the structure and practices of financial markets. As an industry, we have much to do to regain the public's trust and to ensure the return of confidence to banking and finance. At Investec, we are committed to high standards of corporate governance and business ethics in all our activities, which remains the cornerstone of our business. Accordingly, throughout this year we have remained 'open for business' and, at the same time, have reinforced our commitment to being a responsible lender, providing access to credit and support while maintaining sensible lending standards.

Our endeavours to pursue sustainable profits include having a positive impact in each of the societies in which our businesses operate. Despite the difficult economic conditions of the past year, we continued to maintain our commitment to Our Business Responsibility as an integral part of how we do business. As a result, we were recognised for our sustainability efforts, receiving a number of awards in this area. In the UK, we received the Dragon Award 2009 for our Social Investment Programme. In South Africa, we won the power fitness category of the Eskom Energy Efficiency Award 2009 which rewards exceptional effort in the efficient use of energy and recognises excellence in the communication of energy efficiency to employees. Our Social Investment division won the 2009 Sunday Times Top 100 CSI Leadership Award in recognition of our overall societal approach and specifically the ongoing work within the educational arena.

The group's progress in this regard is outlined on pages 140 and 141 of this report.

Strong board of directors and dedicated staff delivering a distinctive service to clients

In these challenging times where there are increasing corporate governance and regulatory demands, a strong board is essential to the effective management of the company. During the period, we appointed Bradley Fried (previously Chief Executive Officer of Investec Bank plc) to the Investec plc and Investec Limited board as a non-executive director and look forward to the contribution his knowledge and wealth of experience brings to the board.

An essential element of our strategy and long-term success lies in our ability to deliver a distinctive service to our clients and relies on the continued support of our shareholders. In doing this, we rely on the excellence, inspiration and dedication of our employees to serve our clients in a comprehensive manner. For employees, the breadth of our businesses, entrepreneurial culture and a collaborative, performance-oriented work ethic offer a platform for individual success. We continue to invest in the proficiency and future advancement of our talented employee base, and strive to provide for them an environment of genuine meritocracy.

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Focus remains on building our franchise

Our current strategic objectives include increasing the proportion of our non-lending revenue base which we largely intend to achieve through the continued strengthening and development of our wealth and asset management businesses. Key to this strategy is our ability to grow our revenue drivers by generating high quality income through diversified revenue streams. We will also continue to focus on growing funds under management, increasing loan growth and transactional activity, and growing customer deposits.

In our endeavours to continue building the franchise, the following are key priorities for 2010:

- Maintaining a balanced portfolio of businesses
- Continually aligning the business model
- Ensuring operational efficiency
- Serving clients with distinction
- Building and investing in the brand.

Well positioned to capitalise on opportunities

The road ahead presents both challenges and opportunities. The global economy remains fragile as sovereign risk becomes a key challenge and financial market activity is likely to remain uncertain for some time. With our strong capital and liquidity position, we believe the foundations are now in place for further growth both in our non capital intensive asset management businesses as well as in our core specialist banking businesses. Although the economic situation remains uncertain, we are well positioned not only to meet these challenges, but also to capture the opportunities that we believe will be available as the global financial markets continue to align to the new normal.

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.)

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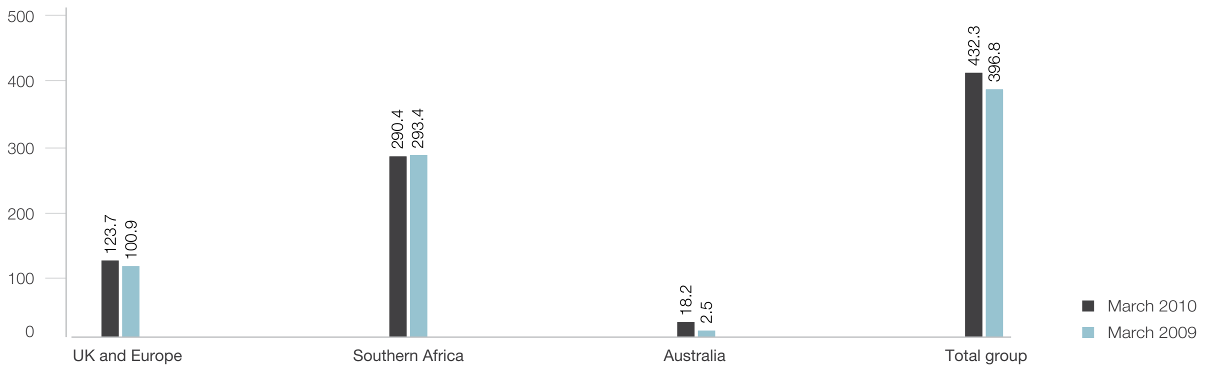
Overview

This commentary and analysis of our financial results for the year ended 31 March 2010 provides an overview of our financial performance relative to the group's results for the year ended 31 March 2009. 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.

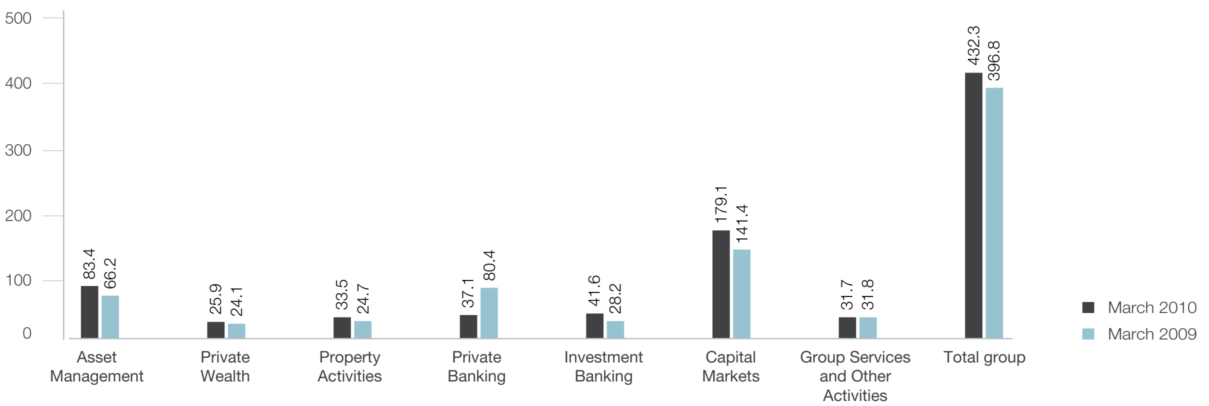
Operating profit before goodwill, non-operating items, taxation and after minorities by geography

£'mn



Operating profit before goodwill, non-operating items, taxation and after minorities by line of business

£'mn



Presentation of financial information

Introduction

Investec operates under a Dual Listed Companies (DLC) structure with premium/primary listings of Investec plc on the London Stock Exchange and Investec Limited on the JSE Limited.

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.

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.

	31 March 2010		31 March 2009	
Currency per £1.00	Period end	Average	Period end	Average
South African Rand	11.11	12.38	13.58	14.83
Australian Dollar	1.66	1.88	2.07	2.19
Euro	1.12	1.13	1.08	1.21
US Dollar	1.52	1.59	1.43	1.73

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 period has appreciated by 16.5% and the closing rate has appreciated by 18.2% since 31 March 2009.

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

	Results as reported at 31 March 2010	Currency neutral results at 31 March 2010**
Southern African operating profit before taxation (£'000)*	294 799	240 715
Southern African profit after tax and minorities (£'000)*	217 544	176 106
Total group operating profit before taxation (£'000)*	413 456	359 289
Total group adjusted earnings attributable to ordinary shareholders (£'000)*	309 710	272 318
Adjusted EPS (pence)*	45.1	39.6
Total assets (£'million)	46 572	42 298
Total shareholders' equity (£'million)	3 292	3 047

**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 2009. For income statement items we have used the average Rand: Pounds Sterling exchange rate that was applied in the prior period, i.e. 14.83.*

Adjusted EPS

up by 6.4% to
45.1 pence

Dividends per share

up 23.1% to
16.0 pence

Customer deposits

up 50.5% to
£21.9 billion

Third party assets under management

up 51.9% to
£74.2 billion

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The global economy has shown some signs of recovery, however, operating fundamentals remain mixed with activity levels below historic trends

An overview of the operating environment impacting our business

United Kingdom

Official data shows the UK lagging other international economies in emerging from recession. After six consecutive falls in output, accounting for a drop of 6¼% of GDP, the economy expanded by 0.4% in Q4 2009 and 0.3% in Q1 2010. The economy contracted by 3.7% in the 2009/2010 financial year. While Q1 2010 looks adversely affected by heavy snowfall, independent surveys point to a faster pace of expansion than officially recorded, suggesting that economic recovery may have started earlier in the UK. The course of this year has seen some encouraging developments: unemployment started to fall sooner than we had hoped and deterioration in public finances was less than government had forecast; both developments point to stronger economic activity.

Yet the public deficit still hit a hefty 11.1% of GDP and it became a central election issue. The MPC extended its process of 'quantitative easing' across the financial year – creating money in exchange for (mainly) government bonds – from a proposed £75 billion in March 2009 to £200 billion, purchases that it completed in January 2010. Since then the committee has become increasingly fretful of a more persistent rate of CPI inflation, which stood at 3.4% at the end of 2009/2010.

Eurozone

The Eurozone economy emerged from recession in Q3 2009, expanding by 0.4% in Q3, but posting softer growth in subsequent quarters. The larger economies of Germany and France led this expansion, posting growth of 0.4% and 0.3% respectively in Q2, both benefiting from international car scrappage schemes and Germany particularly lifted by a revival in world trade and exports to the Far East and China specifically. Growth softened to 0.1% in Q4 and 0.2% in Q1 2010, although survey evidence has suggested a quickening of growth thereafter.

Yet the Eurozone has become embroiled in a government debt crisis that began in October when the new Greek government revealed significant discrepancies in its national accounts, making it the Eurozone's most indebted nation. Greek financing costs rose gradually from here, but the increase accelerated in 2010. A bungled bail-out proposal, impeded by a German government facing a key election, added to market uncertainty and while Greek debt costs soared towards the financial year end there were some signs of worries spilling into other Eurozone economies including Portugal, Ireland and Spain.

The European Central Bank, which had been slower to react to economic slowdown than other international central banks, started this financial year still cutting its key refinancing rate to 1.00%. It then announced a series of technical measures in April 2009 that drove overnight interest rates to hover around 0.35% from July 2009 to the end of March 2010.

Australia

The Australian economy rebounded from just one quarter's contraction in the wake of the Lehman Brothers collapse, but has expanded consistently since then, posting an average quarterly growth rate of 0.7% across 2009/2010 to see annual GDP 1.8% higher. Yet this still sub-trend pace of expansion coincided with a rise in unemployment, which reached a peak of 5.8% in Q3 2009, before easing back to 5.4% by the year's close. The economy benefited from the recovery in Asian markets and exports provided a lift to the economy in the first half of 2009. However, this year has seen momentum spread into domestic demand, with household spending posting solid increases. The Reserve Bank of Australia (RBA) was still easing monetary policy at the start of the financial year and cut its key cash rate to 3.0% in April 2009. Yet the spread of recovery into the domestic economy led the RBA to withdraw some of this stimulus and rates began to rise in August 2009, taking rates to 4.0% by year end.

United States

The US economy started expanding again this year. Q2 2009 posted the fourth consecutive quarterly contraction, reducing GDP by 3.8% from its peak. Q3 saw the economy begin to grow again, expanding by 2.2% (annualised). This was followed by increases of 5.6% and 3.0% in the subsequent quarters, although these figures were boosted by the inventory cycle and growth averaged just 1.3% per quarter excluding this effect. GDP stood 1.0% lower in 2009/2010 compared with 2008/2009. The arbiter of the US economic cycle, the National Bureau of Economic Research, is yet to declare an end to the recession, but the quarterly pattern of growth suggests that this has indeed happened.

The economic downturn also led to a disproportionately aggressive labour market response, with dramatically reduced headcount. This boosted labour productivity, which should bode well for employment trends ahead. Indeed payrolls started to rise again towards the end of the period under review. But pay growth remains subdued and is contributing to a still softening rate of 'core' inflation. The Federal Reserve remains cautious over the economic outlook, and closed all but one of its special operations to support financial markets as conditions improved during 2009/2010. It also completed its 'credit easing' purchases. The Federal Reserve maintained its commitment to leave rates "exceptionally low" for "an extended period" although, since the start of 2010, one member has moved to drop this commitment. Overall the Fed now oversees an economy with a modest growth outlook, not one facing another depression.

South Africa

South Africa's general elections took place in April 2009, with the ANC retaining majority but resulting in a switch in leaders from acting President Kgalema Motlhanthe to South Africa's current leader, President Jacob Zuma. Despite unfounded fears that the leader of the ANC would alter economic policies once he gained the presidency, President Zuma proved not only to steer a steady course, but has soothed many opposing sectors while simultaneously providing both policy continuity and improved workings of monetary and fiscal operations. Draft work on current policies, from industrial to education, is aimed at setting South Africa on a higher growth and employment path, one which is achievable given the relatively robust way the country has weathered the international credit crisis.

While South Africa did slip into recession at the end of 2008, which bottomed in the first quarter of 2009, the contraction only lasted three quarters. With quarterly growth of 0.8% at the end of 2009, South Africa is expected to see an improved growth outcome this year, with 2010 averaging 2.7%, and the 2011 forecast running at 3.6%. In addition, the expectation of a fiscal deficit of 7.3% of GDP for 2009/2010 has been revised to 6.8% of GDP, due to improved revenue collection and subdued expenditure. The fiscal deficit was expected at 6.2% for 2010/2011 but this is likely to be revised closer to 5% as the economy grows at a faster pace than Treasury expected. Key is that South Africa itself did not experience a banking crisis due to the well regulated nature of the industry, aided by exchange controls and substantial bank supervision, which prevented any contagion. Instead, South Africa was afflicted by the fact that the international credit crises morphed into a global recession, decimating export markets and causing 8% of the workforce to become unemployed.

The institution of the NCA (National Credit Act) mid 2008 limited consumer indebtedness at the peak of the boom, but did not prevent the private sector from reaching a heady household debt to disposable income ratio of 80% in 2009, well up from 60% in 2005. The previous cumulative 5% hike in interest rates, beginning mid 2006, had little impact on the build up in debt, but coincided with the global economic slowdown, leading to five successive quarters of contraction in household consumption, beginning in the third quarter of 2008. Interest rates were then cut by 5.5% since December 2008, with 3% in the past financial year.

In early 2010, consumer spending showed signs of fragile recovery. CPI inflation continued on its downward path throughout 2009, ending the financial year at 5.1% year-on-year. Key to the easing in inflation has been Rand strength over most of 2009 and 2010, in particular against the Euro, supported by capital inflows into domestic bonds and equities on the back of a re-rating in sovereign risk, and still relatively high South African interest rates. Rand strength was broad based across all major currencies but most pronounced against the Dollar and the Euro.

2009/2010 was a very tough year for the South Africa economy, with over one million jobs lost, but not one which was catastrophic fiscally and South Africa has emerged in a much better position than most developed countries.

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The table below provides an overview of some key statistics that should be considered when reviewing our operational performance.

	31 March 2010 period end	31 March 2009 period end	Average over the period
Market indicators			
FTSE All share	2 910	1 984	2 513
JSE All share	28 748	20 364	25 114
Australia All ords	4 893	3 532	4 400
S&P	1 169	798	1 024
Nikkei	11 090	8 110	9 969
Dow Jones	10 857	7 609	9 534
Exchange rates			
Rand/Pounds Sterling	11.11	13.58	12.38
Rand/Dollar	7.28	9.51	8.40
US Dollar/Euro	1.35	1.33	1.34
Euro/Pounds Sterling	1.12	1.08	1.13
Australian Dollar/Pounds Sterling	1.66	2.07	1.88
US Dollar/Pounds Sterling	1.52	1.43	1.59
Rates			
UK overnight	0.40%	0.63%	0.46%
UK 10 year	3.94%	3.17%	3.75%
UK Clearing Banks Base Rate	0.50%	0.57%	0.51%
LIBOR – 3 month	0.65%	1.65%	0.85%
SA R153 (2010)	6.95%	6.88%	7.23%
SA R157 (2015)	7.95%	8.18%	8.32%
Rand overnight	6.28%	9.16%	7.09%
SA prime overdraft rate	10.00%	13.00%	10.90%
JIBAR – 3 month	6.67%	8.80%	7.40%
Reserve Bank of Australia cash target rate	4.00%	3.25%	3.33%
US 10 year	3.83%	2.67%	3.48%
Commodities			
Gold	USD1 113/oz	USD919/oz	USD1 023/oz
Gas Oil Futures	USD684/mt	USD420/mt	USD573/mt
Platinum	USD1 644/oz	USD1 129/oz	USD 1 341/oz
Macro-economic			
UK GDP (% change over the period)	(3.70%)	(1.00%)	n/c
UK per capita GDP (£)	22 578	23 496	–
South Africa GDP (% real growth over the calendar year)	4.60%	3.10%	n/c
South Africa per capita GDP (real value) (R)	35 997	25 897	–
Australia GDP (% change over the period)	1.80%	1.60%	n/c
Per capita GDP (A$)	57 609	55 260	–

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

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.

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Total operating income

Total operating income net of insurance claims increased 11.3% from £1 490 million to £1 657 million. The various components of total operating income are analysed below.

£'000	31 March 2010	% of total income	31 March 2009	% of total income	% change
Net interest income	613 086	37.0	694 031	46.6	(11.7)
Other income	1 044 102	63.0	795 490	53.4	31.3
Net fees and commissions income	545 077	32.9	531 522	35.7	2.6
Principal transactions	457 759	27.6	276 521	18.6	65.5
Operating income from associates	11 595	0.7	12 438	0.8	(6.8)
Net income on assurance activities	6 934	0.4	5 249	0.4	32.1
Other operating income/(loss)	22 737	1.4	(30 240)	(2.1)	>100.0
Total operating income net of insurance claims	1 657 188	100.0	1 489 521	100.0	11.3

Net interest income

Net interest income decreased by 11.7% to £613.1 million (2009: £694.0 million) largely as a result of a lower return generated on excess capital held given the declining rate environment.

£'000	31 March 2010	31 March 2009	Variance	% change
Asset Management	1 977	7 821	(5 844)	(74.7)
Private Wealth	2 392	2 051	341	16.6
Property Activities	(7 513)	(6 886)	(627)	9.1
Private Banking	287 121	274 236	12 885	4.7
Investment Banking	(7 265)	2 612	(9 877)	(>100.0)
Capital Markets	309 878	286 712	23 166	8.1
Group Services and Other Activities	26 496	127 485	(100 989)	(79.2)
Net interest income	613 086	694 031	(80 945)	(11.7)

Net fee and commission income

Net fee and commission income increased by 2.6% to £545.1 million (2009: £531.5 million). Average funds under management have been supported by improved market indices and significant net inflows. Transactional activity, however, remains mixed and below historic trends.

£'000	31 March 2010	31 March 2009	Variance	% change
Asset Management	243 599	197 732	45 867	23.2
Private Wealth	36 852	32 100	4 752	14.8
Property Activities	15 375	22 724	(7 349)	(32.3)
Private Banking	91 344	97 959	(6 615)	(6.8)
Investment Banking	71 088	69 041	2 047	3.0
Capital Markets	93 180	115 465	(22 285)	(19.3)
Group Services and Other Activities	(6 361)	(3 499)	(2 862)	81.8
Net fee and commission income	545 077	531 522	13 555	2.6

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Principal transactions

Income from principal transactions increased 65.5% from £276.5 million to £457.8 million. We have benefited from the repurchase of our debt, opportunities taken in the dislocated credit markets and good trading conditions across all geographies.

£'000	31 March 2010	31 March 2009	Variance	% change
Asset Management	191	(30)	221	>100.0
Private Wealth	1 023	42	981	>100.0
Property Activities	45 918	22 539	23 379	>100.0
Private Banking	12 578	7 823	4 755	60.8
Investment Banking	80 985	91 159	(10 174)	(11.2)
Capital Markets	196 845	140 462	56 383	40.1
Group Services and Other Activities	120 219	14 526	105 693	>100.0
Principal transactions	457 759	276 521	181 238	65.5

Operating income from associates

Operating income from associates decreased by 6.8% to £11.6 million (2009: £12.4 million). The figure includes Investec's 47.1% share of the directors' estimate of the post-tax profit of Rensburg Sheppards plc for the year ended 31 March 2010.

Other operating income/loss

The consolidation of the operating results of certain investments held within our Private Equity portfolio is partly reflected in other operating income/loss, which improved from a loss of £30.2 million to a gain of £22.7 million.

Impairment losses on loans and advances

The weaker credit cycle has caused a decline in the performance of our loan portfolio. Impairment losses on loans and advances have increased from £163.0 million to £205.4 million (excluding Kensington). The credit loss charge as a percentage of average gross core loans and advances is 1.16%, marginally higher than the 1.08% reported at 31 March 2009. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances has increased from 3.3% to 4.0% since 31 March 2009. The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.33 times (2009: 1.22 times).

Impairment losses on loans and advances relating to the Kensington business amount to £81.2 million (2009: £93.2 million). The total Kensington book has reduced to £4.7 billion from £5.2 billion at 31 March 2009. The percentage of accounts in arrears has increased as the book continues to run off.

Total expenses

The ratio of total operating expenses to total operating income amounts to 57.8% (2009:55.9%).

Total expenses grew by 14.9% to £957.2 million (2009: £833.3 million) largely as a result of the appreciation of the Rand and an increase in variable remuneration in certain divisions given improved profitability. Total staff compensation costs increased by 15.0% to £598.1 million (2009: £520.2 million), resulting in a compensation ratio of 36.1% (2009: 34.9%). Other operating expenses increased by 14.7% to £359.1 million.

£'000	31 March 2010	% of total expenses	31 March 2009	% of total expenses	% change
Staff costs	(598 076)	62.5	(520 159)	62.4	15.0
– fixed	(416 663)	43.5	(375 343)	45.0	11.0
– variable	(181 413)	19.0	(144 816)	17.4	25.3
Business expenses	(175 855)	18.4	(153 890)	18.5	14.3
Equipment (excluding depreciation)	(48 827)	5.1	(47 205)	5.7	3.4
Premises (excluding depreciation)	(59 124)	6.2	(47 632)	5.7	24.1
Marketing expenses	(38 812)	4.1	(34 272)	4.1	13.2
Depreciation	(36 457)	3.7	(30 102)	3.6	21.1
Total expenses	(957 151)	100.0	(833 260)	100.0	14.9

Goodwill

The current period goodwill impairment relates to Asset Management businesses acquired in prior years.

Taxation

The effective operational tax rate of the group decreased from 21.1% to 20.6% as a result of an increase in income earned that is subject to lower tax rates or is non-taxable.

Losses attributable to minority interests

Losses attributable to minority interests of £18.8 million largely comprise:

- £12.3 million relating to investments consolidated in the Private Equity division
- £6.9 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 increased from £292.0 million to £346.1 million.

Dividends and earnings per share

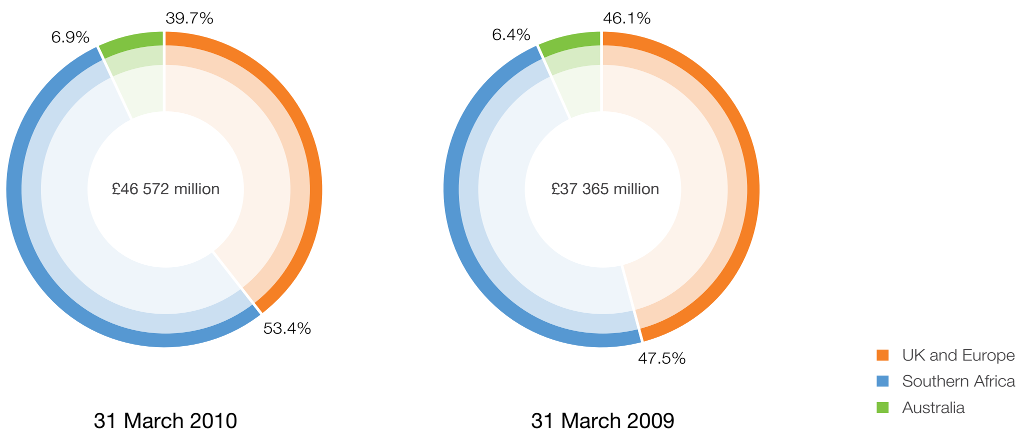
Information with respect to dividends and earnings per share is provided on pages 145 and 146 and pages 172 and 173.

Balance sheet analysis

Since 31 March 2009:

- Total shareholders' equity (including minority interests) increased by 25.6% to £3.3 billion largely as a result of retained earnings and the issue of shares
- Total assets increased from £37.4 billion to £46.6 billion largely as a result of increased cash holdings and movement in exchange rates
- The return on adjusted average shareholders' equity declined from 14.8% to 13.5%.

Assets by geography



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Ten year review

Salient features*

For the year ended 31 March**	2010	2009	% change 2010 vs 2009
Income statement and selected returns			
Operating profit before goodwill, non-operating items, taxation, impairments and after minorities (£'000) ø	718 839	652 939	10.1
Operating profit before goodwill, non-operating items and taxation (£'000)ø	432 258	396 766	8.9
Operating profit: Southern Africa (% of total)ø	67.2%	74.0%	–
Operating profit: UK, Europe, Australia and Other (% of total)ø	32.8%	26.0%	–
Adjusted earnings attributable to ordinary shareholders before goodwill and non-operating items (£'000)	309 710	269 215	15.0
Headline earnings (£'000)	275 131	261 627	5.2
Cost to income ratio	57.8%	55.9%	–
Staff compensation to operating income ratio	36.1%	34.9%	–
Return on average adjusted shareholders' equity (post-tax)	13.5%	14.8%	–
Return on average adjusted tangible shareholders' equity (post-tax)	15.4%	17.4%	–
Operating profit per employee (£'000)	69.7	62.6	11.3
Net interest income as a % of operating income net of insurance claims	37.0%	46.6%	–
Non-interest income as a % of operating income net of insurance claims	63.0%	53.4%	–
Recurring income as a % of total operating income net of insurance claims	60.4%	70.0%	–
Effective operational taxation rate	20.6%	21.1%	–
Balance sheet			
Total capital resources (including subordinated liabilities) (£'million)	4 362	3 762	15.9
Total shareholders' equity (including preference shares and minority interests) (£'million)	3 292	2 621	25.6
Shareholders' equity (excluding minority interests) (£'million)	2 955	2 297	28.6
Total assets (£'million)	46 572	37 365	24.6
Core loans and advances to customers (including own originated securitised assets) (£'million)	17 891	16 227	10.3
Core loans and advances to customers as a % of total assets	38.4%	43.4%	–
Cash and near cash (£'million)	9 117	4 866	87.4
Customer accounts (deposits) (£'million)	21 934	14 573	50.5
Third party assets under management (£'million)	74 190	48 828	51.9
Capital adequacy ratio: Investec plcº	15.9%	16.2%	–
Capital adequacy ratio: Investec Limitedº	15.6%	14.2%	–
Credit loss ratio (income statement impairments as a % of average advances)	1.16%	1.08%	–
Defaults (net of impairments and before collateral) as a % of net core loans and advances to customers	3.98%	3.28%	–
Gearing/leverage ratio (assets excluding assurance assets to total equity)	12.5x	13.0x	–
Core loans to equity ratio	5.4x	6.2x	–
Core loans (excluding own originated securitised assets) to customer deposits	76.2%	103.6%	–
Salient financial features and key statistics			
Adjusted earnings per share (pence)#	45.1	42.4	6.4
Headline earnings per share (pence)#	40.1	41.2	(2.7)
Basic earnings per share (pence)#	44.0	38.5	14.3
Diluted earnings per share (pence)#	41.5	36.1	15.0
Dividends per share (pence)#	16.0	13.0	23.1
Dividend cover (times)	2.8	3.3	(15.2)
Net tangible asset value per share (pence)#	324.1	266.3	21.7
Weighted number of ordinary shares in issue (million)#	686.3	634.6	8.1
Total number of shares in issue (million)#	741.0	713.2	3.9
Closing share price (pence)#	539	292	84.6
Market capitalisation (£'million)	3 993	2 083	91.7
Number of employees in the group	6 123	5 951	2.9
Closing ZAR/£ exchange rate	11.11	13.58	(18.2)
Average ZAR/£ exchange rate	12.38	14.83	(16.5)

***The numbers prior to 2005 are reported in terms of UK GAAP, and thereafter in terms of IFRS.*

^Calculation not comparable.

ºInformation prior to 2008 is in terms of Basel I and thereafter in terms of Basel II.

2

2008	2007	2006	2005	2004	2003	2002	2001
622 902	483 115	397 927	239 969	153 218	104 070	173 235	151 211
508 717	466 585	388 767	224 124	132 260	85 762	158 567	133 196
66.7%	57.6%	68.3%	66.9%	58.6%	81.0%	51.6%	25.6%
33.3%	42.4%	31.7%	33.1%	41.4%	19.0%	48.4%	74.4%
344 695	300 704	230 017	149 510	106 203	89 668	127 613	100 906
301 499	294 881	222 805	147 037	105 752	83 595	115 777	100 906
56.1%	59.0%	58.7%	67.4%	72.7%	80.0%	72.0%	72.6%
37.2%	40.9%	40.1%	43.4%	47.3%	51.1%	44.5%	45.5%
23.6%	26.1%	25.5%	20.0%	15.4%	13.1%	19.4%	18.2%
28.6%	31.7%	32.7%	28.8%	25.6%	26.0%	37.2%	25.8%
84.4	92.3	91.5	48.6	25.9	14.3	29.8	28.7
39.3%	29.2%	26.8%	23.2%	18.8%	21.3%	26.5%	28.9%
60.7%	70.8%	73.2%	76.8%	81.2%	78.7%	73.5%	71.1%
65.1%	58.7%	56.9%	59.2%	62.6%	66.1%	68.7%	74.6%
22.6%	26.3%	27.3%	28.8%	21.0%	6.3%	18.0%	22.6%
3 275	2 665	2 042	1 579	1 303	1 012	958	842
2 210	1 820	1 512	1 076	805	736	768	603
1 911	1 542	1 226	931	682	697	691	536
34 224	26 300	23 901	19 917	15 319	14 914	16 957	15 984
12 854	10 095	9 605	6 408	4 846	3 909	3 314	3 299
37.7%	38.4%	40.2%	32.2%	31.6%	26.2%	19.5%	20.6%
5 028	Δ	Δ	Δ	Δ	Δ	Δ	Δ
12 133	10 650	8 699	6 805	7 211	6 355	7 068	8 076
52 749	56 121	56 331	33 855	30 138	24 088	24 741	23 084
15.3%	24.7%	17.7%	16.1%	17.3%	14.2%	^	^
13.9%	14.7%	16.3%	17.9%	15.1%	12.2%	^	^
0.51%	0.17%	0.11%	0.28%	0.48%	0.51%	0.44%	0.56%
1.29%	0.92%	0.52%	0.31%	1.26%	0.78%	0.34%	0.37%
13.8x	12.2x	12.5x	14.8x	15.6x	16.8x	19.0x	24.6x
5.8x	5.5x	6.4x	6.0x	6.0x	5.3x	4.3x	5.5x
98.4%	89.1%	105.6%	91.2%	67.2%	61.5%	46.9%	40.8%
56.9	53.3	41.9	26.9	20.8	19.2	28.0	25.2
49.7	52.3	40.6	26.5	20.7	17.9	25.4	25.2
57.7	54.7	53.8	17.8	12.0	(13.4)	3.0	19.8
54.0	50.4	50.0	17.1	11.9	(13.4)	2.8	19.3
25.0	23.0	18.2	13.4	11.6	10.8	10.8	13.7^^
2.3	2.3	2.3	2.0	1.8	1.8	2.6	1.8
215.0	178.6	148.9	99.2	83.0	75.0	74.8	^
606.2	563.8	548.8	555.5	511.5	466.5	456.5	401.0
657.6	609.3	593.0	593.0	593.0	565.0	461.0	405.0
339	658	588	311	218	123	161	346
2 229	4 009	3 488	1 844	1 292	695	742	1 400
6 333	5 430	4 453	4 163	4 458	4 874	5 529	4 836
16.17	14.20	10.72	11.73	11.67	12.51	16.16	11.40
14.31	13.38	11.43	11.47	12.02	15.04	13.65	10.82

^^ *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] *Information prior to 2008 is shown before minorities and thereafter post minorities.*

[Δ] *Information not previously disclosed in this format.*

2

Group operating structure

Investec is a focused, specialist bank and asset manager striving to be distinctive in all that it does. 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.

We seek to maintain an appropriate balance between revenue earned from operational risk businesses and revenue earned from financial risk businesses. This ensures that we are not over reliant on any one part of our business to sustain our activities and that we have a large recurring revenue base that enables us to navigate through varying cycles and to support our long-term growth objectives. Our current strategic objectives include increasing the proportion of our non-lending revenue base which we largely intend to achieve through the continued strengthening and development of our wealth and asset management businesses.

Against this background, we have modified our segmental reporting and divisional disclosure for the period, effectively separating out our asset and wealth management activities from our specialist banking activities. This has not resulted in a restatement of any segmental reporting numbers but has merely altered the format of the disclosure.

Asset and wealth management

Asset Management
- Institutional
- Retail
- Offshore Funds

- Australia
- Asia
- Southern Africa
- UK and Europe
- USA

Private Wealth
- Portfolio management
- Stockbroking
- Alternative investments
- Investment advisory services
- Electronic trading services
- Retirement portfolios

- Southern Africa
- UK and Europe

Specialist bank

Property Activities
- Fund Management
- Listed Funds
- Trading and Development

- Australia
- Southern Africa
- UK and Europe

Private Banking
- Banking activities
- Growth and acquisition finance
- Private wealth management
- Specialised lending
- Structured property finance
- Trust and fiduciary services

- Australia
- Southern Africa
- UK and Europe

Investment Banking
- Corporate Finance
- Institutional Research, Sales and Trading
- Principal Investments

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

Capital Markets
- Specialised Lending
- Structured Derivatives
- Securitisation and Principal Finance
- Specialist Funds

- Australia
- Canada
- Southern Africa
- UK and Europe

Group Services and Other Activities

Central Services • Central Funding • International Trade Finance

Integrated global management structure

Global roles

Chief Executive Officer – Stephen Koseff

Managing Director – Bernard Kantor

Executive Director – Alan Tapnack

Group Risk and Finance Director – Glynn Burger

Geographic business leaders
- South Africa: Andy Leith, Glynn Burger, David Lawrence
- United Kingdom: Steven Heilbron and David van der Walt
- Australia: David Clarke

Specialist bank
- Property Activities: Sam Hackner
- Private Banking: Steven Heilbron
- Investment Banking: Andy Leith
- Capital Markets: David van der Walt

Asset Management Hendrik du Toit

Private Wealth Henry Blumenthal – SA

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

Business highlights

Operating profit before goodwill, non-operating items, taxation and after minorities increased by 8.9% from £396.8 million to £432.3 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 ended 31 March 2010 £'000	UK and Europe	Southern Africa	Australia	Total group	% change	% of total
Asset Management	25 335	58 077	–	83 412	26.0	19.3
Private Wealth	11 637	14 250	–	25 887	7.4	6.0
Property Activities	825	31 582	1 072	33 479	35.7	7.8
Private Banking	6 545	29 330	1 177	37 052	(54.0)	8.6
Investment Banking	(4 399)	45 694	273	41 568	47.6	9.6
Capital Markets	93 163	70 572	15 404	179 139	26.7	41.4
Group Services and Other Activities	(9 407)	40 862	266	31 721	(0.2)	7.3
Total group	123 699	290 367	18 192	432 258	8.9	100.0
Minority interest – equity				(18 802)		
Operating profit before goodwill				413 456		
% change	22.6	(1.0)	>100.0	8.9		
% of total	28.6	67.2	4.2	100.0		

For the year ended 31 March 2009 £'000	UK and Europe	Southern Africa	Australia	Total group	% of total
Asset Management	17 149	49 037	–	66 186	16.7
Private Wealth	12 044	12 058	–	24 102	6.1
Property Activities	774	21 769	2 138	24 681	6.2
Private Banking	42 034	35 954	2 475	80 463	20.3
Investment Banking	(30 810)	66 065	(7 089)	28 166	7.1
Capital Markets	78 015	61 150	2 209	141 374	35.6
Group Services and Other Activities	(18 316)	47 395	2 715	31 794	8.0
Total group	100 890	293 428	2 448	396 766	100.0
Minority interest – equity				3 322	
Operating profit before goodwill				400 088	
% of total	25.4	74.0	0.6	100.0	

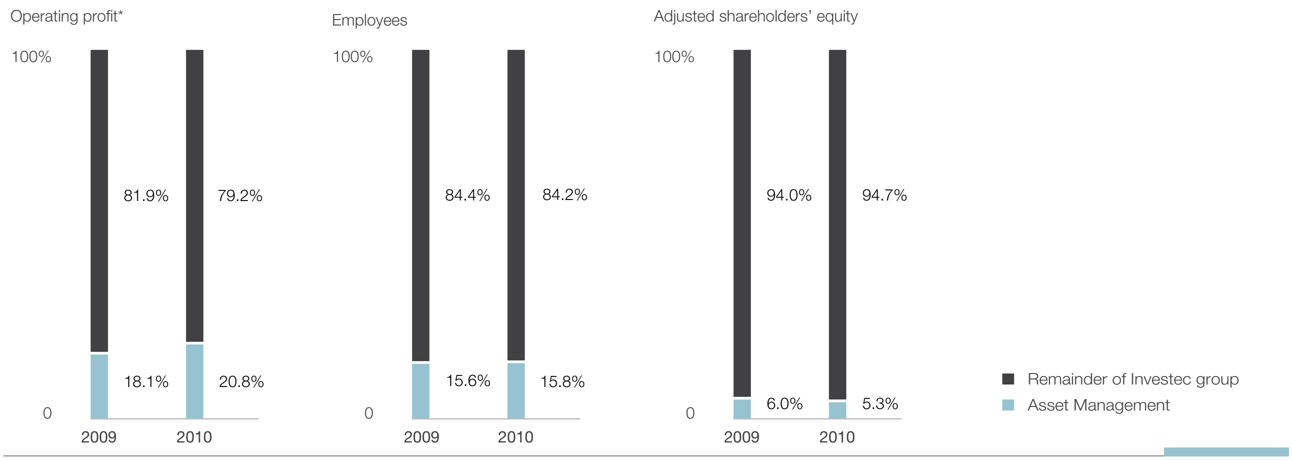
Strategy

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

Overview and financial highlights

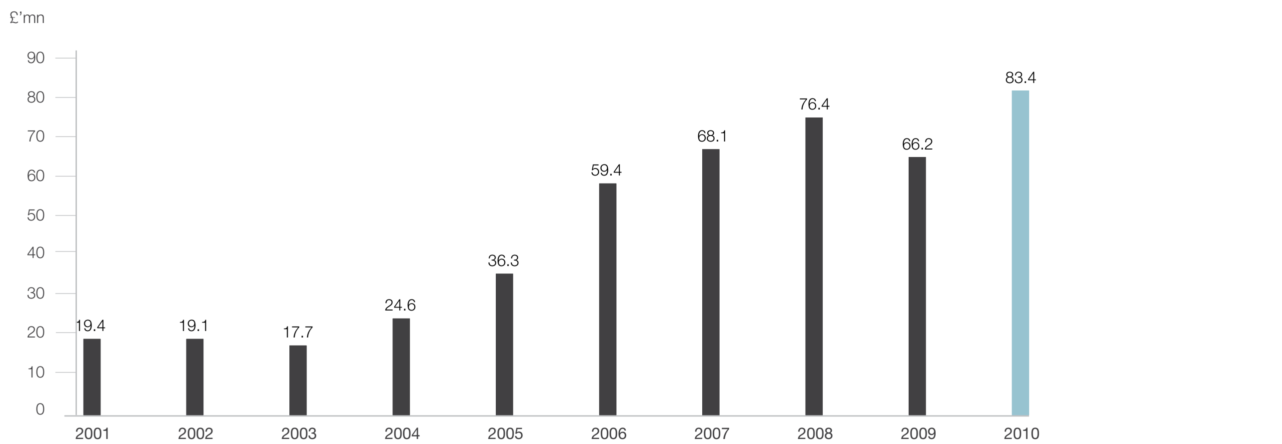
- Operating profit increased by 26.0% to £83.4 million, contributing 20.8% to group profit
- The increase in profitability was supported by both record net flows and higher market levels over the financial year. These net flows were from all of the distribution channels and across a wide range of investment capabilities
- Assets under management increased by £17.6 billion (60.9%), and now stand at a record level of £46.4 billion.

Contribution analysis



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

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 from 2008 are shown before goodwill, non-operating items, taxation and after minorities. Prior to 2008 amounts have not been adjusted for minorities.

Developments

- Over the financial year, we continued to deepen our distribution footprint and solidified our seven investment capabilities
- Our wider distribution footprint facilitated record net flows for the financial year of £4.7 billion. We are also pleased to report record assets under management of £46.4 billion (R515.4 billion)
- With our breadth of investment products and sound performance across the range, we are experiencing good traction:
  - 80% by value and 76% by number of our mutual funds based outside of Southern Africa are in the first or second quartile over three years
  - 69% by value and 67% by number of our mutual funds based in Southern Africa are in the first or second quartile over three years
  - 100% of institutional propositions outperformed their benchmarks since inception outside of Southern Africa and in Southern Africa 92% of institutional propositions outperformed their benchmarks since GIPS (Global Investment Performance Standards) inception.

Outlook

- Key risks for our business include market levels, key staff retention, reputational risk and a slump in investment performance
- We have good sales opportunities based on our broad range of investment capabilities and our wide distribution footprint

Adjusted shareholders' equity

up 14.0% to

£137.3 million

ROE (pre-tax)

up to

53.0 percent

Cost to income ratio

down to

66.6 percent

Operating profit per employee

up 29.9% to

£88.1 thousand

Key income drivers

- Fixed fees as a percentage of assets under management
- Variable performance fees

Other drivers

- Market levels
- Net new business
- Competitive positioning
- Attraction and retention of talented employees

2

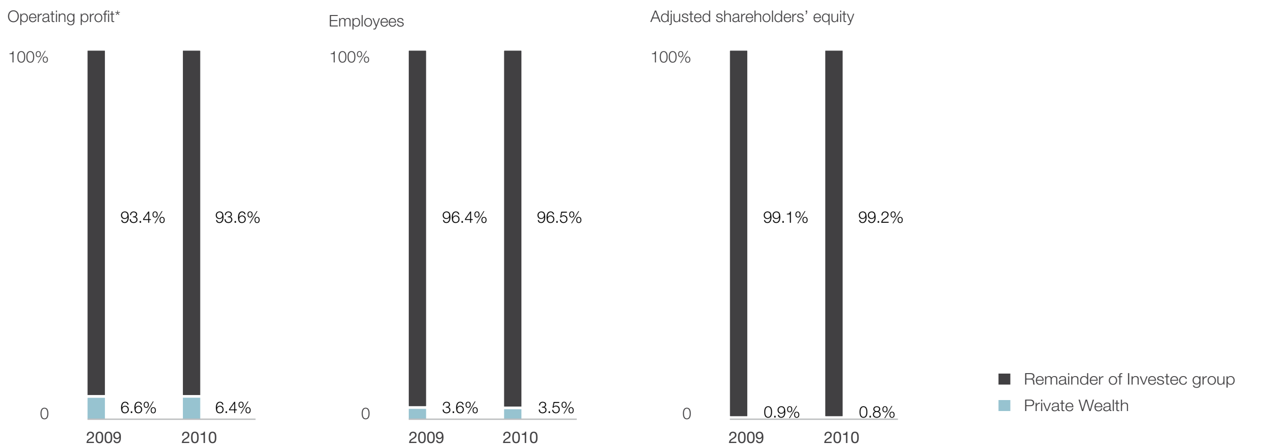
Strategy

South Africa	UK and Europe
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.	• We hold a 47.1 interest in Rensburg Sheppards plc

Overview and financial highlights

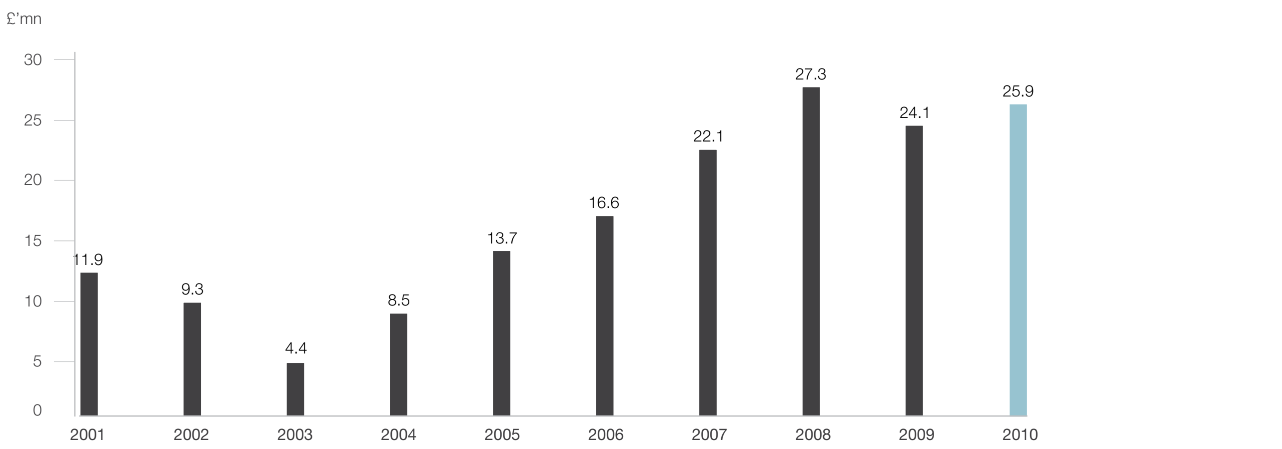
- Operating profit increased by 7.4% to £25.9 million, contributing 6.4% to group profit
- Since 31 March 2009, private client funds under management in South Africa increased by 33.0% from R85.0 billion to R113.0 billion
- Total funds under management (including Rensburg Sheppards plc) increased by 41.8% from £16.3 billion to £23.1 billion.

Contribution analysis



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

Operating profit^ – track record



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Developments

UK and Europe

- Rensburg Sheppards plc released its results for the year ended 31 March 2010 on 21 May 2010. Salient features of the results extracted directly from the announcement released by the company include:

  "Key points:

  - Adjusted profit before tax of £30.2 million (2009 restated: £36.3 million)
  - Adjusted basic earnings per share of 50.1 pence (2009 restated: 58.8 pence)
  - Underlying rate of net organic growth in funds under management of 4.9% (2009: 1.9%)
  - Group funds under management at 31 March 2010 of £12.90 billion (2009: £10.01 billion)"
- On 30 March 2010, it was announced that Investec plc and Rensburg Sheppards plc had reached agreement on the terms of a recommended all share offer under which Investec plc would acquire the entire issued and to be issued ordinary share capital of Rensburg Sheppards plc not already owned by it. The offer is conditional, among other things, on certain regulatory conditions being fulfilled to the reasonable satisfaction of Investec and Rensburg Sheppards plc, the passing of resolutions by Rensburg Sheppards plc shareholders and the sanction of the court
- This transaction provides a base for us to consolidate our wealth management businesses in the UK. Further details on the proposed transaction can be found in the Scheme Document available on our website.

South Africa

- Global financial markets experienced one of the most impressive 12 month rallies on record as a result of unprecedented fiscal stimulus initiatives of the major central banks in response to the global economic crisis. South African equity markets followed suit but underlying investment activity was static in comparison
- Although overall revenues were lower year on year, the three main frontline business specialties of wealth management, stock broking and portfolio management performed satisfactorily considering the volatile operating environment over the past year. Operating expenses were controlled and contributed to the overall performance of the business for the reporting period
- We are in the process of integrating the Private Banking Wealth Management business with the Private Wealth business.

Outlook

South Africa

- We are starting to see early but selective signs of renewed private client investor confidence as financial markets (excluding parts of the Eurozone) continue to stabilise on improved economic and corporate news flow
- Brokerage execution rates are, however, being negatively affected by a combination of new discount online dealing platforms and more intense competition for traditional private client stockbroking market share
- Annuity income from the discretionary portfolio management speciality should benefit from higher base asset values owing both to higher share price levels relative to last year and consistent performance
- General costs are expected to rise above the rate of inflation in the new financial year as the business invests in new technology and additional headcount in the IT division to meet increased operational requirements related to strategic projects and general client service delivery initiatives. The benefits of this investment should become apparent in the short term through increased business efficiencies and a more scalable product and service distribution platform.

Adjusted shareholders' equity

↑ up 14.0% to

£20.1 million

ROE (pre-tax)

↑ up to

101.5 percent

Cost to income ratio^

↓ down to

64.6 percent

Operating profit per employee

↑ up 19.3% to

£67.9 thousand

^Excluding income from associates.

Key income drivers

- Fees levied as a percentage of assets under management
- Commissions earned for executing transactions for clients
- Performance fees paid for achieving outperformance against benchmark

2

2

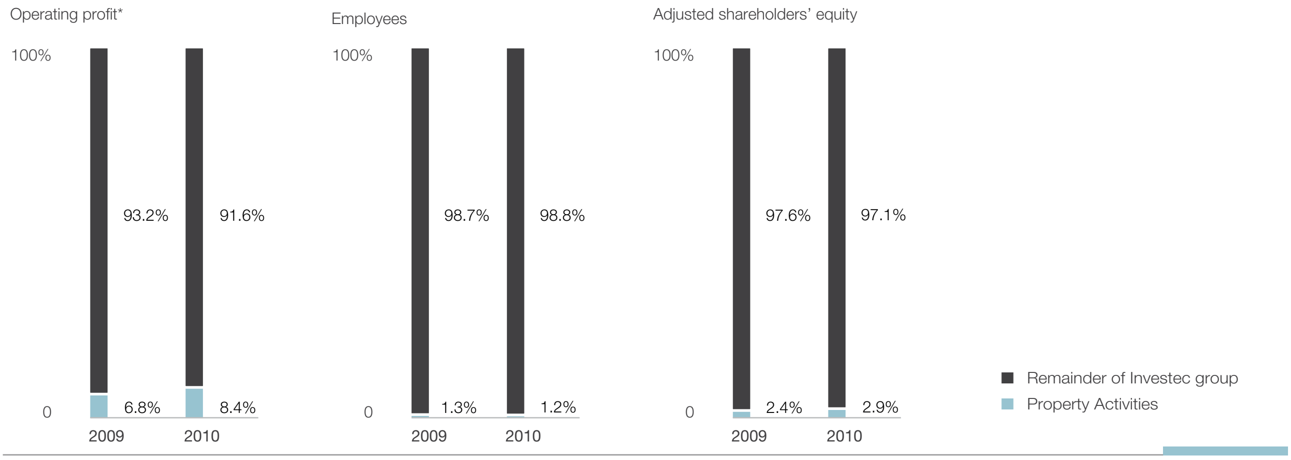
Strategy

Investec Property's overriding strategic objective is to position the business as a pre-eminent property developer, fund manager and trader in all the geographies in which we operate.

Overview and financial highlights

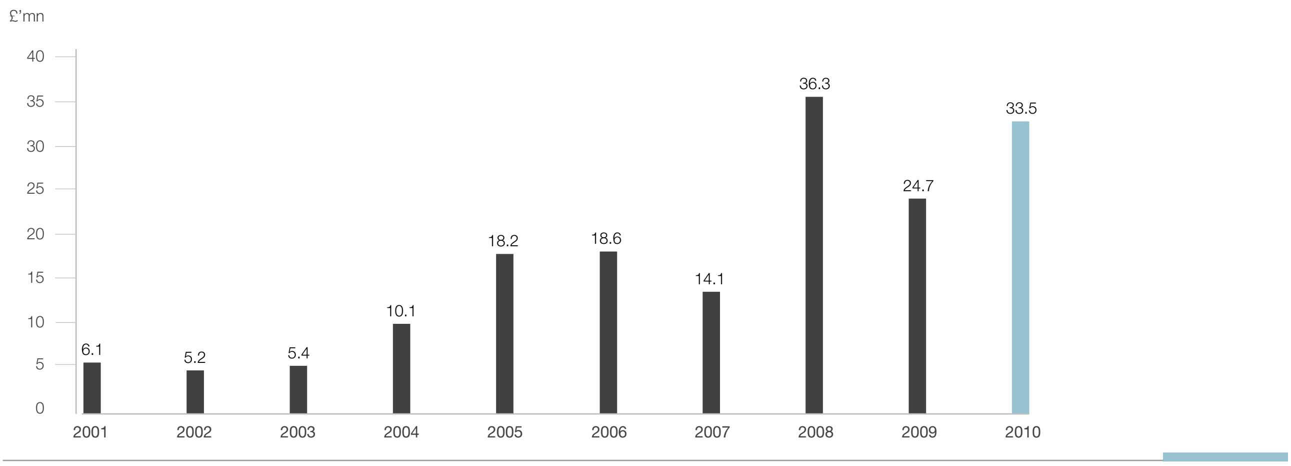
- Operating profit increased by 35.6% to £33.5 million, contributing 8.4% to group profit
- Performance was supported by the continued enhancement of the investment property portfolio.

Contribution analysis



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

Operating profit^ – track record



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Developments

UK and Europe

- The Property Investments business is fully operational and the UK REITs full discretionary product has a total of £13.4 million assets under management, in addition to a £5 million proprietary investment, since its launch in July 2009
- The Investec GLL GSO Real Estate Fund has invested in eight properties in Chile (2), Argentina, USA (2), United Kingdom, Hungary and Poland. The fund will continue to invest with caution in international direct commercial real estate, and endeavour to unlock value in the investment period of the fund. A total of €375 million equity and debt was raised and of this €223 million has been invested
- The Investec Big Ben Property Fund Limited was launched on 1 December 2009 for select private, corporate and institutional clients investing alongside Investec. The company seeks to invest in the commercial property markets of Great Britain and Ireland by unearthing opportunities that generate solid income streams and unlock value for shareholders. The company is projected to raise £80 million and gear £120 million.

South Africa

- Market conditions are still uncertain and difficult to anticipate but our direct holdings are generally in a comfortable space as far as holding costs and acquisition prices are concerned, thereby allowing the business to be cautious and patient
- The ability to fund new grassroots developments is extremely expensive with yields hindering progress
- The global property products, i.e. investment in Investec GLL GSO Real Estate Fund I, UK REITs, and Investec Big Ben Property Fund with plans for the South African Property Fund and Investec GLL GSO Real Estate Fund II, provides a broader and diverse range of international property investment products for international investors.

Australia

- As at 31 March 2010, the Investec Property Opportunity Fund (IPOF) had invested A$100 million, with A$16 million available for future investment and/or development opportunities
- The Property Investments division sub-underwrote the Abacus Property Group rights issue in March 2009. These rights were converted into units in April 2009, a portion of which were sold during the year
- The business is seeking to raise a second IPOF in the third quarter of 2010
- Total funds under management are A$252 million
- Investec Property Investments are in the process of developing an investment business in Australia, to complement the existing property business. Staff re-allocated from London to Sydney have been tasked with establishing a research function and developing business associations in this jurisdiction with the intention of commencing trading during the year.

Outlook

- Although the global market remains volatile, the business believes that there are opportunities to acquire direct and listed property at attractive prices
- The business outlook for property for the next year remains cautiously optimistic with the annuity business supported by the diverse property product development initiatives that are underway.

Adjusted shareholders' equity

up 54.6% to

£75.6 million

ROE (pre-tax)

up to

41.0 percent

Cost to income ratio

up to

37.4 percent

Operating profit per employee

up 33.9% to

£434.8 thousand

Key income drivers

- Fees levied as a percentage of assets under management
- Performance fees
- Capital and debt raising fees
- Asset acquisition fees
- Trading and development activities

2

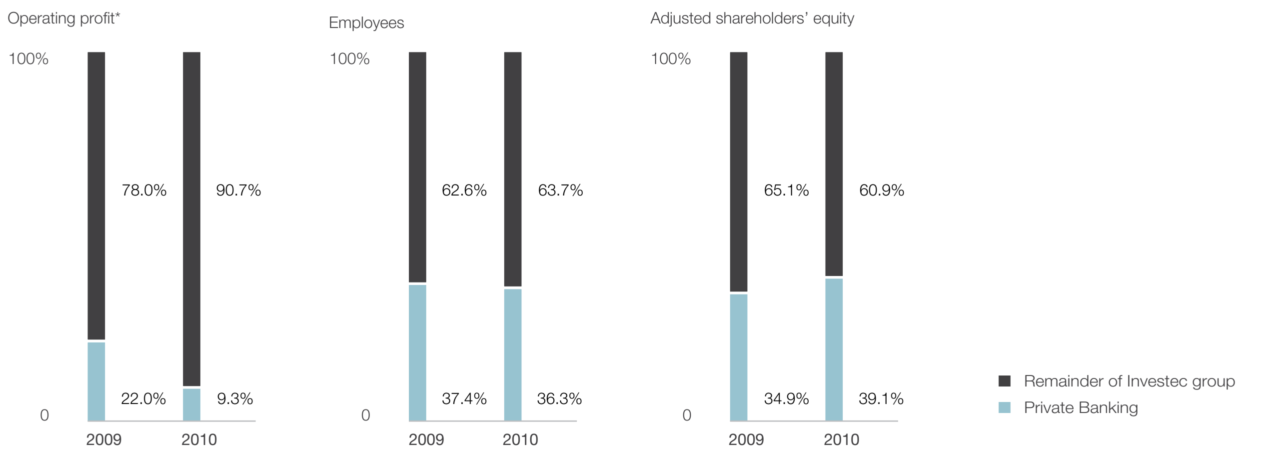
Strategy

- 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.

Overview and financial highlights

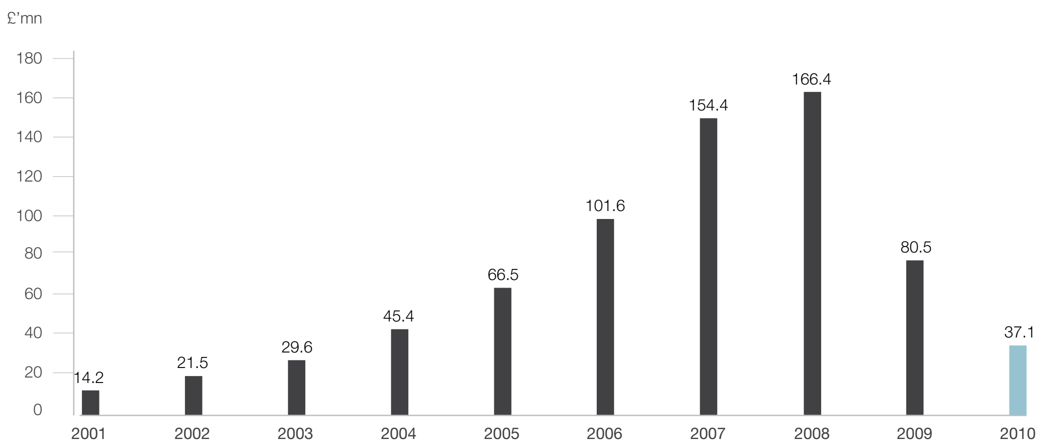
- Operating profit decreased by 54.0% to £37.1 million, contributing 9.3% to group profit
- We focused on liquidity, substantially increasing our product range and distribution capabilities
- Lending activity levels have declined and impairment losses on loans and advances have increased as a result of the depressed economic environment
- Key earnings drivers:
  - Core loans and advances increased by 16.8% to £12.9 billion since 31 March 2009
  - The deposit book increased by 52.3% to £11.8 billion since 31 March 2009
  - Funds under advice increased by 24.3% to £4.1 billion since 31 March 2009.

Contribution analysis



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

Operating profit^ – track record



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Developments

UK and Europe

- Exceptional growth in customer deposits throughout the period resulted in a significant strengthening of the Investec brand within the retail deposit and money managers' market
- Lending activity levels remained low, with cautious signs of increased activity during the second half of the period. The management of underperforming loans remained a focus
- The Wealth Management business continued to benefit from investment in this specialisation, resulting in increased distribution capability, a broader product platform and improved investment performance.

Southern Africa

- The second half of the financial year saw an improvement in performance as deposit margins restored to normalised levels following a significant squeeze in the first half
- Deposit raising became more difficult due to the sideways movement of interest rates coupled with intense competition within the market. Growth achieved in the first half was not sustained
- Loan book growth remained suppressed due to lower activity levels and reduced settlements. The rate at which loans moved into default slowed significantly towards the end of the period.

Australia

- The Professional Finance business unit experienced record lending volumes and strong lending book growth off greater penetration of core target markets of medical and accounting professionals
- The withdrawal of a number of competitors from the market, the general re-pricing of risk and focused client orientation provided a unique opportunity for the Structured Property Finance business. As a result we considered record volumes of high quality transactions to strong counterparties and have funded select transactions
- Limited client loss within the Wealth Management business unit through the bottom of the cycle affirmed the quality of our offering in a competitive environment.

Outlook

- The business has come through the banking crisis intact. The objectives set last year and delivered on in the current period provided a solid foundation for the Private Bank on which to build. This will enable us to be front footed and client focused, taking advantage of identified opportunities in a much changed competitive environment
- We expect impairments to decrease from the high experienced during this period
- Objectives for the coming period include to:
  - Grow and consolidate our position as a dominant player in the retail saving and deposit markets with continued investment in our product and distribution platform
  - Grow our loan portfolio in a recovering market
  - Manage non-performing loans and impairments as we come through the cycle
  - Build our brand and market positioning around the 'entrepreneurial class' delivering a specialised offering to this client base
- The risk of a worsening of the current economic environment remains. This will impact activity levels, impairments and the cost of money.

Adjusted shareholders' equity
up 44.7% to
£1 008.4 million

ROE (pre-tax)
down to
5.3 percent

Cost to income ratio
up to
61.0 percent

Operating profit per employee
down 51.7% to
£17.0 thousand

Key income drivers

- Interest earned in connection with the bank's lending activities
- Fees earned for advisory, banking and lending services
- Income earned in respect of growth and acquisition finance activities

2

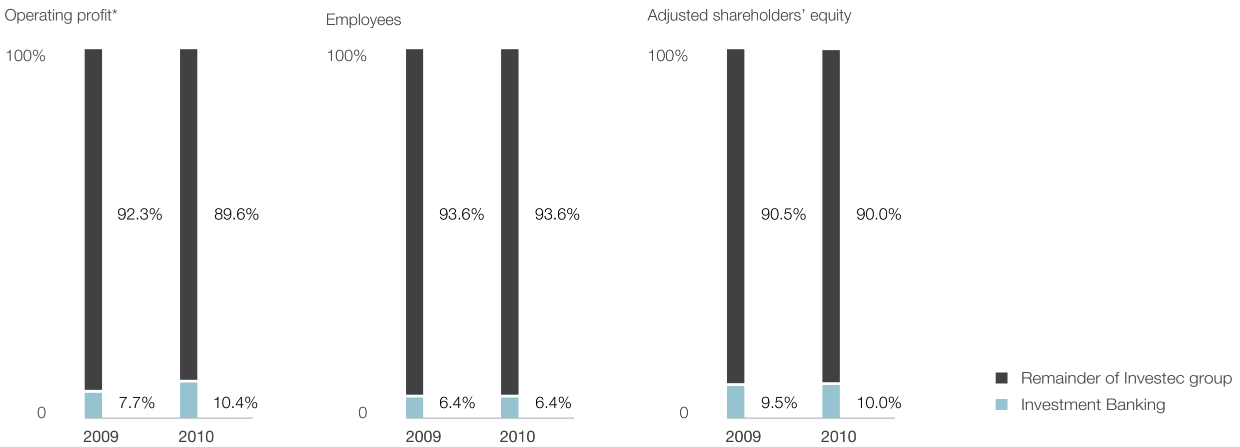
Strategic focus

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

Overview and financial analysis

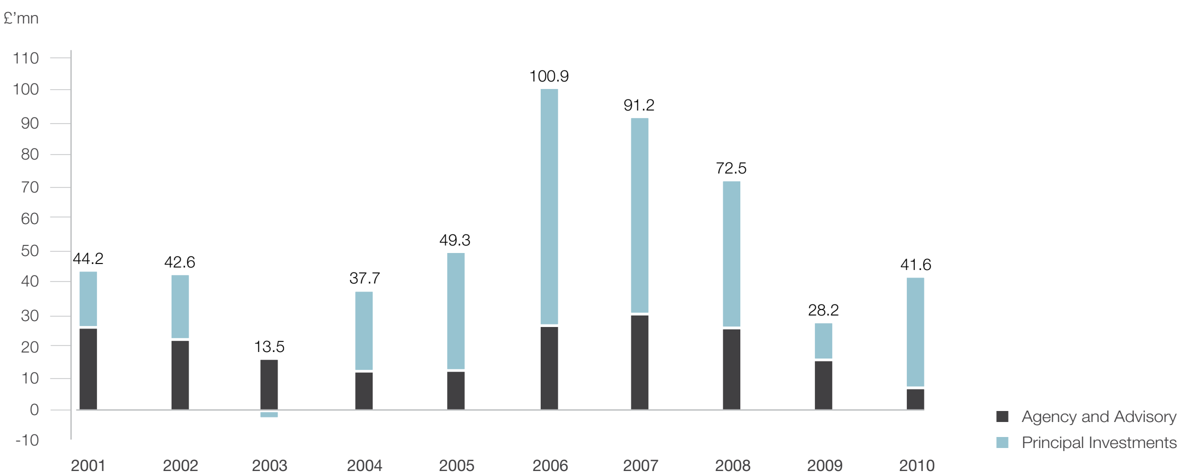
- Operating profit increased by 47.6% to £41.6 million, contributing 10.4% to group profit
- Good result overall with mixed performance across geographies and business activity
- The Agency and Advisory business, across all three geographies, closed fewer deals compared to the prior year and secondary commissions were impacted by lower volumes
- Solid result from Principal Investments:
  - Improved performance from some of the investments held in the UK and Australian portfolio
  - Good performance from Private Equity in South Africa.

Contribution analysis



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

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 from 2008 are shown before goodwill, non-operating items, taxation and after minorities. Prior to 2008 amounts have not been adjusted for minorities.

Developments

Corporate Finance

UK and Europe

- The difficult market conditions severely restricted corporate activity within our client base. There was one IPO and reduced fundraising activity
- We completed 15 M&A transactions with a value of £0.6 billion (2009: 20 transactions with a value of £3.5 billion)
- We completed 11 fundraisings during the period raising in aggregate £297 million (2009: 13 fundraisings raising in aggregate £599 million)
- We strengthened our operation by employing eight experienced corporate financiers
- We continue to build the quality and size of the corporate client list, gaining 18 new brokerships during the period. We now have 95 quoted clients with an average market cap of £320 million, of which 29 are FTSE 250 companies.

Southern Africa

- We maintained our strong positioning with a similar level of activity to that of the prior year
- Our main focus was on M&A and restructuring transactions
- We retained all our major clients and gained several new mandates during the period
- The total value of Corporate Finance transactions increased to R26.8 billion (2009: R23.4 billion) during the period and the number of transactions decreased to 56 (2009: 60)
- Sponsor broker deals completed during the period decreased to 82 (2009: 96) with the value also decreasing to R46.7 billion (2009: R51 billion)
- The Corporate Finance division was ranked first in volume of listed M&A transactions and first in general corporate finance by volume in Dealmakers Magazine Survey for Corporate Finance (2009 calendar year). This is the sixth year out of seven that we have been awarded the M&A Gold Medal. We were also awarded "Dealmaker of the Decade" by volume
- The Sponsor division was ranked first in volume of M&A transactions and second in general corporate finance in the Dealmakers Magazine Survey for Sponsors (2009 calendar year). This is the seventh 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 (2009 calendar year).

Australia

- Earnings improved during the year due to the successful closing of a number of transactions
- The Sydney team was strengthened and reorganised and is well positioned to drive the business going forward.

Institutional Research, Sales and Trading

UK and Europe

- While volatile markets and difficult market conditions have constrained secondary commission growth, there has been a steady improvement over the last few months
- We have strengthened our broking business with a number of senior hires in research and sales trading
- We continue to expand our international distribution capability.

Adjusted shareholders' equity
up 34.6% to
£256.7 million

ROE (pre-tax)
up to
17.1 percent

Cost to income ratio^
down to
60.1 percent

Operating profit per employee
up 49.0% to
£112.2 thousand

^Excluding investments that are consolidated.

Key income drivers

- Fees resulting from the provision of capital raising and financial advisory work
- Brokerage commissions
- Trading and market making activities
- Sale of investments and revaluation of trading investments
- Dividends

2

We engage in a range of investment banking activities and position ourselves as an integrated business focused on local client delivery with international access

Southern Africa

- Our equity research activity posted marked gains over the year. Over 100 South African companies are now being analysed and our research is ranked firmly in the top three among our target client base
- Our USA distribution hub has been strengthened to ensure greater penetration into this lucrative market
- The Africa (excluding South Africa) initiative was launched during the period and good progress has been achieved in creating the foundations for this platform
- Ongoing progress was made in strengthening our position and improving our market share in both the prime broking and electronic trading activities.

Australia

- This is a new business and the team members who have been hired to grow the business have a considerable amount of high quality experience and an extensive client network.

Principal Investments

Southern Africa

- The Direct Investments portfolio decreased to R1 587 million at 31 March 2010 (March 2009: R1 816 million). The decrease in value was primarily due to realisations on listed equities
- The Private Equity portfolio was R3 301 million at 31 March 2010 (March 2009: R2 525 million). We continued to expand the capacity of our private equity investments through the acquisition of two new private equity assets, two bolt-on acquisitions within the portfolio and large capital projects and expenditure. The benefits of these activities will only be felt in future financial years. The increase in value in the current year was driven by a good performance of the underlying investments and acquisitions mentioned.

Australia

- The total size of the Private Equity funds is A$460 million
- Private Equity completed the successful divestment of one of its portfolio companies generating a substantial profit
- The investment portfolio continues to perform satisfactorily and is well placed to capitalise on the recovery in both global and local economies
- In the second half of the financial year the Private Equity business took a more proactive approach in identifying and evaluating new investment opportunities as the economic outlook and confidence generally continued to improve.

Outlook

Corporate Finance

- The increase in the number and size of our corporate clients in the UK has been encouraging. While market conditions remain uncertain, the pipeline is looking more positive
- M&A and restructuring transactions are expected to continue to drive activity at a reasonable level in South Africa
- In Australia M&A and capital markets remain challenging compared with prior years. We are seeing increased competition in M&A as established banks and new boutiques move into this area of the market. While the outlook for M&A seems to have improved slightly over the last 12 months, continuing economic uncertainty suggests M&A and capital markets will recover slowly.

Institutional Research, Sales and Trading

- Considering the improvements to our UK business through selective investment in skills, diversified revenue streams and capital

  provision we believe we are well positioned to gain further market share
- The quality of our Institutional Securities platform in South Africa has been strengthened over the past 12 months and, as a result, we are well positioned to benefit from an economic upswing. Key risks to the upside are activity levels on the JSE, ongoing downward pressure on brokerage rates and team stability in an environment characterised by a shortage of talent.

Principal Investments

- We remain active in seeking direct investment opportunities, while continuing to unlock further value from the portfolio and building 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. The business is very active in originating new investment opportunities as the economic outlook and confidence generally improves. Two new investments were added in the first quarter of the 2011 financial year and a number of further potential opportunities have been identified and are at various stages of development.

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

2

2

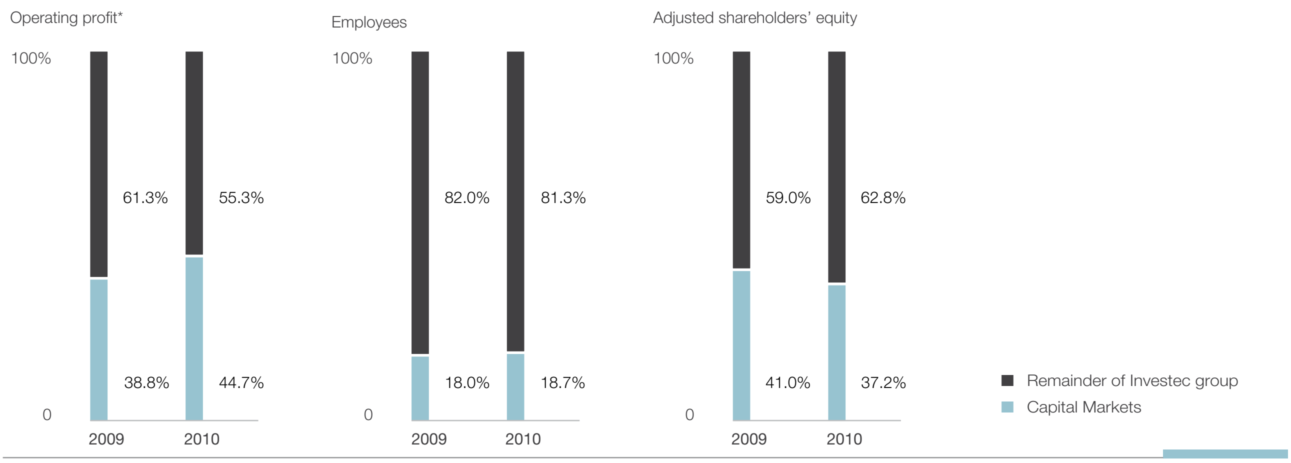
Strategy

- Continuing to remain a focused and specialised business, targeting markets and products where we can be distinctive and competitive
- Through a strong disciplined approach centred on clients and delivery of structured products, we seek:
  - asset creation opportunities
  - product structuring and distribution opportunities
  - trading, hedging and proprietary market opportunities
  - advisory mandates
- Developing our market leading position, focusing on growth initiatives and growing a portfolio of quality term assets
- Continuing to concentrate on systems, processes and automation to ensure maximum competitive advantage and long-term cost savings
- Taking advantage of opportunities to use our specialist skills to launch specialist funds.

Overview and financial highlights

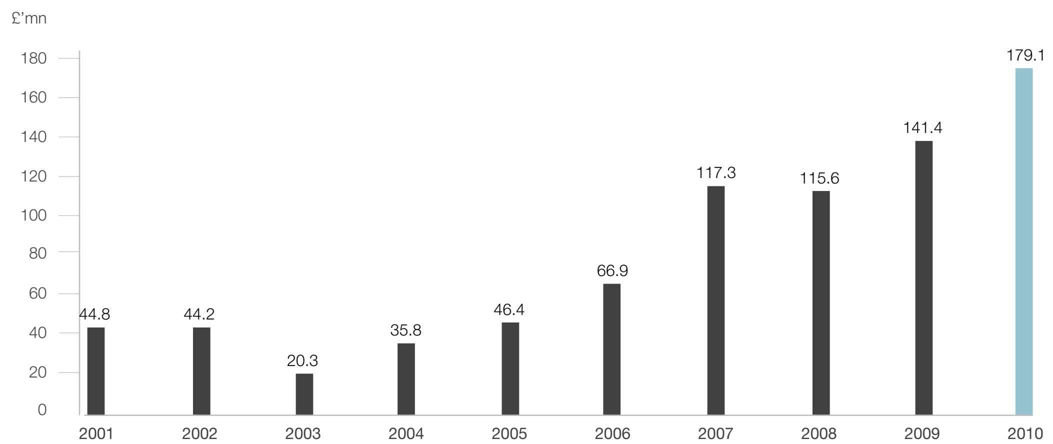
- Operating profit increased by 26.7% to £179.1 million, contributing 44.7% to group profit
- Core loans and advances have declined by 6.1% to £4.5 billion since 31 March 2009.

Contribution analysis



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

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 from 2008 are shown before goodwill, non-operating items, taxation and after minorities. Prior to 2008 amounts have not been adjusted for minorities.

- The division was able to produce a solid performance benefiting from:
  – Reasonable but reduced levels of activity across the advisory businesses
  – Select credit and trading opportunities
- Balance sheet management activities were impacted by the lower rate environment and declining volatility
- Kensington produced a stable performance of £37.3 million

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 has performed above expectations through the economic crisis and defaults were lower than expected
- The Asset Finance business is now ranked in the top three in the small ticket leasing market
- We are considered one of the top 10 European banks in aircraft finance
- The trading desks showed varied but overall improved performance benefiting from market volatility, the introduction of new products and increased staff. The Fixed Income desk was closed during the period
- The Structured Equity retail distribution platforms have been established and have recently marketed launch 17 in the UK market. Recent awards won include: Best Structured Product Provider (Professional Adviser Awards 2010), Best Structured Product Provider (Financial Times and Investors Chronicle Investment Awards 2009), Best Service to IFA's and Best Income Product for FTSE 100 Bonus Income Plan (PPR Professional Adviser Structured Products Awards 2009). We are currently one of the top two retail structured product issuers in the UK market
- The Principal Finance business has continued to take advantage of the condition of the credit markets through its credit investments and trading operations
- The Treasury Products and Distribution desk has been established to actively market structured solutions, foreign exchange and interest rates to the corporate market and is gaining traction in client acquisition and volumes traded
- The focus on raising customer deposits has significantly reduced our reliance on the wholesale markets.

Southern Africa

- Activity levels in our Specialised Lending businesses were subdued and our core advances book showed a net year on year decrease. Average margins were however maintained throughout the year
- Impairments reduced substantially from the prior year and were in line with anticipated levels
- We continue to hold a number of equity positions emanating from our lending activities and the overall impact on profits was negative but an improvement on the prior year. We anticipate a number of realisations over the next 12 months
- We took advantage of certain dislocations in the credit markets (local and international) and created a portfolio of highly rated yield enhancing credit transactions
- Client flows continued to decrease across our Financial Market Derivative businesses and this negatively affected the results from Equity and Foreign Exchange Treasury and

Adjusted shareholders' equity
up 17.1% to
£958.2 million

ROE (pre-tax)
down to
18.5 percent

Cost to income ratio
up to
47.2 percent

Operating profit per employee
up 27.7% to
£166.6 thousand

Key income drivers

- Trading and hedging
- Product structuring and distribution
- Asset creation
- Advisory

2

We provide a wide range of specialist products, services and solutions to select corporate clients, public sector bodies and institutions. We undertake the bulk of Investec's wholesale debt, structuring, proprietary trading, capital markets and derivatives business

Trading Activities. Results from Interest Rate Activities remained consistent. We did however maintain or increase market share across all market segments in which we operate. We continue to hold significant market share in listed derivative products

- Significant surplus liquidity levels were maintained throughout the year. This is invested in highly liquid assets and we continue to be a provider of liquidity to the South African interbank market.

Australia

- While activity in the resources sector was initially quiet, the rapid recovery of the equity and commodity markets, as well as our refocused marketing to mid-tier and larger mining companies, resulted in increased deal flow during the year for our Commodities and Resource Finance business
- A strong performance in our project advisory, debt arranging and principal lending activities was driven by improved market conditions, cross-border deals and some significant advisory and arranging mandates, notably the debt financing of the Collgar Wind Farm. In parallel, our wind farm development business finalised the sale of Collgar to institutional investors
- This was a year of consolidation for the Structured Finance business with emphasis on improved operational capability for the Investec Global Aircraft Fund (IGAF) coupled with the additional capital raising of A$45 million
- Ongoing management of the legacy book was a key priority for the Principal Finance business, but this was coupled with strong deal flow and revenue generation from new lending (in the media and entertainment sectors) as well as credit trading (in both structured credit and corporate debt)
- Wholesale capital raising under the Australian Government Guarantee Scheme continued successfully, albeit at the higher margins prevailing in the post global financial crisis market. The resultant liquidity was actively invested in high quality liquid assets and other appropriate securities and this generated strong returns
- The trading desk performed well despite operating within very narrow risk limits and it benefited from favourable positioning in the interest rate and foreign exchange markets.

Outlook

- We are a focused business targeting markets where we can be distinctive and competitive
- We remain committed to building a sustainable business franchise with diversified revenue streams in our core geographies
- In the UK and Southern 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 the time to shape the business for the future and to position ourselves for growth in a changed competitive landscape
- This stage of the cycle is likely to see continuing defaults but impairments and losses will be lower
- Looking at the environment in our core geographies:
  - In South Africa the impact of the global recession is being felt. We are generally well positioned in this market with a reasonably robust credit portfolio. The effects of the recession have lead to reduced activity in the structuring and lending businesses and trading volumes are down. Reduced activity is to some extent offset by wider margins and the landscape for PFI has improved

- In the UK the environment remains weak but is starting to recover. The changed competitive landscape is allowing us to win clients. Overall we continue to be reasonably well positioned and activity is starting to increase
- In Australia the environment is improving and we are seeing an increase in business flows. Whilst the corporate credit environment remains a concern, overall we are positioning ourselves for growth

- 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.

UK and Europe

- We look forward to executing our first securitisations during the year as the asset backed securitisation market reopens. We have commenced modest new loan origination in Kensington in the prime product range
- Liquidity is no longer a constraint although the cost of raising and carrying surplus liquidity is causing a negative impact on net interest income. We have very little reliance on the wholesale markets
- The UK market is showing signs of growth once more and we are well positioned to take advantage of this upturn in the market
- The outlook on bad debts is substantially lower than at the same time last year
- The corporate market has opened itself to new relationships and we are taking advantage of the opportunity.

Southern Africa

- The division is well positioned for any potential upturn in the general economy, although we do not expect this until the second half of the financial year
- The overall credit portfolio is robust with higher margins
- Volumes and activity in the financial markets remain subdued and therefore trading and structuring opportunities are expected to remain at lower levels for at least the first half of the next financial year
- We anticipate growing both our credit portfolio and investment product retail offerings which will increase the level of annuity based income
- We anticipate that we will continue to be a net provider of liquidity to the interbank market and plan to increase the average duration of our wholesale funding base.

Australia

- In resources, we continue to build a pipeline of deals focused on mid-tier and larger mining companies with one or more assets in production, where the risk and return profile remains attractive
- In aviation, we intend to work closely with Investec's aviation finance teams in London and Johannesburg to pursue aircraft leasing transactions and, in parallel, create investment opportunities for the additional capital that has been raised for the IGAF
- In renewable energy, we continue to work on a fleet of development assets in a range of technologies and will seek to exit some of these during the course of the year. In parallel our project advisory, debt arranging and principal lending business is expected to remain active based on current deal pipeline and market conditions
- Our newly established Corporate Debt business, which targets event driven borrowing by mid-tier and larger corporates, has already achieved some success in the domestic market and we expect to see strong deal flow in this business
- In our Principal Finance team, we continue to seek opportunities in the structured credit market, whether as short-term credit trading strategies or as longer term holds of quality assets at margins which remain attractive notwithstanding the compression that has already occurred
- Treasury will focus on ongoing balance sheet management priorities particularly optimising our strong liquidity position and, more urgently, will be growing our sales and structuring activities
- Our trading business remains one with modest market risk and, as our sales activities generate additional customer flow, we will look to broaden this business in order to meet the requirements of these clients.

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

Overview and financial analysis

£'000	31 March 2010	31 March 2009	Variance	% change
International Trade Finance	7 174	7 215	(41)	(0.6)
Central Funding	97 745	90 721	7 024	7.7
Central Services	(73 198)	(66 142)	(7 056)	10.7
Operating profit before goodwill, non-operating items, taxation and after minorities	**31 721**	**31 794**	**(73)**	**(0.2)**

31 March 2010 £'000	UK and Europe	Southern Africa	Australia	Total group
International Trade Finance	2 454	4 720	–	7 174
Central Funding	19 064	70 943	7 738	97 745
Central Services	(30 925)	(34 801)	(7 472)	(73 198)
Operating profit before goodwill, non-operating items, taxation and after minorities	**(9 407)**	**40 862**	**266**	**31 721**

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**

Developments

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 £73.2 million (2009: £64.1 million). However, a portion thereof (£59.6 million) is allocated to the operating divisions for purposes of determining return on adjusted capital per business segment.
- Central costs are higher than the prior year mainly due to the appreciation of the Rand against Pounds Sterling.

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.

We have a business model of maintaining a central pool of capital

Risk and governance

Risk and governance | THREE

3

Group Risk Management 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

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.

Overall group summary of the year in review from a risk perspective

This section should be read in conjunction with, and against the background provided in, the overview of the operating environment section on pages 24 to 26.

Investec has continued to maintain a sound balance sheet with low leverage, and a diversified business model. 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, continued to experience an increase in

impairments and defaults as a result of weak economic conditions. The credit loss ratio increased marginally to 1.16% of core loans and advances, in line with guidance provided previously

- Limited exposure to rated and unrated structured credit investments; representing less than 3% of total assets
- A low leverage (gearing) 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 0.9% of total assets
- Low equity (investment) risk exposure; within total investments comprising 3.1% 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 3% of total operating income
- A high level of readily available, high quality liquid assets; average cash and near cash of approximately £6.4 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
- A significant increase in retail customer deposits
- Healthy capital ratios; we have always held capital in excess of regulatory requirements and we intend to perpetuate this philosophy. We have continued to strengthen 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.

The global financial market crisis and weakened global economies have resulted in increasing risk levels and have impacted the markets in which we operate on a number of fronts over the past two years. Our overall risk management philosophies, practices and frameworks have remained largely unchanged, and have held us in good stead. Maintaining credit quality, strictly managing risk and liquidity and continuing to grow our capital base remain core strategic imperatives.

Maintaining credit quality, strictly managing risk and liquidity and continuing to grow our capital base remain core strategic imperatives

Geographic summary of the year in review from a risk perspective

Detailed information on key developments during the financial year in review is provided in the sections that follow (refer to pages 59 and 60, page 75 and pages 83 and 84), with a high level geographic summary of the most salient aspects provided below.

UK and Europe

Credit risk: The year in review remained challenging as weak economic conditions continued to impact on clients' activities and underlying asset values. An increase in defaults largely reflects the continued poor performances of our Irish portfolios. Key focus areas have been on proactive loan book management, repositioning some of our portfolio asset mixes as well as taking advantage of opportunities that have arisen as a result of dislocated markets.

Traded market risk: The trading desks performed well, benefiting from increased customer flow and new product launches.

Balance sheet risk: The economy benefitted from the return of liquidity and the resultant fall in liquidity and credit spreads which were only marginally above pre-2007 crisis levels. Cash markets have seen a similar return of risk appetite, with banks and corporates being able to access capital markets at increasingly attractive levels. Retail customer deposit demand for

Cash and near cash balances

up 87.4% to

£9.1 billion

Customer deposits

up 50.5% to

£21.9 billion

Advances as a % of customer deposits:

76.2%

Investec products has been strong and we continued to significantly enhance our cash and near cash balances.

South Africa

Credit risk: The impact of lower average interest rates has yet to make a significant mark on key credit and arrear indicators. The credit quality of our core loans and advances deteriorated throughout the year under review resulting in an increase in our Private Banking impairments raised. There has, however, been a slow down in the number of default loans in the second half of the financial year and impairments appear to have peaked.

Traded market risk: Markets have been relatively difficult to gauge over the past year resulting in a significant decline in client flow and trading activity.

Balance sheet risk: The interest rate environment was stable and relatively uneventful during the financial year. The cost of term deposits, however, rose steadily throughout 2009 which placed interest rate margins under pressure. This was compensated for by higher yields earned on liquid and trading assets. The Private Bank aggressively grew its deposit book and moderated its asset base resulting in a substantial increase in surplus cash reserves which we placed largely in higher yielding treasury bills. Our liquidity position was further boosted by several successful medium term senior and subordinated notes issues totaling over R4 billion. Cash and near cash balances increased significantly over the period.

Australia

Credit risk: The credit environment remains challenging and the credit quality of our loan portfolio continued to deteriorate. We have continued to reposition our asset mix and have been successful in selectively growing our loan book within the professional finance business, which targets members of the medical and accounting professions.

Traded market risk: Trading activity remains modest, with the focus being mainly commodity hedging.

Balance sheet risk: The combination of a rapid easing of monetary policy, stimulatory fiscal policy along with only muted impacts of the global financial crisis on China and some of Australia's other Asian trading partners has seen a resilience in the Australian economy. The availability of liquidity has thus remained relatively strong. Against this backdrop, we continued to diversify the mix of our funds across distribution channels and increase client numbers. We maintained a strong liquidity position well in excess of regulatory and internal policy requirements throughout the year.

Salient features

A summary of key risk indicators is provided in the table below.

	UK and Europe		Southern Africa		Australia		Investec group	
	31 March 2010 £	31 March 2009 £	31 March 2010 R	31 March 2009 R	31 March 2010 A$	31 March 2009 A$	31 March 2010 £	31 March 2009 £
Net core loans and advances (million)	5 437	5 963	118 155	120 444	3 029	2 930	17 891	16 227
Gross defaults as a % of gross core loans and advances	4.91%	4.73%	3.96%	2.95%	12.00%	10.61%	5.07%	4.27%
Defaults (net of impairments) as a % of net core loans and advances	3.16%	3.51%	3.32%	2.12%	10.26%	9.62%	3.98%	3.28%
Credit loss ratio^	1.72%	1.46%	0.71%	0.67%	1.67%	1.74%	1.16%	1.08%
Structured credit investments as a % of total assets	3.7%	2.1%	1.5%	0.9%	2.1%	–	2.6%	1.4%
Banking book investment and equity risk exposures as a % of total assets	1.1%	1.3%	5.5%	4.7%	0.6%	0.9%	3.1%	2.8%
Traded market risk: one-day value at risk (million)	1.8	1.0	3.6	4.1	0.1	0.06	n/a	n/a
Cash and near cash (million)	3 653	1 729	47 986	32 704	1 814	1 564	9 117	4 866
Customer accounts (deposits) (million)	8 025	4 376	143 121	126 870	1 721	1 968	21 934	14 573
Core loans to equity ratio	4.4x*	5.1x*	6.4x	7.4x	4.4x	4.7x	5.4x	6.2x
Total gearing/leverage ratio**	13.3x*	13.4x*	11.7x	12.4x	7.9x	8.2x	12.5x	13.0x
Core loans (excluding own originated assets which have been securitised) to customer deposits	74.3%*	132.4%*	77.5%	87.6%	126.0%	102.4%	76.2%	103.6%
Capital adequacy ratio	15.9%*	16.2%*	15.6%	14.2%	19.2%	18.3%	n/a	n/a
Tier 1 ratio	11.3%*	10.1%*	12.1%	10.8%	16.6%	14.5%	n/a	n/a

^Income statement impairment charge on loans as a percentage of average advances.

***Total assets excluding assurance assets to total equity.*

**Ratios are reflected at an Investec plc level (including Australia).*

- *Certain information is denoted as n/a as these statistics are not applicable at a consolidated group level and are best reflected per banking entity or jurisdiction in line with regulatory and other requirements.*

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 highlighted below:

- Credit and counterparty risk exposes us to losses caused by financial or other problems experienced by our clients
- Liquidity risk may impair our ability to fund our operations
- Our net interest earnings and net asset value may be adversely affected by interest rate risk
- Market, business and general economic conditions and fluctuations could adversely affect our businesses in a number of ways
- We may be unable to recruit, retain and motivate key personnel
- Employee misconduct could cause harm that is difficult to detect
- Operational risk may disrupt our business or result in regulatory action
- We are exposed to non-traded currency risk, where fluctuations in exchange rates against Pounds Sterling, could have an impact on our financial results
- We may be vulnerable to the failure of our systems and breaches of our security systems
- We may have insufficient capital in the future and may be unable to secure additional financing when it is required
- The financial services industry in which we operate is intensely competitive
- Legal and regulatory risks are substantial in our businesses
- Reputational, strategic and business risk
- We may be exposed to pension risk in our UK operations.

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 100.

This section provides an overview of risks and related developments that occurred during the year under review. Further detail on our risk management framework, committees and forums as well as our risk management and measurement techniques can be found in the Investec group's 2010 annual report.

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

Credit and counterparty risk management

Credit and counterparty risk description

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
- 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 year in review

UK and Europe

The year in review remained challenging as the severe deterioration in economic conditions globally continued to impact on clients' activities and underlying asset values. Increased vigilance on monitoring the existing loan portfolios coupled with early identification of clients experiencing difficulty resulted in fewer counterparties being forced to exit positions into illiquid markets with falling asset values. Risk officers working closely with clients and business units moderated large increases in impairments and defaults. Whilst impairments and defaults have risen during the financial year under review the various portfolios across the business units have proven to be resilient. The Irish market was particularly affected by economic difficulties and the local banking crisis. The fall in property asset values is as reflected in our gross default figures and increased impairments in that geography.

Given that market conditions have affected property market asset values we have curtailed our appetite for lending secured by property assets and have taken the opportunity to rebalance our portfolios with other asset classes. Where we are presented with the opportunity to consider new transactions secured by property we will continue to assess the merits of the transaction and balance the risk against the reward of assuming additional exposure in this regard. Lending supported by proven cash flow rather than asset value propositions continues to be favoured.

Core loans and advances contracted by 8.8% to £5.4 billion, primarily as a result of a cautious approach in accepting new loan exposures and a conscious effort to rebalance our existing portfolio mix.

Defaulted loans (net of impairments) have decreased from 3.51% to 3.16% of core loans and advances. The first quarter of 2010 appeared to reflect an improving economic environment as arrears, default and impairment figures tapered off and deteriorating asset quality slowed down in the final quarter.

The credit loss ratio has increased from 1.46% to 1.72%, in line with guidance previously provided. All accounts continue to be proactively managed and customers have demonstrated their ability to service loans where assets originally intended for sale have been held for longer than originally expected as a result of illiquid market conditions and cautious buyers of assets. The relatively low interest rate environment continues to favour leveraged clients with access to cash flow to meet debt servicing needs. The performance of all accounts is regularly reviewed by the independent credit function and impairments taken as necessary.

Within our Capital Markets division we have experienced increased defaults and associated write offs in our Acquisition Finance. Counterparties in the automotive, construction and leisure sectors in particular continued to experience cash flow pressures. Our exposures within this business unit are all senior secured facilities. We expect further difficulty to be experienced in this book over the next financial year, however, at a subdued level of stress. The level of impairments slowed in the third and fourth quarters of 2009 and no impairments were raised against these assets in the first quarter of 2010.

In keeping with our desire to continue sourcing better quality assets and to reposition some of our portfolios we have realigned our focus in the resource finance sector. Our intent is to attract existing, producing assets with proven reserves, good production track record and technically competent management teams in jurisdictions that we are comfortable to operate in. The resource finance exposure increased year-on-year reflecting our desire to accumulate good quality assets in this area. Exposure to resource finance transactions accounts for 1.2% of core loans and advances as at 31 March 2010.

We remained cautious with respect to lending in the Private Banking division with activity levels remaining low in the first half of the financial year and only increasing in the first quarter of 2010. We continue to work with customers who have experienced financial difficulty to arrive at an optimal solution for the client and the bank, which for example has included applying for change of use for certain property related transactions and extensions of time for properties that have continued to service 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, in the ordinary course of business we have considered extensions to the term of the original transaction to assess market conditions and achieve an orderly exit.

The Kensington mortgage book continues to perform to expectations. Defaults and past due loans reached a plateau in the second and third quarter of 2009 and began to improve in the first quarter of 2010. Repossessions have reduced substantially with a 60% decline in the number of accounts subject to repossession from March 2009 to March 2010.

The group Risk division has continued to work closely with the business units to manage the increased market risks and resultant pressure on our lending portfolios. The key focus of the group Risk division has been on proactive book management (together with the business units), repositioning some of our portfolios asset mixes as well as taking advantage of opportunities that have arisen as a result of dislocated markets.

Southern Africa

The financial year in review has seen a combination of trends and factors impacting on the credit quality and assessment of credit and counterparty risk:

- The impact of the global financial crisis on the current domestic economic cycle
- Continuation of a conservative lending approach with some relaxation towards the end of the first quarter of 2010
- Reduced discretionary spending, even in a lower interest rate environment
- Early signs of the domestic economy emerging out of recession in first quarter of 2010
- Increased interbank activity reflecting the reversal of the previous year's liquidity constraints
- Strong appreciation in the value of the Rand against major trading currencies, with the largest appreciation against the US Dollar
- Market volatility continued with the JSE reflecting growth of 41% year on year, albeit coming off a low base
- The property market remains under pressure with low or static growth across the residential and commercial property markets.

We are conscious of the effect of the slowdown of growth in the property market (both global and local) and the impact on our portfolio secured by property. 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 2010 the average loan to value ratio within the property development portfolio stood at 69% based on net sell out values.

Lower levels of volatility relative to the 2009 financial year have resulted in lower profitability levels and exposure for the majority of our trading divisions.

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. 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 although there has been some downward pricing pressures towards the end of the first quarter of 2010.

Credit quality on gross core loans and advances deteriorated throughout the year under review, with the majority of impairments raised in the Private Bank division, distributed between the residential and commercial property portfolios. These defaults largely comprise a relatively small number of clients where finance was provided at reasonably conservative loan to values but with no obvious serviceability except realisation of collateral. Defaults have occurred when clients have been unable to realise sales to service and repay. There has, however, been a slowdown in the number of default loans in the second half of the financial year.

Investec Capital Markets reported no material defaults for the current financial year.

Core loans and advances decreased by 1.9% to R118.2 billion. Default loans (net of impairments) as a percentage of core loans and advances increased from 2.12% to 3.32%. The credit loss ratio has increased from 0.67% to 0.71% in line with guidance previously provided. 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 3.4% to A$3.0 billion, predominantly through selective growth within the professional finance business unit; which provides finance to targeted members of the medical and accounting professions. This has resulted in a continued shift in portfolio mix away from lending secured by property towards other asset classes.

There has been deterioration in credit quality throughout the year under review. Defaults (net of impairments) have risen to 10.26% of core loans and advances and the credit loss ratio has decreased from 1.74% to 1.67%. A continued focus on asset quality remains fundamental to our approach to the credit environment, which is likely to remain challenging for some time.

Credit and counterparty risk information

An analysis of gross credit and counterparty exposures

Credit and counterparty exposures increased by 25.1% to £36.4 billion largely as a result of the appreciation of the Rand and Australian Dollar against Pounds Sterling, as well as the significant increase in cash and near cash balances over the period. Cash and near cash balances increased by 87.4% to £9.1 billion and are largely reflected in the following line items in the table below: debt instruments; bank placements; sovereign, government placements. Core loans and advances remained largely flat.

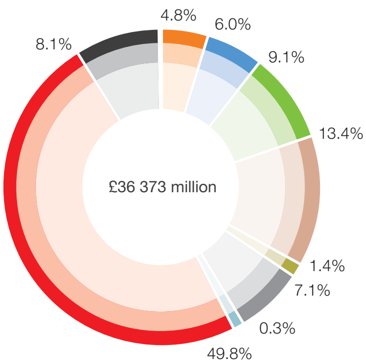
£'000	31 March 2010	31 March 2009	% change	Average*
On-balance sheet exposures	33 424 983	26 044 284	28.3	29 734 636
Securitisation exposures arising from securitisation/principal finance activities	1 753 645	1 132 465	55.0	1 443 056
Rated instruments	546 469	243 344	>100	394 907
Unrated instruments	203 032	274 150	(25.9)	238 591
Other	1 004 144	614 971	63.3	809 558
Debt instruments (NCDs, bonds held, debentures)	2 209 936	1 702 216	29.8	1 956 076
Bank placements	3 293 211	2 185 643	50.7	2 739 427
Sovereign, government placements	4 867 650	1 687 885	>100	3 277 768
Call facilities (non-bank entities)	502 036	423 923	18.4	462 980
Trading exposures (positive fair value excluding potential future exposures)	2 597 731	2 473 241	5.0	2 535 486
Other credit exposures	103 636	45 708	>100	74 672
Gross core loans and advances to customers**	18 097 138	16 393 203	10.4	17 245 171
Off-balance sheet exposures	2 948 037	3 035 446	(2.9)	2 991 742
Guarantees^	345 363	570 368	(39.5)	457 866
Contingent liabilities, committed facilities, other	2 602 674	2 465 078	5.6	2 533 876
Total gross credit and counterparty exposures pre collateral or other credit enhancements	36 373 020	29 079 730	25.1	32 726 378

*Where the average is based on a straight line average.

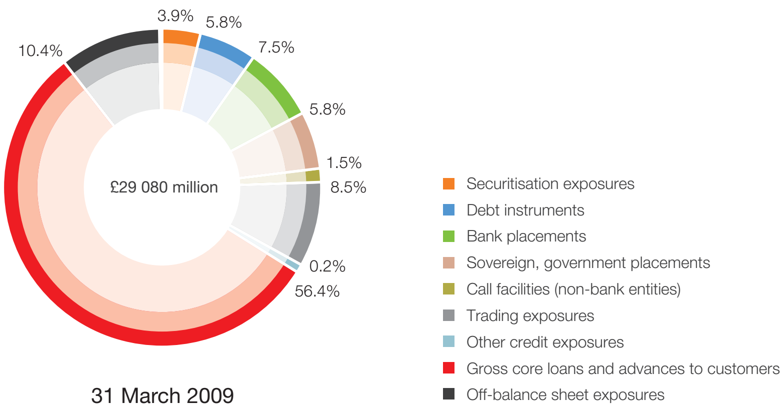
**As calculated on page 63.

^Excludes guarantees provided to clients which are backed/secured by cash on deposit with the bank.

An analysis of gross credit and counterparty exposures



31 March 2010

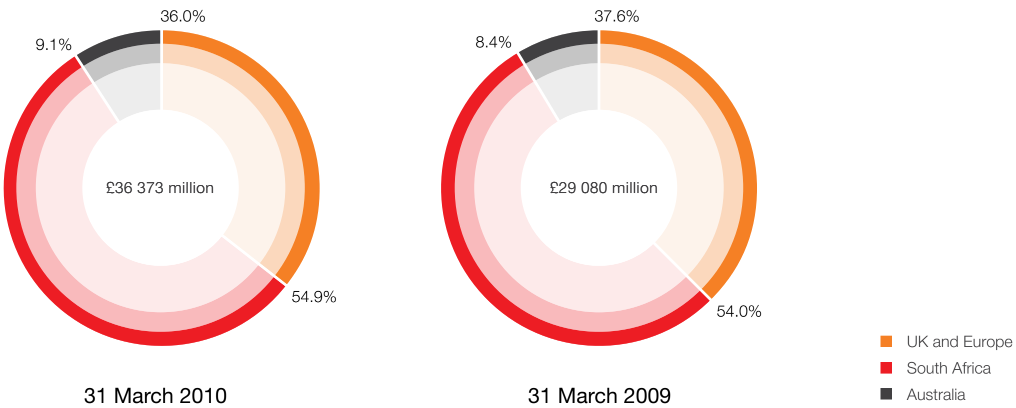


31 March 2009

An analysis of gross credit and counterparty exposures by geography

£'000	UK and Europe 31 March 2010	UK and Europe 31 March 2009	Southern Africa 31 March 2010	Southern Africa 31 March 2009	Australia 31 March 2010	Australia 31 March 2009	Total 31 March 2010	Total 31 March 2009
On-balance sheet exposures	12 637 394	10 458 448	17 648 464	13 296 566	3 139 125	2 289 270	33 424 983	26 044 284
Securitisation exposures arising from securitisation/ principal finance activities	1 387 876	1 001 191	296 860	131 274	68 909	–	1 753 645	1 132 465
Rated instruments	316 046	243 344	161 514	–	68 909	–	546 469	243 344
Unrated instruments	168 497	226 703	34 535	47 447	–	–	203 032	274 150
Other	903 333	531 144	100 811	83 827	–	–	1 004 144	614 971
Debt instruments (NCDs, bonds held, debentures)	205 834	289 838	1 402 311	779 242	601 791	633 136	2 209 936	1 702 216
Bank placements	1 674 188	1 044 213	1 549 090	1 008 501	69 933	132 929	3 293 211	2 185 643
Sovereign, government placements	2 348 319	916 748	2 013 550	771 137	505 781	–	4 867 650	1 687 885
Call facilities (non-bank entities)	–	–	502 036	423 923	–	–	502 036	423 923
Trading exposures (positive fair value excluding potential future exposures)	1 467 111	1 155 297	1 090 364	1 218 544	40 256	99 400	2 597 731	2 473 241
Other credit exposures	17 311	12 575	86 325	33 133	–	–	103 636	45 708
Gross core loans and advances to customers	5 536 755	6 038 586	10 707 928	8 930 812	1 852 455	1 423 805	18 097 138	16 393 203
Off-balance sheet exposures	442 116	486 136	2 337 012	2 400 469	168 909	148 841	2 948 037	3 035 446
Guarantees	9 948	32 909	294 969	508 118	40 446	29 341	345 363	570 368
Contingent liabilities, committed facilities,other	432 168	453 227	2 042 043	1 892 351	128 463	119 500	2 602 674	2 465 078
Total gross credit and counterparty exposures pre collateral or other credit enhancements	13 079 510	10 944 584	19 985 476	15 697 035	3 308 034	2 438 111	36 373 020	29 079 730

An analysis of gross credit and counterparty exposures by geography



Summary analysis of gross credit and counterparty exposures by industry

Private Banking loans account for 72.2% of total core loans and advances, as represented by the industry classification 'HNW and professional individuals'. The remainder of core loans and advances largely reside within our Capital Markets division and are evenly spread across industry sectors.

Other credit and counterparty exposures are largely reflective of cash and near cash balances held with institutions and central banks, thus the large balance reflected in the 'public and non-business services' and 'finance and insurance' sectors. These exposures also include off-balance sheet items such as guarantees, committed facilities and contingent liabilities, largely to our HNW and professional individual Private Banking clients.

	Gross core loans and advances		Other credit and counterparty exposures		Total	
£'000	31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009
HNW and professional individuals	13 062 784	11 166 476	2 354 610	2 350 916	15 417 394	13 517 392
Agriculture	52 237	71 116	14 438	4 007	66 675	75 123
Electricity, gas and water (utility services)	249 493	165 475	50 715	50 234	300 208	215 709
Public and non-business services	229 864	269 928	4 872 741	1 695 168	5 102 605	1 965 096
Business services	222 797	216 286	103 772	57 518	326 569	273 804
Finance and insurance	1 054 385	1 161 634	8 762 512	6 877 722	9 816 897	8 039 356
Retailers and wholesalers	274 930	344 903	192 645	178 976	467 575	523 879
Manufacturing and commerce	1 006 757	649 240	273 651	293 109	1 280 408	942 349
Real estate	688 643	1 074 856	1 288 112	807 191	1 976 755	1 882 047
Mining and resources	198 299	250 383	193 938	200 908	392 237	451 291
Leisure, entertainment and tourism	292 435	334 444	40 434	18 755	332 869	353 199
Transport and communication	764 514	688 462	128 314	70 068	892 828	758 530
Other*	–	–	–	81 955	–	81 955
Total	18 097 138	16 393 203	18 275 882	12 686 527	36 373 020	29 079 730

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

An analysis of our core loans and advances, asset quality and impairments

In order to assess and analyse the credit risk associated with loans and advances we believe that certain adjustments should be made to "loans and advances to customers" as reflected on the IFRS consolidated balance sheet. We believe that these adjustments are necessary in order to derive a number that reflects actual core lending activities.

Calculation of core loans and advances to customers

£'000	31 March 2010	31 March 2009
Loans (pre-impairments) as per balance sheet	17 724 810	15 545 509
Less: warehouse facilities and warehouse assets arising out of our securitisation and principal finance activities (pre-impairments)	(800 389)	(280 639)
Add: own-originated securitised assets	1 172 717	1 128 333
Gross core loans and advances to customers (pre-impairments)	18 097 138	16 393 203

The following methodology has been applied:

- Warehouse facilities and warehouse assets arising out of our securitisation and principal finance activities have been deducted
- Loans and advances which have been originated by the group and securitised primarily to provide an alternative source of funding are added to loans and advances

The tables that follow provide information with respect to the asset quality of our core loans and advances to customers. An overview of developments during the financial year is provided on page 59 to 60.

£'000	31 March 2010	31 March 2009
Gross core loans and advances to customers	18 097 138	16 393 203
Total impairments	(206 341)	(166 660)
Portfolio impairments	(48 942)	(9 696)
Specific impairments	(157 399)	(156 964)
Net core loans and advances to customers	17 890 797	16 226 543
Average gross core loans and advances to customers	17 245 171	14 650 485
Current loans and advances to customers	16 643 441	15 015 290
Total gross non-current loans and advances to customers	1 453 697	1 377 913
Past due loans and advances to customers (1 – 60 days)	381 539	598 630
Special mention loans and advances to customers	154 589	79 662
Default loans and advances to customers	917 569	699 621
Gross core loans and advances to customers	18 097 138	16 393 203
Total gross non-current core loans and advances to customers	1 453 697	1 377 913
Default loans that are current and not impaired	39 605	12 624
Gross core loans and advances to customers that are past due but not impaired	952 813	929 865
Gross core loans and advances to customers that are impaired	461 279	435 424
Total income statement charge for impairments on core loans and advances	(205 201)	(162 927)
Gross default loans and advances to customers	917 569	699 621
Specific impairments	(157 399)	(156 964)
Portfolio impairments	(48 942)	(9 696)
Defaults net of impairments	711 228	532 961
Collateral and other credit enhancements	947 192	649 219
Net default loans and advances to customers (limited to zero)	–	–
Ratios:		
Specific impairments as a % of gross core loans and advances to customers	0.87%	0.96%
Portfolio impairments as a % of gross core loans and advances to customers	0.27%	0.06%
Total impairments as a % of gross core loans and advances to customers	1.14%	1.02%
Specific impairments as a % of gross default loans	17.15%	22.44%
Gross defaults as a % of gross core loans and advances to customers	5.07%	4.27%
Defaults (net of impairments) as a % of net core loans and advances to customers	3.98%	3.28%
Net defaults as a % of gross core loans and advances to customers	–	–
Credit loss ratio (i.e income statement impairment charge on loans as a % of average loans and advances)	1.16%	1.08%

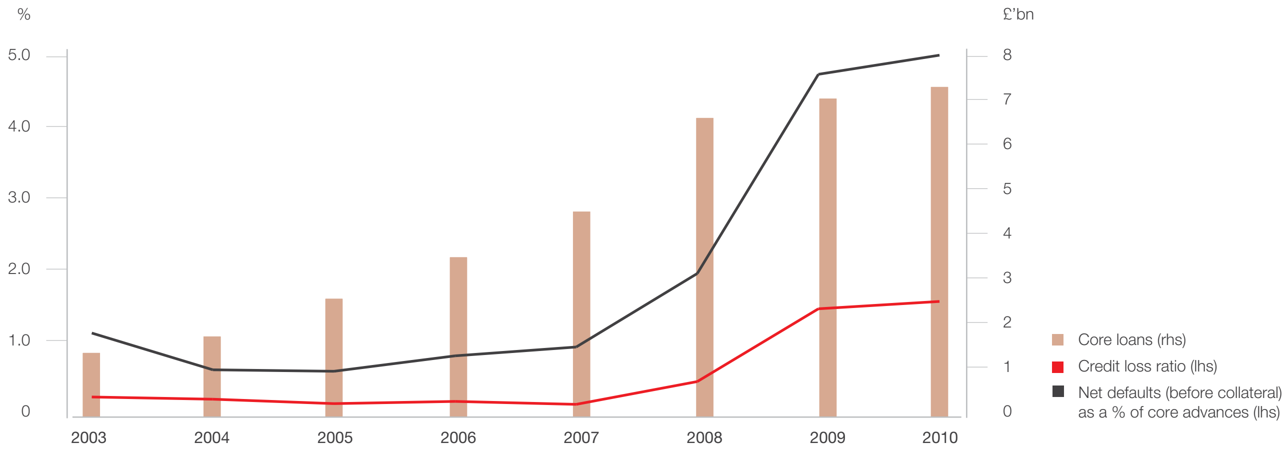
An analysis of core loans and advances to customers and asset quality by geography

£'000	UK and Europe		Southern Africa		Australia		Total	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009
Gross core loans and advances to customers	5 536 755	6 038 586	10 707 928	8 930 812	1 852 455	1 423 805	18 097 138	16 393 203
Total impairments	(99 974)	(76 057)	(70 452)	(74 969)	(35 915)	(15 634)	(206 341)	(166 660)
Portfolio impairments	(18 672)	(3 032)	(29 033)	(6 664)	(1 237)	–	(48 942)	(9 696)
Specific impairments	(81 302)	(73 025)	(41 419)	(68 305)	(34 678)	(15 634)	(157 399)	(156 964)
Net core loans and advances to customers	5 436 781	5 962 529	10 637 476	8 855 843	1 816 540	1 408 171	17 890 797	16 226 543
% of total	30.4%	36.7%	59.4%	54.4%	10.2%	8.7%	100.0%	100.0%
% change since 31 March 2009	(8.8)%	–	20.1%	–	29.0%	–	10.3%	–
Average gross core loans and advances to customers	5 787 671	5 667 150	9 819 370	7 680 615	1 638 130	1 302 720	17 245 171	14 650 485
Current loans and advances to customers	5 002 250	5 287 745	10 053 663	8 481 356	1 587 528	1 246 188	16 643 441	15 015 289
Total gross non current loans and advances to customers	534 505	750 841	654 265	449 456	264 927	177 617	1 453 697	1 377 914
Past due loans and advances to customers (1 – 60 days)	165 540	442 966	181 499	139 021	34 500	16 643	381 539	598 630
Special mention loans and advances to customers	97 344	22 445	49 193	47 378	8 052	9 839	154 589	79 662
Default loans and advances to customers	271 621	285 430	423 573	263 057	222 375	151 135	917 569	699 622
Gross core loans and advances to customers	5 536 755	6 038 586	10 707 928	8 930 812	1 852 455	1 423 805	18 097 138	16 393 203
Total gross non-current loans and advances to customers	534 505	750 841	654 265	449 456	264 927	177 617	1 453 697	1 377 914
Default loans that are current and not impaired	4 985	11 057	34 620	1 568	–	–	39 605	12 625
Gross core loans and advances to customers that are past due but not impaired	327 925	590 725	467 360	221 211	157 528	117 928	952 813	929 864
Gross core loans and advances to customers that are impaired	201 595	149 059	152 285	226 677	107 399	59 689	461 279	435 425
Total income statement charge for impairments on core loans	(106 950)	(88 789)	(70 841)	(51 452)	(27 410)	(22 685)	(205 201)	(162 927)
Gross default loans and advances to customers	271 621	285 430	423 573	263 057	222 375	151 135	917 569	699 621
Specific impairments	(81 302)	(73 025)	(41 419)	(68 305)	(34 678)	(15 634)	(157 399)	(156 964)
Portfolio impairments	(18 672)	(3 032)	(29 033)	(6 664)	(1 237)	–	(48 942)	(9 696)
Defaults net of impairments	171 647	209 373	353 121	188 088	186 460	135 501	711 228	532 961
Collateral and other credit enhancements	192 490	218 000	541 548	267 767	213 154	163 452	947 192	649 219
Net defaults loans and advances to customers (limited to zero)	–	–	–	–	–	–	–	–

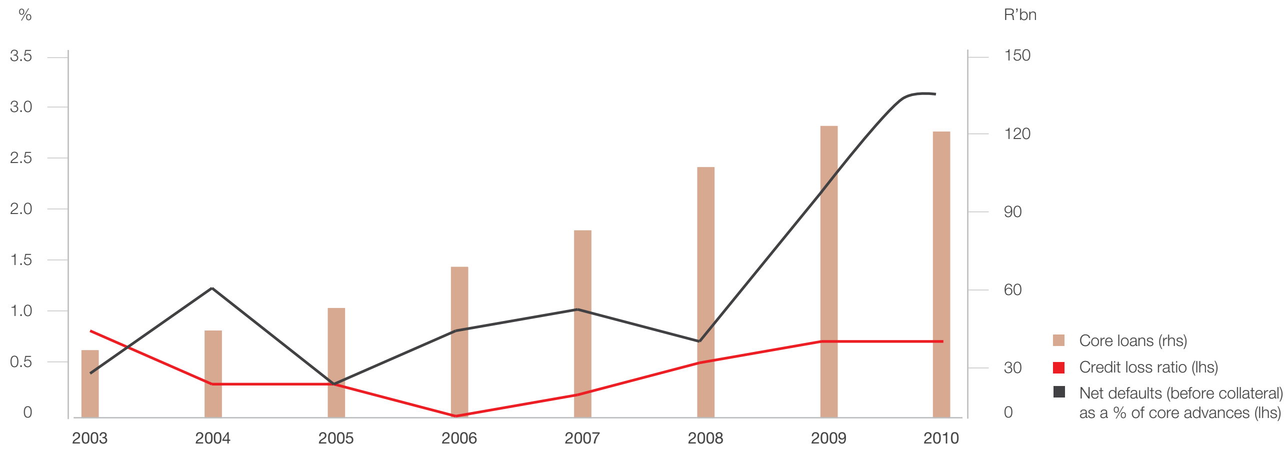
3

	UK and Europe		Southern Africa		Australia		Total	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009
Specific impairments as a % of gross core loans and advances to customers	1.47%	1.21%	0.39%	0.76%	1.87%	1.10%	0.87%	0.96%
Portfolio impairments as a % of gross core loans and advances to customers	0.34%	0.05%	0.27%	0.07%	0.07%	–	0.27%	0.06%
Total impairments as a % of gross core loans and advances to customers	1.81%	1.26%	0.66%	0.84%	1.94%	1.10%	1.14%	1.02%
Specific impairments as a % of gross default loans	29.93%	25.58%	9.78%	25.97%	15.59%	10.34%	17.15%	22.44%
Gross defaults as a % of gross core loans and advances to customers	4.91%	4.73%	3.96%	2.95%	12.00%	10.61%	5.07%	4.27%
Gross defaults (net of impairments) as a % of net core loans and advances to customers	3.16%	3.51%	3.32%	2.12%	10.26%	9.62%	3.98%	3.28%
Net defaults as a % of gross core loans and advances to customers	–	–	–	–	–	–	–	–
Credit loss ratio	1.72%	1.46%	0.71%	0.67%	1.67%	1.74%	1.16%	1.08%

UK, Europe and Australia



Southern Africa



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.

3

Fair value analysis

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

£'000 Country/category	Income (pre funding costs)				Fair value through equity
	Unrealised	Realised	Dividends, net interest and other	Total	
For the year ended 31 March 2010					
Unlisted investments	21 442	34 088	16 664	72 194	(929)
UK and Europe	(1 177)	9 911	(1 278)	7 456	(1 689)
South Africa	22 619	22 036	17 182	61 837	–
Australia	–	2 141	760	2 901	760
Listed equities	16 125	18 621	(15 359)	19 387	3 673
UK and Europe	2 705	9 919	(15 487)	(2 863)	(84)
South Africa	13 420	6 377	94	19 891	62
Australia	–	2 325	34	2 359	3 695
Investment and trading properties	36 102	65	(16)	36 151	4
UK and Europe	–	65	171	236	4
South Africa	36 102	–	(187)	35 915	–
Warrants, profit shares and other embedded derivatives	17 211	19 199	(1 475)	34 935	–
UK and Europe	980	14 409	(1 744)	13 645	–
South Africa	16 578	4 790	270	21 638	–
Australia	(347)	–	(1)	(348)	–
Total	90 880	71 973	(186)	162 667	2 748

£'000 Country/category	Income (pre funding costs) Unrealised	Realised	Dividends, net interest and other	Total	Fair value through equity
For the year ended 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)

Summary of investments held and stress testing analyses

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

£'000 Country/category	On-balance sheet value of investments 31 March 2010	Valuation change stress test* 31 March 2010	On-balance sheet value of investments 31 March 2009	Valuation change stress test* 31 March 2009
Unlisted investments	677 742	101 661	490 982	73 647
UK and Europe*	135 356	20 303	120 689	18 103
South Africa	530 129	79 519	350 364	52 555
Australia	12 257	1 839	19 929	2 989
Listed equities	97 912	24 478	115 793	27 628
UK and Europe*	16 472	4 118	37 060	7 945
South Africa	73 356	18 339	77 558	19 389
Australia	8 084	2 021	1 175	294
Investment and trading properties	437 167	50 228	228 884	27 082
UK and Europe	10 810	2 162	8 480	1 696
South Africa	426 357	48 066	220 404	25 386
Warrants, profit shares and other embedded derivatives	91 559	32 045	103 199	36 120
UK and Europe	34 150	11 952	63 463	22 212
South Africa	57 409	20 093	38 866	13 603
Australia	–	–	870	305
Total	1 304 380	208 412	938 858	164 477

**Includes investments held within the Private Equity division which are required to be consolidated for accounting purposes.*

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 £208 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.

Traded market risk management

Traded market risk description

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.

Within our trading activities, we act as principal with clients or the market

Our strategic intent is that proprietary trading should be limited and that trading should be conducted largely to facilitate clients in deal execution

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3

VaR

	UK and Europe 95% (one-day)			
	Year end £'000	Average £'000	High £'000	Low £'000
31 March 2010				
Commodities	27	28	91	19
Equity derivatives	1 798	1 450	2 333	683
Foreign exchange	16	29	162	4
Interest rates	501	593	1 474	101
Consolidated*	1 791	1 607	2 598	995
31 March 2009				
Commodities	42	45	93	23
Equity derivatives	629	431	958	192
Foreign exchange	25	21	65	4
Interest rates	759	576	2 397	185
Consolidated*	996	738	2 497	341

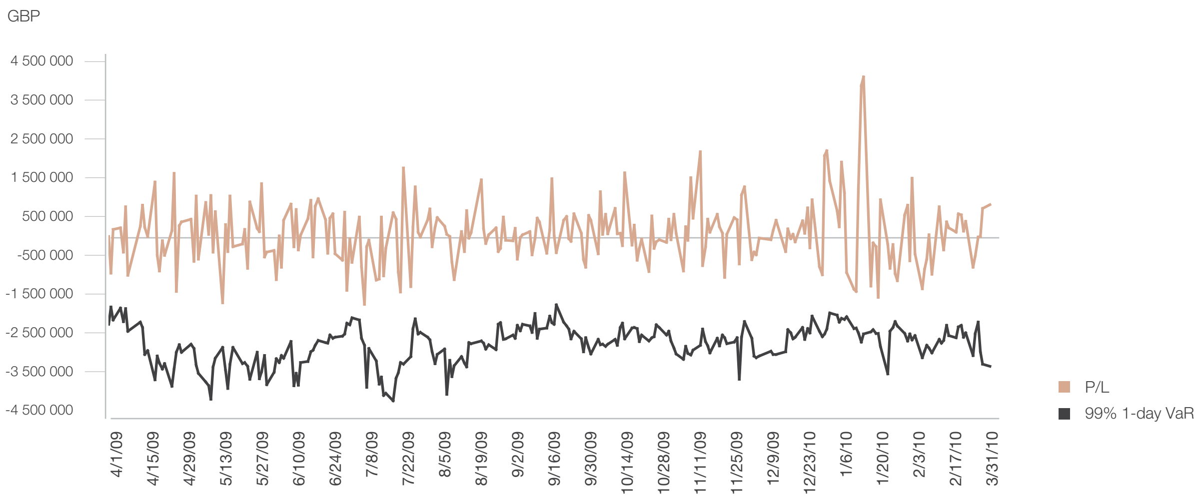
**The consolidated VaR for each desk and each entity at year end is lower than the sum of the individual VaR's. This arises from the consolidation offset between various asset classes.*

The graphs below show total daily VaR and profit and loss figures for our trading activities over the reporting period. The values shown 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

There have been no exceptions i.e. where the loss is greater than the VaR. This is less than the expected two exceptions per year at the 99% level. The reason for this is that our data series contains data spanning the credit crunch whereas markets have calmed to a large extent since then.

99% 1-day VaR backtesting

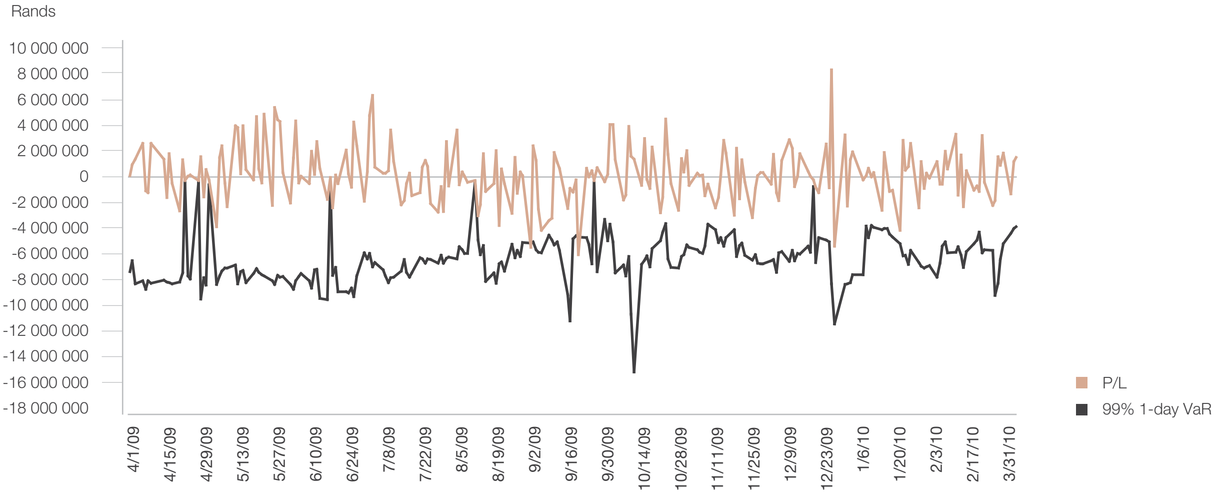


	South Africa 95% (one-day)				Australia 99% (one-day)			
	Year end R'mn	Average R'mn	High R'mn	Low R'mn	Year end A$'000	Average A$'000	High A$'000	Low A$'000
	0.1	0.1	0.6	–	–	–	–	–
	1.1	2.9	18.2	0.6	–	–	–	–
	2.4	2.4	7.1	1.2	9	11	69	1
	1.3	2.0	6.5	0.9	146	130	205	53
	3.6	**4.5**	**16.9**	**2.3**	**154**	**141**	**230**	**69**
	0.3	0.5	1.0	0.1	–	–	–	–
	2.8	3.5	12.0	1.3	–	–	–	–
	2.9	1.8	8.6	0.9	14	32	144	5
	0.9	1.0	4.0	0.4	52	106	204	42
	4.1	**4.5**	**15.3**	**2.1**	**66**	**139**	**307**	**60**

South Africa

There have been two exceptions, i.e. where the loss is greater than the VaR. Both exceptions were marginal and in line with the 99% confidence interval expectations.

99% 1-day VaR backtesting

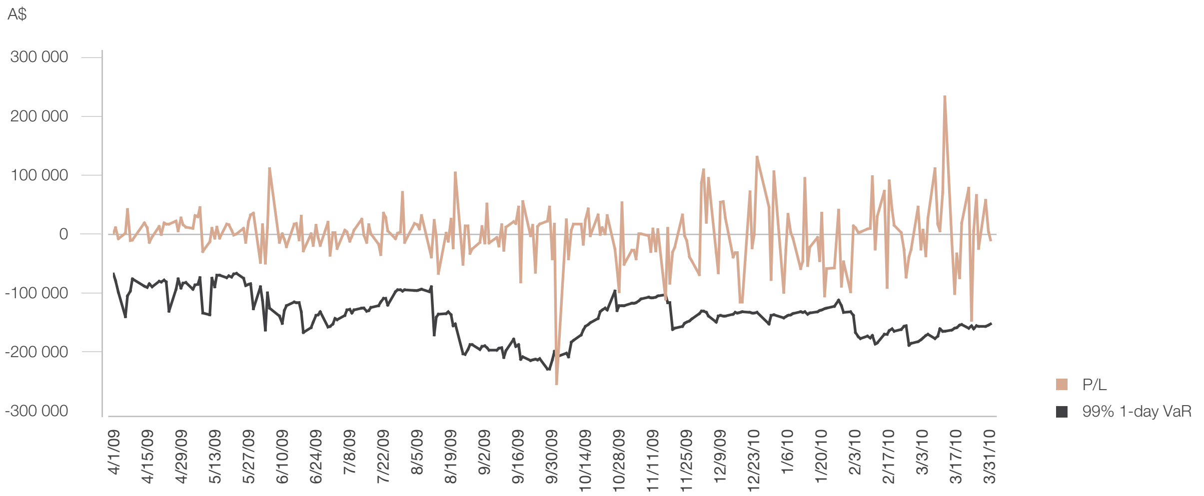


Australia

There have been two exceptions i.e. where the loss is greater than the VaR. This is in line with expectations at the 99% level.

The breach on 2 October 2009 was caused by a combination of a large increase in the A$ 3-month interest rate and a large decrease in USD 1 and 2-year interest rates. The breach on 16 November 2009 was caused by a large decrease in A$ and USD 3-year interest rates.

99% 1-day VaR backtesting



ETL

	Investec plc 95% (one-day) £'000	Investec Limited 95% (one-day) R'mn
31 March 2010		
Commodities	43	0.1
Equity derivatives	2 648	1.8
Foreign exchange	24	4.0
Interest rates	783	2.4
Consolidated*	2 663	5.0
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

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

Stress testing

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

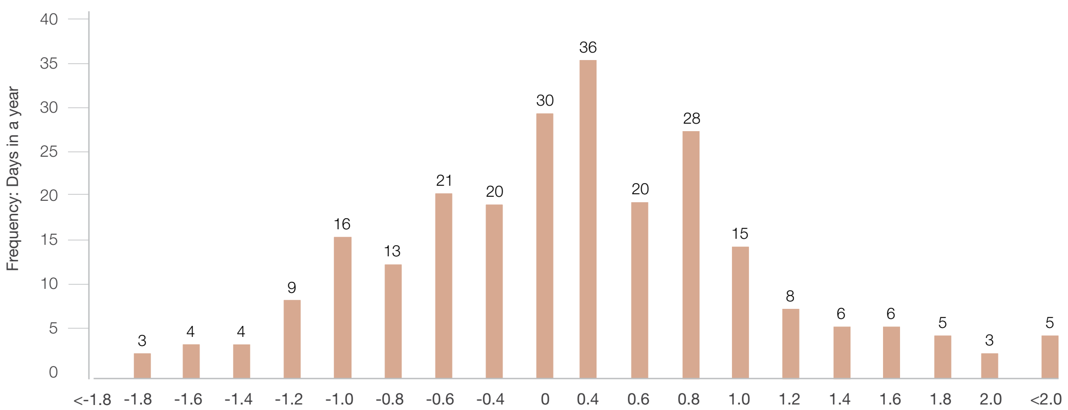
	UK and Europe Using VaR £'000	Australia Using VaR A$'000	South Africa Using VaR R'mn
31 March 2010			
Commodities	207	–	0.6
Equity derivatives	13 760	–	8.6
Foreign exchange	122	50	18.4
Interest rates	3 834	846	10.3
Consolidated	17 923	896	37.9
31 March 2009			
Commodities	324	–	2.3
Equity derivatives	4 812	–	21.7
Foreign exchange	193	81	22.1
Interest rates	5 812	302	7.2
Consolidated	11 141	383	53.3

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 positive trading revenue was realised on 162 days out of a total of 252 days in the trading business. The average daily trading revenue generated for the year ended 31 March 2010 was £60 261 (2009:£244 000).

Profit and loss (£'mn)



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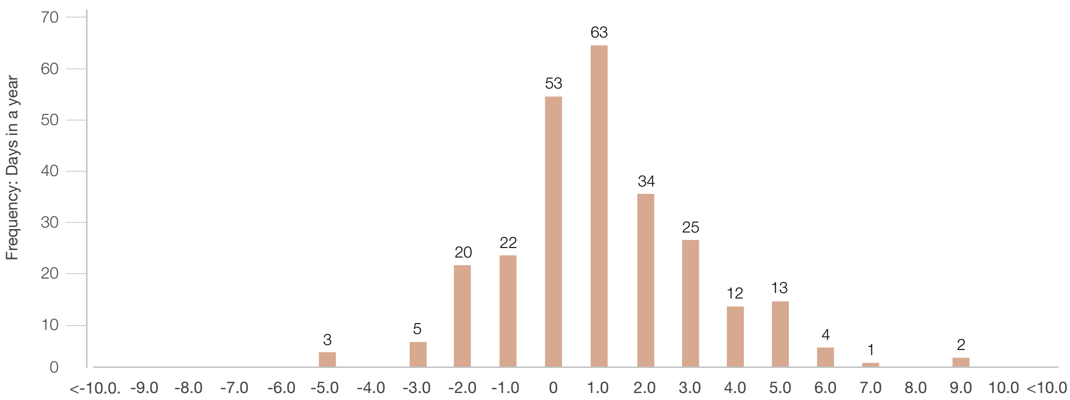
South Africa

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 positive trading revenue was realised on 154 days out of a total of 257 days in the trading business. The average daily trading revenue generated for the year ended 31 March 2010 was R0.6 million (2009:R2.5 million).

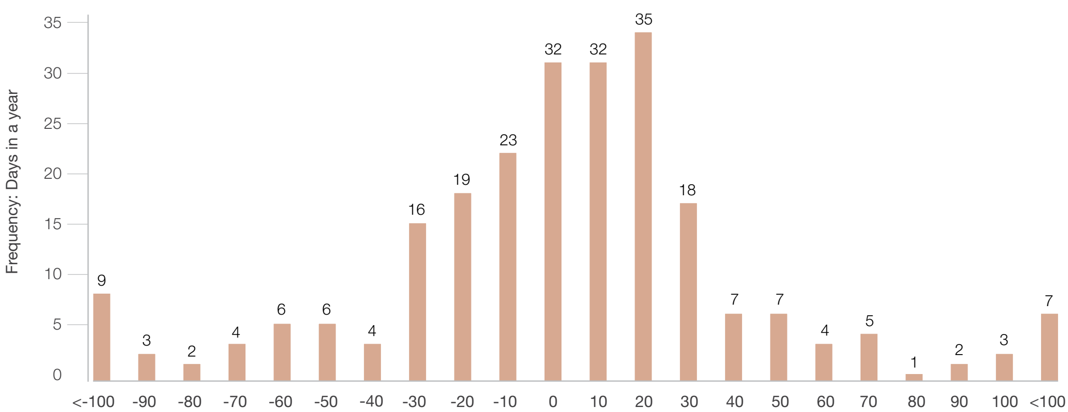
Profit and loss (R'mn)



Australia

The histogram below illustrates the distribution of daily revenue during the financial year for our trading businesses. The graph shows that negative trading revenue was realised on 153 days out of a total of 252 days in the trading business. The average daily trading loss generated for the year ended 31 March 2010 was A$4 000 (2009: revenue of A$5 000).

Profit and loss (A$'000)



Traded market risk year in review

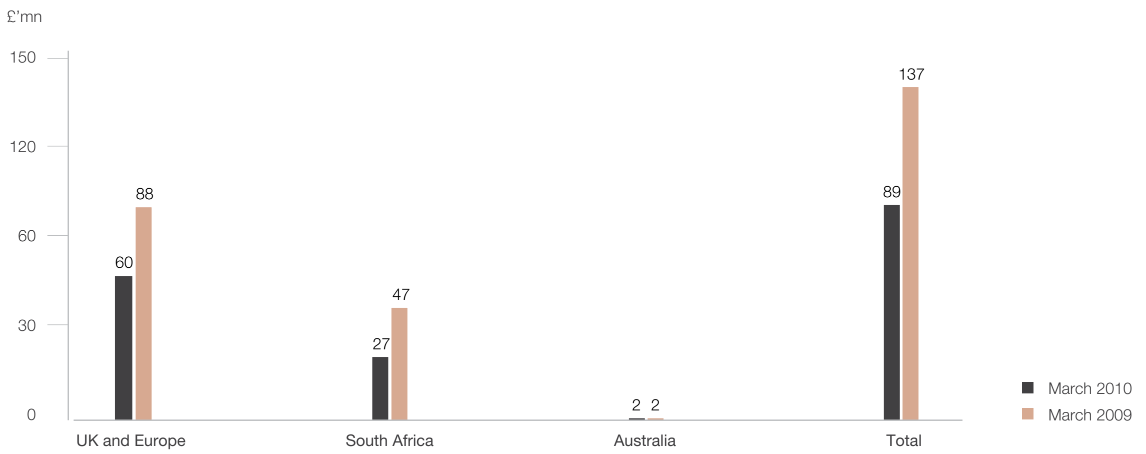
In South Africa markets have been relatively difficult to gauge over the past year resulting in a significant decline in client flow and trading activity. As a result the trading desks have reduced the amount of proprietary trading risk that they have been willing to accept and have concentrated on managing existing risks. Market risk limit utilisation by the trading desks has been relatively low throughout the year, which is evident in a decrease in the VaR numbers. Despite the difficult trading conditions all trading desks recorded a profit.

In the UK the Structured Equity desk has continued to experience strong growth in their retail product sales and they continue to expand their product range. The Interest Rate and Forex desks have also performed well benefiting from both increased volatility and flows. The Fixed Income desk was closed during the course of the year.

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

As mentioned above 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



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.

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 unexpected, adverse movements 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, the shape of the yield curves, basis risk spreads, and optionality inherent in certain products. 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.

The group complies with the Basel Committee on Banking Supervision's Principles for Sound Liquidity Risk Management and Supervision

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Interest rate sensitivity gap

The tables that follow 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 as at 31 March 2010

£'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	2 639	–	–	–	–	19	2 658
Investment/trading assets	1 417	13	96	30	205	250	2 011
Securitised assets	3 903	9	–	4	–	1	3 917
Advances	6 534	571	157	383	89	53	7 787
Other assets	–	–	–	–	–	1 018	1 018
Assets	14 493	593	253	417	294	1 341	17 391
Deposits – banks	(2 355)	(92)	(31)	(107)	–	–	(2 585)
Deposits – non-banks	(6 454)	(294)	(348)	(846)	(80)	(3)	(8 025)
Negotiable paper	(474)	(11)	(6)	(165)	(6)	–	(662)
Securitised liabilities	(3 465)	–	–	–	–	–	(3 465)
Investment/trading liabilities	(408)	–	–	–	–	(37)	(445)
Subordinated liabilities	–	–	(286)	–	(256)	(45)	(587)
Other liabilities	–	–	–	–	–	(622)	(622)
Liabilities	(13 156)	(397)	(671)	(1 118)	(342)	(707)	(16 391)
Intecompany loans	(9)	–	–	1	–	(9)	(17)
Shareholders' funds	–	–	–	–	–	(1 237)	(1 237)
Balance sheet	1 328	196	(418)	(700)	(48)	(612)	(254)
Off-balance sheet	(295)	(22)	112	749	(208)	1	337
Repricing gap	1 033	174	(306)	49	(256)	(611)	83
Cumulative repricing gap	1 033	1 207	901	950	694	83	–

South Africa – interest rate sensitivity as at 31 March 2010

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	13 872	–	–	–	–	4 100	17 972
Cash and short-term funds – non-banks	6 455	–	–	–	–	–	6 455
Investment/trading assets	23 222	5 942	3 509	131	155	15 404	48 363
Securitised assets	9 689	40	40	213	14	–	9 996
Advances	94 948	1 045	2 163	9 631	3 457	688	111 932
Other assets	277	–	–	–	–	7 830	8 107
Assets	148 463	7 027	5 712	9 975	3 626	28 022	202 825
Deposits – banks	(9 384)	(50)	–	(120)	–	–	(9 554)
Deposits – non-banks	(118 742)	(7 996)	(8 411)	(3 782)	(633)	(1 508)	(141 072)
Negotiable paper	(840)	(450)	(236)	–	–	(33)	(1 559)
Securitised liabilities	(7 223)	(60)	(381)	(488)	–	–	(8 152)
Investment/trading liabilities	(2 964)	–	–	–	–	(3 037)	(6 001)
Subordinated liabilities	(1 355)	–	–	(3 750)	(200)	(36)	(5 341)
Other liabilities	(3 202)	(289)	(552)	(201)	(132)	(9 061)	(13 437)
Liabilities	(143 710)	(8 845)	(9 580)	(8 341)	(965)	(13 675)	(185 116)
Intercompany loans	1 584	(299)	(537)	(185)	346	66	975
Shareholders' funds	(3 094)	–	–	–	(1 204)	(14 405)	(18 703)
Balance sheet	3 243	(2 117)	(4 405)	1 449	1 803	8	(19)
Off-balance sheet	(4 631)	9 526	2 022	(4 513)	(2 385)	–	19
Repricing gap	(1 388)	7 409	(2 383)	(3 064)	(582)	8	–
Cumulative repricing gap	(1 388)	6 021	3 638	574	(8)	–	–

Australia – interest rate sensitivity as at 31 March 2010

A$'million	Not > 3 months	> 3 months but < 6 months	> 6 months but < 1 year	> 1 year but < 5 years	> 5 years	Non-rate	Total non trading
Cash and short-term funds – banks	953	–	–	–	–	–	953
Investment/trading assets	933	5	1	170	15	92	1 216
Securitised assets	230	60	110	450	7	–	857
Advances	1 822	60	40	195	8	25	2 150
Other assets	–	–	–	–	–	161	161
Assets	3 938	125	151	815	30	278	5 337
Deposits – banks	–	–	–	–	–	–	–
Deposits – non-banks	(1 309)	(153)	(70)	(144)	(8)	(11)	(1 695)
Negotiable paper	(1 050)	(13)	(2)	(845)	–	–	(1 910)
Securitised liabilities	(853)	–	–	–	–	–	(853)
Investment/trading liabilities	(25)	–	–	–	–	–	(25)
Subordinated liabilities	(46)	–	–	–	–	–	(46)
Other liabilities	–	–	–	–	–	(127)	(127)
Liabilities	(3 283)	(166)	(72)	(989)	(8)	(138)	(4 656)
Intercompany loans	(20)	–	–	(3)	–	24	1
Shareholders' funds	–	–	–	–	–	(684)	(684)
Balance sheet	635	(41)	79	(177)	22	(520)	(2)
Off-balance sheet	31	(46)	(84)	125	(24)	–	2
Repricing gap	666	(87)	(5)	(52)	(2)	(520)	–
Cumulative repricing gap	666	579	574	522	520	–	

3

Economic value sensitivity

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. The numbers represent the change to mainly net interest income should such a hypothetical scenario arise. This sensitivity effect does not have a significant direct impact to equity.

UK and Europe

	Sensitivity to the following interest rates (expressed in original currencies)						
’million	GBP	USD	EUR	AUD	ZAR	Other (GBP)	All (GBP)
200bp Down	(34.0)	(0.6)	1.0	–	–	0.1	(34.0)
200bp Up	34.0	0.6	(1.0)	–	–	(0.1)	34.0

South Africa

	Sensitivity to the following interest rates (expressed in original currencies)						
’million	ZAR	GBP	USD	EUR	AUD	Other (ZAR)	All (ZAR)
200bp Down	(149.2)	0.1	3.0	(0.1)	(0.4)	(0.3)	(129.0)
200bp Up	126.6	(0.4)	(3.5)	–	0.4	0.3	99.3

Australia

’million	AUD
200bp Down	(1.39)
200bp Up	1.39

Liquidity risk

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, without incurring unacceptable losses. This includes 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

Liquidity risk description

Liquidity risk is further broken down into:

- **Funding liquidity:** which relates to the risk that the bank will be unable to meet current and/or future cash flow or collateral requirements without adversely affecting the normal course of business, its financial position or its reputation
- **Market liquidity:** which relates to the risk that the bank may be unable to trade in specific markets or that it may only be able to do so with difficulty due to market disruptions or a lack of market liquidity.

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

Liquidity mismatch

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

The table will not agree directly to the balances disclosed in the balance sheet since the table incorporates cash flows on a contractual, undiscounted basis based on the earliest date on which the group can be required to pay.

We maintained a strong liquidity profile throughout the year. Our limited reliance on securitisations as a source of funding has meant that the uncertainty in securitisation markets has not impacted our liquidity risk profile. Despite competitive pressures we were able to increase deposits taken from the retail market and raise additional liquidity. 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.

We maintained a strong liquidity profile throughout the year

3

UK and Europe

Contractual liquidity as at 31 March 2010

£'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	2 040	424	414	–	18	2	–	2 898
Investment/trading assets	833	756	166	144	144	382	540	2 965
Securitised assets	10	–	1	1	2	17	3 886	3 917
Advances	24	663	453	338	900	2 177	3 260	7 815
Other assets	199	321	50	3	5	109	347	1 034
Assets	**3 106**	**2 164**	**1 084**	**486**	**1 069**	**2 687**	**8 033**	**18 629**
Deposits – banks	(173)^	(379)	(94)	(123)	(357)	(877)	(790)	(2 793)
Deposits – non-banks	(534)	(1 783)	(1 792)	(2 592)	(356)	(909)	(59)	(8 025)
Negotiable paper	–	(10)	(13)	(10)	(4)	(455)	(167)	(659)
Securitised liabilities	–	–	–	–	–	–	(3 465)	(3 465)
Investment/trading liabilities	(501)	(96)	(66)	(230)	(106)	(224)	–	(1 223)
Subordinated liabilities	–	–	–	–	(223)	–	(364)	(587)
Other liabilities	(169)	(277)	(42)	(35)	(62)	(36)	(2)	(623)
Liabilities	**(1 377)**	**(2 545)**	**(2 007)**	**(2 990)**	**(1 108)**	**(2 501)**	**(4 847)**	**(17 375)**
Intercompany loans	**(2)**	**19**	**(24)**	**–**	**–**	**1**	**(11)**	**(17)**
Shareholders' funds	**–**	**–**	**–**	**–**	**–**	**–**	**(1 237)**	**(1 237)**
Liquidity gap	**1 727**	**(362)**	**(947)**	**(2 504)**	**(39)**	**187**	**1 938**	**–**
Cumulative liquidity gap	1 727	1 365	418	(2 086)	(2 125)	(1 938)	–	

Behavioural liquidity (as discussed on page 79)

£'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	1 980	(362)	(534)	(1 887)	(39)	(813)	1 655	–
Cumulative	1 980	1 618	1 084	(803)	(842)	(1 655)	–	–

^The deposits shown in the demand column at 31 March 2010 reflect cash margin deposits held.

South Africa

Contractual liquidity as at 31 March 2010

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*	15 958	1 087	16	20	350	374	480	18 285
Cash and short-term funds – non-banks	5 573	882	–	–	–	–	–	6 455
Investment/trading assets**	26 897	8 393	513	847	2 345	13 041	10 134	62 170
Securitised assets	630	128	185	509	485	3 619	4 440	9 996
Advances	6 599	6 874	7 600	8 439	12 728	39 929	29 763	111 932
Other assets	579	2 964	162	204	64	1 461	2 853	8 287
Assets	56 236	20 328	8 476	10 019	15 972	58 424	47 670	217 125
Deposits – banks	(332)	(1 909)	(628)	(50)	(3 385)	(3 250)	–	(9 554)
Deposits – non-banks	(46 654)^	(29 215)	(27 236)	(11 409)	(18 146)	(7 069)	(3 392)	(143 121)
Negotiable paper	–	(230)	(233)	(450)	(646)	–	–	(1 559)
Securitised liabilities	(145)	(834)	(1 743)	(60)	(787)	(3 395)	(1 188)	(8 152)
Investment/trading liabilities	(5 570)	(1 159)	(446)	(411)	(1 005)	(6 643)	(1 682)	(16 916)
Subordinated liabilities	–	–	–	–	–	(4 691)	(650)	(5 341)
Other liabilities	(590)	(2 851)	(1 622)	(1 299)	(2 210)	(1 293)	(4 027)	(13 892)
Liabilities	(53 291)	(36 198)	(31 908)	(13 679)	(26 179)	(26 341)	(10 939)	(198 535)
Shareholders' funds	–	–	–	–	–	–	(18 590)	(18 590)
Liquidity gap	2 945	(15 870)	(23 432)	(3 660)	(10 207)	32 083	18 141	–
Cumulative liquidity gap	2 945	(12 925)	(36 357)	(40 017)	(50 224)	(18 141)	–	–

Contractual liquidity adjustments (as discussed on page 79)

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	12 341	1 087	16	20	350	374	4 097	18 285
**Investment/trading assets	8 658	1 477	9 249	9 489	10 122	13 041	10 134	62 170

Behavioural liquidity (as discussed on page 79)

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	13 228	9 181	(2 565)	6 097	(3 394)	(52 379)	29 832	–
Cumulative	13 228	22 409	19 844	25 941	22 547	(29 832)	–	–

^Includes call deposits of R43.0 billion and the balance reflects term deposits which have finally reached/are reaching contractual maturity.

3

Australia

Contractual liquidity as at 31 March 2010

A$'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Cash and short term funds – banks	948	5	–	–	–	–	–	953
Investment/trading assets*	974	2	8	3	7	86	134	1 214
Securitised assets	5	24	55	87	173	504	11	859
Advances**	6	210	204	280	569	788	93	2 150
Other assets	–	–	–	–	–	–	161	161
Assets	**1 933**	**241**	**267**	**370**	**749**	**1 378**	**399**	**5 337**
Deposits – banks	–	–	(25)	–	–	–	–	(25)
Deposits – non banks	(458) ^	(298)	(525)	(170)	(83)	(154)	(8)	(1 696)
Negotiable paper	–	(152)	(170)	(29)	(36)	(1 521)	–	(1 908)
Securitised liabilities	(5)	(24)	(54)	(87)	(557)	(126)	–	(853)
Investment/trading liabilities	–	(13)	(8)	(3)	(3)	(32)	(18)	(77)
Subordinated liabilities	–	–	–	(25)	–	(20)	–	(45)
Other liabilities	–	–	–	–	–	–	(49)	(49)
Liabilities	**(463)**	**(487)**	**(782)**	**(314)**	**(679)**	**(1 853)**	**(75)**	**(4 653)**
Intercompany loans	**21**	**–**	**–**	**–**	**(1)**	**(23)**	**3**	**–**
Shareholders' funds	**–**	**–**	**–**	**–**	**–**	**–**	**(684)**	**(684)**
Liquidity gap	**1 491**	**(246)**	**(515)**	**56**	**69**	**(498)**	**(357)**	**–**
Cumulative liquidity gap	1 491	1 245	730	786	855	357	–	–

Contractual liquidity adjustments (as discussed on page 79)

A$'million	Demand^	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
*Investment/trading assets	2	65	58	20	39	878	154	1 216
**Advances	384	191	167	179	367	769	93	2 150

Behavioural liquidity (as discussed on page 79)

A$'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Behavioural liquidity gap	**1 881**	**(312)**	**(689)**	**(27)**	**(1)**	**(497)**	**(355)**	**–**
Cumulative	1 881	1 569	880	853	852	355	–	–

^Includes call deposits of A$433 million and the balance reflects term deposits which have finally reached/are reaching contractual maturity.

Balance sheet risk year in review

UK and Europe

A consistent theme is the return of liquidity and the resultant fall in liquidity and credit spreads. The spread between 3-month SONIA and 3- month Libor, a straightforward measure of the liquidity premium, fell from 162.5bp to its current level of 17bp, only a few basis points above where this same measure was prior to the 2007 crisis. Cash markets have seen a similar return of risk appetite, with banks and corporates being able to access capital markets at increasingly attractive levels. Retail demand for Investec products has been strong with net retail deposit growth for the year of £3.6 billion. Of this total, the Private Bank raised a total of £2.2 billion and term retail funding, via structured equity deposits (within the Capital Markets division), raised £800 million with a weighted average expected term of 3.4 years. In addition, strong inroads into the SME corporate market has resulted in corporate deposits increasing by £600 million over the year. Total customer deposits increased by 83.4% from 1 April 2009 to £8.0 billion at 31 March 2010 (comprising Private Bank deposits of £6.3 billion, structured equity deposits of £836 million and corporate deposits of £763 million). Cash and near cash balances more than doubled from 1 April 2009 to £3.7 billion at 31 March 2010. The challenge for the year ahead will be to curtail the strong inflow of deposits and manage the resultant surplus liquidity without damaging the franchises that have been built up so successfully.

South Africa

In contrast to the prior year the South African interest rate environment was stable and relatively uneventful. The cost of term deposits, however, rose steadily throughout 2009 which placed interest rate margins under pressure. This was compensated by higher yields earned on liquid and trading assets. The gap between treasury bill and deposit yields shrank to almost zero over the year largely due to increased borrowing requirements from the government. Liquidity conditions stabilised and improved over the financial year. The Private Bank aggressively grew its deposit book and moderated its asset base resulting in a substantial increase in surplus cash reserves which we placed largely in higher yielding treasury bills. Our liquidity was further boosted by several successful medium term senior and subordinated notes issues totaling over R4 billion. The cost of these issues varied between 150bp and 200bp over Jibar. Total customer deposits increased by 12.8% from 1 April 2009 to R143.1 billion at 31 March 2010 (Private Bank deposits amount to R51.2 billion and other retail deposits amount to R91.9 billion). Cash and near cash balances increased by 46.7% from 1 April 2009 to R48.0 billion at 31 March 2010. The prospect of regulatory change will continue to force us and other banks to lengthen our deposit books, reprice new assets upwards and reduce our rate of asset growth.

Australia

In Australia the economy has seen a resilience related to, stimulatory fiscal policy along with only muted impacts of the global financial crisis on China and some of Australia's other Asian trading partners, and consequently, the Reserve Bank of Australia raised interest rates in the second half of the year. Consistent with the stabilisation of the international environment and the actions of other governments internationally the Australian Federal Government announced the closing of its Government Guarantee Scheme for wholesale funding effective 31 March 2010. During this period, Investec Australia utilised the stronger availability of funding to lengthen the term profile of its wholesale funding and to reshape the mix of its Private Bank funding base by significantly increasing the diversified mix of funds across distribution channels and increasing client numbers while reducing the average size of deposits taken.

Investec Australia maintained a strong liquidity position well in excess of regulatory and internal policy requirements throughout the year, with cash and near cash balances increasing to A$1.8 billion at 31 March 2010.

Total customer deposits increased through the year with Private Bank deposits increasing to A$1.4 billion by 31 March 2010.

Investec group

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 (IBP):
  - A £170 million one year Schuldschein facility was arranged in April 2009
  - As retail funding initiatives provided excellent levels of liquidity, IBP scaled back it's activity in the wholesale market accordingly
- Investec Bank (Australia) Limited:
  - During December 2009 IBAL undertook a domestic term debt issue in government guaranteed format, raising A$450 million of fixed rate funds with a term of 5 years, and paying a coupon equal to BBSW + 0.58% (before issuance and government guarantee fees)
  - During March 2010 IBAL undertook a further domestic term debt issue in government guaranteed format, raising A$300 million of fixed rate funds with a term of 5 years, and paying a coupon equal to BBSW + 0.40% (before issuance and government guarantee fees).

A group wide operational risk system is used for the recording, identification, assessment, measurement and monitoring of operational risks facing the individual business units

3

- Investec Bank Limited (IBL):
  - During the year IBL undertook a series of domestic term debt and bond tap issues, raising a total of R4 050 million
  - May 2009 raised R1 835 million of floating rate funds with a term of 2 years and 2 months, and a coupon of 195 over 3-month Jibar
  - August 2009 raised R160 million of floating rate funds with a term of 6 years and 4 months, and a coupon of 215 over 3-month Jibar
  - September 2009 raised R120 million of floating rate funds with a term of 2 years and 8 months, and a coupon of 170 over 3-month Jibar
  - November 2009 raised R60 million of fixed funds with a term of 1 years and 7 months, and a coupon of 65 over the R157 Government Bond
  - December 2009 raised R611 million of floating rate funds with a term of 2 years and 8 months, and a coupon of 150 over 3-month Jibar
  - March 2010 raised R570 million of fixed rate funds with a term of 4 years and 11 months, and a coupon of 210 over the R157 Government Bond
  - March 2010 raised R170 million of floating rate funds with a term of 2 years and 11 months, and a coupon of 155 over 3-month Jibar
  - March 2010 raised R524 million of floating rate funds with a term of 4 years and 11 months, and a coupon of 200 over 3-month Jibar
  - During the year IBL undertook a sub debt tier II capital callable debt issue, raising R250 million of floating rate funds with a term of 9 years and 7 months, callable in 4 years and 7 months, and a coupon of 325 over 3-month Jibar.

Operational risk management

Operational risk description

Operational risk is defined as the risk of loss or earnings volatility arising from inadequate or failed 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 appropriate and relevant sound operational risk management practices.

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

Developments

Supervisory interaction

During the year, the group was subject to regulatory onsite reviews by the SARB, the FSA and APRA.

We have actively participated in the FSA's "Raising the Bar" discussion groups. Regular engagement with industry groups and fora enables the group to be informed of developments and thus advance operational risk management practices.

Areas of focus include:

- Embedding more sophisticated operational risk practices within the group
- Business continuity capability: rigorous and ongoing simulations and readiness evaluation. The impact of the Soccer World Cup in South Africa has been considered and appropriate actions taken to mitigate the potential risks

- Financial crime: initiatives to improve understanding, awareness and internal processes are in place to minimise losses and recover assets and, where appropriate, to report suspicious transactions to the relevant authorities. Developments in this area are monitored through participation in the industry fora
- Privacy and confidentiality: ongoing focus on ensuring the confidentiality, availability and integrity of our information by identifying and reducing the risks to our information assets and systems
- Continued attention to practices and controls relating to execution, delivery and process risks.

Embedding operational risk management practices in the group remains an ongoing activity. The framework and practices are continuously monitored and developed to ensure that they remain relevant, appropriate, adequate and in line with leading industry practices and regulatory requirements.

Reputational risk

Reputational risk is damage to our reputation, name or brand. Reputational risk arises 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. The group's 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.

Pension risk

Pension risk arises from defined benefit schemes, where Investec plc is required to fund any deficit in the schemes.

There are two defined benefit schemes within Investec plc and both are closed to new business. Pension risk arises if the net present value of future cash outflows is greater than the current value of the asset pool set aside to cover those payments.

Primary causes of any deficit include:

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

Investec plc monitors the position of the funds closely, regularly assessing potential adverse movements in the schemes.

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.

Capital management and allocation

Although Investec plc (and its subsidiaries) and Investec Limited (and its subsidiaries) are managed independently, the approach to capital management is consistent across the two groups. 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 over the past two years, capital adequacy standards for banks globally have been raised. Investec has always held capital in excess of regulatory requirements and the group intends to perpetuate this philosophy to ensure that it continues to remain well capitalised. Accordingly, the group maintains capital adequacy targets of a minimum tier one capital ratio of 11% and a total capital adequacy ratio range of 14% to 17%, on a consolidated basis, for Investec plc and Investec Limited, respectively.

The determination of target capital is driven by our risk profile, 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 prudent capitalisation in the context of the group's risk profile 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:

- Risk identification, review and assessment
- 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:

- Ensure that all identified risks are, where appropriate, incorporated into risk based pricing
- 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.

Capital structure

	Investec plc £'mn	IBP* £'mn	IBAL* A$'mn	Investec Limited R'mn	IBL* R'mn
As at 31 March 2010					
Regulatory capital					
Tier 1					
Called up share capital	–	748	292	–	25
Share premium	932	71	–	10 416	10 530
Retained income	419	343	360	9 405	6 055
Treasury shares	(3)	–	–	(1 140)	–
Other reserves	111	67	(7)	439	158
Minority interests in subsidiaries	168	(10)	–	–	–
Goodwill	(319)	(96)	(89)	(378)	(95)
Primary capital (Tier 1)	1 308	1 123	556	18 742	16 673
Less: deductions	(33)	(14)	(76)	(266)	(266)
	1 275	1 109	480	18 476	16 407
Tier 2 capital					
Aggregate amount	623	525	88	5 553	5 553
Less: deductions	(33)	(14)	(11)	(265)	(265)
	590	511	77	5 288	5 288
Other deductions from Tier 1 and Tier 2	(72)	(101)	–		–
Total capital	1 793	1 519	557	23 764	21 695
As at 31 March 2009					
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					
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					
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

**Where: IBP is Investec Bank plc; IBAL is Investec Bank (Australia) Limited and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP and IBAL. The information for Investec Limited includes the information for IBL. The information for IBP includes the information for IBAL.*

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Capital requirements

	Investec plc £'mn	IBP* £'mn	IBAL* A$'mn	Investec Limited R'mn	IBL* R'mn
As at 31 March 2010					
Capital requirements	**901**	**720**	**376**	**14 465**	**13 272**
Credit risk – prescribed standardised exposure classes	724	591	323	11 516	10 965
Corporates	234	230	232	7 481	6 991
Secured on real estate property	237	190	5	1 000	1 000
Counterparty risk on trading positions	20	20	5	321	321
Short term claims on institutions and corporates	33	28	4	1 282	1 221
Retail	44	44	16	698	698
Institutions	10	10	9	661	661
Other exposure classes	146	69	52	73	73
Securitisation exposures	20	19	–	356	356
Equity risk – standardised approach	16	16	8	717	697
Listed equities	2	2	2	55	35
Unlisted equities	14	14	6	662	662
Market risk – portfolios subject to internal models approach	23	23	2	154	91
Interest rate	12	12	2	31	31
Foreign Exchange	1	1	–	31	31
Commodities	–	–	–	1	1
Equities	10	10	–	91	28
Operational risk – standardised approach	118	71	43	1 722	1 163
As at 31 March 2009					
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

**Where: IBP is Investec Bank plc; IBAL is Investec Bank (Australia) Limited and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP and IBAL. The information for Investec Limited includes the information for IBL. The information for IBP includes the information for IBAL.*

Capital adequacy

	Investec plc £'mn	IBP* £'mn	IBAL* A$'mn	Investec Limited R'mn	IBL* R'mn
As at 31 March 2010					
Tier 1 capital	1 308	1 123	556	18 742	16 673
Less: deductions	(33)	(14)	(76)	(266)	(266)
	1 275	1 109	480	18 476	16 407
Tier 2 capital					
Aggregate amount	623	525	88	5 553	5 553
Less: deductions	(33)	(14)	(11)	(265)	(265)
	590	511	77	5 288	5 288
Tier 3 capital					
Aggregate amount	–	–	–	–	–
Other deductions from Tier 1 and Tier 2	(72)	(101)	–	–	–
Total capital	1 793	1 519	557	23 764	21 695
Risk-weighted assets (banking and trading)	11 266	8 997	2 899	152 264	139 716
Credit risk – prescribed standardised exposure classes	9 057	7 380	2 485	121 226	115 429
Corporates	2 923	2 874	1 781	78 746	73 588
Secured on real estate property	2 962	2 371	37	10 525	10 525
Counterparty risk on trading positions	248	245	41	3 380	3 380
Short term claims on institutions and corporates	416	346	34	13 495	12 857
Retail	550	550	121	7 352	7 352
Institutions	131	131	69	6 955	6 955
Other exposure classes	1 827	863	402	773	772
Securitisation exposures	247	243	–	3 748	3 748
Equity risk – standardised approach	207	203	62	7 547	7 337
Listed equities	28	25	16	578	368
Unlisted equities	179	178	46	6 969	6 969
Market risk – portfolios subject to internal models approach	285	285	17	1 618	956
Interest rate	149	149	16	325	325
Foreign Exchange	11	11	1	326	326
Commodities	–	–	–	13	13
Equities	125	125	–	954	292
Operational risk – standardised approach	1 470	886	335	18 125	12 246
Capital adequacy ratio	15.9%	16.9%	19.2%	15.6%	15.5%
Tier 1 ratio	11.3%	12.3%	16.6%	12.1%	11.7%
Capital adequacy ratio – pre operational risk	18.3%	18.7%	21.7%	17.7%	17.0%
Tier 1 ratio – pre operational risk	13.0%	13.7%	18.7%	13.8%	12.9%

**Where: IBP is Investec Bank plc; IBAL is Investec Bank (Australia) Limited and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP and IBAL. The information for Investec Limited includes the information for IBL. The information for IBP includes the information for IBAL.*

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Capital adequacy

	Investec plc £'mn	IBP* £'mn	IBAL* A$'mn	Investec Limited R'mn	IBL* R'mn
As at 31 March 2009					
Tier 1 capital	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					
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					
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	1 117
Interest rate	171	171	10	182	182
Foreign Exchange	12	12	1	405	405
Commodities	2	2	–	83	83
Equities	174	174	–	1 135	447
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%	14.5%	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. The information for Investec plc includes the information for IBP and IBAL. The information for Investec Limited includes the information for IBL. The information for IBP includes the information for IBAL.*

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 plc	Investec Bank plc – a subsidiary of Investec plc	Investec Bank (Australia) Limited – a subsidiary of Investec Bank plc	Investec Limited	Investec Bank Limited – a subsidiary of Investec Limited
Fitch	Individual rating		C	C	C	C
	Support rating		5	2	5	2
	Foreign currency					
	Short-term		F3	F2	F3	F3
	Long-term		BBB	BBB	BBB	BBB
	National					
	Short-term					F1 (zaf)
	Long-term					A+(zaf)
Moody's	Bank financial strength rating		D+	C-		C-
	Foreign currency					
	Short-term deposit rating	Non prime	Prime-3	Prime-2		Prime-2
	Long-term deposit rating	Ba1	Baa3	Baa2		A3
	National					
	Short-term					P1 (za)
	Long-term					Aa2 (za)
Global Credit Ratings	Local currency					
	Short-term rating		A2			A1+(za)
	Long-term rating		BBB+			AA-(za)

Internal audit

The Internal Audit division provides objective and independent assurance, to management and the board via the group Audit Committees, that group processes are adequate to identify the significant risks to which Investec is 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 identified weaknesses

In keeping with our core values, we endeavour to comply with the highest professional standards of integrity and behaviour, which builds trust

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.

UK and Europe – year in review

The turmoil in the financial systems has led to a number of suggested and actual reforms to the international and domestic regulatory and supervisory framework. Significant work has been undertaken at the G20 level and by supra national bodies such as the Financial Stability Board and 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 Financial Services Authority in the form of the Turner Review. This report had a wide scope which included a review of the causes of the crisis, and proposed changes in regulation and supervisory approach needed to create a more robust banking system for the future. Since then Sir David Walker has published recommendations on corporate governance in financial institutions. The FSA has responded to Sir David's recommendations with a range of corporate governance proposals regarding supervision of governance, risk oversight and shareholder engagement.

Capital

The regulation and supervision of financial institutions is currently undergoing a period of significant change in response to the global financial crisis. Increased capital requirements for market risk and securitisations have already been announced by the FSA, and are due for implementation in the UK in 2011.

In December 2009 the Basel Committee on Banking Supervision issued a consultative document that outlined proposed changes to the definition of regulatory capital. These proposals are going through a period of consultation and are expected to be introduced by the beginning of 2013, with substantial transitional arrangements. Proposals have included:

- Requiring banks to hold a greater proportion of capital in the form of core tier 1 capital
- More restrictive definitions of hybrid capital instruments eligible as capital
- Introduction of a gross leverage ratio
- Requirement for capital buffers in excess of then-current levels to serve as capital in the event of a downturn.

Liquidity

The FSA has now implemented parts of its far-reaching liquidity requirements for banks, building societies and investment firms. The nature and scale of these changes are clearer in the UK than in many other countries because the FSA's rules have already been published. However, it is expected that international developments will move in the same direction.

The new FSA rules are based on agreed international liquidity standards, in particular the BCOB Principles for Sound Liquidity Risk Management and Supervision, and are focused on two high-level principles. Firstly, all FSA-regulated entities must have adequate liquidity and, secondly, they must not depend on other parts of their group to survive liquidity stresses, unless permitted to do so by the FSA.

Stress testing

The FSA made changes to its rules and guidance on stress and scenario testing. The key changes were:

- Introduction of a 'reverse-stress test' requirement. This requires firms to consider the scenarios most likely to cause their current business model to become unviable
- Changes to the existing requirements on Pillar 2 capital stress and scenario testing (the ICAAP provisions), or where firms use internal models to assess their Pillar 1 capital requirements. These changes are intended to clarify the FSA's current policy on stress and scenario testing.

This regime will be in force from December 2010.

Remuneration practices in financial services

The FSA's Remuneration Code for large companies in the financial services sector took effect from 1 January 2010. The Code is designed to achieve two objectives: firstly, that boards focus more closely on ensuring that the total amount distributed by a firm is consistent with good risk management and sustainability; and secondly that individual compensation practices provide the right incentives.

The Code has a general requirement that a firm must establish, implement and maintain remuneration policies, procedures and practices that are consistent with and promote effective risk management. Eight principles have been added to the FSA's handbook to ensure firms understand how the FSA will assess compliance.

Resolution arrangements

The Financial Services Act 2010 has placed a duty on the FSA to make rules requiring financial institutions to create and maintain Recovery and Resolution Plans (often referred to as 'living wills') to reduce the likelihood of, and the systemic risks associated with, the failure of such institutions. These living wills will set out the options that firms have if they face financial difficulty (the "Recovery" aspect). The plan will also describe how the business is run so that, if the Recovery Plan does not work, an administrator has a guide to how to resolve the position (the "Resolution" aspect).

Banking Conduct of Business

From 1 November 2009 the FSA commenced regulating the way banks treat their clients. The new regime creates high level rules in a Banking Conduct of Business Sourcebook (BCOBS), alongside the extension of the application of the FSA's General Principles to include the regulated activities of accepting deposits and issuing e-money.

Payment Services Directive

The Payment Services Regulations 2009 (PSR) were introduced in the UK from 1 November 2009. The PSRs are the UK interpretation of the Payment Services Directive (PSD), a European Union initiative to support the Single Euro Payments Area (SEPA) and to create a single market for payments across Europe. These regulations came into force in the UK on 1 November 2009.

Under PSD, there is no difference between "domestic" and "cross-border" payments. The PSD makes the payment service activities of banks subject to statutory regulation (payment services were previously not the subject of any regulatory conduct of business requirement in

Aside from corporate governance, during the period under review regulatory activity in the UK has also been focused on the following:

- Capital requirements for banks
- Liquidity and stress testing
- Remuneration
- Resolution arrangements for banks
- Banking Conduct of Business (BCOB)
- Payment services
- Financial Services Compensation Scheme
- Anti-money laundering (AML)

the UK and were largely left to industry self-regulation under the Banking Codes). Payment services covered by the PSD include: direct debits, credit transfers, card payments, transferring e-money, money transfers, cash deposits on an account used for the execution of payment transactions, current accounts, flexible savings accounts, combined savings and mortgage accounts.

The additional conduct of business requirements consist of:

- Rules governing the information that needs to be provided to customers before and after the execution of a payment transaction
- Rules governing the rights and obligations of both firms and their customers in relation to payment transactions.

Financial Services Compensation Scheme

The FSA have introduced a new regime which outlines how the FSA intends to raise awareness and understanding of the Financial Services Compensation Scheme. The FSA's intention is to increase public confidence in the scheme and the protection it provides. The FSA has also put in place a system that ensures that compensation can be paid to the majority of depositors in a target of seven days following the failure of a deposit taker. The FSA expects the fast payout proposals to provide rapid access to liquid funds for depositors, minimise hardship and increase consumer confidence.

Anti-money laundering

We continue to maintain adequate systems and controls to manage the risk from being used in money laundering, terrorist financing and other financial crime. In April 2009 the Bribery Act was enacted replacing the existing legislation in relation to bribery and corruption. The Act created four main offences including a corporate offence of failing to have adequate systems and controls to prevent bribery. Senior management has the responsibility to ensure that such systems and controls are in place.

South Africa – year in review

Anti-money laundering and terror financing

The implementation of the Financial Intelligence Centre Act (FICA) and Protection of Constitutional Democracy against Terrorist and Related Activities (POCDATARA) is ongoing. The requirements provided by this regulation are set out in the group Anti-Money Laundering and Anti-Terror Financing Policy, which incorporates the Client Acceptance Policy.

The AML system, which calculates the risk rating of clients taken on by the business and monitors any changes to the risk ratings of existing clients, continues to be used to implement the Customer Acceptance Policy. Clients are risk weighted according to the money laundering and/or terror financing risks they may potentially pose. This risk rating includes cross referencing clients against international databases of adverse client information (including persons named on the United Nations lists). Clients assessed as being high risk are required to satisfy enhanced due diligence processes.

The initiative for all business units to implement both the AML and Automated Suspicious Activity Monitoring (ASAM) systems is ongoing. Business units not currently using the AML and ASAM systems have alternative controls in place to manage the risks.

The ASAM system, an enhancement to the AML system to address suspicious activity reporting, is operational in the higher risk businesses. ASAM uses a clients' risk weighting together with profiles of the clients' transactional behaviour across business unit transactional systems to determine potentially suspicious activities. Potential suspicions are further investigated to determine whether they need to be reported. ASAM is being further enhanced to automate cash threshold reporting.

Consumer protection

Consumer protection regulation continues to be a focus into 2010 with ongoing monitoring and reporting of compliance with the requirements of the Financial Advisory and Intermediary Services Act (FAIS) and the National Credit Act (NCA).

To better regulate the quality of financial advice, the FSB has introduced amendments to the FAIS 'Fit and Proper' requirements, which deal with the qualifications and experience needed to perform a Representative or Key Individual role for a Financial Services Provider (FSP). Compliance and Human Resources have developed a system to monitor the 'Fit and Proper' status of Representatives and Key Individuals of all licensed Investec FSPs.

The effective dates of the Consumer Protection Act (CPA) are April and October 2010. The CPA was enacted to promote a fair, accessible and sustainable marketplace for consumer products and services, promote responsible consumer behaviour, improve standards of consumer information and prohibit unfair marketing and business practices. Group Compliance is overseeing the implementation of the NCA in the affected areas.

The draft Protection of Personal Information Act (POPI) has been circulated to the industry for comment. Once enacted POPI will have a material impact on all aspects of Investec's business that concern the processing of personal information in respect of Investec's clients and employees, as well as information relating to Investec group and subsidiaries.

Market conduct, including conflicts of interest

The potential conflicts of interest identified through workshops with the respective business areas have been consolidated into a Conflicts Index Matrix for the South African business. This matrix includes an outline of general conflict types, the business areas between which the conflicts could occur and current mitigations and controls in place to manage the respective conflicts, as well as indicating where enhanced controls are necessary.

A specific module of the Enterprise Risk Assessor system (ERA) is being developed for the recording of the conflicts of interest framework and the documentation of existing controls. The ERA system will additionally provide the platform for conflicts of interest monitoring.

A South African module of the Voyeur system has been developed. Voyeur was designed and custom built by the UK Compliance team and is used to manage conflicts of interest. Voyeur will allow for a more streamlined approach to global conflicts of interest management.

Risk-based monitoring

The annual reassessment programme for all relevant legislation loaded on the Enterprise Risk Assessor system (ERA) is ongoing. The reassessment includes a re-evaluation of all the risks, controls, treatments and monitoring tests to ensure that these are still relevant. Our focus has been on thematic monitoring across business areas and on streamlining the monitoring reports to management.

Training

The Compliance Awareness Induction Programme (CAIP) has been run successfully throughout the year. All new employees are required to attend the face to face version of CAIP and are required to complete and pass an online assessment. CAIP incorporates modules on:

- Compliance and the regulatory framework
- AML and terror financing
- Consumer protection
- Market conduct, including conflicts of interest.

To date approximately 600 employees have completed CAIP face to face training. The material has been adapted to online training so as to broaden the audience of CAIP to all employees. The online version of CAIP is being piloted in Private Bank during 2010.

Australia – year in review

There has been increased activity as a result of our regulators, namely the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC), introducing reforms to their supervisory and regulatory frameworks. During the period under review APRA regulatory activity focused on:

- Liquidity and risk management
- Remuneration practices
- Enhancement of the Basel II framework in Australia.

APRA released its final prudential requirements on remuneration for Australian deposit taking institutions. APRA's approach recognises that poorly structured remuneration practices may result in excessive risk taking. These revised governance standards came into effect on 1 April 2010. The Investec Australia board has reviewed its remuneration practices in light of the new standard and has implemented a Remuneration Policy and Committee.

The introduction of the National Credit Code (which replaces the Uniform Consumer Credit Code) covers credit activities. ASIC will become the national regulator for consumer credit. This means that home loans, personal loans and consumer leases, among other products and services, will be regulated under Commonwealth legislation and administered by ASIC. Investec Bank Australia is currently assessing the registration and licensing requirements of this legislation.

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Investec is committed to promoting sustainable stakeholder confidence in our conduct as a business and as a responsible corporate citizen

Introduction

While the board provides leadership based on an ethical foundation, and 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:

- Build and sustain an ethical corporate culture in the company
- 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 adherence at all times to group values and culture.

This section provides a summary of our corporate governance philosophy, practices and key developments for the year ended 31 March 2010. A more detailed review is provided in the Investec group's 2010 annual report.

Board of directors

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.

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 plans, projections and business plans
- Monitors our compliance with relevant laws, regulations and codes of business practice
- Ensures there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders and monitors our communication with all stakeholders and disclosures made to ensure transparent and effective communication with stakeholders
- Identifies and monitors key risk areas and key performance indicators
- Reviews processes and procedures to ensure the effectiveness of our internal systems of control
- Ensures we adopt sustainable business practices, including our social and environmental activities
- Assisted by the Audit Committee, ensures the appropriate information technology (IT) governance processes are in place, the implementation of which management are responsible for, and ensuring that the process is aligned to the performance and sustainability objectives of the board
- Monitor and evaluate significant IT investments and expenditure
- Ensure information assets are managed effectively
- Ensures the appropriate risk governance processes, including IT, are in place including continual risk monitoring by management, determines the levels of risk tolerance and that risk assessments are performed on a continual basis

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

- Ensures the integrity of the company's integrated report, which includes sustainability reporting
- Ensures the induction of, and ongoing training and development of, directors
- 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.

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.

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 2010 annual general meeting are on pages 131 to 134.

	Date of appointment				Retiring and seeking re-election in 2010
	Investec plc	Investec Limited	Independent	Last elected	
Executive directors					
S Koseff (Chief Executive Officer)	26 June 2002	6 October 1986	No	2009	No
B Kantor (Managing Director)	26 June 2002	8 June 1987	No	2008	No
GR Burger (Group Risk and Finance Director)	3 July 2002	3 July 2002	No	2007	Yes
A Tapnack	1 July 2002	1 July 2002	No	2007	Yes
Non-executive directors					
HS Herman (Chairman)	26 June 2002	1 January 1994	No	2009	Yes
SE Abrahams	26 June 2002	21 October 1996	Yes	2009	Yes
GFO Alford	26 June 2002	26 June 2002	Yes	2007	Yes
CA Carolus	18 March 2005	18 March 2005	Yes	2008	No
PKO Crosthwaite	18 June 2010	18 June 2010	Yes	–	Yes
B Fried	1 April 2010	1 April 2010	No	–	Yes
H Fukuda OBE	21 July 2003	21 July 2003	Yes	2008	No
GMT Howe	21 July 2003	21 July 2003	Yes	2008	No
IR Kantor	26 June 2002	30 July 1980	No	2009	Yes
Sir Chips Keswick (Senior Independent Director)	26 June 2002	26 June 2002	Yes	2008	No
MP Malungani	26 June 2002	26 June 2002	No	2008	No
Sir David Prosser	23 March 2006	23 March 2006	Yes	2009	No
PRS Thomas	26 June 2002	29 June 1981	Yes	2009	Yes
F Titi	30 January 2004	30 January 2004	No	2007	Yes

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
- 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.

More detailed information on the board committees, including the Audit Committees' report to shareholders, can be found in the Investec group's 2010 annual report.

Year in review

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 (2008) and, as from 1 March 2010, the majority of the King Code of Governance Principles for South Africa 2009 (King III), whereby all stakeholders are assured that we are being managed ethically and in compliance with the latest legislation, regulations and best practices.

London Combined Code (2008)

The board is of the opinion that, based on the practices disclosed throughout this report, which were in operation during the year under review, Investec has complied with the Principles of Good Governance and Code of Best Practice contained in Section 1 of the London Combined Code (2008), excluding the following:

- Independence of the Chairman: The Chairman, Hugh Herman, is not considered to be independent as, 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 schemes.

- Board evaluation: The last evaluation of the board, as required by the London Combined Code A.6, was conducted in 2008. The next evaluation of the board, its committees and individual directors will be conducted during 2010 and annually thereafter.

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

King III

King III was released on 1 September 2009 and came into effect on 1 March 2010, with companies having to apply the principles in respect of financial years commencing on or after 1 March 2010. King III distinguishes between statutory provisions, voluntary principles and recommended practices. The King III Report provides best practice recommendations, whereas the King III Code provides the principles that all entities should apply. Recognition is given to the fact that certain new principles in King III are matters of law, as they are contained in the Companies Act 71 of 2008 (the new Companies Act). As the new Companies Act has not been implemented to date - certain of these principles required by King III have not been adopted or applied.

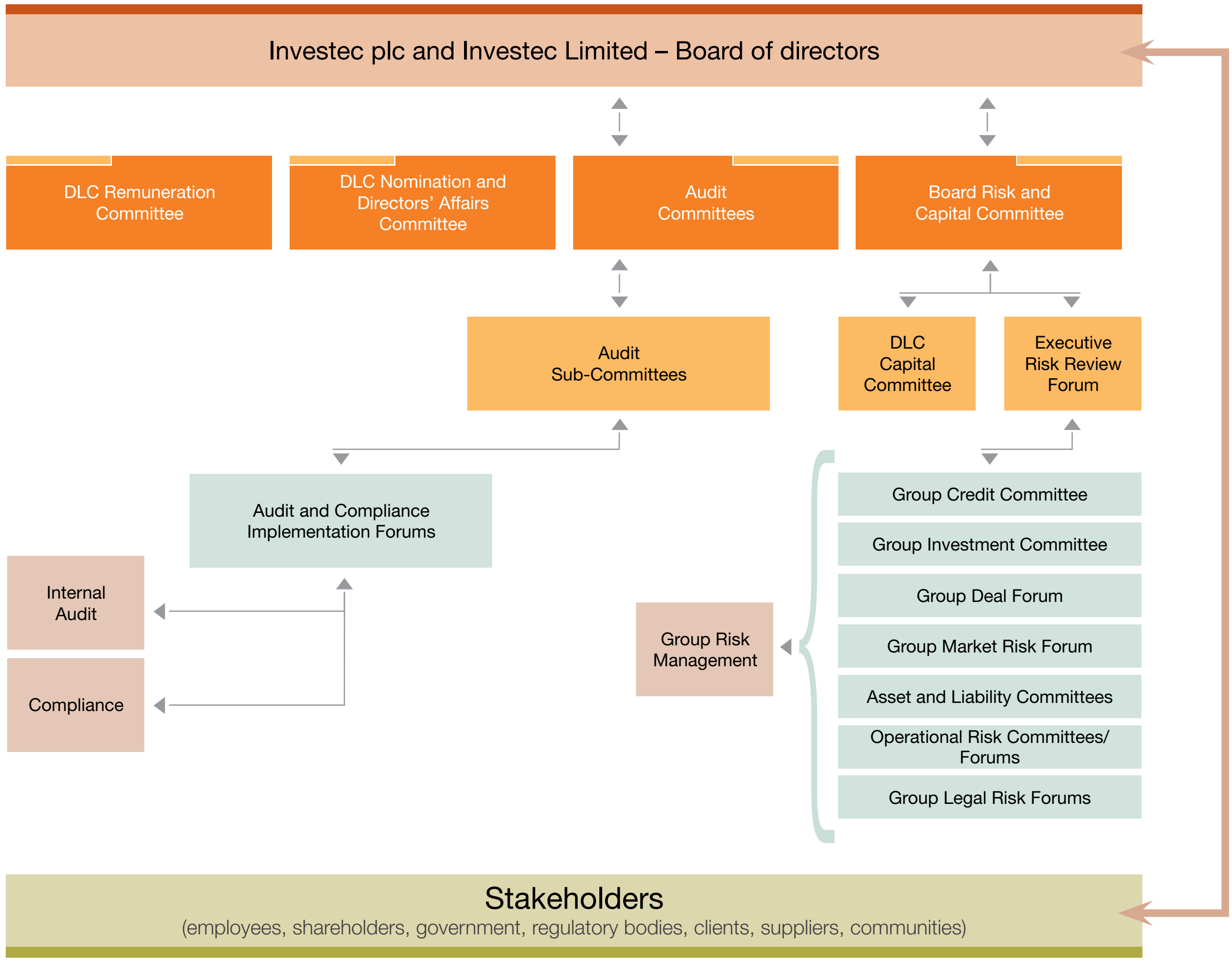
The board elected to apply the majority of the principles in King III as from 1 March 2010, with the result that we now need to explain how the principles have been or have not been applied. A schedule referencing how the relevant principles have been applied can be found in the Investec group's 2010 annual report.

A detailed exercise was undertaken to benchmark Investec's practices against the principles required under King III. The exercise indicated that in substance Investec applies most of the principles, but this will remain work in progress for the remainder of 2010. The following principles of King III are currently not being applied by Investec:

- The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act
  - This principle is a matter of law, as contained in the new Companies Act, which has not been implemented to date
- The board should elect a chairman of the board who is an independent non-executive director
  - Refer to the explanation above
- The evaluation of the board, its committees and the individual directors should be performed every year
  - The last evaluation of the board was conducted during 2008. The next evaluation of the board, its committees and the individual directors will be conducted during 2010 and annually thereafter
- Companies should disclose the remuneration of the three most highly paid employees.
  - Details of the directors' remuneration and the group's remuneration process are set out in the Remuneration report on pages 104 to 123
  - The new Companies Act, which has not been implemented to date, requires that the remuneration of the companies' prescribed officers be disclosed. The board will resolve on the identity of the prescribed officers as and when required under the new Companies Act
- Sustainability reporting and disclosure should be independently assured
  - We do not believe that this is necessary given the nature of our business and level of sustainability reporting required
  - The Audit Committees have overseen the sustainability report and the content of the report has been verified by the Internal Audit division.

Governance framework

Our governance framework can be depicted as follows:



3

Remuneration report

Remuneration Report | FOUR

This has been an unprecedented year in that remuneration has been widely discussed by regulators, politicians and the public across the jurisdictions in which we operate

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Statement from the Chairman of the Board Remuneration Committee

This 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 pay and performance. 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 2010 financial year.

Overview

This has been an unprecedented year in that remuneration has been widely discussed by regulators, politicians and the public across the jurisdictions in which we operate. It is incumbent on a public company to reflect upon these changes.

The committee, in addition to its regular business, has reviewed a comprehensive survey of the new remuneration regulations and changing attitudes in all our core geographies. An extensive gap analysis was done to capture the extent of the changes required of us and we have received independent confirmation that this analysis was comprehensive and robust. There are some subtle nuances and differences in the requirements across the geographies in which we operate.

We have concluded that Investec's long-standing fundamental remuneration philosophies are consistent with these requirements. Our overall remuneration philosophy and practices have thus remained largely unchanged from the prior year. At the level of operational implementation we have, however, made some changes to the detail of our approach in order to be more closely aligned with these new requirements. We have worked hard at closing any gaps and believe we comply with the substance of these various regulations.

The committee continues to consider remuneration policies and packages of the executive directors, persons discharging managerial responsibilities, a number of other senior and highly paid employees across the group, as well as paying specific attention to the rewards allocated to employees within the Internal Audit, Compliance and Risk divisions.

Talent management and the retention of senior management and executives remained key items on our agenda during the year. We are conscious of the need to constantly refresh the means of incentivising our staff in order to meet the pressures of competition in our labour markets within the context of a much changed global landscape.

Remuneration in context

The details of our remuneration philosophy, practices and programmes are detailed later in this report.

In summary, we recognise that banks have to divide the return from their enterprises between the suppliers of capital and labour and the societies in which they do business, the latter through taxation and corporate social responsibility activities. Our global remuneration philosophy seeks to maintain an appropriate balance between the interests of these stakeholders, and is closely aligned to our core values and philosophies which include risk consciousness; meritocracy; material employee ownership; and an unselfish contribution to colleagues, clients and society.

Over the last five years our consolidated compensation ratio has been between 35% and 40%, with a 10 year average of 42%, reflecting a key emphasis on balancing risks, rewards and incentives. We note that several investment banks which used to operate at higher ratios have more recently reduced to this level. We encourage our employees to be shareholders and thus also derive benefits from the organisation through the returns on their shareholdings. The proportion of shares owned directly and indirectly by employees is approximately 15%.

Staff compensation ratio

36.1%

Remuneration and effective risk management

Risk management is embedded in the organisational culture from the initiation of transactional activity through to the monitoring of adherence to mandates and limits. The Board Risk and Capital Committee determines the categories of risk, the specific types of risks and the extent of such risks which the group should undertake, as well as the mitigation of risks and overall capital management and allocation process. This is executed via a number of forums and internal processes on a day to day basis, with risk functions that are both embedded in business units as well as subject to oversight by independent central risk functions.

We have, for in excess of 10 years, applied a variable performance reward model which is closely linked to business profit performance using a realised Economic Value Added (EVA) model against pre-determined targets above risk and capital weighted returns. Independent risk committees approve all limits and risk exposures. In terms of the EVA structure, capital is allocated based on risk and therefore the higher the risk, the higher the capital allocation and the higher the hurdle return rate required. This model, which has remained largely unchanged for several years, ensures that risk and capital management form the basis for key processes at both a group and transaction level thus balancing the rewards between all stakeholders.

The persons responsible for alignment of all stakeholder interests are the various risk managers of the group as well as the group executive whose awards are not linked to specific performance based on a formula but on the overall performance of the group taking into consideration financial performance, compliance with culture and values and numerous other qualitative factors set out later in this report.

Total shareholder return

Investec plc return

90.6%

Investec Limited return

65.1%

FTSE 350 Index return

49.8%

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Year in review

In addition to the information provided above, key points to note for the period under review include:

- Investec's recurring revenue base and operational diversity have continued to support profitability across its core geographies. Core capital and liquidity ratios remain sound and the group has reported attributable earnings of £309.7 million (2009: £269.2 million). Further information on our risk management indicators, policies and procedures and the group's performance can be found on pages 27 to 29 and pages 54 to 58
- The total staff compensation to operating income ratio is 36.1% (2009: 34.9%)
- £30.1 million of the current year's variable remuneration has been paid in the form of share awards and deferred (representing 16.6% of our variable remuneration expense for the year)
- Non-executive directors will receive a modest increase in their fees in the forthcoming year, roughly in line with inflation
- Our total shareholder return was 90.6% for Investec plc in Pounds Sterling and 65.1% for Investec Limited in Rands. This compares to a return of 49.8% for the FTSE 350 General Finance Index and a return of 50.4% for the FTSE 100 Index. Towards the end of our financial year, Investec plc was included as a new entrant to the FTSE 100 index. Since listing on the London Stock Exchange in 2002, Investec plc has outperformed the FTSE 350 General Finance Index and the FTSE 100 Index (see graph on page 116)

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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, risk management and capital framework. The committee will keep the existing remuneration arrangements, as discussed in this report, under review during the 2011 financial year, particularly taking cognisance of any additional 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 2010 annual general meeting

- Executive directors hold 1.6% and 2.9% of the issued share capital of Investec plc and Investec Limited, respectively. Non-executive directors hold 1.1% and 1.6% of the issued share capital of Investec plc and Investec Limited, respectively (see table on page 120)
- Investec plc issued 2.2 million ordinary shares and Investec Limited issued 0.7 million ordinary shares to the staff share schemes during the year.

On a personal note

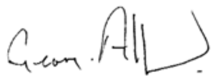
Work volume necessitated the committee meeting regularly during the year. Following the period under consideration, we will lose Sir Chips Keswick to whom we express thanks for his perceptions and experience over the last eight years. In addition, we welcomed Sir David Prosser to the committee during the year.

We have been ably supported in our work by the internal support teams led by the Company Secretariat with Human Resources, the Staff Share Scheme division and line management input. Recommendations from the executive which are considered by the committee have already been through a rigorous process in separate business unit and group panels. Our external support is led by Hewitt New Bridge Street as our formal independent advisors, whom we reappointed during the year and, where appropriate, we obtain legal advice from Linklaters, one of the group's legal advisors.

While the committee continues to meet without executive directors present we did hold a specific meeting with the CEO, MD and FD to discuss the consequences of the changing remuneration landscape. The group Chairman also attended this and some other meetings. We remain determined to continue to strike the appropriate balance between the need for operational flexibility for executive management and for overall control for the committee.

We thank the executives and internal teams for their support and assistance in allowing the committee to operate efficiently and meet its mandate and objectives.

Signed on behalf of the board



George Alford
Chairman, Remuneration Committee

21 June 2010

Remuneration philosophy and policies

Remuneration philosophy

Our philosophy, which remains unchanged from prior years, is to employ the highest calibre individuals who are characterised by integrity, intellect and innovation and who adhere and subscribe to our culture, values and philosophies. We strive to inspire entrepreneurship by providing a working environment that stimulates extraordinary performance, so that executive directors and employees may be positive contributors to our clients, their communities and the group.

We reward executive directors and employees for their contribution through:

- payment of an industry competitive annual package (base salary and benefits)
- a variable performance reward (linked to our EVA model as discussed on pages 109 and 110)
- ownership in the form of share incentive scheme participation.

We tend to look at the aggregate of the above as the overall remuneration package designed to attract, retain, incentivise and drive the behaviour of our employees over the short, medium and longer term.

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.

Our reward programmes are clear and transparent, designed and administered to align directors' and employees' interests with those of all stakeholders and ensure the group's short and long-term success.

Remuneration policy

The key principles of our remuneration policy for executive directors and employees, which were consistently applied during the financial year, are as follows:

- Total rewards comprise a fixed and variable component
- The fixed component of our rewards includes a base salary, pension and benefits and is set at median market levels to keep fixed cost elements low
- Variable rewards (a portion of which is deferred for senior employees) are largely EVA based (and underpinned by our risk appetite and capital utilisation as discussed on pages 86 to 90)
- Long-term share incentive participation ensures alignment with stakeholders
- 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
- We do not apply an upper limit on performance bonuses given our risk based EVA approach and prefer to contain the fixed cost component of remuneration at modest levels.

We have a strong entrepreneurial, merit and values-based culture, characterised by passion, energy and stamina

The reward package for executive directors and employees comprises:

- Base salary and benefits
- Annual performance bonuses
- Long-term share incentive plans

Qualitative and quantitative issues form an integral part of the determination of reward levels. Key inputs into the reward process are as follows:

- 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
- An individual's alignment with and adherence to our culture and values system is a key consideration
- Other aspects considered include, for example, attitude displayed towards risk consciousness; the level of co-operation and collaboration fostered; the ability to grow and develop markets; the possible replacement cost of such individuals.

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 have provided the most appropriate benchmark to date
- For employees, combinations of firms from the JSE Financial 15 and the FTSE 350 General Finance sector have offered the most appropriate benchmark
- The committee also reviews data on other international banks with which we compete, including certain FTSE 100 companies
- 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.

Components of remuneration

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 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. Our disclosure of executive directors' salaries on page 117 has been done on a gross basis (i.e. inclusive of pension fund contributions from the company).

Annual performance bonus

Annual performance bonuses are closely linked to business performance, based on target business unit performance goals determined in the main by realised 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.

EVA model and process

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 more than 10 years and encompasses the following principals and processes:

- Targeted returns differ by business unit reflecting the competitive economics and shareholder expectation for the specific area of business, and are set with reference to competitive benchmarks for each product line. In essence varying levels of return are required for each business unit reflecting the state of market maturity, country of operation, risk, capital invested (capital intensive businesses) or expected expense base (fee-based businesses)
- 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. This process ensures that risk and capital discipline is embedded at the level of deal initiation and incorporates independent approval (outside of the business unit) of transactions by the various risk committees. A detailed explanation of our capital management and allocation process is provided in the Investec group's 2010 annual report
- 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
- A fixed predetermined percentage of any return in excess of the EVA hurdle accrues to the business units' EVA pool
- A portion of the total EVA pool is allocated towards the bonus pool for central service and head office employees
- Once the annual determination of the EVA pools is complete, line managers in each business unit will make discretionary bonus recommendations for each team member taking into consideration qualitative and quantitative criteria (as mentioned above)
- Bonus recommendations are then subject to an extensive geographic review involving Human Resources, local management and local remuneration committees
- Thereafter, these recommendations are subject to a global review by executive management, before the DLC Remuneration Committee review and approval process.

In terms of our EVA process, 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. This ensures 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 prior financial year the group 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 level and by introducing a formal deferral requirement. These awards are made in terms of our existing long-term incentive plans

During the current year, the pre-determined hurdle level was increased and the deferral period was extended from 11 months to two years

A summary of our employee bonus approval process (excluding executive bonuses)

Line manager recommends bonus

- Reviewed and approved by:
  - business unit manager; and
  - global business head.

Country analysis of recommendations

- Considered by country remuneration committee for consistency and cross divisional alignment
- Business unit and line managers provide feedback and support.

Group analysis of all individual bonuses

- Considered and approved by global executive.

Determination of total EVA pool

The Group Finance division determine the pool size as per formula driven model but are not involved in the allocation thereof.

Alignment to total EVA pool

- Bonuses that are larger require adjustment
- This required an executive approval process.

Final review by DLC Remuneration Committee of:

- Audited EVA pool by business unit
- Executive directors' proposals for persons discharging managerial responsibilities
- Top 20 bonuses by country and total EVA payment
- All individual risk, compliance and internal audit employees
- Remuneration Committee members serve on BRCC and the Audit Committee.

Share option and long-term share incentive plans

We have a number of share option and long-term share incentive plans that are designed to link the interests of directors and employees with those of shareholders and long-term organisational interests, through performance and risk-based equity grants.

Prior to the implementation of our DLC structure and our listing on the London Stock Exchange in July 2002, we had a number of share option, share purchase and leveraged share schemes in place that were appropriate for a South African listed company. However, at the time of the London listing it was necessary for us to consider implementing a more internationally recognised share scheme structure and philosophy. As a result, a number of share option plans were introduced to cater for regulatory, tax and other considerations pertaining to the various jurisdictions in which we operated. At the same time, however, a decision was taken to maintain the schemes that were in place prior to the London listing until the allocations made in terms of those schemes matured. While this gives rise to what appears to be a multitude of schemes, the philosophy and practical implications are fairly simple – the appropriate level of equity allocation is determined for each employee and then awards are made out of the scheme that is considered most appropriate for that individual given his/her location, tax and regulatory environment.

The share option and long-term share incentive plans in operation, and in which the directors are eligible to participate, are summarised in the table below and further details are provided on our website.

Executive directors collectively hold approximately 2.1% of our issued share capital.

Summary of Investec's share option and long-term share incentive plans

Plan	Eligibility	Date implemented	Option/shares	Maximum award per individual[1]	Performance conditions[2]	Vesting period	Options granted during the year[3]	Total issued as at 31 March 2010[4/5/6]
Long-term incentive plans[7]								
Investec 1 Limited Share Incentive Plan – nil cost options – EVA share awards	• 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 excluding EVA awards • In any financial year: 1 x remuneration package	None	• Nil cost options: 75% end of year 4 and 25% end of year 5 • EVA share awards: up to two years from date of award	16 719 384	Number: 29 249 411 % of issued share capital of company: 6.2%
Investec Limited Share Incentive Plan – nil cost options – EVA share awards	• New and existing full time employees in SA, Botswana, Namibia and Mauritius • Excluding executive directors	16 Mar 2005	Investec Limited and Investec plc	• Cumulative limit of 2 500 000 across all option plans excluding EVA awards • In any financial year: 1 x remuneration package	None	• Nil cost options: 75% end of year 4 and 25% end of year 5 • EVA share awards: up to two years from date of award	19 056 333	Number: 32 479 591 % of issued share capital of company: 4.4%
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	900 000	Number: 1 625 000 % of issued share capital of company: 0.2%
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: 1 x 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	89 900	Number: 852 016 % of issued share capital of company: 0.2%

Plan	Eligibility	Date implemented	Option/shares	Maximum award per individual[1]	Performance conditions[2]	Vesting period	Options granted during the year[3]	Total issued as at 31 March 2010[4/5/6]
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: 1 x remuneration package	None	Initially two tranches of 50% at the end of year one and the end of year two	Nil	Number: 17 213 % 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: 1 x remuneration package	None	Variable with a minimum non dealing period of one year	Nil	Number: 633 000 % of issued share capital of company: 0.1%
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: 1 x remuneration package	None	Tranches over eight years ending 15 May 2011	1 397 997	Number: 10 919 649 % of issued share capital of company: 4.0%
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: 1 x 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: 961 840 % of issued share capital of company: 0.2%
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: 1 x 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: 151 733 % of issued share capital of company: 0%

Plan	Eligibility	Date implemented	Option/shares	Maximum award per individual[1]	Performance conditions[2]	Vesting period	Options granted during the year[3]	Total issued as at 31 March 2010[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: 1 x 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: 67 000 % of issued share capital of company: 0%
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: 1 x 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: 1 540 263 % of issued share capital of company: 0.2%

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 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 2011 financial year but keeps the 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. 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 10 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 2010 was 471.1 million shares and 269.8 million shares respectively. As announced on the stock exchange news services, 2.2 million Investec plc and 0.7 million Investec Limited shares were issued to the staff share schemes during the year.*
5. *The market price of an Investec plc share as at 31 March 2010 was £5.39 (2009: £2.92), ranging from a low of £2.87 to a high of £5.62 during the financial year.*
6. *The market price of an Investec Limited share as at 31 March 2010 was R62.49 (2009: R38.86), ranging from a low of R37.51 to a high of R65.40 during the financial year.*
7. *The rules of these long-term incentive plans do not allow awards to be made to executive directors.*

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 a modest increase in their fees in the forthcoming year, roughly in line with inflation. 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 2010 and 2011 financial years is shown below:

Non-executive directors' remuneration	2010 financial year	As approved by the board for the 2011 financial year
Chairman's total fee	£360 000 per year	£375 000 per year
Basic non-executive director fee	£53 000 per year	£55 000 per year
Chairman of the DLC Audit Committee	£45 000 per year	£47 000 per year
Chairman of the DLC Remuneration Committee	£32 000 per year	£33 500 per year
Member of the DLC Audit Committee	£13 000 per year	£13 500 per year
Member of the DLC Remuneration Committee	£12 500 per year	£13 000 per year
Member of DLC Nomination and Directors' Affairs Committee	Nil	£9 500 per year
Member of Investec Bank plc board	£9 000 per year	£9 500 per year
Member of the Investec Bank Limited board	R150 000 per year	R160 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.

Governance section

Compliance and governance statement

The Remuneration Report complies with the provisions of the 2008 London Combined Code, Section 420 of the UK Companies Act 2006, the UK Financial Services Authority Listing Rules, the South African King III "Code of Corporate Practice and Conduct" and the JSE Limited Listing Rules.

In addition, as mentioned elsewhere in this report, the committee has reviewed an extensive survey of the new remuneration regulations and changing attitudes in all of our core geographies and concluded that Investec's long-standing fundamental remuneration philosophies are consistent with these requirements. Notably, the committee believes that the group is in principle compliant with the eight principles contained in the FSA's Remuneration Code of Practice.

Composition and role of the committee

George Alford (Chairman), Geoffrey Howe and Sir Chips Keswick were members of the committee throughout the year. Sir David Prosser was appointed as a member on 9 September 2009. 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. Three out of the four members are also members of the group's Board Risk and Capital Committee and all members are also members of the Audit Committee, 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 operated by the group and approve the aggregate annual payouts under such schemes

- Review and approve, 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
- Review and approve, within the terms of the agreed policy, the total individual remuneration packages of members of the internal audit, risk and compliance functions
- Oversee any major changes in our employee benefit structures
- Ensure that the comments, recommendations and rules within the UK and South Africa pertaining to remuneration are given due regard. 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 nine times during the financial year with full attendance other than for three meetings which Sir Chips Keswick was unable to attend. Sir David Prosser attended all the meetings that followed his date of appointment to the committee. 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, regulations 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, who have advised this year mainly on 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, who 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 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. Furthermore, no employee participates in discussions or decisions of the committee relating to their own remuneration.

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 are 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 as directors until the close of our Annual General Meeting in 2011 (subject to rotational re-election as directors at the 2010 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 2010 annual general meeting are shown on pages 131 to 134.

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Biographical details of the directors of the board

These details can be found on pages 131 to 134.

Dates of appointment to the board

The boards of Investec plc and Investec Limited are separate and subject to different 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 98.

Performance graph total shareholder return

We have implemented a DLC structure, in terms of which we have premium/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.

Section 420 of the UK Companies Act 2006 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, to date this has been the most appropriate index against which to measure our performance on the LSE.

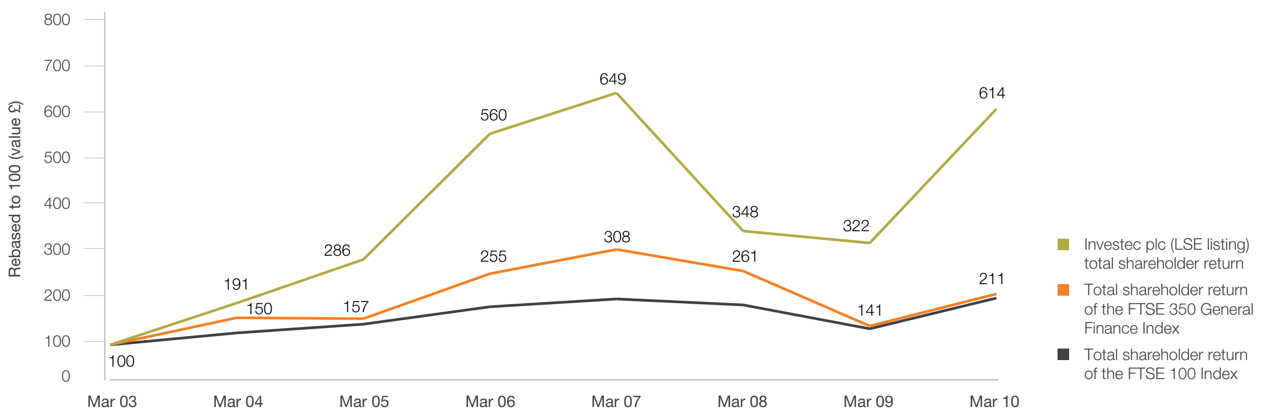
The graph below shows the cumulative shareholder return for a holding of our shares (in green) in Pounds Sterling on the LSE, compared with the average total shareholder return of other members of the FTSE 350 General Finance Index. It shows that, at 31 March 2010, a hypothetical £100 invested in Investec plc at the time of its listing on the LSE in July 2002 would have generated a total return of £514 compared with a return of £111 if invested in the FTSE 350 General Finance Index. Investec plc has therefore outperformed the FTSE 350 General Finance Index over the period.

Towards the end of our financial year, Investec plc was included as a new entrant into the FTSE 100 Index. We have included the total shareholder return of that index for illustrative purposes.

During the period from 1 April 2009 to 31 March 2010, the return to shareholders of Investec plc (measured in Pounds Sterling) and Investec Limited (measured in Rands) was 90.6% and 65.1%, respectively. This compares to a return of 49.8% for the FTSE 350 General Finance Index.

The market price of our shares on the LSE was £5.39 as at 31 March 2010, ranging from a low of £2.87 to a high of £5.62 during the financial year. Furthermore, the market price of our shares on the JSE Limited was R62.49 as at 31 March 2010, ranging from a low of R37.51 to a high of R65.40 during the financial year.

Total shareholder return



Source: Datastream

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 2010:

Name	Salaries, directors' fees and other remuneration 2010 £	Total other benefits 2010[3] £	Gross remuneration 2010[1/2] £	Annual bonus cash-component 2010[4] £	Annual bonus deferred-component 2010[4] £	Total remuneration 2010 £	Total remuneration 2009[5] £
Executive directors							
S Koseff							
(Chief Executive Officer)							
– cash component	315 159	94 841	410 000	990 000	–	1 400 000	904 000
– deferred component	–	–	–	–	1 260 000	1 260 000	756 000
						2 660 000	1 660 000
B Kantor							
(Managing Director)							
– cash component	369 747	40 253	410 000	990 000	–	1 400 000	904 000
– deferred component	–	–	–	–	1 260 000	1 260 000	756 000
						2 660 000	1 660 000
GR Burger (Group Risk and Finance Director)							
– cash component	314 192	7 272	321 464	848 482	–	1 169 946	958 453
– deferred component	–	–	–	–	1 090 904	1 090 904	667 081
						2 260 850	1 625 534
A Tapnack							
– cash component	269 000	32 681	301 681	230 000	–	531 681	562 766
– deferred component	–	–	–	–	120 000	120 000	265 000
						651 681	827 766
Total in Pounds Sterling							
– cash component	**1 268 098**	**175 047**	**1 443 145**	**3 058 482**	**–**	**4 501 627**	**3 329 219**
– deferred component	**–**	**–**	**–**	**–**	**3 730 904**	**3 730 904**	**2 444 081**
						8 232 531	**5 773 300**
Non-executive directors							
HS Herman (Chairman)	360 000	–	360 000	–	–	360 000	360 000
SE Abrahams	223 252	–	223 252	–	–	223 252	202 520
GFO Alford	120 500	–	120 500	–	–	120 500	120 500
CA Carolus	57 040	–	57 040	–	–	57 040	56 372
H Fukuda OBE	53 000	–	53 000	–	–	53 000	53 000
GMT Howe	86 500	–	86 500	–	–	86 500	86 500
IR Kantor	62 000	–	62 000	–	–	62 000	62 000
Sir C Keswick	87 500	–	87 500	–	–	87 500	87 500
MP Malungani	69 161	–	69 161	–	–	69 161	66 487
Sir D Prosser	83 458	–	83 458	–	–	83 458	74 500
PRS Thomas	167 009	–	167 009	–	–	167 009	150 291
F Titi	182 292	–	182 292	–	–	182 292	160 892
Total in Pounds Sterling	**1 551 712**	**–**	**1 551 712**	**–**	**–**	**1 551 712**	**1 480 562**
Total in Pounds Sterling	**2 819 810**	**175 047**	**2 994 857**	**3 058 482**	**3 730 904**	**9 784 243**	**7 253 862**

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 on average declined by approximately 2%. The gross remuneration of GR Burger is determined in Rands and converted into Pounds Sterling. In Rand terms GR Burger's gross remuneration remained at R3 050 000 for the 2010 and 2009 financial years. Gross remuneration increases for other employees across the group have generally been in the range of 0% to 8%. For the 2011 financial year it is proposed that the executive directors will receive salary increases roughly in line with inflation.

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 an increase in attributable earnings, dividends per share and total shareholder return*
- *The group reported operating profits in all of its core geographies, benefiting from its recurring income base*
- *The group further improved the quality of its balance sheet, with an increase in both capital and liquidity over the period. Leverage ratios remain low and the group has further reduced reliance on wholesale funding*
- *The group has made significant progress in increasing its non-lending revenue base and further balancing the revenue generated from its operational risk businesses and its financial risk businesses. Initiatives and developments in this regard include: the substantial increase in funds under management over the period; the group is in the process of establishing a global wealth management division; and the acquisition of Rensburg Sheppards plc*
- *The group has maintained its capital strength over the past two years without recourse to shareholders, new investors or government assistance. Investec has demonstrated its resilience in the face of the worst financial crisis in decades*
- *A focused and intimate involvement of the executive directors in ensuring stringent management of risk, liquidity and capital*
- *Investment in the Investec brand continues to deliver shareholder value*
- *Business units have moved onto the front foot and are taking advantage of new opportunities*
- *Continuous engagement with key stakeholders. Over the past two years, in addition to our day-to-day communication with all stakeholders, executive management conducted several roadshows presenting to clients, employees and investors on the financial and operating position of the group in order to give a sense of comfort during this difficult and uncertain period*
- *The group has maintained its commitment to its sustainability efforts, and received a number of awards in this area.*

Further information on the group's performance and risk management metrics have been discussed elsewhere in the annual report. Based on comparator analyses provided by the committee's advisers, Hewitt New Bridge Street, the total remuneration of the executive directors falls within median market levels.

- *S Koseff and B Kantor are each awarded a total bonus of £2 250 000, comprising £990 000 in cash payable in June 2010 and the balance deferred and payable in two equal installments on 31 January 2011 and 31 January 2012. The deferred component will be equivalent to the value of 133 475 Investec plc shares at the close of business on each of 31 January 2011 and 31 January 2012. For annual report disclosure and reporting purposes the deferred component was determined at the Remuneration Committee meeting held on 1 June 2010 at a price per share of £4.72*
- *GR Burger has been awarded a total bonus of R24 000 000, comprising R10 500 000 in cash payable in June 2010 and the balance deferred and payable in two equal installments on 31 January 2011 and 31 January 2012. The deferred component will be equivalent to the value of 121 622 Investec Limited shares at the close of business on each of 31 January 2011 and 31 January 2012. For annual report disclosure and reporting purposes the deferred component was determined at the Remuneration Committee meeting held on 1 June 2010 at a price per share of R55.50*
- *A Tapnack has been awarded a total bonus of £350 000, comprising £230 000 in cash payable in June 2010 and the balance deferred and payable in two equal installments on 31 January 2011 and 31 January 2012. The deferred component will be equivalent to the value of 12 712 Investec plc shares at the close of business on each of 31 January 2011 and 31 January 2012. For annual report disclosure and reporting purposes the deferred component was determined at the Remuneration Committee meeting held on 1 June 2010 at a price per share of £4.72.*

5. *A breakdown of the components of the reward packages for the executive directors in the 2009 financial year is as follows:*

Name	Salary £	Total other benefits £	Gross remuneration £	Annual bonus cash – component £	Annual bonus deferred – component £	Total remuneration £
Executive directors						
S Koseff (Chief Executive Officer)	331 007	78 993	410 000	494 000	756 000	1 660 000
B Kantor (Managing Director)	364 566	45 434	410 000	494 000	756 000	1 660 000
GR Burger (Group Risk and Finance Director)	267 240	9 676	276 916	681 537	667 081	1 625 534
A Tapnack	270 833	56 933	327 766	235 000	265 000	827 766
Total Pounds Sterling	1 233 646	191 036	1 424 682	1 904 537	2 444 081	5 773 300

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 set out in the tables above, is as follows:

Name	2010 £	2009 £
Executive directors		
S Koseff (Chief Executive Officer)	70 499	58 055
B Kantor (Managing Director)	29 256	32 302
GR Burger (Group Risk and Finance Director)	–	–
A Tapnack	26 900	49 689
Total Pounds Sterling	126 655	140 046

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 2010 £	Accounting IFRS charge in relation to equity awards 2010 £	Total assumed remuneration expense 2010 £	Salary, bonus and other benefits 2009 £	Accounting IFRS charge in relation to equity awards 2009 £	Total assumed remuneration expense 2009 £
Executive directors						
S Koseff (Chief Executive Officer)	2 660 000	784 354	3 444 354	1 660 000	623 666	2 283 666
B Kantor (Managing Director)	2 660 000	776 537	3 436 537	1 660 000	623 838	2 283 838
GR Burger (Group Risk and Finance Director)	2 260 850	802 762	3 063 612	1 625 534	666 258	2 291 792
A Tapnack	651 681	180 783	832 464	827 766	166 483	994 249
Total Pounds Sterling	8 232 531	2 544 436	10 776 967	5 773 300	2 080 245	7 853 545

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 2010.

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Directors' shareholdings in Investec plc and Investec Limited shares as at 31 March 2010

Name	Beneficial and non-beneficial interest Investec plc[1] 1 April 2009	31 March 2010	% of shares in issue[1] Investec plc 31 March 2010	Beneficial and non-beneficial interest Investec Limited[1] 1 April 2009	31 March 2010	% of shares in issue[1] Investec Limited 31 March 2010
Executive directors						
S Koseff[2]	4 986 633	4 839 133	1.1	1 899 330	1 809 330	0.7
B Kantor[3]	48 525	48 525	–	5 301 000	4 863 500	1.7
GR Burger[4]	2 132 135	2 402 135	0.5	1 037 076	1 037 076	0.4
A Tapnack	–	–	–	340 607	203 192	0.1
Total number	7 167 293	7 289 793	1.6	8 578 013	7 913 098	2.9
Non-executive directors						
HS Herman[5]	1 369 915	1 369 915	0.3	760 470	760 470	0.3
SE Abrahams	30 000	20 000	–	–	–	–
GFO Alford	3 100	3 100	–	–	–	–
CA Carolus	–	–	–	–	–	–
H Fukuda OBE	5 000	5 000	–	–	–	–
GMT Howe	–	–	–	–	–	–
IR Kantor	1 509 545	3 509 545	0.7	2 000 325	325	–
Sir C Keswick	15 750	15 750	–	9 250	9 250	–
MP Malungani[6]	–	–	–	7 728 890	3 288 890	1.2
Sir D Prosser	10 000	10 000	–	–	–	–
PRS Thomas	415 855	415 855	0.1	255 955	180 955	0.1
F Titi	–	–	–	–	–	–
Total number	3 359 165	5 349 165	1.1	10 754 890	4 239 890	1.6
Total number	10 526 458	12 638 958	2.7	19 332 903	12 152 988	4.5

1. *The number of shares in issue and share prices for Investec plc and Investec Limited over the period is provided on page 123.*

   There has been no change in the above interest between the year end and 9 June 2010 (the last practicable date prior to releasing this report), other than in respect of PRS Thomas who sold 100 000 Investec Limited shares and 50 045 Investec plc shares

   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:
2. *S Koseff: European call options over 146 232 (2009: 155 825) Investec Limited shares at a strike of R51.44 (2009: R48.27) per share and an expiry date of 11 June 2011. The number of shares and strike price are adjusted occasionally in terms of the dividend adjustment provision in the option agreement.*
3. *B Kantor:*
   - *European call options over 457 065 (2009: 500 000) Investec Limited shares at a strike of R56.92 (2009: R52.03) per share and an expiry date of 22 July 2010*
   - *European call options over 477 908 (2009: 500 000) Investec Limited shares at a strike of R50.50 (2009: R48.27) per share and an expiry date of 11 June 2011*
   - *The number of shares and strike price are adjusted for both options occasionally in terms of the dividend adjustment provision in the option agreement.*
4. *GR Burger: European call options over 59 403 (2009: 63 300) Investec Limited shares at a strike of R51.44 (2009: R48.27) per share and an expiry date of 11 June 2011. The number of shares and strike price are adjusted occasionally in terms of the dividend adjustment provision in the option agreement.*
5. *HS Herman: European call options over 28 974 (2009: 30 875) Investec Limited shares at a strike of R51.44 (2009: R48.27) per share and an expiry date of 11 June 2011. The number of shares and strike price are adjusted occasionally in terms of the dividend adjustment provision in the option agreement.*
6. *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. During the year a portion of the transaction with Peu was unwound.*

Directors' interest in preference shares as at 31 March 2010

	Investec plc		Investec Limited		Investec Bank Limited	
Name	1 April 2009	31 March 2010	1 April 2009	31 March 2010	1 April 2009	31 March 2010
Executive directors						
S Koseff	101 198	101 198	3 000	3 000	4 000	4 000
Non-executive directors						
HS Herman	–	–	–	–	1 135	1 135

- *The market price of an Investec plc preference share as at 31 March 2010 was R47.05 (2009: R34.00)*
- *The market price of an Investec Limited preference share as at 31 March 2010 was R91.00 (2009: R75.80)*
- *The market price of an Investec Bank Limited preference share as at 31 March 2010 was R98.70 (2009: R82.00).*

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Directors' interest in options as at 31 March 2010

Investec plc shares

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2009	Exercised during the year	Options granted/ lapsed during the year	Balance at 31 March 2010	Period exercisable
Executive directors							
B Kantor	20 Dec 2002	£1.59	9 455	–	–	9 455	Vesting scale in terms of the scheme rules. Vesting ends 20 Mar 2012
A Tapnack	20 Dec 2002	£1.59	9 455	–	–	9 455	Vesting scale in terms of the scheme rules. Vesting ends 20 Mar 2012

Investec Limited shares

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

No new option grants were made to executive directors during the financial year. The number of shares in issue and share prices for Investec plc and Investec Limited over the period is provided on page 123.

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).

Directors' interest in the Share Matching Plan 2005 as at 31 March 2010

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2009	Exercised during the year	Options granted/ lapsed during the year	Balance at 31 March 2010	Market price at date of exercise	Gross gains made on date of exercise	Period exercisable
S Koseff	21 Nov 2005	Nil	750 000	562 500		187 500	£4.00	£2 250 000	The remaining 25% will become exercisable on 30 Jun 2010
	25 Jun 2009	Nil	–	–	300 000	300 000	–	–	75% is exercisable on 25 Jun 2013 and 25% on 25 Jun 2014
B Kantor	21 Nov 2005	Nil	750 000	562 500	–	187 500	R 47.67	R26 814 375	The remaining 25% will become exercisable on 30 Jun 2010
	25 Jun 2009	Nil	–	–	300 000	300 000	–	–	75% is exercisable on 25 Jun 2013 and 25% on 25 Jun 2014
GR Burger	21 Nov 2005	Nil	600 000	450 000	–	150 000	£4.03	£1 813 500	The remaining 25% will become exercisable on 30 Jun 2010
	25 Jun 2007	Nil	150 000	–	–	150 000	–	–	75% is exercisable on 25 Jun 2011 and the remaining 25% on 25 Jun 2012
	25 Jun 2009	Nil	–	–	300 000	300 000	–	–	75% is exercisable on 25 Jun 2013 and 25% on 25 Jun 2014
A Tapnack	21 Nov 2005	Nil	200 000	150 000	–	50 000	£4.47	£670 500	The remaining 25% will become exercisable on 30 June 2010

This plan was approved by shareholders at an extraordinary general meeting held on 14 November 2005. The plan is considered essential in improving our long-term prospects for recruitment and retention of key individuals. The plan also provides further alignment of the interests of shareholders and management as the committee believes that a significant element of remuneration should be linked to our ability to deliver sustainable results to shareholders, and at the same time enable management to share in these results. Further details on the plan are available on our website.

The performance conditions in terms of this plan were met in respect of the November 2005 awards and the directors were entitled to 75% of the matching award on 30 June 2009.

Additional matching awards were made during the year, following the vesting of the first tranche of such awards made in 2005.

Summary: total interest in Investec plc and Investec Limited ordinary shares, options and long-term incentive awards as at 31 March 2010

Investec plc

Name	Beneficially and non-beneficially held	Options	Share Matching Plan	Balance at 31 March 2010	Balance at 31 March 2009
Executive directors					
S Koseff	4 839 133	–	487 500	5 326 633	5 736 633
B Kantor	48 525	9 455	487 500	545 480	807 980
GR Burger	2 402 135	–	600 000	3 002 135	2 882 135
A Tapnack	–	9 455	50 000	59 455	209 455
Total number	7 289 793	18 910	1 625 000	8 933 703	9 636 203

Investec Limited

Name	Beneficially and non-beneficially held	Options	Share Matching Plan	Balance at 31 March 2010	Balance at 31 March 2009
Executive directors					
S Koseff	1 809 330	–	–	1 809 330	1 899 330
B Kantor	4 863 500	–	–	4 863 500	5 301 000
GR Burger	1 037 076	–	–	1 037 076	1 037 076
A Tapnack	203 192	–	–	203 192	340 607
Total number	7 913 098	–	–	7 913 098	8 578 013

The number of shares in issue and share prices for Investec plc and Investec Limited over the period is provided below.

Summary: Investec plc and Investec Limited share statistics

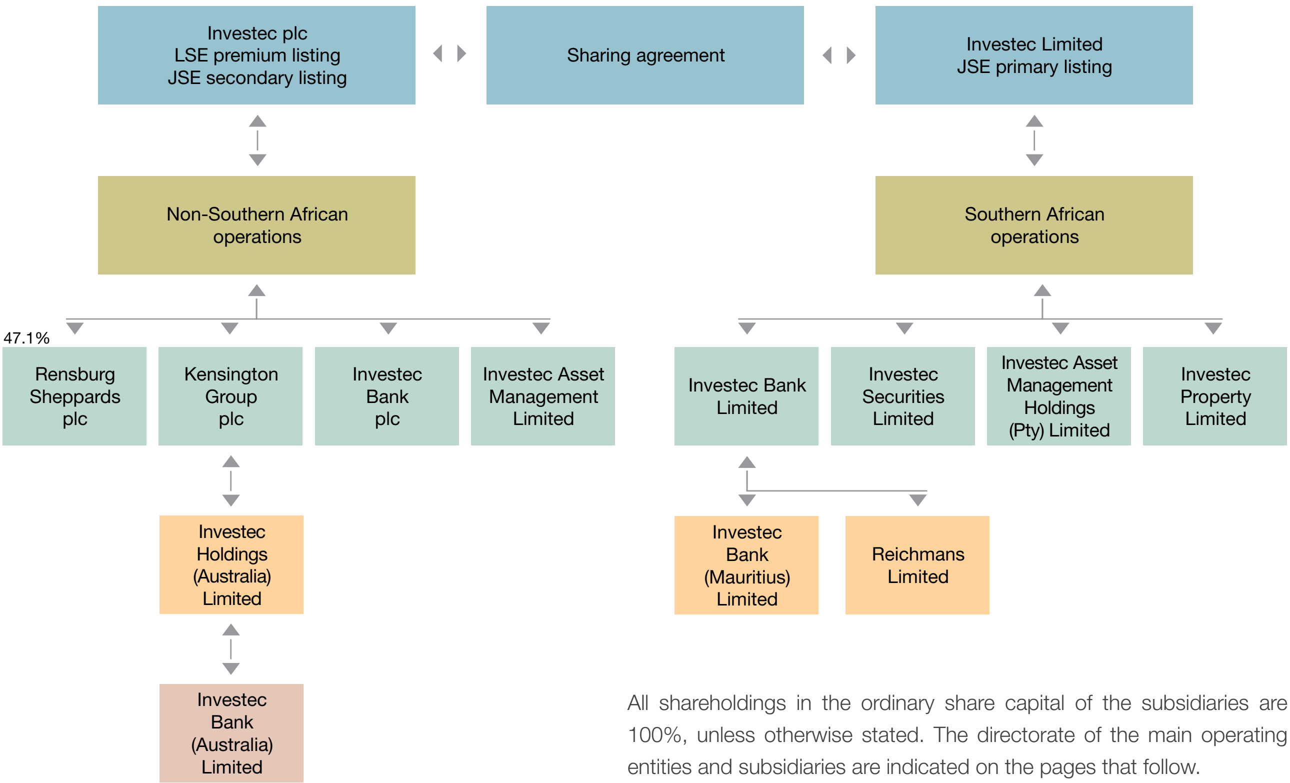
	31 March 2010	31 March 2009	High over the year	Low over the year
Investec plc share price (£)	5.39	2.92	5.62	2.87
Investec Limited share price (R)	62.49	38.86	65.40	37.51
Number of Investec plc shares in issue ('mn)	471.1	444.9		
Number of Investec Limited shares in issue ('mn)	269.8	268.3		

Additional information

Additional information | FIVE

During July 2002 Investec Group Limited (since renamed Investec Limited), implemented a Dual Listed Companies (DLC) structure and listed its offshore business on the London Stock Exchange. A circular on the establishment of our DLC structure was issued on 20 June 2002 and is available on our website.

Our DLC structure and main operating subsidiaries



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.

Investec Limited, which houses our Southern African and Mauritius operations, has been listed in South Africa since 1986

Salient features

- Investec plc and Investec Limited are separate legal entities and listings, but are bound together by contractual agreements and mechanisms
- Investec operates as if it is a single unified economic enterprise
- Shareholders have common economic and voting interests as if Investec plc and Investec Limited were a single company
- Creditors, however, are ring-fenced to either Investec plc or Investec Limited as there are no cross guarantees between the companies.

As at 31 March 2010 Investec plc and Investec Limited had 471.1 million and 269.8 million ordinary shares in issue, respectively.

Spread of ordinary shareholders as at 31 March 2010

Investec plc ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
6 546	1 to 500	32.2	1 897 705	0.4
4 845	501 – 1000	23.8	3 866 529	0.8
6 063	1001 – 5000	29.8	14 247 830	3.0
1 078	5001 – 10000	5.3	8 049 291	1.7
1 056	10001 – 50 000	5.2	23 579 765	5.0
264	50 001 – 100 000	1.3	19 021 078	4.0
492	100 001 and over	2.4	400 450 866	85.1
20 344		100.0	471 113 064	100.0

Investec Limited ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
4 216	1 to 500	41.7	1 032 958	0.4
2 121	501 – 1000	21.0	1 667 758	0.6
2 465	1001 – 5000	24.4	5 613 337	2.1
470	5001 – 10000	4.7	3 429 148	1.3
493	10001 – 50 000	4.9	12 140 520	4.5
126	50 001 – 100 000	1.2	9 148 668	3.4
213	100 001 and over	2.1	236 734 543	87.7
10 104		100.0	269 766 932	100.0

Shareholder classification as at 31 March 2010

	Investec plc number of shares	% holding	Investec Limited number of shares	% holding
Public*	454 040 206	96.4	212 488 130	78.7
Non-public	17 072 858	3.6	57 278 802	21.3
Non-executive directors of Investec plc/Investec Limited**	5 349 165	1.1	951 000	0.4
Executive directors of Investec plc/Investec Limited	7 289 793	1.6	7 913 098	2.9
Investec staff share schemes	4 433 900	0.9	28 859 149	10.7
PEU INL Investment 1 (Pty) Ltd **	–	–	5 555 555	2.1
Tiso INL Investments (Pty) Ltd	–	–	14 000 000	5.2
Total	471 113 064	100.0	269 766 932	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.*

Largest shareholders as at 31 March 2010

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)	60 675 108	12.9
2	STANLIB Asset Management (ZA)	29 849 813	6.3
3	Old Mutual Asset Managers (ZA)	25 192 770	5.3
4	Investec Asset Management (ZA)*	20 596 945	4.4
5	Legal & General Investment Management Ltd (UK)	19 163 802	4.1
6	BlackRock Inc (UK)	18 814 574	4.0
7	Investec Securities (Pty) Limited (ZA)*	18 111 805	3.8
8	M&G Investment Management Ltd (UK)	16 972 356	3.6
9	State Street Global Advisors (UK)	16 308 366	3.5
10	Sanlam Investment Management (ZA)	15 485 297	3.3
	Cumulative total	241 170 836	51.2

The top 10 shareholders account for 51.2% 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

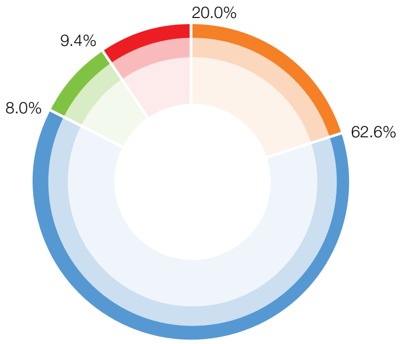
	Shareholder analysis by manager group	Number of shares	% holding
1	PIC (ZA)	38 535 193	14.3
2	Investec Staff Share Schemes (ZA)	28 859 149	10.7
3	Old Mutual Asset Managers (ZA)	15 779 166	5.9
4	Tiso INL Investments (Pty) Ltd (ZA)**	14 000 000	5.2
5	Entrepreneurial Development Trust (ZA)**	14 000 000	5.2
6	STANLIB Asset Management (ZA)	12 665 208	4.7
7	BlackRock Inc (US)	7 853 753	2.9
8	Acadian Asset Management (US)	6 608 042	2.5
9	Investec Securities (Pty) Limited (ZA)*	6 085 821	2.3
10	PEU INL Investment 1 (Pty) Ltd (ZA)**	5 555 555	2.1
	Cumulative total	149 941 887	55.8

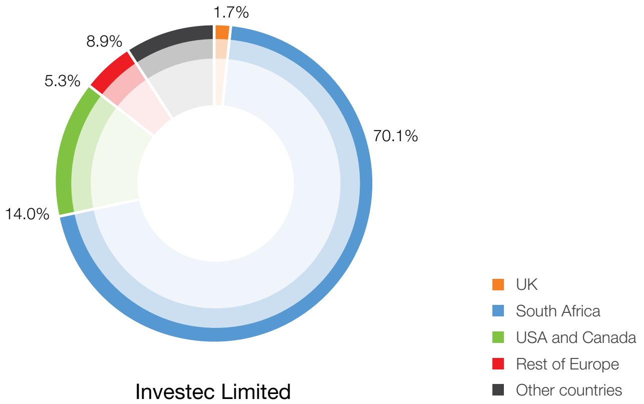
The top 10 shareholders account for 55.8% of the total shareholding in Investec Limited. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

**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.*

Geographic holding by beneficial owner as at 31 March 2010





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Share statistics

Investec plc ordinary shares in issue

For the year ended 31 March	2010	2009	2008	2007	2006	2005	2004
Closing market price per share (Pounds)[1]							
– year end	5.39	2.92	3.39	6.58	5.88	3.11	2.18
– highest	5.62	4.21	7.65	6.76	6.07	3.47	2.36
– lowest	2.87	1.69	2.94	4.95	3.04	1.84	1.22
Number of ordinary shares in issue (million)[1]	471.1	444.9	423.3	381.6	373.0	373.0	373.0
Market capitalisation (£'million)[2]	2 539	1 299	1 435	2 511	2 194	1 160	812
Daily average volume of shares traded ('000)	1 932.6	2 603.6	3 925.9	2 832.5	1 489.0	741.0	498.0
Price earnings ratio[3]	12.0	6.9	6.0	12.4	14.0	11.6	10.5
Dividend cover (times)[3]	2.8	3.3	2.3	2.3	2.3	2.0	1.8
Dividend yield (%)[3]	3.0	4.5	7.4	3.5	3.1	4.3	5.3
Earnings yield (%)[3]	8.4	14.5	16.7	8.1	7.1	8.6	9.5

Investec Limited ordinary shares in issue

For the year ended 31 March	2010	2009	2008	2007	2006	2005	2004
Closing market price per share (Rands)[1]							
– year end	62.49	38.86	57.43	93.30	62.60	35.60	25.06
– highest	65.40	63.19	104.40	94.60	66.50	38.00	30.20
– lowest	37.51	27.20	50.90	59.06	34.10	21.56	15.50
Number of ordinary shares in issue (million)[1]	269.8	268.4	234.3	227.7	220.0	220.0	220.0
Market capitalisation (R'million)[4]	46 299	27 715	37 766	56 848	37 121	21 111	14 860
Market capitalisation (£'million)	3 993	2 083	2 229	4 009	3 488	1 844	1 292
Daily average volume of shares traded ('000)	1 068.2	1 167.8	840.6	619.7	478.0	510.5	495.0

1. *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.*
2. *The LSE only include the shares in issue for Investec plc i.e. 471.1 million, in calculating market capitalisation, as Investec Limited is not incorporated in the UK.*
3. *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.*
4. *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 740.9 million shares in issue.*

Executive directors

Name	Age at 31 March 2010	Qualifications	Current directorships	Investec committee membership	Brief biography
Chief Executive Officer Stephen Koseff	58	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	60	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	53	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	63	BCom CA(SA)	Investec Bank plc and a number 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.

Non-executive directors

Name	Age at 31 March 2010	Qualifications	Current directorships	Investec committee membership	Brief biography
Non-executive Chairman Hugh S Herman	69	BA LLB LLD (hc)	Growthpoint Properties Limited, Metaf Investment Holdings (Pty) Ltd, 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	71	FCA CA(SA)	Investec Bank Limited, Foschini Limited and a number of Investec subsidiaries	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	61	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 adviser to the UK Financial Services Authority.
Cheryl A Carolus	51	BA (Law) B Ed	De Beers Consolidated Mines Limited, Gold Fields Limited, South African Airways (Pty) Limited, Mercedes-Benz South Africa (Pty) Limited, WWF South Africa and International, The IQ Business Group (Pty) Limited, Fenner Conveyor Belting South Africa (Pty) Limited, Ponahalo Capital (Pty) Ltd, Investec Asset Management Holdings (Pty) Ltd, Executive Chairperson of Peotona Group Holdings (Pty) Limited and director of a number of the Peotona Group companies	–	Cheryl acted as the South African High Commissioner to London between 1998 to 2001 and was chief executive officer of South African Tourism.
Perry KO Crosthwaite (appointed 18 June 2010)	61	MA (Hons)	Jupiter Green Investment Trust plc, Melrose plc and Toluna plc	–	Perry is a former partner of Henderson Crosthwaite Limited and the founding director of Henderson Crosthwaite Institution Brokers. He was previously a director of Investec Bank plc.

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Name	Age at 31 March 2010	Qualifications	Current directorships	Investec committee membership	Brief biography
Bradley Fried (appointed 1 April 2010)	44	BCom CA(SA) MBA	A number of Investec subsidiaries	–	Bradley joined Investec in 1999 and has held the positions of joint head of investment banking and chief executive of Investec Bank plc. He is on the Audit Committee of HM Treasury and is the Chief Executive in Residence at Judge Business School. He is Managing Partner of Grovepoint Capital LLP.
Haruko Fukuda OBE	63	MA (Cantab) DSc	Director of Aberdeen Asian Smaller Companies Investment Trust PLC. She is an adviser to Metro AG	–	Haruko was previously chief executive officer of the World Gold Council, and senior adviser at Lazard. She is former vice chairman of Nikko Europe plc and a partner of James Capel & Co and a former director of AB Volvo and of Foreign and Colonial Investment Trust plc.
Geoffrey MT Howe	60	MA (Hons)	Jardine Lloyd Thompson Group plc (Chairman), The JP Morgan Fleming Overseas Investment Trust plc 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	63	BSc (Eng) MBA	Insinger de Beaufort Holdings SA (in which Investec Limited indirectly holds a 8.6% interest), Investec Bank plc, 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	70	–	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.

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Name	Age at 31 March 2010	Qualifications	Current directorships	Investec committee membership	Brief biography
M Peter Malungani	52	BCom MAP LDP	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	66	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.
Peter RS Thomas	65	CA(SA)	Investec Bank Limited, various Investec companies, JCI Limited and various unlisted companies	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	47	BSc (Hons) MA MBA	Investec Bank Limited (Chairman), AECI Limited, Tshiya Group (Pty) Limited, Investec Employee Benefits 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.

- *The dates on which the directors were appointed to the boards of Investec plc and Investec Limited can be found on page 98.*

Investec Bank Limited

A subsidiary of Investec Limited

Fani Titi (47)
BSc (Hons) MA MBA
Non-Executive Chairman

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

Sam E Abrahams (71)
FCA CA(SA)

Glynn R Burger (53)
BAcc CA(SA) H Dip BDP MBL

Bernard Kantor (60)
CTA

Stephen Koseff (58)
BCom CA(SA) H Dip BDP MBA

M Peter Malungani (52)
BCom MAP LDP

Karl-Bart XT Socikwa (41)
BCom LLB MAP IPBM (IMD)

Bradley Tapnack (63)
BCom CA(SA)

Peter RS Thomas (65)
CA(SA)

C Busi Tshili (46)
CA(SA)

Investec Bank plc

A subsidiary of Investec plc

Hugh S Herman (69)
BA LLB LLD (hc)
Non-Executive Chairman

David M van der Walt (45)
BCom (Hons) CA(SA)
Joint Chief Executive Officer

Steven Heilbron (44)*
BCom CA(SA)
Joint Chief Executive Officer

George FO Alford (61)
BSc (Econ) FCIS FIPD MSI

Bernard Kantor (60)
CTA

Ian R Kantor (63)
BSc (Eng) MBA

Sir Chips Keswick (70)

Stephen Koseff (58)
BCom CA(SA) H Dip BDP MBA

Alan Tapnack (63)
BCom CA(SA)

Ian R Wohlman (55)
ACIB

**Appointed on 24 February 2010.*

Investec Asset Management Limited

A subsidiary of Investec plc

Hugh S Herman (69)
BA LLB LLD (hc)
Non-Executive Chairman

Hendrik J du Toit (48)
BCom (Law) BCom Hons (cum laude)
MCom (cum laude) MPhil (Cambridge)
Chief Executive Officer

David J Aird (43)
BA (Hons)

Domenico Ferrini (41)
BCom

Howard E Flight (61)
MA MBA

John C Green (44)
BCom LLB

Luc JJJ van Hoof (57)

Bernard Kantor (60)
CTA

Stephen Koseff (58)
BCom CA(SA) H Dip BDP MBA

Kim M McFarland (45)
BAcc BCom CA(SA) MBA

John T McNab (43)
BEng MEng CFA

Mark I Samuelson (45)
BCom CFA

Philip GS Saunders (52)
MA (Hons)

Bradley Tapnack (63)
BCom CA(SA)

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Investec Asset Management Holdings (Pty) Limited

A subsidiary of Investec Limited

Hugh S Herman (69)
BA LLB LLD (hc)
Non-Executive Chairman

Hendrik J du Toit (48)
BCom (Law) BCom Hons (cum laude)
MCom (cum laude) MPhil (Cambridge)
Chief Executive Officer

Cheryl A Carolus (51)
BA (Law) B Ed

Domenico Ferrini (41)
BCom

Jeremy B Gardiner (44)
BCom (Hons)

Noluthando P Gosa (47)
BA (Hons) MBA

John C Green (44)
BCom LLB

Bernard Kantor (60)
CTA

Thabo Khojane (37)
BA (Econ) (Hons) BSc (Eng)

Stephen Koseff (58)
BCom CA(SA) H Dip BDP MBA

M Peter Malungani (52)
BCom MAP LDP

Kim M McFarland (45)
BAcc BCom CA(SA) MBA

John T McNab (43)
BEng MEng CFA

Bradley Tapnack (63)
BCom CA(SA)

Fani Titi (47)
BSc (Hons) MA MBA

Investec Securities Limited

A subsidiary of Investec Limited

Andrew WJ Leith (50)
BCom CA(SA)
Chairman

Sam E Abrahams (71)
FCA CA(SA)

Reginald S Berkowitz (73)
Natal Law Certificate

Henry E Blumenthal (50)
BCom BAcc CA(SA)

Kevin Brady (43)
BA (Hons)

Joubert D Hay (44)
BCom (Hons) (Acc) CA(SA)

Stephen Koseff (58)
BCom CA(SA) H Dip BDP MBA

Kevin P McKenna (43)
BCom BAcc CA(SA)

JKC Whelan (46)
CA (Irish) H Dip Tax

Investec Bank (Mauritius) Limited

A subsidiary of Investec Bank Limited

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

Pierre de Chasteigner du Mee (57)
ACEA FBIM FMAAT

Angelique A Desvaux de Marigny (34)
LLB, Barrister-at-Law
Maitrise en Droit (Université de Paris
I-Panthéon – Sorbonne)

Craig C McKenzie (49)
BSc MSc CFA

Peter RS Thomas (65)
CA(SA)

Investec Bank (Australia) Limited

A subsidiary of Investec Bank plc

David M Gonski (56)
BCom LLB
Non-Executive Chairman

Geoffrey Levy AO (51)
BCom LLB FFIN
Non-Executive Deputy Chairman

David Clarke (54)*
LLB
Chief Executive Officer

Alan H Chonowitz (55)
BAcc MCom CA
Deputy Chief Executive Officer and
Chief Financial Officer

Stephen Koseff (58)
BCom CA(SA) H Dip BDP MBA

Richard A Longes (64)
BA LLB MBA

Robert C Mansfield AO (58)
BCom FCPA

John W Murphy (57)
BCom MCom ACA FCPA

Kathryn Spargo (58)
BA LLB (Hons) FAICD

Bradley Tapnack (63)
BCom CA(SA)

Peter RS Thomas (65)
CA(SA)

**David Clarke was appointed as Chief Executive Officer with effect from 1 July 2009.*

Investec Property Limited

A subsidiary of Investec Limited

Stephen Koseff (58)
BCom CA(SA) H Dip BDP MBA
Chairman

Sam Hackner (54)
BCom (Hons) CA(SA)
Chief Executive and Managing Director

Sam R Leon (60)
LLB (London)
Deputy Chairman

Glynn R Burger (53)
BAcc CA(SA) H Dip BDP MBL

Angelique N Du Hecquet de Rauville (35)
BSSc FSA FSB

Dave AJ Donald (59)
BCom CA(SA) H Dip Tax Law

Robin Magid (37)
BCom

David M Nurek (60)
Dip Law Dip Advanced Company Law

Ronnie Sevitz (66)

Our Business Responsibility

Our Business Responsibility | SIX

Our Business Responsibility is divided into the areas of profit, people and planet

6

Executive summary

The global economic and financial crisis has forced businesses to focus on the challenges of what it means to be a sustainable business, especially in the financial services industry. Investec's sustainability efforts, referred to as Our Business Responsibility, are based on the recognition that we are a specialist bank and asset manager driven by our culture and values.

Investec's endeavours to pursue sustainable profits include having a positive impact in each of the societies in which our business activities operate. We aim to do this by enriching communities through education and entrepreneurship and embracing diversity while constantly striving to reduce the overall size of our environmental footprint.

Despite the difficult economic conditions of 2009, Investec has continued to maintain its commitment to Our Business Responsibility as an integral part of how we do business. Accordingly, Investec was recognised for its sustainability efforts receiving a number of awards in this area. In the UK, we received the Dragon Award 2009 for our Social Investment Programme. In South Africa, we won the power fitness category of the Eskom Energy Efficiency Award 2009 which rewards exceptional effort in the efficient use of energy and recognises excellence in the communication of energy efficiency to employees. In addition, Corporate Social Investment in South Africa was awarded the Sunday Times Top 100 Companies CSI Leadership Award. This award recognises companies that excel in terms of financial performance but that also demonstrate an interest in the broader socio-economic environment. Investec maintained its presence in the Dow Jones Sustainability Index, the UK's FTSE4Good Index and the JSE-SRI Index in South Africa.

Profit

In the past two years, Investec has demonstrated its financial strength and resilience in the face of the worst financial crisis in decades. Investec's business model aims to deliver sustainable success. The group's rigorous management of risk, which preserves stakeholder's interests, together with its fierce protection of the company's reputation, are essential elements of this model.

Diversifying sources of funding has been a key element of the group's strategy to further improve the quality of the group's balance sheet and reduce reliance on wholesale funding. During the 2010 financial year, the group was successful in growing customer deposits in all three core geographies, significantly growing funds under management and substantially increasing its cash and near cash balances.

The economic environment remains fragile, and a number of challenges remain. However, the group's solid capital and liquidity position continues to support our efforts to capitalise on the commercial opportunities that are starting to be revealed as the international landscape adjusts.

People

Investec employees remain critical to continued business success and to overall sustainability efforts. The expertise and dedication of staff is fundamental in meeting clients' needs and delivering distinctive results. It is therefore vital that we engage, develop and retain a high-value workforce. One of the group's values is to ensure open and honest communication and hence encourage an active and open dialogue between staff and senior management. As a responsible employer, Investec aims to offer staff a stimulating and progressive working environment in which they can flourish and realise their true potential.

In a difficult environment, we seek personal dialogue with clients and continue to provide creative solutions tailored to their individual financial requirements. Our clients benefit directly from the experience we have gained in navigating the recent crisis and we are committed to helping them meet their financial goals. Over the past two years, in addition to our day-to-day communication with all stakeholders, executive management conducted several road shows presenting to clients and investors on the financial and operating position of the group in order to give a sense of comfort during this difficult and uncertain period.

Investec's role in society and as a responsible citizen remains a key priority. To contribute to the upliftment and empowerment of the communities within which we operate, we engage in a number of ways. We strive to work with a particular focus on education and entrepreneurial projects. In 2010, our businesses committed over £3.9 million to a range of community initiatives around the world.

Looking forward, we will continue to focus on reducing the size of our overall environmental footprint

Planet

With the signing of the Copenhagen Accord in December 2009 climate change has become a key area of international focus. Investec completed a formal carbon footprint exercise during 2009 in agreement with the Greenhouse Gas (GHG) Protocol, which will form the basis for further attempts at reducing our energy consumption over the medium term. Towards the end of the financial year, we launched a carbon footprint campaign to employees which used strategic collateral to encourage staff to do what they can to reduce their carbon footprint both in the workplace and at home. The aim of the campaign was to raise awareness around carbon footprinting, provide a basic understanding and recommendations around what steps can be taken to effect necessary reductions. On an operational level, we continue to apply a clearly defined risk review process in order to carefully assess business transactions with potential environmental or social risks.

Looking forward, we will continue to focus on reducing the size of our overall environmental footprint. Accordingly, Investec management has been engaging with external consultants on an exercise designed to clarify the perceived risks and opportunities relating to climate change for the group and its various businesses.

Outlook

The past year has seen heightened global attention on corporate governance, risk management and reputational issues and the financial services industry as a whole has been under considerable public scrutiny. Throughout this we have remained 'open for business' and, at the same time, have reinforced our commitment to be a responsible lender, providing access to credit and support while maintaining sensible lending standards.

We are making good progress in embedding sustainability into our business. We recognise, however, that we have some way to go and will continue to build Our Business Responsibility efforts in the year ahead. We remain committed to offering a robust, secure and responsible service that contributes to the economic progress of the group and society as a whole.

For the detailed Our Business Responsibility 2010 report, please refer to:
http://www.investec.com/en_za/#home/our_business_responsibility/obr_reports.html

Financial statements

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Extended business review

We are an international, specialist bank and asset manager 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 six principal business divisions: Asset Management, Private Wealth, Property Activities, Private Banking, Investment Banking and Capital Markets. 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 18 to 21 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 22 to 101 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 34 to the Investec group's 2010 annual financial statements.

Investec plc

During the year the following shares were issued:

- 64 516 special converting shares on 17 April 2009 at par
- 309 893 special converting shares on 05 June 2009 at par
- 1 725 000 ordinary shares on 5 June 2009 at par
- 283 924 ordinary shares on 5 June 2009 at 285 pence per share
- 22 000 000 ordinary shares on 31 July 2009 at 390 pence per share
- 652 146 special converting shares on 23 October 2009 at par
- 193 788 ordinary shares on 27 November 2009 at 447.5 pence per share
- 405 120 special converting shares on 27 November 2009 at par
- 1 973 114 ordinary shares on 26 February 2010 at 461.2 pence per share.

Investec Limited

During the year the following shares were issued:

- Allotment and issue on 16 April 2009 of 64 516 ordinary shares of R0.0002 each at a premium of R38.9998 per share (total issue price of R39.00 per share)
- Allotment and issue on 5 June 2009 of 309 893 ordinary shares of R0.0002 each at a premium of R31.7698 per share (total issue price of R31.77 per share)
- Allotment and issue on 5 June 2009 of 2 008 924 special convertible redeemable preference shares of R0.0002 each
- Allotment and issue on 31 July 2009 of 22 000 000 special convertible redeemable preference shares of R0.0002 each
- Allotment and issue on 8 October 2009 of 300 196 ordinary shares of R0.0002 each at a premium of R55.7598 per share (total issue price of R55.76 per share)
- Allotment and issue on 16 October 2009 of 351 950 ordinary shares of R0.0002 each at a premium of R55.7498 per share (total issue price of R55.75 per share)
- Allotment and issue on 27 November 2009 of 193 788 special convertible redeemable preference shares of R0.0002 each
- Allotment and issue on 27 November 2009 of 405 120 ordinary shares of R0.0002 each at a premium of R59.4698 per share (total issue price of R59.47 per share)
- Allotment and issue on 16 February 2010 of 3 000 000 non-redeemable, non-cumulative, non-participating preference shares of R0.01 each at a premium of R85.73 per share (total issue price of R85.74 per share)
- Allotment and issue on 26 February 2010 of 1 973 114 special convertible redeemable preference shares of R0.0002 each
- Allotment and issue on 16 March 2010 of 2 229 396 non-redeemable, non-cumulative, non-participating preference shares at R0.01 each at a premium of R88.22 per share (total issue price of R88.23 per share).

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 2010.

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 (2009: 8.0 pence) registered on 11 December 2009
- to South African resident shareholders registered on 11 December 2009, a dividend paid by Investec Limited on the SA DAS share, equivalent to 100.0 cents per ordinary share and 8.0 pence per ordinary share paid by Investec plc.

The dividends were paid on 11 December 2009.

The directors have proposed a final dividend to shareholders registered on 31 July 2010, which is subject to the approval of the members of Investec plc at the annual general meeting which is scheduled to take place on 12 August 2010 and, if approved, will be paid on 17 August 2010 as follows:

- 8.0 pence per ordinary share to non-South African resident shareholders (2009: 5.0 pence) registered on 31 July 2010
- to South African resident shareholders registered on 31 July 2010, through a dividend paid by Investec Limited on the SA DAS share, of 6.5 pence per ordinary share and 1.5 pence per ordinary share paid by Investec plc.

Shareholders in Investec plc will receive a distribution of 8.0 pence (2009: 5.0 pence) per ordinary share.

Investec Limited

An interim dividend of 100.0 cents per ordinary share (2009: 128.0 cents) was declared to shareholders registered on 11 December 2009 and was paid on 18 December 2009.

The directors have proposed a final dividend of 89.0 cents per ordinary share (2009: 66.0 cents) to shareholders registered on 30 July 2010 to be paid on 17 August 2010. The final dividend is subject to the approval of members of Investec Limited at the Annual General Meeting scheduled for 12 August 2010.

Preference dividends

Investec plc

Perpetual preference shares

Preference dividend number 7 for the period 1 April 2009 to 30 September 2009, amounting to 7.52 pence per share, was declared to members holding preference shares registered on 27 November 2009 and was paid on 8 December 2009.

Preference dividend number 8 for the period 1 October 2009 to 31 March 2010, amounting to 7.48 pence per share was declared to members holding preference shares registered on 11 June 2010 and will be paid on 1 July 2010.

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 2010 and will be paid on 24 June 2010.

Investec Limited

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

Preference dividend number 10 for the period 1 April 2009 to 30 September 2009 amounting to 398.91 cents per share was declared to members holding preference shares registered on 27 November 2009 and was paid on 8 December 2009.

Preference dividend number 11 for the period 1 October 2009 to 31 March 2010 amounting to 365.92 cents per share was declared to members holding preference shares registered on 18 June 2010 and will be paid on 1 July 2010.

Redeemable cumulative preference shares

Dividends amounting to R30 505 468 were paid on the redeemable cumulative preference shares.

Directors and secretaries

Details of directors and secretaries of Investec plc and Investec Limited are reflected on pages 131 to 134 and at the end of this report.

In accordance with the Articles of Association, SE Abrahams, GFO Alford, GR Burger, HS Herman, IR Kantor, PRS Thomas, A Tapnack and F Titi, retire by rotation at the forthcoming Annual General Meeting but, being eligible, offer themselves for re-election.

Mr B Fried, appointed on 1 April 2010 and Mr PKO Crosthwaite appointed on 18 June 2010 whose appointments terminate at the end of the annual general meeting convened for 12 August 2010, offered themselves for re-election.

Directors and their interests

Directors' shareholdings and options to acquire shares are set out on pages 120 to 123. The register of directors' interests contains full details of directors' shareholdings and options to acquire shares.

Corporate governance

The group's corporate governance board statement and governance framework are set out on pages 99 and 100.

Share incentive trusts

Details regarding options granted during the year are set out on pages 170 and 171.

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 can be found in the Investec group's 2010 annual report.

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 12 August 2010.

Contracts

Refer to page 115 for details of contracts with directors.

Subsidiary and associated companies

Details of principal subsidiary and associated companies can be found in the Investec group's 2010 annual report.

Major shareholders

The largest shareholders of Investec plc and Investec Limited are reflected on page 128.

Special resolutions

Investec plc

At the Annual General Meeting held on 13 August 2009, special resolutions were passed in terms of which:

- A renewable authority was granted to Investec plc to allot shares for cash in terms of Section 89 of the UK Companies Act, 1985. A renewable authority was granted to Investec plc to acquire its own shares in terms of Section 166 of the UK 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 450 000 000
- Amendments to the Articles of Association to reflect provisions of the UK Companies Act 2006 already in force since 1 October 2009.

Investec Limited

At the Annual General Meeting held on 13 August 2009, 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 to 89 of the South African Companies Act No 61 of 1973
- The authorised ordinary share capital has 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
- The authorised special convertible redeemable preference share capital has increased to 700 000 000 (seven hundred million) by the creation of 140 000 000 (one hundred and forty million) 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 47: Annual and General meetings
- An amendment was made to the Articles of Association by inserting a new Article 50.1: Contents of Notice of General Meetings
- An amendment was made to the Articles of Association by inserting a new Article 63.1(a): Votes attaching to shares
- An amendment was made to the Articles of Association by inserting a new Article 72: Timing for the deposit of form of proxy
- An amendment was made to the Articles of Association by inserting a new Article 73: Rights of Proxy.

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. The accounting policies adopted in this abridged report are consistent with Investec group's 2010 annual report.

Financial instruments

Detailed information on the group's risk management process and policy can be found in the Risk Management report on pages 54 to 90. Information on the group's hedge accounting policy and the use of derivatives and hedges can be found in the Investec group's 2010 annual report.

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. The group's standard practice is to agree the terms of payment with suppliers at the time of the contract and to make payments within the agreed credit term.

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.

We are committed to ensuring the health, safety and welfare of our employees and to providing and maintaining safe working conditions. We have health and safety policies in all regions of operation that cover all legislated requirements and additional benefits are provided for staff where possible. We constantly seek to improve both policies and the execution of health and safety standards in all our offices. This takes the form of staff education, regular fire drills and maintenance of an open door policy with regards to dialogue on the issue. Where appropriate the appointment of individuals responsible for various areas of health and safety are made.

Donations

During the year, Investec plc made donations for charitable purposes, totalling £1.6 million and Investec Limited made donations for charitable purposes, totalling £2.3 million.

Environment

We are committed to pursuing sound environmental policies in all aspects of our business and seek to encourage and promote good environmental practice among our employees and within the community in which we operate. Further information on our sustainability practices can be found on pages 140 and 141 and on our website.

Post balance sheet events

On 30 March 2010, the independent Rensburg Sheppards directors and the board of directors of Investec announced that they had reached agreement on the terms of a recommended all share offer under which Investec plc will acquire the entire issued and to be issued ordinary share capital of Rensburg Sheppards not already owned by it, to be effected by means of a Scheme of Arrangement under Part 26 of the Companies Act 2006 (the Scheme).

On 6 May 2010 the Financial Services Authority (FSA) formally approved Investec and any relevant affiliate of Investec which would be deemed to be acquiring control (as such term is defined in FSMA) as a controller of all and any relevant entities within the Rensburg Sheppards group which are authorised in the UK by the FSA under FSMA.

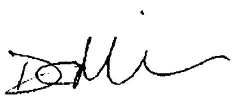
The requisite approvals to seek the court's approval to sanction the scheme were obtained at the court meeting and general meeting of Rensburg Sheppards shareholders held on 1 June 2010.

Completion of the scheme remains subject to the satisfaction or, if permitted, waiver of the remaining conditions of the scheme set out in the scheme document dated 26 April 2010 including, inter alia, the sanction of the scheme and confirmation of the capital reduction by the court. The court hearing to sanction the scheme is expected to take place on 22 June 2010 and the court hearing to confirm the capital reduction is expected to take place on 24 June 2010.

For further information refer to the Investec group's 2010 annual report.

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 UK Companies Act 2006).



David Miller
Company Secretary
Investec plc

Benita Coetsee
Company Secretary
Investec Limited

21 June 2010

Directors' Responsibility statement

The following statement, which should be read in conjunction with the Auditors' report set out on page 155, 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
- 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 page 155 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 144 to 148 and pages 156 to 174, were approved by the board of directors on 21 June 2010.

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

21 June 2010

Declaration by the Company Secretary

In terms of Section 268G(d) of the South African Companies Act, 61 of 1973, as amended, I hereby certify that, to the best of my knowledge and belief, the company has lodged with the Registrar of Companies, for the financial year ended 31 March 2010, all such returns as are required of a public company in terms of the South African Companies Act and that all such returns are true, correct and up to date.

Benita Coetsee
Company Secretary, Investec Limited

21 June 2010

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 2006, the Companies Act). This is a summary only and the relevant provisions of the Articles or the Companies Act 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 12 August 2010.

Share capital

The issued share capital of Investec plc at 9 June 2010 consists of 471 890 178 plc ordinary shares of £0.0002 each, 15 081 149 non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, 269 874 780 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 2006, 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 Act, 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 Act 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 Act.

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.

Variation of rights

Subject to the Companies Act, 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 transfer or 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 Act 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
- 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.

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

The following are the rights and privileges which attach to the perpetual preference shares:

- Each perpetual preference 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 arrears 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.

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Shares required for the DLC structure

Investec SSC (UK) Limited (Investec Limited), a UK trust company, specially formed for the purpose of the 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.

Powers of directors

Subject to the Articles, the Companies Act, 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 statement to the members of Investec plc

We have examined the summary financial statement for the year ended 31 March 2010 which comprises the combined consolidated income statement, the combined consolidated statement of comprehensive income, the combined consolidated balance sheet, the combined consolidated cash flow statement, the consolidated statement of changes in equity and the related summarised notes.

This statement is made solely to the company's members, as a body, in accordance with Section 428(4) of the Companies Act 2006. 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 statement 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 statement, or for the opinions we have formed.

Respective responsibilities of the directors and the auditor

The directors are responsible for preparing the summarised annual report in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the summarised annual report with the full annual financial statements, the Directors' Remuneration report and the Directors' report, and its compliance with the relevant requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the summarised annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement. The other information comprises only the Operating Financial review and the Risk and governance sections.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the company's full annual financial statements describes the basis of our opinion on those financial statements, the Directors' Remuneration report, and the Directors' report.

Opinion

In our opinion the summary financial statement is consistent with the full annual financial statements, the Directors' report and the Directors' Remuneration report of Investec plc for the year ended 31 March 2010 and complies with the applicable requirements of section 428 of the Companies Act 2006, and the regulations made thereunder.

We have not considered the effects of any events between the date on which we signed our report on the full annual financial statements dated 15 June 2010 and the date of this statement.

Ernst & Young LLP
Statutory auditor
London

21 June 2010

Directors' statement

The auditor has issued unqualified reports on the full annual financial statements, the auditable part of the directors' remuneration report and on the consistency of the directors' report with those annual financial statements. Their report on the full annual financial statements and the auditable part of the directors' remuneration report contained no statement under sections 498(2) or 498(3) of the Companies Act 2006.

Combined consolidated income statement

For the year to 31 March £'000	2010	2009
Interest income	2 726 011	2 596 913
Interest expense	(2 112 925)	(1 902 882)
Net interest income	**613 086**	**694 031**
Fee and commission income	612 574	592 814
Fee and commission expense	(67 497)	(61 292)
Principal transactions	457 759	276 521
Operating income from associates	11 595	12 438
Investment income on assurance activities	94 914	74 584
Premiums and reinsurance recoveries on insurance contracts	31 938	18 773
Other operating income/(loss)	22 737	(30 240)
Other income	**1 164 020**	**883 598**
Claims and reinsurance premiums on insurance business	(119 918)	(88 108)
Total operating income net of insurance claims	**1 657 188**	**1 489 521**
Impairment losses on loans and advances	(286 581)	(256 173)
Operating income	**1 370 607**	**1 233 348**
Administrative expenses	(920 694)	(803 158)
Depreciation, amortisation and impairment of property, equipment and intangibles	(36 457)	(30 102)
Operating profit before goodwill	**413 456**	**400 088**
Impairment of goodwill	(3 526)	(32 467)
Operating profit	**409 930**	**367 621**
Profit on disposal of group operations	–	721
Profit before taxation	**409 930**	**368 342**
Taxation	(82 599)	(81 675)
Profit after taxation	**327 331**	**286 667**
Losses attributable to minority interests	18 802	5 355
Earnings attributable to shareholders	**346 133**	**292 022**
Earnings per share (pence)		
– Basic	44.0	38.5
– Diluted	41.5	36.1

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Combined consolidated statement of comprehensive income

For the year to 31 March £'000	2010	2009
Profit after taxation	327 331	286 667
Other comprehensive income:		
Fair value movements on cash flow hedges*	14 202	(16 293)
(Gains)/losses on realisation of available for sale assets recycled through the income statement*	(8 887)	415
Fair value movements on available for sale assets*	20 370	(4 638)
Foreign currency movements	239 789	215 653
Pension fund actuarial losses	(8 180)	(9 722)
Total comprehensive income	584 625	472 082
Total comprehensive income attributable to minority shareholders	9 918	21 285
Total comprehensive income attributable to ordinary shareholders	493 073	376 020
Total comprehensive income attributable to perpetual preferred securities	81 634	74 777
Total comprehensive income	584 625	472 082

*Net of taxation of £9.989 million (2009: (£7.978 million)).

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Combined consolidated balance sheet

At 31 March £'000	2010	2009*
Assets		
Cash and balances at central banks	2 338 234	1 105 089
Loans and advances to banks	2 781 630	2 018 089
Cash equivalent advances to customers	581 117	396 173
Reverse repurchase agreements and cash collateral on securities borrowed	911 432	569 770
Trading securities	4 221 645	2 313 845
Derivative financial instruments	1 591 841	1 843 143
Investment securities	1 996 073	1 063 569
Loans and advances to customers	17 414 691	15 390 519
Loans and advances to customers – Kensington warehouse assets	1 776 525	1 897 878
Securitised assets	5 334 453	5 628 347
Interests in associated undertakings	104 059	93 494
Deferred taxation assets	134 355	136 757
Other assets	1 240 624	894 062
Property and equipment	161 255	174 532
Investment properties	273 038	189 156
Goodwill	274 417	255 972
Intangible assets	36 620	34 402
	41 172 009	34 004 797
Other financial instruments at fair value through income in respect of		
– Liabilities to customers	5 397 014	3 358 338
– Assets related to reinsurance contracts	2 842	1 768
	46 571 865	37 364 903
Liabilities		
Deposits by banks	2 439 670	3 781 153
Deposits by banks – Kensington warehouse funding	1 213 042	1 412 961
Derivative financial instruments	1 193 421	1 456 561
Other trading liabilities	504 618	344 561
Repurchase agreements and cash collateral on securities lent	1 110 508	915 850
Customer accounts (deposits)	21 934 044	14 572 568
Debt securities in issue	1 791 869	1 014 871
Liabilities arising on securitisation	4 714 556	5 203 473
Current taxation liabilities	196 965	155 395
Deferred taxation liabilities	136 974	120 135
Other liabilities	1 572 760	1 264 144
Pension fund liabilities	1 285	1 212
	36 809 712	30 242 884
Liabilities to customers under investment contracts	5 392 662	3 352 863
Insurance liabilities, including unit-linked liabilities	4 352	5 475
Reinsured liabilities	2 842	1 768
	42 209 568	33 602 990
Subordinated liabilities	1 070 436	1 141 376
	43 280 004	34 744 366
Equity		
Called up share capital	195	190
Perpetual preference share capital	152	151
Share premium	1 928 296	1 769 040
Treasury shares	(66 439)	(173 068)
Other reserves	246 718	42 509
Retained income	846 060	658 129
Shareholders' equity excluding minority interests	2 954 982	2 296 951
Minority interests	336 879	323 586
– Perpetual preferred securities issued by subsidiaries	314 944	295 084
– Minority interests in partially held subsidiaries	21 935	28 502
Total equity	3 291 861	2 620 537
Total liabilities and equity	46 571 865	37 364 903

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**As restated for reclassifications detailed in the accounting policies on page 162.*

Combined consolidated cash flow statement

For the year to 31 March £'000	2010	2009*
Operating profit adjusted for non-cash items	787 257	726 573
Taxation paid	(56 257)	(95 195)
Increase in operating assets	(3 336 695)	(93 188)
Increase/(decrease) in operating liabilities	4 115 640	(183 343)
Net cash inflow from operating activities	1 509 945	354 847
Cash flow on acquisition of group operations	(1 662)	–
Cash flow on disposal of group operations	–	721
Cash flow on net acquisition of associates	(483)	(3 713)
Cash flow on acquisition and disposal of property, equipment and intangible assets	(17 223)	(60 678)
Net cash outflow from investing activities	(19 368)	(63 670)
Dividends paid to ordinary shareholders	(91 946)	(143 995)
Dividends paid to other equity holders	(44 438)	(47 503)
Proceeds on issue of shares, net of related costs	112 388	91 764
Proceeds on issue/(acquisition) of treasury shares, net of related costs	40 974	(58 164)
Proceeds on issue of other equity instruments**	3 547	3 486
Proceeds from subordinated debt raised	24 404	26 737
Repayment and repurchase of subordinated debt	(172 723)	(57 306)
Net cash outflow from financing activities	(127 794)	(184 981)
Effects of exchange rates on cash and cash equivalents	274 915	226 277
Net increase in cash and cash equivalents	1 637 698	332 473
Cash and cash equivalents at the beginning of the year	2 284 349	1 951 876
Cash and cash equivalents at the end of the year	3 922 047	2 284 349
Cash and cash equivalents is defined as including:		
Cash and balances at central banks	2 338 234	1 105 089
On demand loans and advances to banks	1 002 696	783 087
Cash equivalent advances to customers	581 117	396 173
Cash and cash equivalents at the end of the year	3 922 047	2 284 349

**As restated for reclassifications detailed in the accounting policies on page 162.*

***Includes equity instruments issued by subsidiaries.*

Cash and cash equivalents are defined as including cash and balances at central banks, on demand loans and advances to banks and cash equivalent advances to customers (all of which have a maturity profile of less than three months).

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Consolidated statement of changes in equity

For the year to 31 March £'000	Called up share capital	Perpetual preference share capital	Share premium	Treasury shares	Equity portion of convertible instruments
At 1 April 2008	177	151	1 632 634	(114 904)	2 191
Movement in reserves 1 April 2008 – 31 March 2009					
Total comprehensive income 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)	–
Movement in reserves 1 April 2009 – 31 March 2010					
Total comprehensive income for the year	–	–	37 774	–	–
Share based payments adjustments	–	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–	–
Dividends paid to perpetual preference shareholders	–	–	–	–	–
Dividends paid to minority interests	–	–	–	–	–
Issue of ordinary shares	5	–	84 173	–	–
Issue of perpetual preference shares	–	1	40 868	–	–
Share issue expenses	–	–	(3 559)	–	–
Issue of equity by subsidiaries	–	–	–	–	–
Acquisition of minority interests	–	–	–	–	–
Movement of treasury shares	–	–	–	40 974	–
Transfer to capital reserves	–	–	–	–	–
Transfer to regulatory general risk reserve	–	–	–	–	–
Transfer from share based payments reserve to treasury shares	–	–	–	65 655	–
At 31 March 2010	195	152	1 928 296	(66 439)	–

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Other reserves								
Capital reserve account	Available for sale reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserve	Retained income	Shareholders' equity excluding minority interests	Minority interests	Total equity
6 933	(8 265)	82 018	–	(122 743)	433 012	1 911 204	298 815	2 210 019
–	(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
–	11 134	4 067	10 309	172 444	338 979	574 707	9 918	584 625
–	–	–	–	–	56 668	56 668	274	56 942
–	–	–	–	–	(91 946)	(91 946)	–	(91 946)
–	–	–	–	–	(43 860)	(43 860)	–	(43 860)
–	–	–	–	–	–	–	(578)	(578)
–	–	–	–	–	–	84 178	–	84 178
–	–	–	–	–	–	40 869	–	40 869
–	–	–	–	–	–	(3 559)	–	(3 559)
–	–	–	–	–	–	–	3 547	3 547
–	–	–	–	–	–	–	132	132
–	–	–	–	–	–	40 974	–	40 974
42	–	–	–	–	(42)	–	–	–
–	–	6 213	–	–	(6 213)	–	–	–
–	–	–	–	–	(65 655)	–	–	–
11 924	(1 354)	33 767	(5 984)	208 365	846 060	2 954 982	336 879	3 291 861

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Basis of presentation

The group financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) which comply with the IFRSs as issued by the International Accounting Standards Board. At 31 March 2010, IFRS standards as endorsed by the EU are identical to current IFRSs applicable to the group.

The group financial statements have been prepared on a historical cost basis, except for investment properties, available for sale investments, derivative financial instruments, financial assets and financial liabilities held at fair value through profit or loss or subject to hedge accounting, liabilities for cash-settled share-based payments 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 for the adoption of the following amendments:

- IFRS 7 – Improving Disclosures about Financial Instruments, an amendment to IFRS 7

  The group has applied the improvement that requires enhanced disclosures about financial instruments. The amended standard requires additional disclosure about fair value measurement and liquidity risk.
- IAS 1 – Presentation of Financial Statements (revised)

  Adoption of this standard has resulted in the reformatting of the statement of total recognised gains and losses into a statement of comprehensive income.

These changes have had no impact on the recognition and measurement policies applied by the group.

Restatements

The group applies a policy of offsetting financial assets and financial liabilities when there is both an intention to settle on a net basis (or simultaneously) and a legal right to offset exists. With regard to derivative instruments, the group identified that in certain isolated instances offsetting was applied in prior financial periods to derivative assets and liabilities where it is not market practice to settle net, whilst the legal right to settle net exists. The impact of this restatement on the balance sheet of the two prior years is noted below:

£'000	31 Mar 2009	31 Mar 2008
Restated		
Derivative financial instrument assets	1 843 143	1 425 587
Derivative financial instrument liabilities	1 456 561	1 001 900
As previously reported		
Derivative financial instrument assets	1 582 908	1 305 264
Derivative financial instrument liabilities	1 196 326	881 577
Change to previously reported		
Derivative financial instrument assets	260 235	120 323
Derivative financial instrument liabilities	260 235	120 323

On the basis that the above restatements had no impact on equity, nor the net cash position and materiality, a balance sheet for 2008 has not been presented.

Basis of consolidation

Investec consists of two separate legal entities, being Investec plc and Investec Limited that operate under a dual listed company (DLC) structure. The effect of the DLC structure is that Investec plc and its subsidiaries and Investec Limited and its subsidiaries operate together as a single economic entity, with neither assuming a dominant role and accordingly are reported as a single reporting entity under IFRS.

All subsidiaries and special purpose vehicles in which the group holds more than one half of the voting rights or over which it has the ability to control (either directly or in substance) are consolidated from the effective dates of acquisition (that is from when control exists) and up to the effective dates of loss of control, except entities which are classified as non-current assets held for sale. Subsidiaries classified as non-current assets held for sale are consolidated in one line item 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 cost plus the post acquisition changes in the group's share of the net assets of the associate.

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.

Audit conclusion

These abridged financial statements have been extracted from the audited financial statements on which Ernst & Young Inc have issued an unmodified audit report. The auditor's report on the abridged financial statements is available for inspection at the companies registered office.

Combined consolidated segmental analysis

For the year to 31 March £'000	Asset Management	Private Wealth^
Business analysis 2010		
Net interest income	1 977	2 392
Fee and commission income	290 658	39 576
Fee and commission expense	(47 059)	(2 724)
Principal transactions	191	1 023
Operating income from associates	–	11 634
Investment income on assurance activities	–	–
Premiums and reinsurance recoveries on insurance contracts	–	–
Other operating income/(loss)	5 018	–
Other income	248 808	49 509
Claims and reinsurance premiums on insurance business	–	–
Total operating income net of insurance claims	250 785	51 901
Impairment losses on loans and advances	5	–
Operating income	250 790	51 901
Administrative expenses	(166 023)	(25 934)
Depreciation amortisation and impairment of property equipment and intangibles	(920)	(80)
Operating profit before goodwill	83 847	25 887
Losses attributable to minorities	(435)	–
Operating profit before goodwill and after minorities	83 412	25 887
Impairment of goodwill	(3 526)	–
Operating profit after minorities	79 886	25 887
Reconciliation to profit before taxation		
Operating profit after minorities		
Operating profit before goodwill attributable to minorities		
Profit before taxation		
ROE (pre-tax)	53.0%	101.5%
Cost to income ratio	66.6%	50.1%
Number of permanent employees	899	200
Total assets (£'million)	426	566
Adjusted shareholders' equity (£'million)	137	20
Adjusted tangible shareholders' equity (£'million)	28	17

^Formerly, Private Client Stockbroking and Portfolio Management, refer to page 37 for further information.

Property Activities	Private Banking	Investment Banking	Capital Markets	Group Services and Other Activities	Total group
(7 513)	287 121	(7 265)	309 878	26 496	613 086
16 924	97 171	76 319	95 764	(3 838)	612 574
(1 549)	(5 827)	(5 231)	(2 584)	(2 523)	(67 497)
45 918	12 578	80 985	196 845	120 219	457 759
–	(604)	181	79	305	11 595
–	–	–	–	94 914	94 914
–	–	–	–	31 938	31 938
(319)	106	16 057	–	1 875	22 737
60 974	103 424	168 311	290 104	242 890	1 164 020
–	–	–	–	(119 918)	(119 918)
53 461	390 545	161 046	599 982	149 468	1 657 188
–	(115 195)	(2 566)	(137 854)	(30 971)	(286 581)
53 461	275 350	158 480	462 128	118 497	1 370 607
(19 965)	(233 231)	(118 819)	(273 749)	(82 973)	(920 694)
(17)	(5 067)	(14 216)	(9 203)	(6 954)	(36 457)
33 479	37 052	25 445	179 176	28 570	413 456
–	–	16 123	(37)	3 151	18 802
33 479	37 052	41 568	179 139	31 721	432 258
–	–	–	–	–	(3 526)
33 479	37 052	41 568	179 139	31 721	428 732
					428 732
					(18 802)
					409 930
41.0%	5.3%	17.1%	18.5%	28.8%	17.2%
37.4%	61.0%	82.6%	47.2%	60.2%	57.8%
70	2 063	363	1 061	1 028	5 684
356	14 757	1 092	22 078	7 297	46 572
76	1 008	257	958	121	2 577
75	967	212	875	121	2 295

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For the year to 31 March £'000	Asset Management	Private Wealth^
Combined consolidated segmental analysis (continued)		
Business analysis 2009		
Net interest income	7 821	2 051
Fee and commission income	238 373	34 150
Fee and commission expense	(40 641)	(2 050)
Principal transactions	(30)	42
Operating income from associates	–	12 044
Investment income on assurance activities	–	–
Premiums and reinsurance recoveries on insurance contracts	–	–
Other operating income/(loss)	(5 009)	–
Other income	192 693	44 186
Claims and reinsurance premiums on insurance business	–	–
Total operating income net of insurance claims	200 514	46 237
Impairment losses on loans and advances	–	–
Operating income	200 514	46 237
Administrative expenses	(133 258)	(22 063)
Depreciation, amortisation and impairment of property, equipment and intangibles	(789)	(72)
Operating profit before goodwill	66 467	24 102
Losses attributable to minorities	(281)	–
Operating profit before goodwill and after minorities	66 186	24 102
Impairment of goodwill	(2 202)	–
Impairment of goodwill attributable to minorities	–	–
Operating profit after minorities	63 984	24 102
Reconciliation to profit before taxation		
Operating profit after minorities		
Operating profit before goodwill attributable to minorities		
Goodwill attributable to minorities		
Profit on disposal of group operations		
Profit before taxation		
ROE (pre-tax)	41.4%	76.7%
Cost to income ratio	66.9%	47.9%
Number of permanent employees	878	202
Total assets (£'million)	407	268
Adjusted shareholders' equity (£'million)	120	18
Adjusted tangible shareholders' equity (£'million)	13	15

^Formerly, Private Client Stockbroking and Portfolio Management, refer to page 37 for further information.

Property Activities	Private Banking	Investment Banking	Capital Markets	Group Services and Other Activities	Total group
(6 886)	274 236	2 612	286 712	127 485	694 031
23 415	102 352	77 400	117 437	(313)	592 814
(691)	(4 393)	(8 359)	(1 972)	(3 186)	(61 292)
22 539	7 823	91 159	140 462	14 526	276 521
–	(180)	248	–	326	12 438
–	–	–	–	74 584	74 584
–	–	–	–	18 773	18 773
(286)	1 026	(24 774)	–	(1 197)	(30 240)
44 977	106 628	135 674	255 927	103 513	883 598
–	–	–	–	(88 108)	(88 108)
38 091	380 864	138 286	542 639	142 890	1 489 521
–	(90 094)	(3 858)	(155 841)	(6 380)	(256 173)
38 091	290 770	134 428	386 798	136 510	1 233 348
(13 395)	(206 525)	(117 545)	(237 980)	(72 392)	(803 158)
(15)	(3 782)	(10 948)	(8 215)	(6 281)	(30 102)
24 681	80 463	5 935	140 603	57 837	400 088
–	–	22 231	771	(26 043)	(3 322)
24 681	80 463	28 166	141 374	31 794	396 766
–	–	(27 900)	(2 365)	–	(32 467)
–	–	8 677	–	–	8 677
24 681	80 463	8 943	139 009	31 794	372 976
					372 976
					3 322
					(8 677)
					721
					368 342
47.5%	14.8%	13.9%	18.7%	9.6%	19.2%
35.2%	55.2%	92.9%	45.4%	55.1%	55.9%
75	2 102	359	1 012	995	5 623
238	11 989	886	19 950	3 627	37 365
49	697	191	818	105	1 997
49	659	139	743	105	1 722

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For the year to 31 March £'000	UK and Europe	Southern Africa	Australia	Total group
Combined consolidated segmental analysis (continued)				
Geographical income statement analysis 2010				
Net interest income	250 928	304 602	57 556	613 086
Fee and commission income	299 993	265 457	47 124	612 574
Fee and commission expense	(54 944)	(9 225)	(3 328)	(67 497)
Principal transactions	253 135	185 001	19 623	457 759
Operating income from associates	12 251	(52)	(604)	11 595
Investment income on assurance activities	–	94 914	–	94 914
Premiums and reinsurance recoveries on insurance contracts	–	31 938	–	31 938
Other operating income/(loss)	21 292	5 134	(3 689)	22 737
Other income	531 727	573 167	59 126	1 164 020
Claims and reinsurance premiums on insurance business	–	(119 918)	–	(119 918)
Total operating income net of insurance claims	782 655	757 851	116 682	1 657 188
Impairment losses on loans and advances	(188 330)	(70 841)	(27 410)	(286 581)
Operating income	594 325	687 010	89 272	1 370 607
Administrative expenses	(469 056)	(381 265)	(70 373)	(920 694)
Depreciation amortisation and impairment of property equipment and intangibles	(24 148)	(10 946)	(1 363)	(36 457)
Operating profit before goodwill	101 121	294 799	17 536	413 456
Losses/(profits) attributable to minorities	22 578	(4 432)	656	18 802
Operating profit before goodwill and after minorities	123 699	290 367	18 192	432 258
Impairment of goodwill	–	(3 526)	–	(3 526)
Operating profit after minorities	123 699	286 841	18 192	428 732
Profit on disposal of group operations	–	–	–	–
Profit before taxation after minorities	123 699	286 841	18 192	428 732
Taxation	(9 426)	(69 297)	(3 876)	(82 599)
Earnings attributable to shareholders	114 273	217 544	14 316	346 133
ROE (post-tax)	11.4%	18.5%	4.0%	13.5%
Cost to income ratio	63.0%	51.8%	61.5%	57.8%
Effective operational tax rate	10.6%	23.5%	21.4%	20.6%
Number of permanent employees	1 786	3 542	356	5 684

For the year to 31 March £'000	UK and Europe	Southern Africa	Australia	Total group
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 income/(loss)	(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 intangibles	(22 978)	(6 057)	(1 067)	(30 102)
Operating profit before goodwill	96 316	303 769	3	400 088
Losses/(profits) 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
Impairment of goodwill	(24 825)	(2 202)	(5 440)	(32 467)
Impairment of 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 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
ROE (post-tax)	8.3%	25.6%	2.8%	14.8%
Cost to income ratio	62.0%	48.1%	68.8%	55.9%
Effective operational tax rate	15.8%	24.0%	>100%	21.1%
Number of permanent employees	1 728	3 541	354	5 623

Combined consolidated segmental analysis (continued)

A further analysis of business line operating profit before goodwill non-operating items, taxation and other minorities is shown below:

For the year to 31 March £'000	2010	2009
Asset Management	83 412	66 186
Private Wealth^	25 887	24 102
Property Activities	33 479	24 681
Private Banking	37 052	80 463
Investment Banking		
Corporate Finance	2 016	5 630
Institutional Research, Sales and Trading	4 904	10 231
Principal Investments	34 648	12 305
	41 568	28 166
Capital Markets	179 139	141 374
Group Services and Other Activities		
International Trade Finance	7 174	7 215
Central Funding	97 745	90 721
Central Costs	(73 198)	(66 142)
	31 721	31 794
Total group	432 258	396 766

^Formerly, Private Client Stockbroking and Portfolio Management.

Share-based payments

The group operates share option and share purchase schemes for employees the majoriy 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 111 to 113 of the Remuneration report and on our website.

Expense charged to the income statement (included in administrative expenses)	AM*	PW*	PA*	PB*	IB*	CM*	GSO*	Total group
2010								
Equity-settled	4 824	2 121	1 591	12 945	9 269	10 743	15 175	56 668
Cash-settled	–	–	–	(10)	–	–	12	2
Total income statement charge	4 824	2 121	1 591	12 935	9 269	10 743	15 187	56 670
2009								
Equity-settled	4 093	1 477	920	9 283	7 113	7 034	17 381	47 301
Cash-settled	–	–	–	(4)	9	(23)	3	(15)
Total income statement charge	4 093	1 477	920	9 279	7 122	7 011	17 384	47 286

Included in the above income statement charge is an accelerated share based payment charge as a result of modifications to certain options granted. This expense for the year was £ 1 070 126 (2009: £1 125 388).

In the prior year an additional amount of £45.6 million charged to the income statement, as part of the variable remuneration expense within personnel costs, had a corresponding credit to equity as it formed part of a share-based payment.

Share-based payments (continued)

For the year to 31 March £'000	2010	2009
Weighted average fair value of options granted in the year		
UK schemes	30 871	9 447
SA schemes	35 832	9 385

**AM = Asset Management; PW = Private Wealth; PA = Property Activities; PB = Private Banking; IB = Investment Banking; CM = Capital Markets; GSO = Group Services and Other Activities*

	UK schemes				South African schemes			
	2010		2009		2010		2009	
Details of options outstanding during the year	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at the beginning of the year	30 887 992	0.36	28 304 271	0.53	31 401 201	4.08	28 917 806	6.55
Granted during the year	13 120 500	0.03	6 251 281	0.07	12 930 830	–	5 498 450	–
Exercised during the year*	(8 839 040)	0.39	(2 592 134)	0.88	(8 906 518)	6.10	(1 691 084)	26.28
Expired during the year	(1 788 091)	1.34	(1 075 426)	3.69	(1 774 315)	4.19	(1 323 971)	12.60
Outstanding at the end of the year	33 381 361	0.17	30 887 992	0.89	33 651 198	1.98	31 401 201	4.08
Exercisable at the end of the year	235 402	2.11	866 078	3.13	1 557 437	R38.42	2 318 989	39.89

**Weighted average share price during the year was £4.43 (2009: £3.01).*

	UK schemes		South African schemes	
	2010	2009	2010	2009
The exercise price range and weighted average remaining contractual life for the options are as follows:				
Options with strike prices				
Exercise price range	£1.55 – £6.52	£1.55 – £6.52	R32.00 – R57.60	R20.28 – R57.60
Weighted average remaining contractual life	2.01 years	2.47 years	1.16 years	1.76 years
Long-term incentive grants with no strike price				
Exercise price range	£0	£0	R0	R0
Weighted average remaining contractual life	2.98 years	2.79 years	3.03 years	2.74 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	£3.20 – £4.36	£2.60 – £3.02	R44.25 – R56.00	R44.60 – R47.30
– Exercise price	£0, £3.20 – £4.36	£0, £2.60 – £3.02	Rnil	Rnil
– Expected volatility	33% – 45%	34% – 45%	33% – 45%	34% – 45%
– Option life	5 – 5.25 years	5 – 5.25 years	5 years	5 years
– Expected dividend yields	3.97%	11.55% – 11.95%	3.24%	9.55%
– Risk-free rate	2.14% – 2.58%	2.85% – 6.12%	8.55 % – 8.75%	7.71% – 11.96%

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. Please refer to the remuneration report for details on terms and conditions of share options.

For the year to 31 March	2010	2009
Earnings per share		
Earnings per share – pence	44.0	38.5
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	346 133	292 022
Preference dividends paid	(43 860)	(47 503)
Earnings attributable to ordinary shareholders	302 273	244 519
Earnings from future dilutive convertible instruments	–	184
Diluted earnings attributable to ordinary shareholders	302 273	244 703
Diluted earnings per share – pence	41.5	36.1
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	730 746 132	679 078 556
Weighted average number of treasury shares	(44 430 118)	(44 477 037)
Weighted average number of ordinary shares in issue during the year	686 316 014	634 601 519
Weighted average number of shares resulting from future dilutive potential shares	41 613 322	42 397 113
Weighted average number of shares resulting from future dilutive convertible instruments	–	1 778 343
Diluted weighted number of shares potentially in issue	727 929 336	678 776 975
Adjusted earnings per share – pence	45.1	42.4
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	346 133	292 022
Goodwill after minorities	3 526	23 790
Profit on disposal of group operations	–	(721)
Preference dividends paid	(43 860)	(47 503)
Additional earnings attributable to other equity holders*	3 911	1 627
Adjusted earnings attributable to ordinary shareholders before goodwill and non-operating items	309 710	269 215
Earnings from future dilutive convertible instruments	–	184
Diluted adjusted earnings attributable to ordinary shareholders before goodwill and non-operating items	309 710	269 399
Diluted adjusted earnings per share – pence	42.5	39.7
Headline earnings per share – pence	40.1	41.2
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 3/2009 issued by the South African Institute of Chartered Accountants.		

*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.

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For the year to 31 March £'000	2010	2009
Earnings per share (continued)		
Earnings attributable to shareholders per income statement	346 133	292 022
Goodwill (after minorities)	3 526	23 790
Profit on disposal of group operations (net of tax)	–	(721)
Preference dividends paid	(43 860)	(47 503)
Gains and losses recognised on investment properties (after tax and minority interests)	(22 294)	(6 376)
Other headline adjustments**	(8 374)	415
Headline earnings attributable to ordinary shareholders	275 131	261 627
Earnings from future dilutive convertible instruments	–	184
Diluted headline earnings attributable to ordinary shareholders	275 131	261 811
Diluted headline earnings per share – pence	37.8	38.6

***Other headline adjustments include realised gains/losses on available for sale instruments as well as impairments recognised against available for sale instruments. Taxation on headline earning adjustments amounted to £11.1 million (2009: £2.3 million) with no impact on earnings attributable to minorities.*

	2010		2009	
For the year to 31 March	Pence per share	Total £'million	Pence per share	Total £'million
Dividends				
Ordinary dividend				
Final dividend for prior year	5.0	35 833	13.5	89 140
Interim dividend for current year	8.0	56 113	8.0	54 855
Total dividend attributable to ordinary shareholder recognised in current financial year	13.0	91 946	21.5	143 995

The directors have proposed a final dividend in respect of the financial year ended 31 March 2010 of 8.0 pence per ordinary share (31 March 2009: 5.0 pence).

This will be paid as follows:

- For Investec Limited shareholders, through a dividend paid by Investec Limited of 89.0 cents per ordinary share
- For Investec plc non-South African shareholders, through a dividend paid by Investec plc of 8.0 pence per ordinary share
- For Investec plc South African resident shareholders, through a dividend payment by Investec plc of 1.5 pence per ordinary share and through a dividend payment on the SA DAS share of 6.5 pence per ordinary share.

For the year to 31 March	2010 Pence per share^	2010 Cents per share*	2010 Total £'million	2009 Pence per share^	2009 Cents per share*	2009 Total £'million
Dividends (continued)						
Perpetual preference dividend						
The final dividend will be payable on 17 August 2010 to shareholders on the register at the close of business on 30 July 2010.						
Final dividend for prior year	16.03	1 074.59	29 922	32.67	1 038.64	28 808
Interim dividend for current year	7.52	826.31	13 938	30.14	1 110.35	18 695
Total dividend attributable to perpetual preference shareholders recognised in current financial year	**23.55**	**1 900.90**	**43 860**	**62.81**	**2 148.99**	**47 503**

The directors have declared a final dividend in respect of the financial year ended 31 March 2010 of 7.48 pence (Investec plc shares traded on the JSE Limited) and 7.48 pence (Investec plc shares traded on the Channel Island Stock Exchange), 365.92 cents (Investec Limited) and 392.05 cents (Investec Bank Limited) per perpetual preference share. The final dividend will be payable on 1 July 2010 to shareholders on the register at the close of business on 18 June 2010.

^Perpetual preference share dividends from Investec Tier 1 (UK) LP.

**Perpetual preference share dividends from Investec Limited and Investec Bank Limited.*

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Refer to pages 175 and 176

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