Investec Annual Report 2010

Out of the Ordinary®

Investec

Specialist Bank and
Asset Manager

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

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

Distinctive Performance

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

Dedicated Partnership

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

Client Focus

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

Cast-iron Integrity

- Moral strength
- Risk consciousness
- Highest ethical standards

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

1

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 as calculated on page 42.*
^COI is cost to income ratio. ROE is the post-tax return on adjusted average shareholders' equity as calculated on page 44.

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%

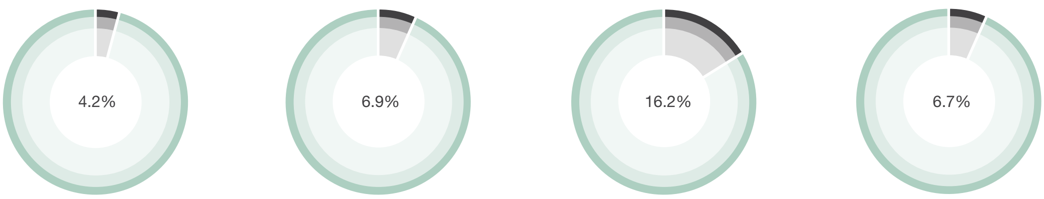
Highlights

- 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
Asset and Wealth Management	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
Specialist Bank	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**
Specialist Bank	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)
Specialist Bank	Capital Markets	Select corporate clients, public sector bodies and institutions	Strong positioning in UK, SA and Aus **Global loan portfolio: £4.5 billion**
Specialist Bank	Group Services and Other Activities		Central Funding and Central Services are internal activities International Trade Finance undertaken through Reichmans Capital

**Before goodwill, non-operating items, taxation and after minorities.*
***NAV is adjusted tangible shareholders' equity as calculated on page 42.*
^COI is cost to income ratio. ROE is the pre-tax return on adjusted average shareholders' equity as calculated on page 45.

By business

1

	% 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.

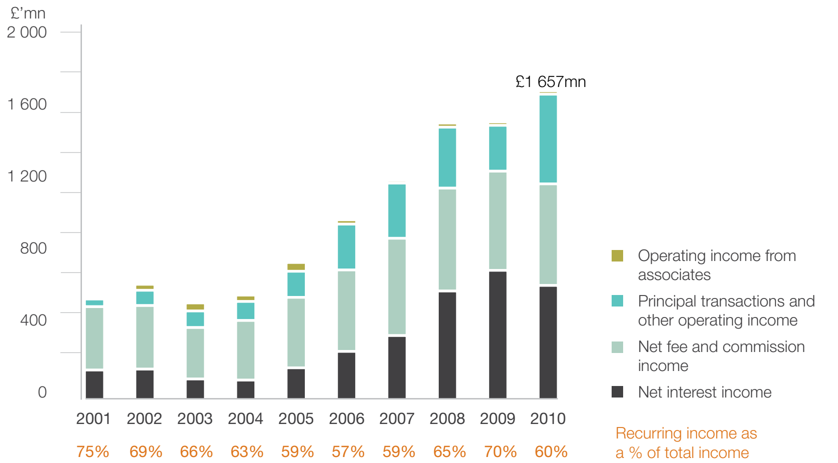
Financial objectives**

	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.*

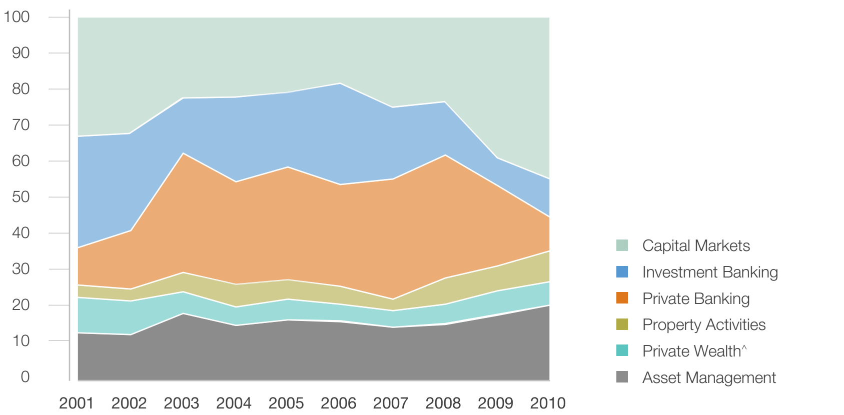
Total operating income



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

% contribution to operating profit before taxation*

(excluding Group Services and Other Activities)



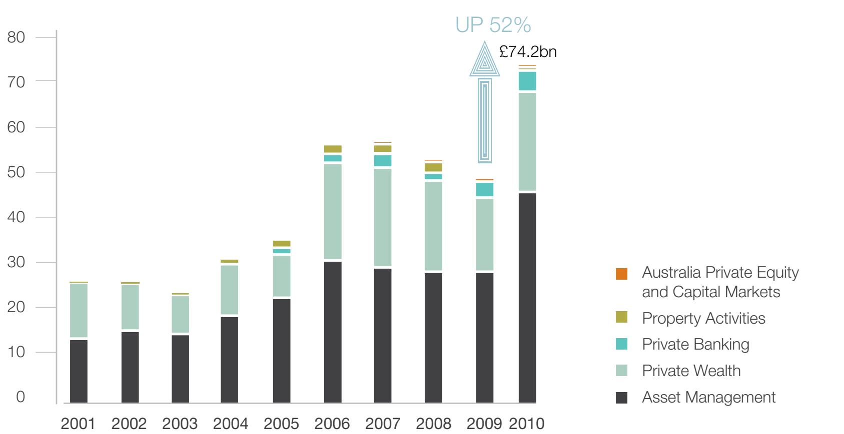
**Before goodwill, non-operating items and after minorities.*

^Formerly Private Client Portfolio Management and Stockbroking.

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

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

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Improved balance sheet strength… achieved capital targets across all geographies

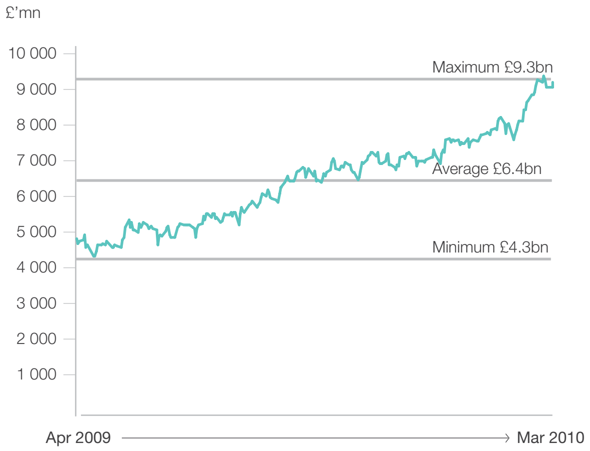
- The intimate involvement of senior management ensures stringent management of risk and liquidity
- Our policy has always been to hold capital in excess of regulatory requirements and we intend to perpetuate this philosophy
- Investec has been successful in building its capital base and has met its 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%

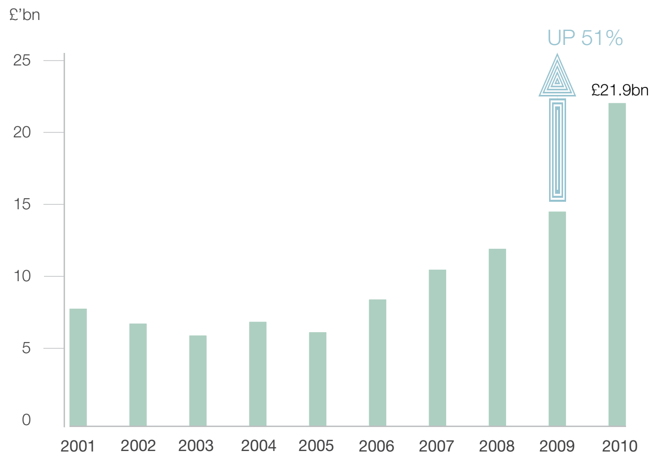
Improved balance sheet strength… enhanced liquidity through building a diverse customer deposit base

Surplus cash and near cash trend

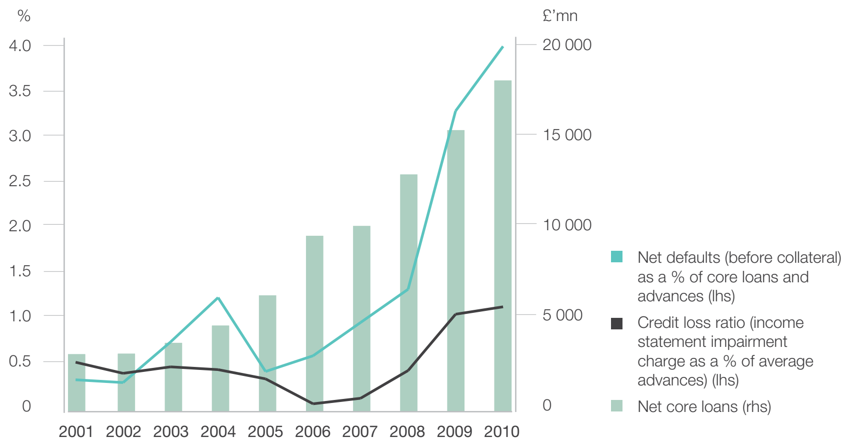


Total 31 March 2010	£9.1bn
Investec plc	£4.7bn
Investec Limited	£4.4bn

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

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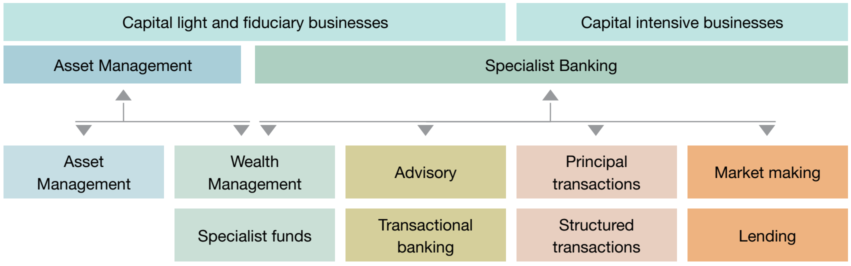
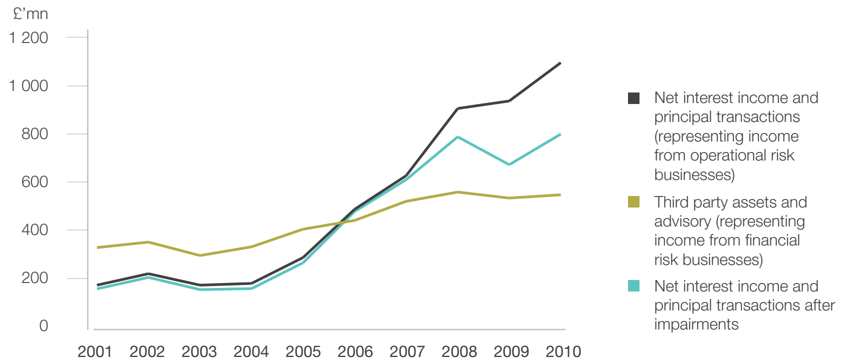
Continue strategy of building our franchise…evolving business model

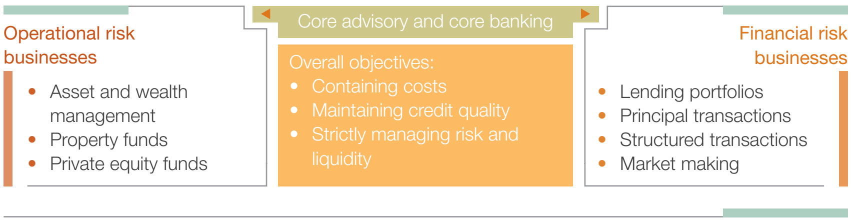
- Broadly defined, we operate in two distinct spaces, specialist banking and asset management
- We live in a world where the market requires a high degree of transparency and the appropriate management of conflicts of interest
- Within specialist banking, we offer a broad range of services from advisory, 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)



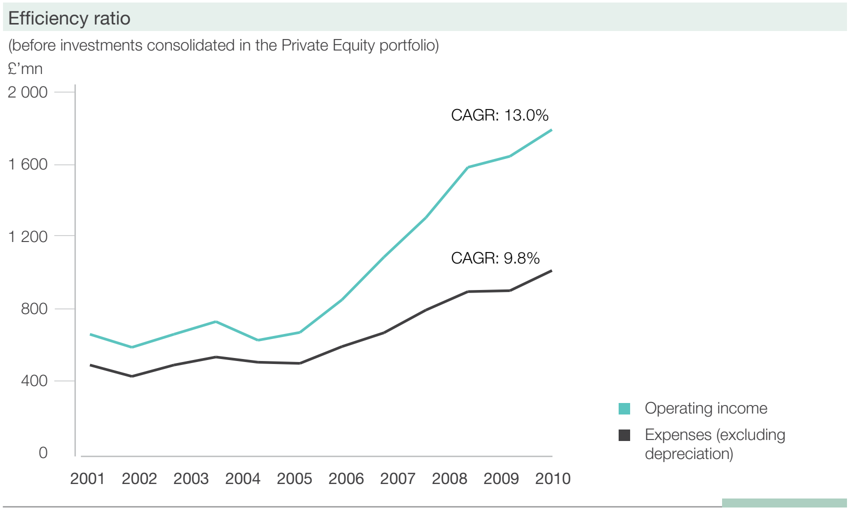
Continue strategy of building our franchise…balance operational risk businesses with financial risk businesses





- 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



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

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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

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 269 and 270 of this annual 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.

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.)

The Operating Financial review provides an overview of our strategic position, performance during the financial year and outlook for the business. It should be read together with the sections that follow on pages 20 to 265, which elaborate on the aspects highlighted in this review.

1

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

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. Further detail on the performance of our business divisions is provided in the Divisional review section of this report. 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.

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.*

1

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 plc°	15.9%	16.2%	–
Capital adequacy ratio: Investec Limited°	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)

**Refer to definitions on page 379.*

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

^Calculation not comparable.

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

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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.

ØInformation prior to 2008 is shown before minorities and thereafter post minorities.

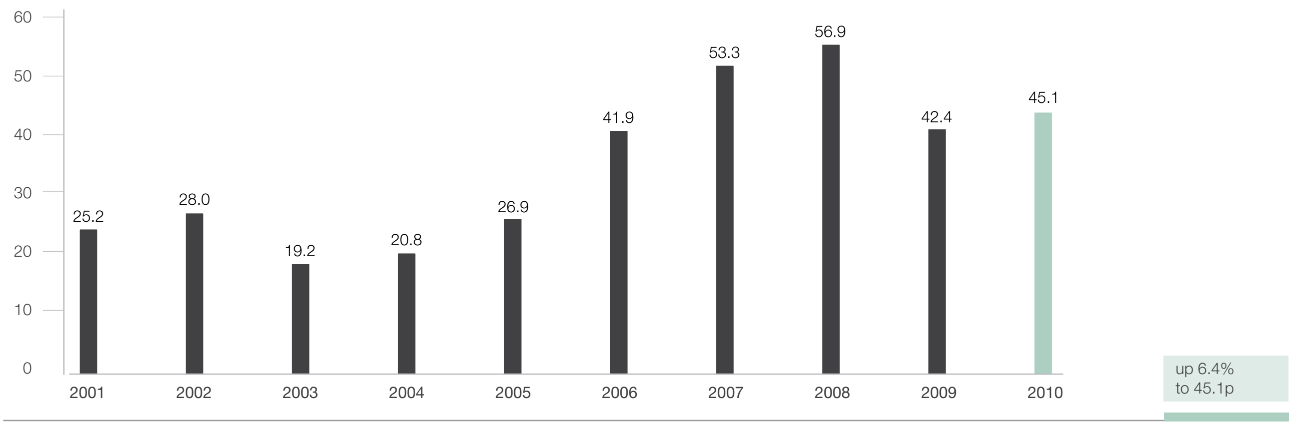
ΔInformation not previously disclosed in this format.

1

Track record

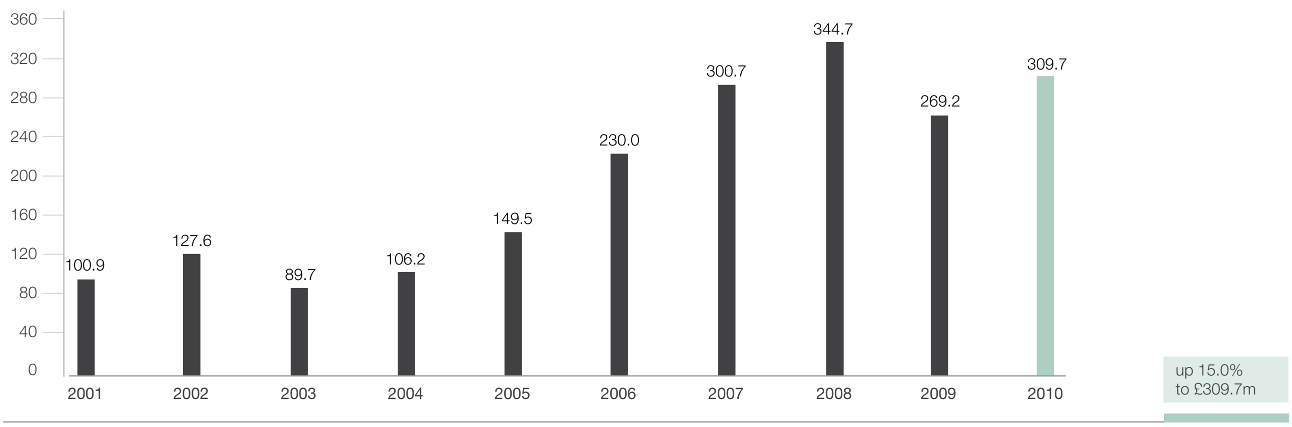
Adjusted earnings per share before goodwill and non-operating items*

pence



Adjusted attributable earnings before goodwill and non-operating items

£'mn

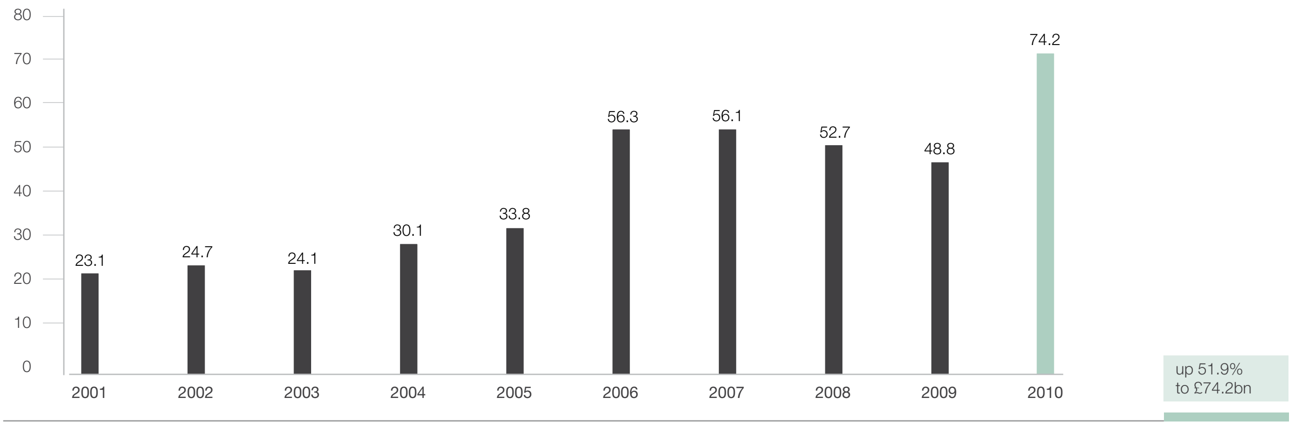


Results are shown for the year ended 31 March. Prior to 2005 the numbers are reported in terms of UK GAAP and thereafter in terms of IFRS.

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

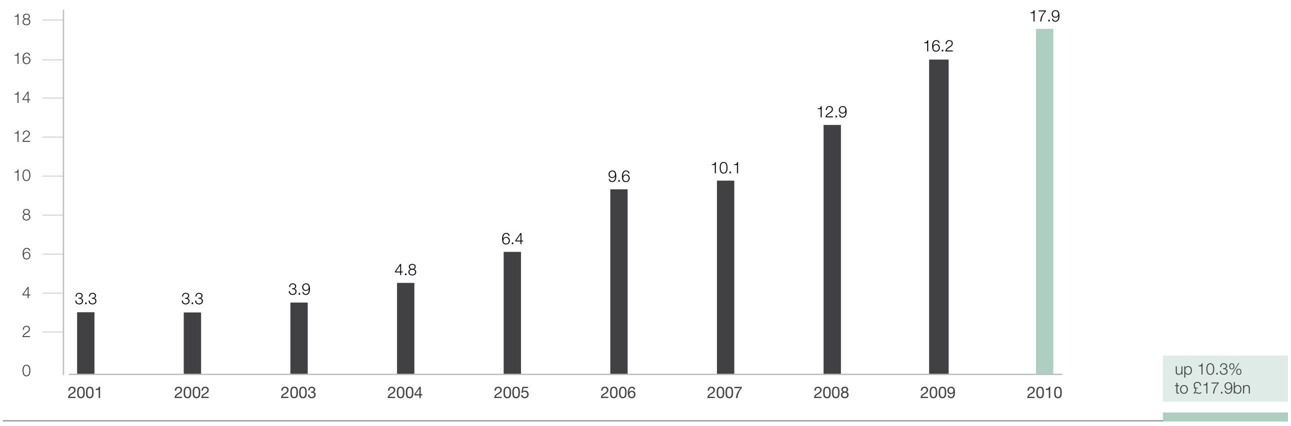
Third party assets under management

£'bn



Core loans and advances

£'bn



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

1

Five year income statements

£'000	Year to 31 March 2010	Year to 31 March 2009	Year to 31 March 2008	Year to 31 March 2007	Year to 31 March 2006
Interest income	2 726 011	2 596 913	2 083 380	1 233 226	934 389
Interest expense	(2 112 925)	(1 902 882)	(1 499 960)	(889 311)	(675 237)
Net interest income	613 086	694 031	583 420	343 915	259 152
Fee and commission income	612 574	592 814	614 357	577 773	478 465
Fee and commission expense	(67 497)	(61 292)	(63 061)	(56 275)	(41 591)
Principal transactions	457 759	276 521	276 705	245 463	246 059
Operating income from associates	11 595	12 438	12 138	10 685	6 694
Investment income on assurance activities	94 914	74 584	89 593	36 821	141 559
Premiums and reinsurance recoveries on insurance contracts	31 938	18 773	40 849	80 542	164 631
Other operating income/(loss)	22 737	(30 240)	50 043	49 685	2 721
Other income	1 164 020	883 598	1 020 624	944 694	998 538
Claims and reinsurance premiums on insurance business	(119 918)	(88 108)	(120 358)	(111 492)	(293 135)
Total operating income net of insurance claims	1 657 188	1 489 521	1 483 686	1 177 117	964 555
Impairment losses on loans and advances	(286 581)	(256 173)	(114 185)	(16 530)	(9 160)
Operating income	1 370 607	1 233 348	1 369 501	1 160 587	955 395
Administrative expenses	(920 694)	(803 158)	(807 500)	(680 687)	(558 887)
Depreciation, amortisation and impairment of property, equipment and intangibles	(36 457)	(30 102)	(24 330)	(13 315)	(7 741)
Operating profit before goodwill	413 456	400 088	537 671	466 585	388 767
Goodwill	(3 526)	(32 467)	(62 765)	2 569	(21 356)
Operating profit	409 930	367 621	474 906	469 154	367 411
Profit on disposal of group operations	–	721	72 855	–	73 573
Profit before taxation	409 930	368 342	547 761	469 154	440 984
Taxation	(82 599)	(81 675)	(127 249)	(119 781)	(111 616)
Profit after taxation	327 331	286 667	420 512	349 373	329 368
Losses/(earnings) attributable to minority interests	18 802	5 355	(28 954)	(9 054)	(14 267)
Earnings attributable to shareholders	346 133	292 022	391 558	340 319	315 101

Five year balance sheets

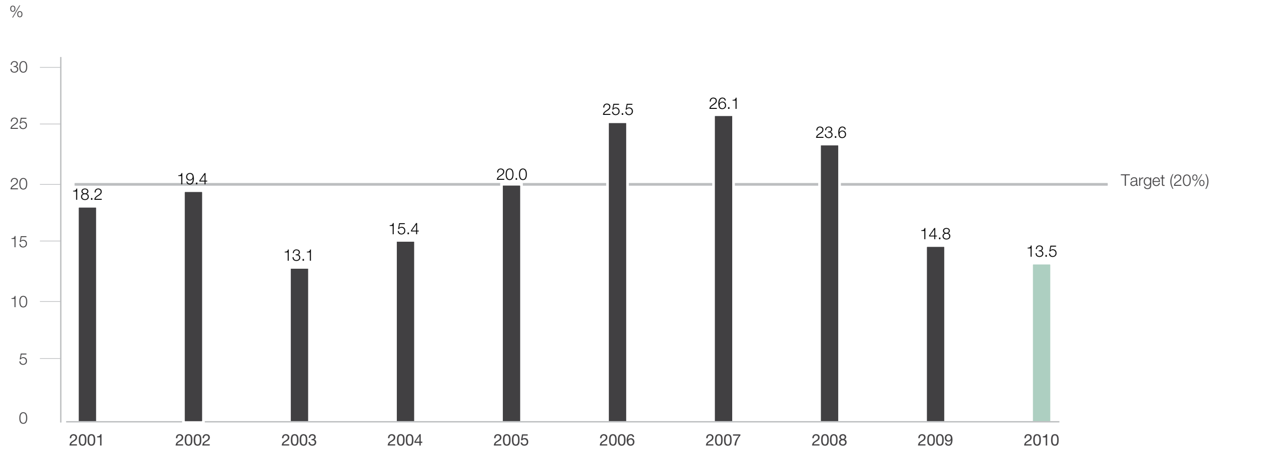
At £'000	31 March 2010	31 March 2009*	31 March 2008*	31 March 2007	31 March 2006
Assets					
Cash and balances at central banks	2 338 234	1 105 089	788 472	102 751	190 838
Loans and advances to banks	2 781 630	2 018 089	2 153 773	2 431 769	1 830 603
Cash equivalent advances to customers	581 117	396 173	504 382	548 602	690 236
Reverse repurchase agreements and cash collateral on securities borrowed	911 432	569 770	794 153	2 324 638	756 645
Trading securities	4 221 645	2 313 845	1 984 580	2 015 144	1 640 088
Derivative financial instruments	1 591 841	1 843 143	1 425 587	724 492	1 081 287
Investment securities	1 996 073	1 063 569	1 130 872	1 776 601	1 266 673
Loans and advances to customers	17 414 691	15 390 519	12 011 261	9 527 080	9 604 589
Loans and advances to customers – Kensington warehouse assets	1 776 525	1 897 878	2 034 874	–	–
Securitised assets	5 334 453	5 628 347	6 082 975	831 742	–
Interests in associated undertakings	104 059	93 494	82 576	70 332	63 099
Deferred taxation assets	134 355	136 757	84 493	59 394	60 035
Other assets	1 240 624	894 062	882 209	1 420 681	1 272 787
Property and equipment	161 255	174 532	141 352	131 505	26 916
Investment properties	273 038	189 156	134 975	85 424	163 049
Goodwill	274 417	255 972	271 932	195 883	183 560
Intangible assets	36 620	34 402	31 506	35 829	10 094
	41 172 009	34 004 797	30 539 972	22 281 867	18 840 499
Other financial instruments at fair value through income in respect of					
– Liabilities to customers	5 397 014	3 358 338	2 878 894	3 024 997	3 628 574
– Assets related to reinsurance contracts	2 842	1 768	805 009	992 824	1 431 876
	46 571 865	37 364 903	34 223 875	26 299 688	23 900 949
Liabilities					
Deposits by banks	2 439 670	3 781 153	3 489 032	2 347 095	1 879 483
Deposits by banks – Kensington warehouse funding	1 213 042	1 412 961	1 778 438	–	–
Derivative financial instruments	1 193 421	1 456 561	1 001 900	509 919	705 764
Other trading liabilities	504 618	344 561	450 580	321 863	457 254
Repurchase agreements and cash collateral on securities lent	1 110 508	915 850	382 384	1 765 671	358 278
Customer accounts (deposits)	21 934 044	14 572 568	12 133 120	10 650 102	8 699 165
Debt securities in issue	1 791 869	1 014 871	777 769	1 253 752	2 950 103
Liabilities arising on securitisation	4 714 556	5 203 473	5 760 208	826 627	–
Current taxation liabilities	196 965	155 395	132 656	113 967	137 426
Deferred taxation liabilities	136 974	120 135	79 172	48 048	26 210
Other liabilities	1 572 760	1 264 144	1 279 373	1 778 488	1 582 856
Pension fund liabilities	1 285	1 212	–	1 467	2 013
	36 809 712	30 242 884	27 264 632	19 616 999	16 798 552
Liabilities to customers under investment contracts	5 392 662	3 352 863	2 862 916	3 004 254	3 488 756
Insurance liabilities, including unit-linked liabilities	4 352	5 475	15 978	20 743	139 818
Reinsured liabilities	2 842	1 768	805 009	992 824	1 431 876
	42 209 568	33 602 990	30 948 535	23 634 820	21 859 002
Subordinated liabilities (including convertible debt)	1 070 436	1 141 376	1 065 321	844 452	529 854
	43 280 004	34 744 366	32 013 856	24 479 272	22 388 856
Equity					
Called up share capital	195	190	177	169	165
Perpetual preference share capital	152	151	151	151	–
Share premium	1 928 296	1 769 040	1 632 634	1 421 881	1 244 042
Treasury shares	(66 439)	(173 068)	(114 904)	(109 279)	(96 300)
Equity portion of convertible instruments	–	–	2 191	2 191	2 191
Other reserves	246 718	42 509	(42 057)	40 545	156 103
Retained income	846 060	658 129	433 012	186 827	(79 709)
Shareholders' equity excluding minority interests	2 954 982	2 296 951	1 911 204	1 542 485	1 226 492
Minority interests	336 879	323 586	298 815	277 931	285 601
– Perpetual preferred securities issued by subsidiaries	314 944	295 084	251 637	241 081	278 459
– Minority interests in partially held subsidiaries	21 935	28 502	47 178	36 850	7 142
Total equity	3 291 861	2 620 537	2 210 019	1 820 416	1 512 093
Total liabilities and equity	46 571 865	37 364 903	34 223 875	26 299 688	23 900 949

*As restated.

1

Financial objectives

ROE*

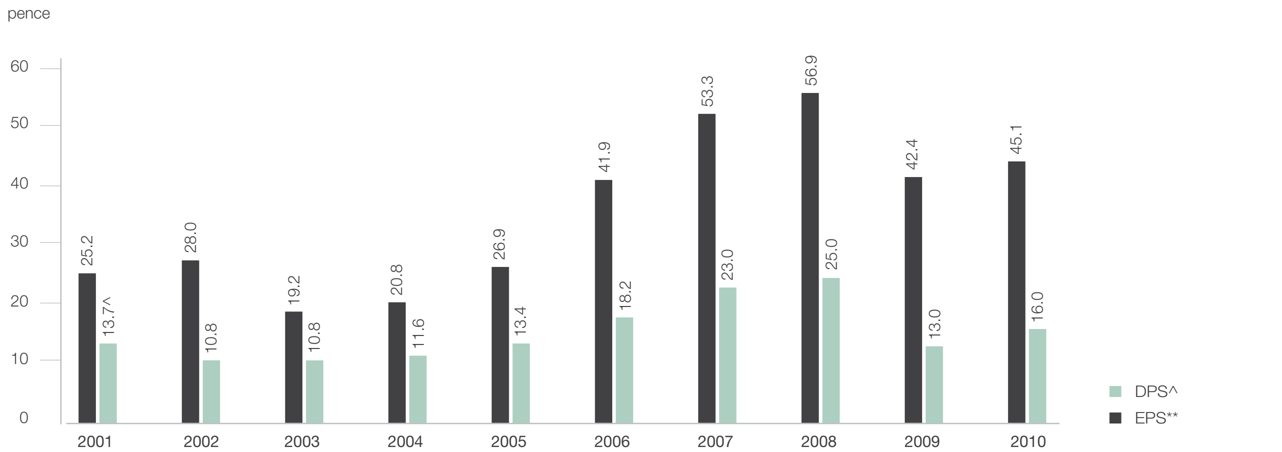


**ROE is post-tax return on adjusted average shareholder's equity (inclusive of compulsory convertible instruments) as calculated on page 43.*

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

- Group ROE: Greater than 20% in Pounds Sterling

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



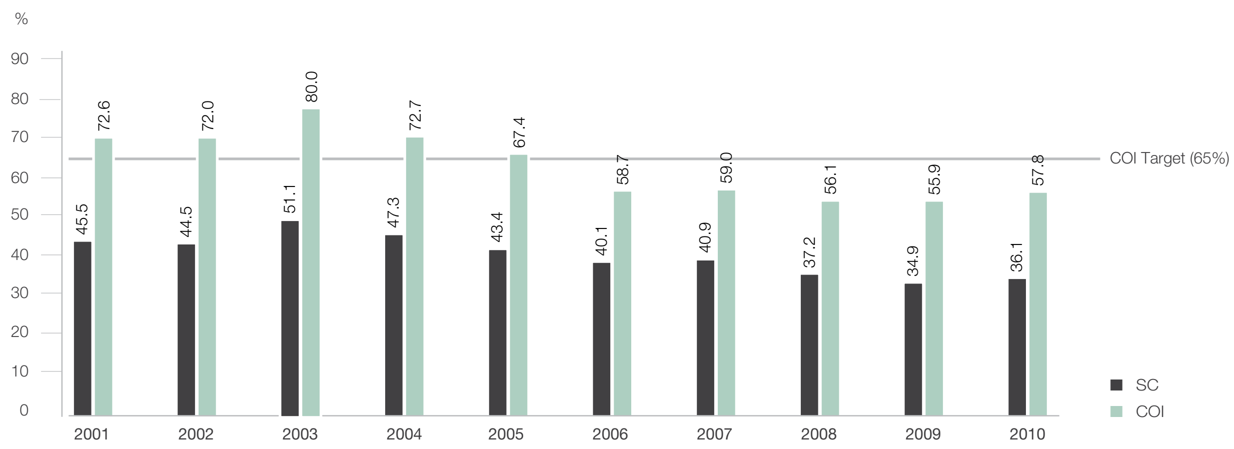
***Adjusted EPS before goodwill and non-operating items as defined on page 379.*

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

In the medium to long-term, we aim to achieve adjusted EPS growth of 10% in excess of UK inflation (in Pounds Sterling). We continually strive to build and maintain a sustainable business model. We intend to maintain a dividend cover range of between 1.7 to 3.5 times based on earnings per share as defined above, denominated in Pounds Sterling.

Refer to note on page 29.

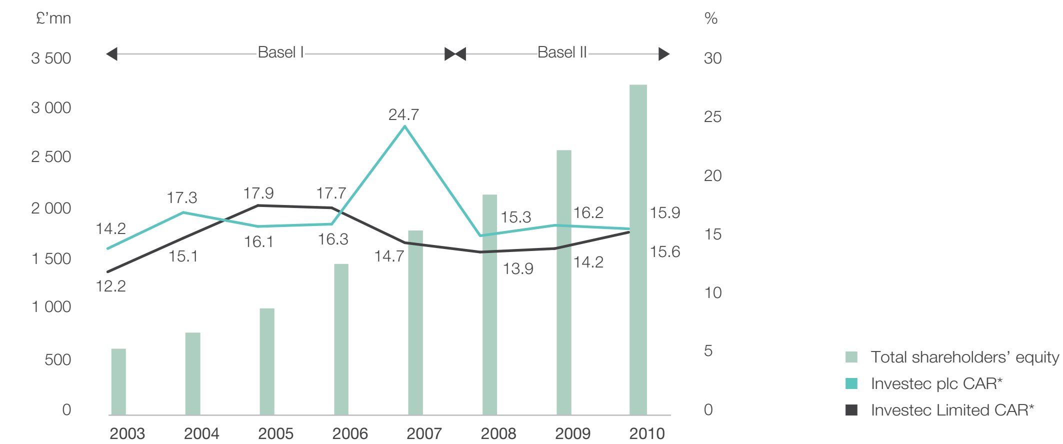
Cost to income ratio (COI) and staff compensation to operating income ratio (SC)



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

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

Total shareholders' equity and capital adequacy ratios (CAR)



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

We intend to maintain a sufficient level of capital to satisfy regulatory requirements, as well as take advantage of opportunities that may arise in the financial services industry focusing on increasing our return on equity in the medium to long-term. We target a capital adequacy ratio range of between 14% and 17% on a consolidated basis for Investec plc and Investec Limited and we target a minimum tier 1 ratio in excess of 11%.

The numbers shown in the financial objectives graphs on pages 28 and 29 are for the years ended 31 March. The numbers prior to 2005 are reported in terms of UK GAAP.

1

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.

An overview of our key income drivers

We provide a wide range of financial products and services to a niche client base in three principal markets, the UK, South Africa and Australia. We are organised as a network comprising 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 and other activities, such as our Trade Finance operations.

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

Business activity	Key income drivers	Income impacted primarily by	Income statement – reflected as
Asset Management			
	• Fixed fees as a percentage of assets under management • Variable performance fees	• Movements in the value of the assets underlying client portfolios • Performance of portfolios against set benchmarks • Net sales	• Fees and commissions
Private Wealth			
	• Fees levied as a percentage of assets under management • Commissions earned for executing transactions for clients • Performance fees paid for achieving outperformance against benchmark	• Movement in the value of assets underlying client portfolios • The level of clients' investment activity, which, in turn, is affected by, among other things, the performance of the global stock markets, the equity investment risk appetite of our clients and market liquidity	• Fees and commissions
Property Activities			
	• Fees levied as a percentage of assets under management • Performance fees • Capital and debt raising fees • Asset acquisition fees	• Movements in the value of assets underlying client portfolios	• Fees and commissions
	• Trading and development activities	• Macro- and micro- economic market conditions • Availability of profitable exit routes Whether appropriate market conditions exist to maximise gains on sale	• Principal transactions
Private Banking			
	• Interest earned in connection with the bank's lending activities	• Size of loan portfolio • Interest rate environment	• Net interest income
	• Fees earned for advisory, banking and lending services	• Levels of activity	• Net interest income and fees and commissions
	• Income earned in respect of growth and acquisition finance activities	• Quality of transactions and deal flow	• Fees and commissions and principal transactions
Investment Banking			
Corporate Finance	• Fees resulting from the provision of capital raising and financial advisory work	• Macro- and micro- economic fundamentals • Industry-specific trends • Underlying stock market activity particularly in our primary markets • Idea generation	• Fees and commissions

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Business activity	Key income drivers	Income impacted primarily by	Income statement – reflected as
Institutional Research, Sales and Trading	• Brokerage commissions • Trading and market making activities	• Stock market trading volume and volatility • Client allocation of broking transactions • Our ability to source securities and execute trades on behalf of our clients	• Fees and commissions and principal transactions
Principal Investments	• Sale of investments and revaluation of trading investments • Dividends	• Macro- and micro- economic market conditions • Availability of profitable exit routes • Whether appropriate market conditions exist to maximise gains on sale • Attractive investment opportunities	• Principal transactions
Capital Markets			
	• Trading and hedging	• Client activity • Market opportunities • Market risk factors primarily volatility and liquidity	• Principal transactions
	• Product structuring and distribution	• The level of clients' investment activity, which, in turn, is affected by among other things, the performance of the global markets and the investment risk appetite of our clients • Distribution channels • Ability to create innovative products	• Fees and commissions and principal transactions
	• Asset creation	• Rate environment • Size of loan portfolio • Credit spreads • Clients capital and infrastructural investments	• Fees and commissions • Net interest income • Principal transactions (in certain cases)
	• Advisory	• The demand for our specialised advisory services, which, in turn is affected by applicable tax, regulatory and other economic factors, e.g. project activity in the relevant markets	• Fees and commissions
Group Services and Other Activities			
International Trade Finance	• These businesses earn a variety of management and banking fees, brokerage commissions	A variety of factors including: • Interest rate environment • Rand/Dollar exchange rate in the case of the International Trade Finance operations • Level of client activity	• All categories of income other than net operating income from associates and assurance activities
Central Funding	• As this division is responsible for the group's central funding requirements, this income is offset by the cost of group funding (net of return on the group's central capital)		

Risks relating to our operations

An overview of key risks

In our ordinary course of business we face a number of risks that could affect our business operations.

These risks are summarised briefly in the table below with further detail provided in the Risk Management section of this report. For additional information pertaining to the management and monitoring of these risks, see the references provided.

Key risks	Reference
Credit and counterparty risk exposes us to losses caused by financial or other problems experienced by our clients	See pages 111 to 144
Liquidity risk may impair our ability to fund our operations	See pages 162 to 172
Our net interest earnings and net asset value may be adversely affected by interest rate risk	See pages 158 to 162
Market, business and general economic conditions and fluctuations could adversely affect our businesses in a number of ways	See pages 148 to 157
We may be unable to recruit, retain and motivate key personnel	See Our Business Responsibility website
Employee misconduct could cause harm that is difficult to detect	See pages 172 to 177
Operational risk may disrupt our business or result in regulatory action	See pages 172 to 177
We are exposed to non-traded currency risk, where fluctuations in exchange rates against Pounds Sterling, could have an impact on our financial results	See page 20
We may be vulnerable to the failure of our systems and breaches of our security systems	See pages 172 to 177
We may have insufficient capital in the future and may be unable to secure additional financing when it is required	See pages 179 to 183
The financial services industry in which we operate is intensely competitive	See pages 16 to 21 and pages 30 to 32
Legal and regulatory risks are substantial in our businesses	See page 178 and 179
Reputational, strategic and business risk	See page 178
We may be exposed to pension risk in our UK operations	See page 178

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.

Income statement analysis

The overview that follows will highlight the main reasons for the variance in the major category line items on the face of the income statement during the period under review. Further details on the key income drivers and significant variances in the various components of our operating income, expenses and profit can be found in the description of our principal businesses on pages 53 to 101.

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

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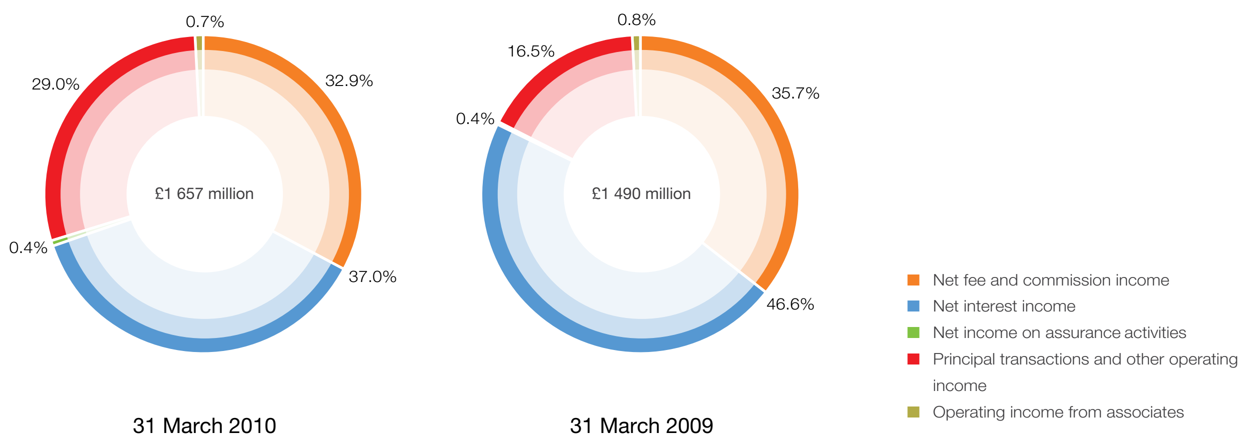
The following table sets out information on total operating income by geography for the year under review.

£'000	31 March 2010	% of total income	31 March 2009	% of total income	% change
UK and Europe	782 655	47.2	732 808	49.2	6.8
Southern Africa	757 851	45.7	683 890	45.9	10.8
Australia	116 682	7.1	72 823	4.9	60.2
Total operating income net of insurance claims	1 657 188	100.0	1 489 521	100.0	11.3

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

£'000	31 March 2010	% of total income	31 March 2009	% of total income	% change
Asset Management	250 785	15.2	200 514	13.5	25.1
Private Wealth	51 901	3.1	46 237	3.1	12.2
Property Activities	53 461	3.2	38 091	2.5	40.4
Private Banking	390 545	23.6	380 864	25.6	2.5
Investment Banking	161 046	9.7	138 286	9.3	16.5
Capital Markets	599 982	36.2	542 639	36.4	10.6
Group Services and Other Activities	149 468	9.0	142 890	9.6	4.6
Total operating income net of insurance claims	1 657 188	100.0	1 489 521	100.0	11.3

% of total operating income net of insurance claims



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

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). Further information on our asset quality is provided on pages 128 and 129.

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.

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£'000	31 March 2010	31 March 2009	Variance	% change
Asset Management	5	–	5	100.0
Private Banking	(115 195)	(90 094)	(25 101)	27.9
Investment Banking	(2 566)	(3 858)	1 292	(33.5)
Capital Markets	(137 854)	(155 841)	17 987	(11.5)
Group Services and Other Activities	(30 971)	(6 380)	(24 591)	(>100.0)
Impairment losses on loans and advances	(286 581)	(256 173)	(30 408)	11.9

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

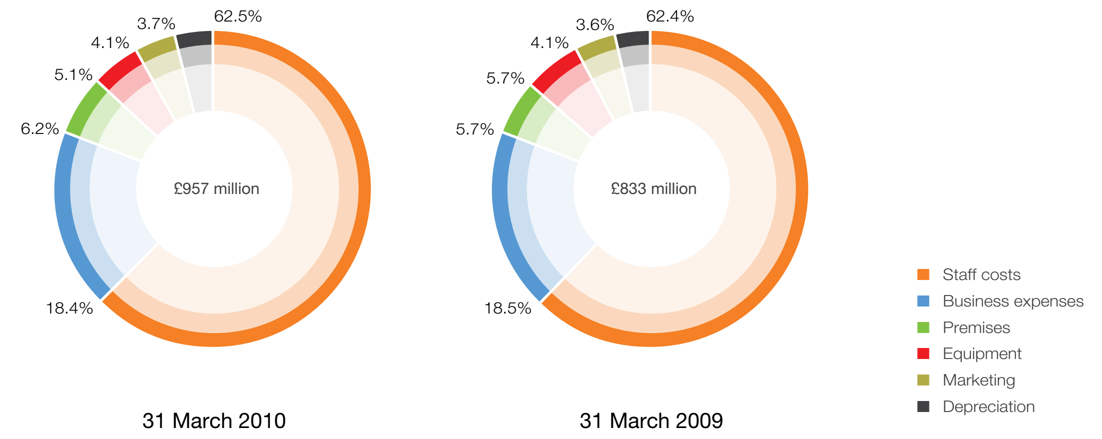
The following table sets out certain information on total expenses by geography for the year under review.

£'000	31 March 2010	% of total expenses	31 March 2009	% of total expenses	% change
UK and Europe	(493 204)	51.5	(454 456)	54.5	8.5
Southern Africa	(392 211)	41.0	(328 669)	39.4	19.3
Australia	(71 736)	7.5	(50 135)	6.1	43.1
Total expenses	(957 151)	100.0	(833 260)	100.0	14.9

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

£'000	31 March 2010	% of total expenses	31 March 2009	% of total expenses	% change
Asset Management	(166 943)	17.4	(134 047)	16.1	24.5
Private Wealth	(26 014)	2.7	(22 135)	2.7	17.5
Property Activities	(19 982)	2.1	(13 410)	1.6	49.0
Private Banking	(238 298)	24.9	(210 307)	25.2	13.3
Investment Banking	(133 035)	13.9	(128 493)	15.4	3.5
Capital Markets	(282 952)	29.6	(246 195)	29.5	14.9
Group Services and Other Activities	(89 927)	9.4	(78 673)	9.5	14.3
Total expenses	(957 151)	100.0	(833 260)	100.0	14.9

% of total expenses



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

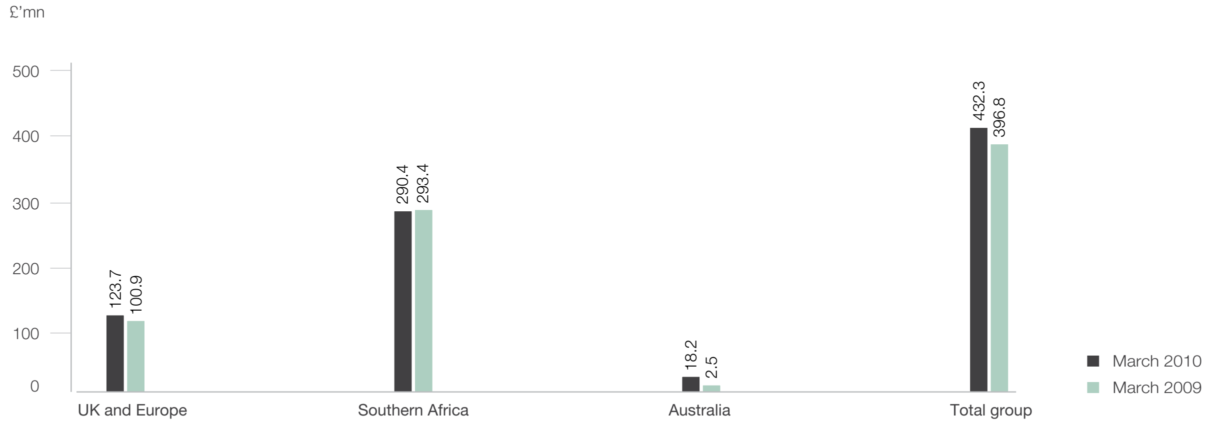
As a result of the foregoing factors, our operating profit before goodwill, non-operating items, taxation and after minorities increased by 8.9% from £396.8 million to £432.3 million.

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.

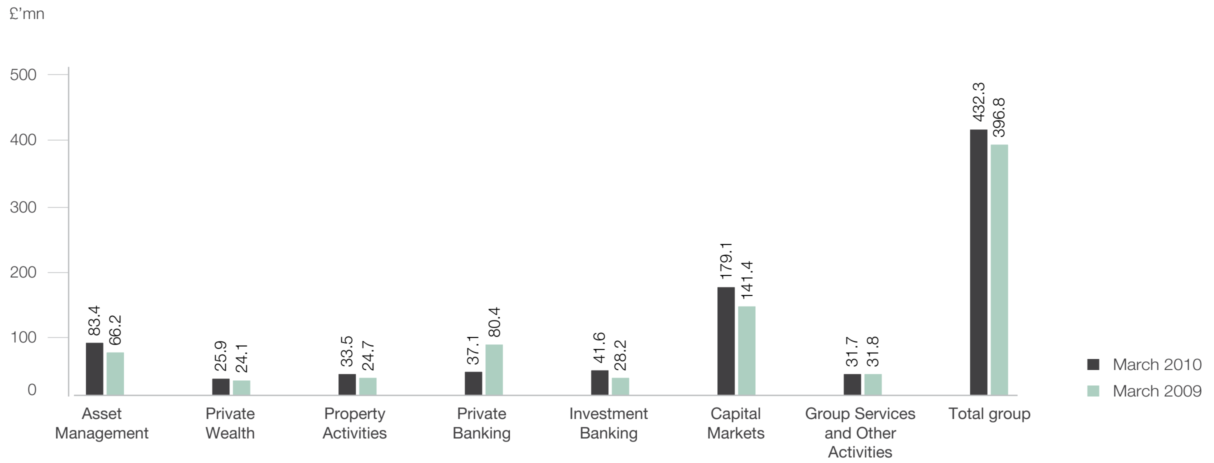
For the year ended 31 March 2010 £'000	UK and Europe	Southern Africa	Australia	Total group	% change	% of total
Asset Management	25 335	58 077	–	83 412	26.0	19.3
Private Wealth	11 637	14 250	–	25 887	7.4	6.0
Property Activities	825	31 582	1 072	33 479	35.7	7.8
Private Banking	6 545	29 330	1 177	37 052	(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	

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



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



Goodwill

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

Goodwill and intangible assets analysis – balance sheet information

£'000	31 March 2010	31 March 2009
UK and Europe	207 892	200 208
Asset Management	88 045	88 045
Private Banking	18 695	18 596
Investment Banking	17 951	18 677
Capital Markets	83 201	74 890
South Africa	25 147	22 601
Asset Management	21 498	19 616
Private Wealth	3 253	2 661
Property Activities	396	324
Australia	41 378	33 163
Private Banking	22 213	19 483
Investment Banking	19 165	13 680
Intangibles	36 620	34 402
Total group	311 037	290 374

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.

	Effective operational tax rates 31 March 2010	Effective operational tax rates 31 March 2009	31 March 2010 £'000	31 March 2009 £'000	Variance £'000	% change
UK and Europe	10.6%	15.8%	(9 426)	(13 203)	3 777	(28.6)
Southern Africa	23.5%	24.0%	(69 297)	(72 802)	3 505	(4.8)
Australia	21.4%	n/a	(3 876)	4 330	(8 206)	>100.0
Tax	20.6%	21.1%	(82 599)	(81 675)	(924)	1.1

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 276 and 277 and pages 320 and 321.

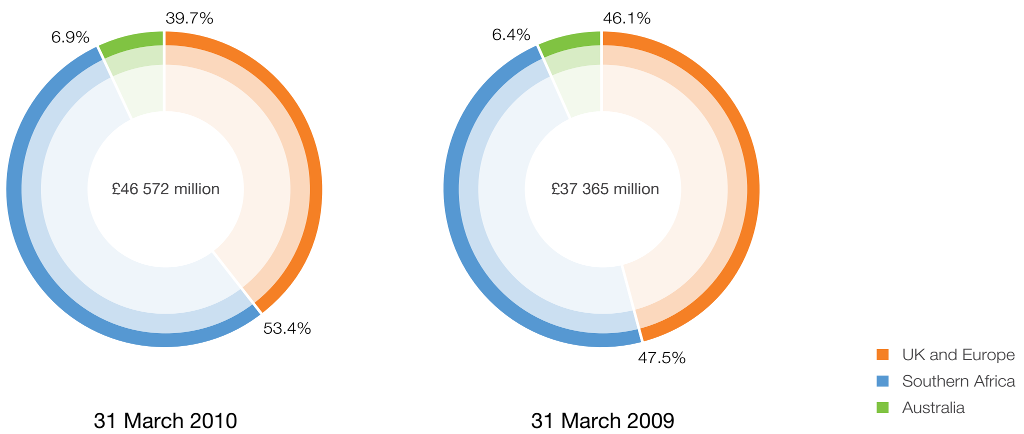
1

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



Net tangible asset value per share

The group's net tangible asset value per share is reflected in the table below.

£'000	31 March 2010	31 March 2009
Shareholders' equity	2 954 982	2 296 951
Less: perpetual preference shares issued by holding companies	(378 071)	(299 609)
Less: goodwill and intangible assets (excluding software)	(282 264)	(274 998)
Net tangible asset value	2 294 647	1 722 344
Number of shares in issue (million)	741.0	713.3
Treasury shares (million)	(33.0)	(66.5)
Number of shares in issue in this calculation (million)	708.0	646.8
Net tangible asset value per share (pence)	324.1	266.3

Capital adequacy

We hold capital in excess of regulatory requirements targeting a minimum tier one capital ratio of 11% and a total capital adequacy ratio range of 14% to 17% on a consolidated basis for each of Investec plc and Investec Limited. Capital ratios are within the group's target range across all core geographies. Further information is provided on pages 191 and 192.

ROE – assessment of economic capital utilised

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

Return on capital by segment

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

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

£'000	31 March 2010	31 March 2009	Average	31 March 2008	Average
Calculation of average shareholders' equity					
Ordinary shareholders' equity	2 576 759	1 997 342	2 287 051	1 638 869	1 818 106
Add: Convertible debt included in subordinated liabilities	–	–	–	14 056	7 028
Adjusted shareholders' equity	2 576 759	1 997 342	2 287 051	1 652 925	1 825 134
Goodwill and intangible assets (excluding software)	(282 264)	(274 998)	(278 631)	(289 543)	(282 271)
Adjusted tangible shareholders' equity	2 294 495	1 722 344	2 008 420	1 363 382	1 542 863

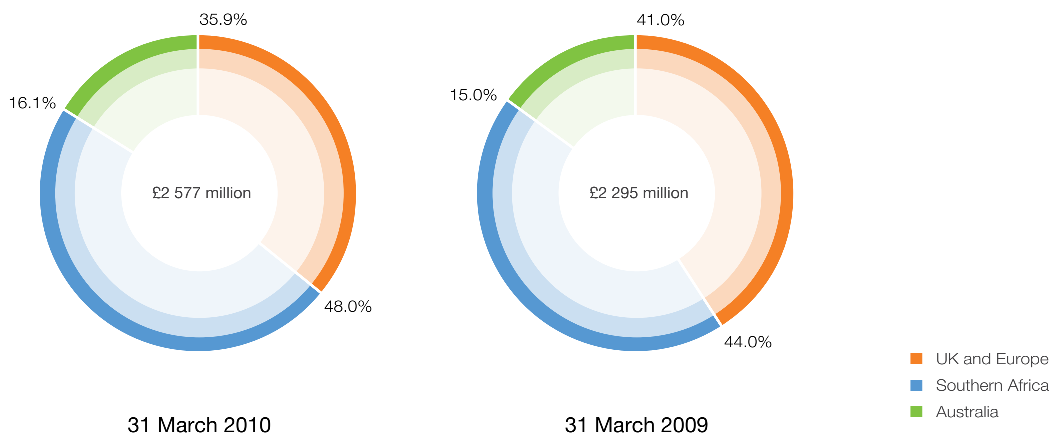
£'000	31 March 2010	31 March 2009
Operating profit before goodwill impairment and non-operational items	413 456	400 088
Minority interests	18 802	(3 322)
Preference dividends	(39 949)	(45 876)
Profit before taxation	392 309	350 890
Tax on ordinary activities	(82 599)	(81 675)
Adjusted earnings attributable to ordinary shareholders before goodwill and non-operating items	309 710	269 215
Pre-tax return on average adjusted shareholders' equity	17.2%	19.2%
Post-tax return on average adjusted shareholders' equity	13.5%	14.8%
Pre-tax return on average adjusted tangible shareholders' equity	19.5%	22.7%
Post-tax return on average adjusted tangible shareholders' equity	15.4%	17.4%

1

ROE by geography

£'000	UK and Europe	Southern Africa	Australia	Total group
Total operating profit	101 121	294 799	17 536	413 456
Tax on profit on ordinary activities	(9 426)	(69 297)	(3 876)	(82 599)
Minority interests	22 578	(4 432)	656	18 802
Preference dividends	(14 812)	(25 137)	–	(39 949)
Adjusted earnings attributable to ordinary shareholders before goodwill and non-operating items – 31 March 2010	99 461	195 933	14 316	309 710
Adjusted earnings attributable to ordinary shareholders before goodwill and non-operting items – 31 March 2009	68 989	193 448	6 778	269 215
Adjusted shareholders' equity at 31 March 2010	926 184	1 237 783	412 792	2 576 759
Goodwill and intangible assets (excluding software)	214 278	25 214	42 772	282 264
Adjusted tangible shareholders' equity at 31 March 2010	711 906	1 212 569	370 020	2 294 495
Adjusted shareholders' equity at 31 March 2009	818 736	878 830	299 776	1 997 342
Goodwill and intangible assets (excluding software)	216 812	22 601	35 585	274 998
Adjusted tangible shareholders' equity at 31 March 2009	601 924	856 229	264 191	1 722 344
Adjusted average shareholders' equity at 31 March 2010	872 460	1 058 307	356 284	2 287 051
Adjusted average shareholders' equity at 31 March 2009	828 357	755 508	241 269	1 825 134
Post-tax return on average shareholders' equity at 31 March 2010 (%)	11.4	18.5	4.0	13.5
Post-tax return on average shareholders' equity at 31 March 2009 (%)	8.3	25.6	2.8	14.8

Adjusted shareholders' equity by geography



1

ROE by division

£'000	AM*	PW*	PA*	PB*	IB*	CM*	GSO*	Total group
Total operating profit, after minority interests	**83 412**	**25 887**	**33 479**	**37 052**	**41 568**	**179 139**	**31 721**	**432 258**
Notional return on regulatory capital	1 933	1 260	7 519	71 560	16 265	57 440	(155 977)	–
Notional cost of statutory capital	(10 024)	(3 064)	(5 328)	(12 383)	–	(17 289)	48 088	–
Cost of subordinated debt	(752)	(501)	(2 786)	(26 147)	(6 059)	(22 702)	58 947	–
Cost of preference shares	(371)	(257)	(1 269)	(13 031)	(2 997)	(12 131)	(9 893)	(39 949)
Absorption of additional residual costs**	(5 856)	(4 183)	(6 116)	(12 256)	(10 610)	(20 533)	59 554	–
Adjusted earnings attributable to ordinary shareholders before goodwill, taxation and non-operating items – 31 March 2010	**68 342**	**19 142**	**25 499**	**44 795**	**38 167**	**163 924**	**32 440**	**392 309**
Adjusted earnings attributable to ordinary shareholders before goodwill, taxation and non-operting items – 31 March 2009	49 050	18 118	18 700	92 721	25 408	137 019	9 874	350 890
Adjusted shareholders' equity at 31 March 2010	**137 308**	**20 094**	**75 615**	**1 008 371**	**256 666**	**958 173**	**120 532**	**2 576 759**
Goodwill and intangible assets (excluding software)	109 543	3 253	396	40 908	44 963	83 201	–	282 264
Adjusted tangible shareholders' equity at 31 March 2010	**27 765**	**16 841**	**75 219**	**967 463**	**211 703**	**874 972**	**120 532**	**2 294 495**
Adjusted shareholders' equity at 31 March 2009	120 421	17 619	48 915	696 664	190 655	818 328	104 740	1 997 342
Goodwill and intangible assets (excluding software)	107 661	2 661	324	38 105	51 357	74 890	–	274 998
Adjusted tangible shareholders' equity at 31 March 2009	12 760	14 958	48 591	658 559	139 298	743 438	104 740	1 722 344
Adjusted average shareholders' equity at 31 March 2010	**128 865**	**18 857**	**62 265**	**852 517**	**223 661**	**888 250**	**112 636**	**2 287 051**
Adjusted average shareholders' equity at 31 March 2009	118 440	23 614	39 344	624 786	183 284	732 663	103 003	1 825 134
Pre-tax return on adjusted average shareholders' equity at 31 March 2010 (%)	**53.0**	**101.5**	**41.0**	**5.3**	**17.1**	**18.5**	**28.8**	**17.2**
Pre-tax return on adjusted average shareholders' equity at 31 March 2009 (%)	41.4	76.7	47.5	14.8	13.9	18.7	9.6	19.2

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

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

1

Total third party assets under management

£'million	31 March 2010	31 March 2009
Investec Asset Management	46 403	28 835
UK and international	21 666	13 108
Southern Africa	24 737	15 727
Private Wealth	23 073	16 270
South Africa	10 173	6 260
Rensburg Sheppards plc	12 900*	10 010
Property Activities	286	202
UK and Europe	73	18
Southern Africa	61	62
Australia	152	122
Private Banking funds under advice	4 066	3 270
UK and Europe	1 810	1 415
Southern Africa	1 879	1 615
Australia	377	240
Australia, Private Equity and Capital Markets	362	269
Total third party assets under management	74 190	48 846

31 March 2010 £'million	UK, Europe and Other	Southern Africa	Australia	Total
Institutional	10 602	16 980	–	27 582
Retail	11 064	7 757	–	18 821
Private Wealth	12 900*	10 173	–	23 073
– Discretionary	8 520	1 776	–	10 296
– Non-discretionary	4 380	8 397	–	12 777
Property Activities	73	61	152	286
Private Banking	1 810	1 879	377	4 066
Australia Private Equity and Capital Markets	–	–	362	362
Total third party assets under management	36 449	36 850	891	74 190

31 March 2009 £'million	UK, Europe and Other	Southern Africa	Australia	Total
Institutional	7 992	10 760	–	18 752
Retail	5 116	4 967	–	10 083
Private Wealth	10 010	6 260	–	16 270
– Discretionary	6 460	1 149	–	7 609
– Non-discretionary	3 550	5 111	–	8 661
Property Activities	18	62	122	202
Private Banking	1 415	1 615	240	3 270
Australia Private Equity and Capital Markets	–	–	269	269
Total third party assets under management	24 551	23 664	631	48 846

**As last reported by Rensburg Sheppards plc.*

Operating profit (before goodwill, non-operating items, taxation and after minorities and excluding income from associates) per employee

By division	AM*	PW*	PA*	PB*	IB*	CM*	GSO*	Total group
Number of employees – 31 March 2010	968	211	77	2 232	371	1 089	1 175	6 123
Number of employees – 31 March 2009	925	208	78	2 200	366	1 060	1 114	5 951
Number of employees – 31 March 2008	1 027	215	73	2 379	376	1 106	1 157	6 333
Average employees – 12 months to 31 March 2010	947	210	77	2 216	369	1 075	1 144	6 038
Average employees – 12 months to 31 March 2009	976	212	76	2 290	371	1 083	1 135	6 143
Operating profit^ – 31 March 2010 (£'000)	83 412	14 253	33 479	37 656	41 387	179 060	31 416	420 663
Operating profit^ – 31 March 2009 (£'000)	66 186	12 058	24 681	80 643	27 918	141 374	31 468	384 328
Operating profit per employee^^ – 31 March 2010(£'000)	88.1	67.9	434.8	17.0	112.2	166.6	27.5	69.7
Operating profit per employee^^ – 31 March 2009 (£'000)	67.8	56.9	324.8	35.2	75.3	130.5	27.7	62.6

By geography	UK and Europe	Southern Africa	Australia	Total group
Number of employees – 31 March 2010	1 862	3 883	378	6 123
Number of employees – 31 March 2009	1 803	3 794	354	5 951
Number of employees – 31 March 2008	1 946	3 963	424	6 333
Average employees – 12 months to 31 March 2010	1 833	3 839	366	6 038
Average employees – 12 months to 31 March 2009	1 875	3 879	389	6 143
Operating profit^ – 31 March 2010 (£'000)	111 448	290 419	18 796	420 663
Operating profit^ – 31 March 2009 (£'000)	88 266	293 433	2 629	384 328
Operating profit per employee^^ – 31 March 2010 (£'000)	60.8	75.6	51.4	69.7
Operating profit per employee^^ – 31 March 2009 (£'000)	47.1	75.6	6.8	62.6

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

^Excluding operating income from associates.

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

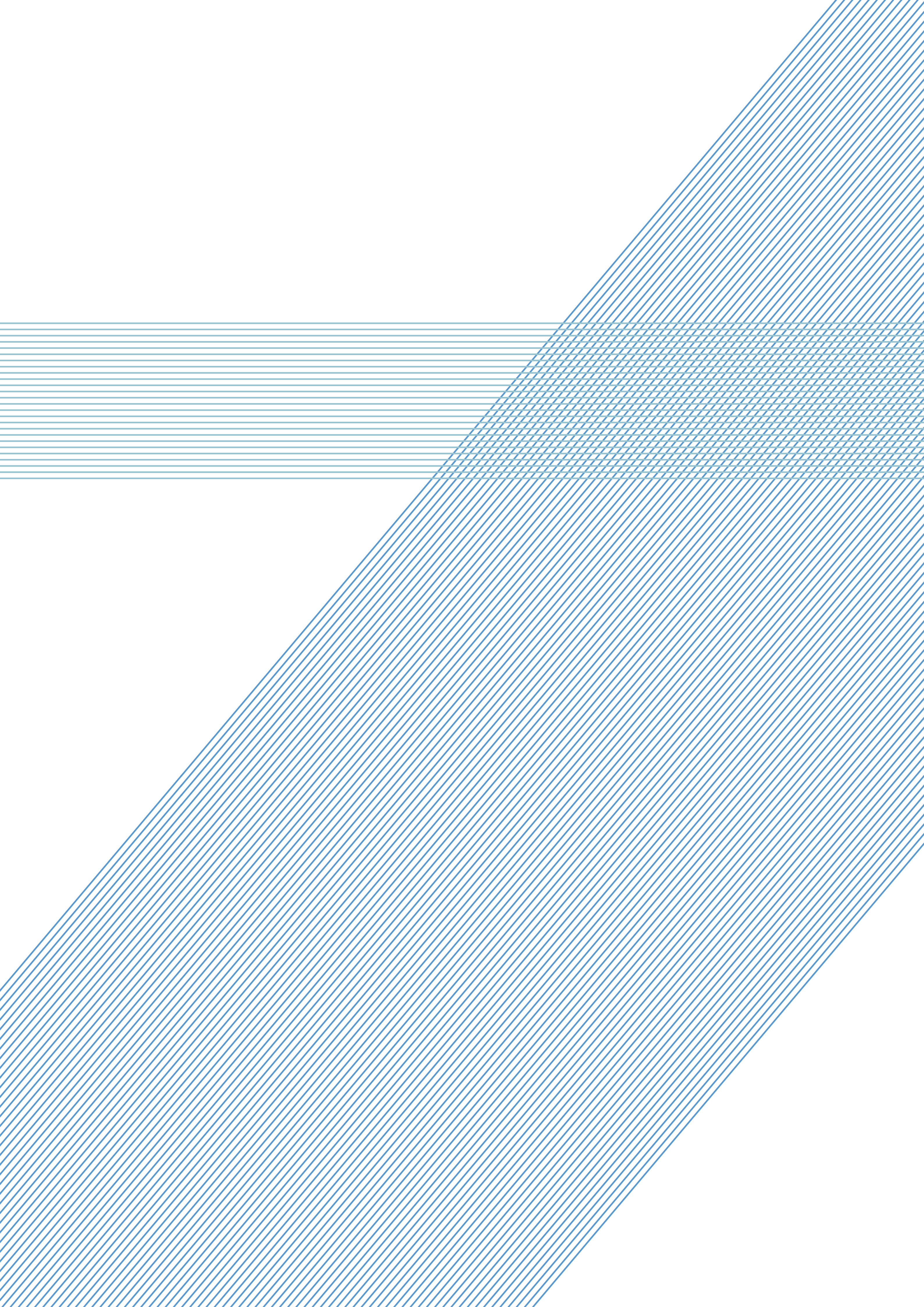
1

Number of employees

By division – permanent employees	31 March 2010	31 March 2009
Asset Management		
UK and Europe and other	272	273
Southern Africa	627	605
Total	899	878
Private Wealth		
South Africa	200	202
Total	200	202
Property Activities		
UK and Europe	5	5
Southern Africa	57	62
Australia	8	8
Total	70	75
Private Banking		
UK and Europe	502	521
Southern Africa	1 382	1 400
Australia	179	181
Total	2 063	2 102
Investment Banking		
UK, Europe and Hong Kong	164	147
Southern Africa	145	162
Australia	41	38
USA	13	12
Total	363	359
Capital Markets		
UK and Europe	587	541
Southern Africa	431	428
Australia	43	43
Total	1 061	1 012
Group Services and Other Activities		
UK and Europe	245	231
Southern Africa	700	682
Australia	83	82
Total	1 028	995
Total number of permanent employees	5 684	5 623

By geography	31 March 2010	31 March 2009	31 March 2008	31 March 2007	31 March 2006
UK and Europe	1 763	1 706	1 812	1 294	1 166
SA and Other	3 542	3 541	3 666	3 476	3 114
Australia	356	354	424	235	168
USA	23	22	12	5	5
Temporary employees and contractors	439	328	419	420	*
Total number of employees	6 123	5 951	6 333	5 430	4 453

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



Divisional review | **TWO**

Divisional review

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

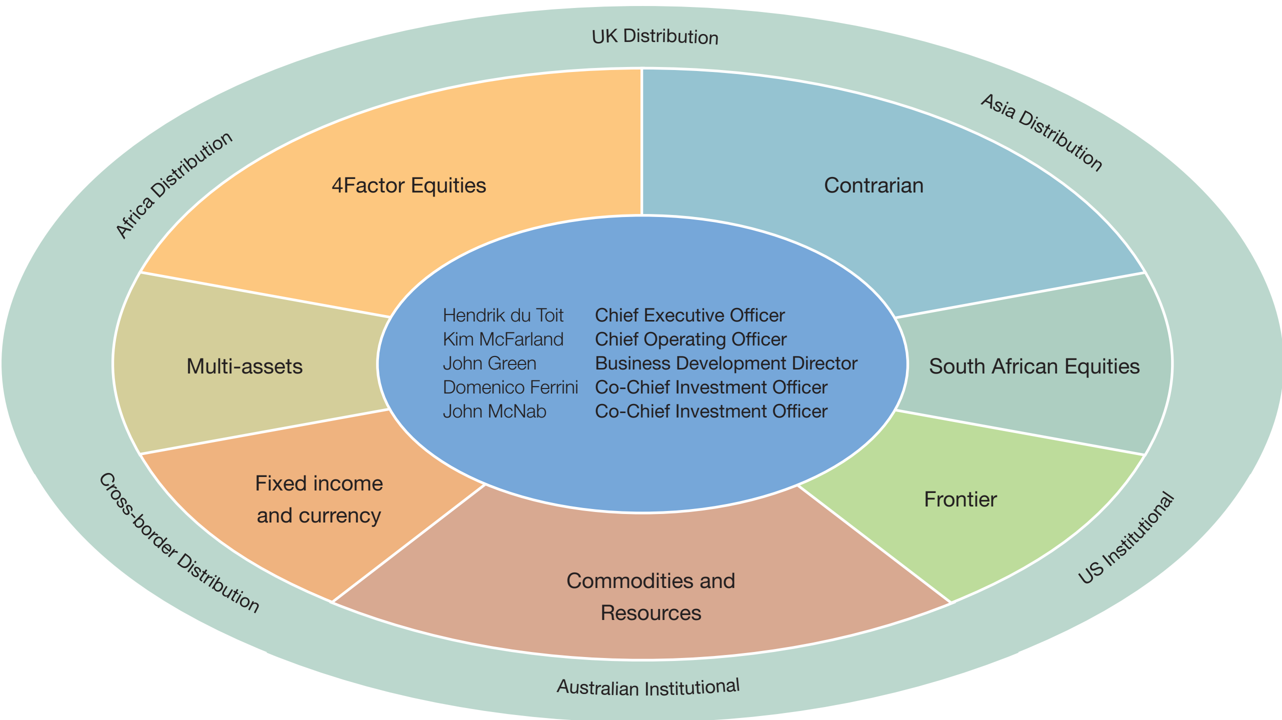
2

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

Scope of activities

- Investec Asset Management develops and offers investment capabilities to a global client base
- We offer seven investment capabilities through six distribution channels (see exhibit below)
- We have a predominantly institutional client base including Sovereign Wealth Funds, Pension Funds, Central Banks, Banks, Private Banks, Family Offices, Independent Financial Advisers and individual investors.

Our range of investment capabilities



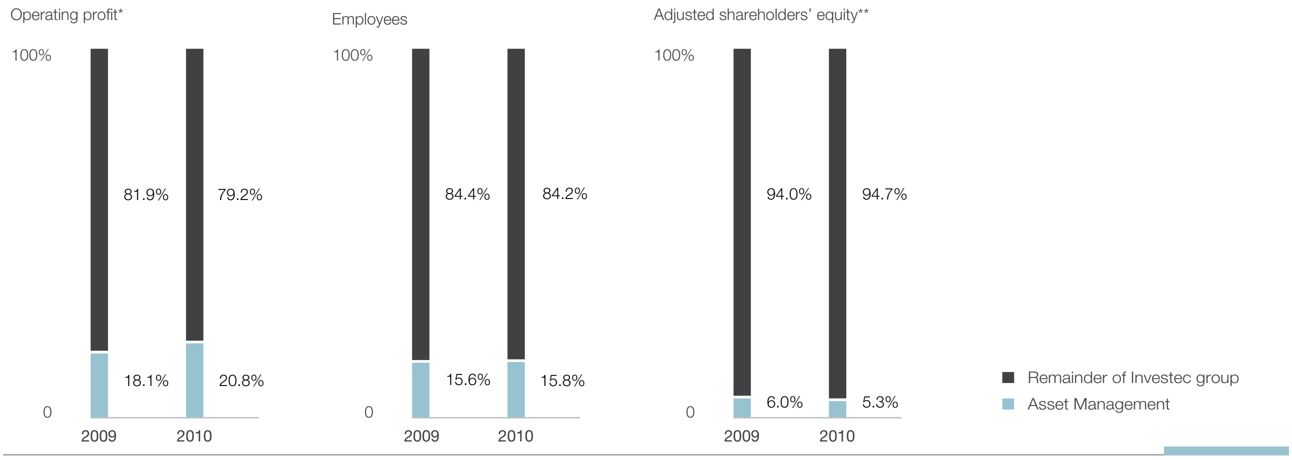
Management structure

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

Overview and financial analysis

- 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.

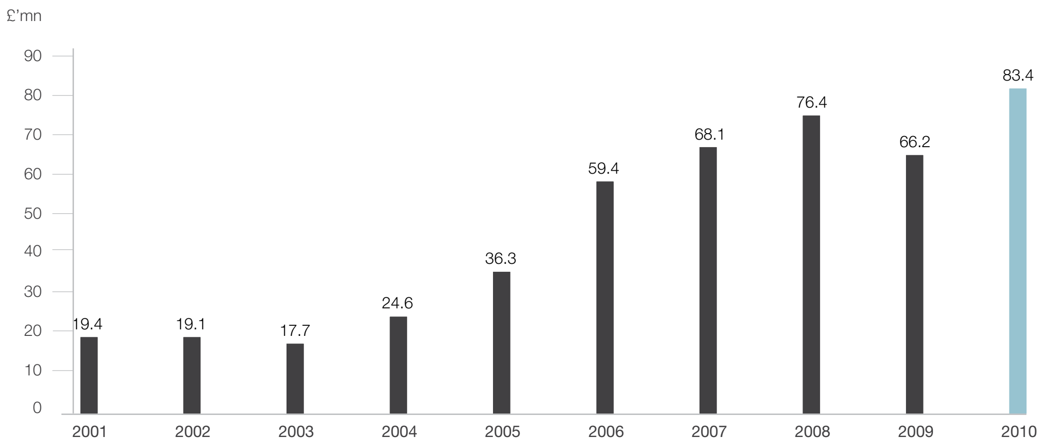
Contribution analysis



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

**As calculated on page 45.

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.

2

Income statement analysis

£'000	31 March 2010	31 March 2009	Variance	% change
Net interest income	1 977	7 821	(5 844)	(74.7)
Net fee and commission income	243 599	197 732	45 867	23.2
Other income	5 209	(5 039)	10 248	>100.0
Total operating income	250 785	200 514	50 271	25.1
Impairment losses on loans and advances	5	–	5	100.0
Admin expenses and depreciation	(166 943)	(134 047)	(32 896)	24.5
Operating profit before goodwill, non-operating items and taxation	83 847	66 467	17 380	26.1
Earnings attributable to minority interests	(435)	(281)	(154)	(54.8)
Operating profit before goodwill, non-operating items, taxation and after minorities	83 412	66 186	17 226	26.0
UK and international	25 335	17 149	8 186	47.7
Southern Africa	58 077	49 037	9 040	18.4
Operating profit before goodwill, non-operating items, taxation and after minorities	83 412	66 186	17 226	26.0
Adjusted shareholders' equity*	137 308	120 421	16 887	14.0
ROE (pre-tax)*	53.0%	41.4%		
Cost to income ratio	66.6%	66.9%		
Operating profit per employee (£'000)*	88.1	67.8	20.3	29.9

As calculated on pages 45 and 47.

The variance in operating profit can be explained as follows:

United Kingdom and international

- Operating profit of the UK and international operations increased 47.7% to £25.3 million. There were £4.2 million of performance fees for the year
- The growth in profitability of the UK and international operations was underpinned by increased assets under management during the year following both positive market movements and record net flows of £3.8 billion
- Assets under management increased on both retail and institutional sides of the business by 65.3% and now stand at record levels at £21.7 billion.

Southern Africa

- Operating profit of the Southern Africa operations increased 18.4% to £58.1 million
- Investment performance generally remained positive and performance fee revenue was lower at R285 million (2009: R355 million)
- Assets under management are £24.7 billion.

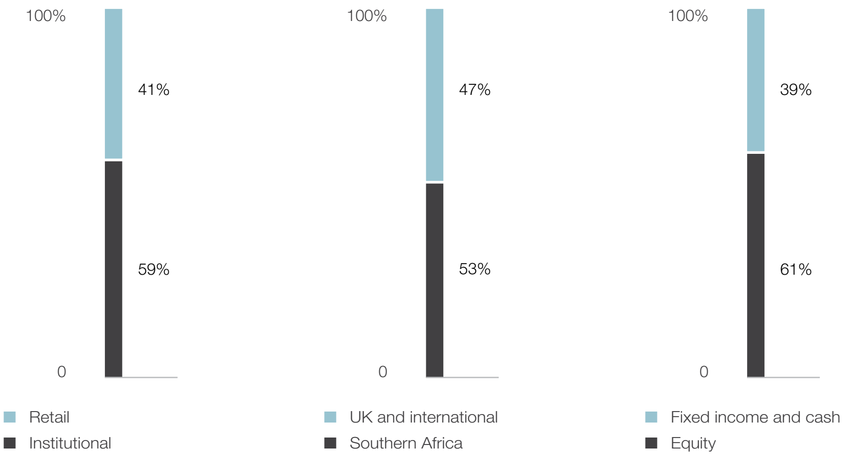
Costs

- The increase in expenses is largely due to an increase in variable remuneration in line with the growth in profitability.

Analysis of key earnings drivers (assets under management and sales)

Assets under management*

Business type | Geographic | Asset class



Movement in assets under management*

	£'million			R'million
	Total	UK and international	Southern Africa	Southern Africa
31 March 2009	28 835	13 108	15 727	213 509
Net flows	4 657	3 831	826	10 434
New clients/funds	2 753	1 274	1 479	18 156
Existing client/fund net flows	1 904	2 557	(653)	(7 722)
Market movement	12 911	4 727	8 184	50 885
31 March 2010	**46 403**	**21 666**	**24 737**	**274 828**
Institutional	27 582	10 602	16 980	188 648
Retail	18 821	11 064	7 757	86 180

£'million	Total	Institutional	Retail
31 March 2009	28 835	18 752	10 083
Net flows	4 657	1 176	3 481
New clients/funds	2 753	2 561	192
Existing client/fund net flows	1 904	(1 385)	3 289
Market movement	12 911	7 654	5 257
31 March 2010	**46 403**	**27 582**	**18 821**
UK and international	21 666	10 602	11 064
Southern Africa	24 737	16 980	7 757

Sales (gross inflows for the year ended 31 March 2010)

£'million	2010	2009	£'million	2010	2009
Institutional	12 101	9 615	Fixed interest and cash	12 632	8 511
Retail	10 953	6 261	Equity	8 763	6 763
			Balanced	1 659	602
	23 054	**15 876**		**23 054**	**15 876**

**Managed basis.*

2

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.

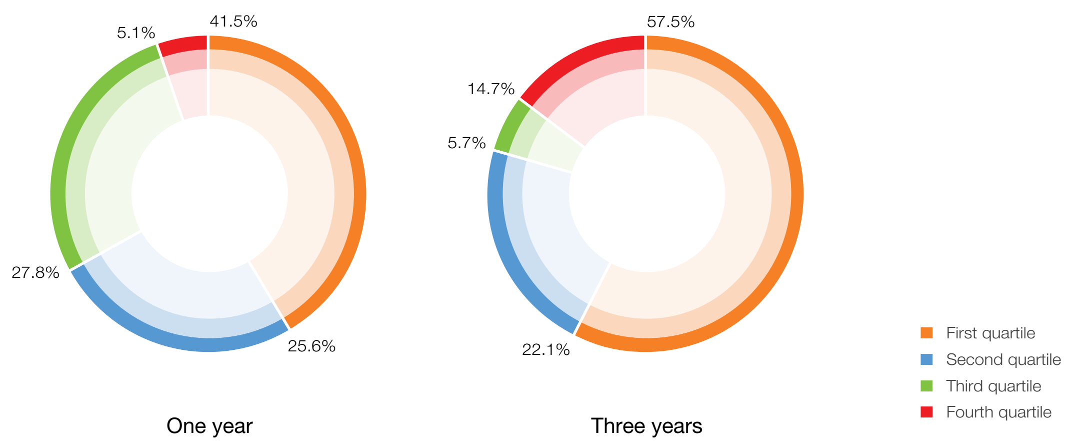
Investec Asset Management in the UK mutual fund industry

£'million	2010	2009	2008
IAM assets under management	6 839	3 736	4 322
Total industry size	510 897	347 897	432 672
Market share	1.3%	1.1%	1.0%
Size ranking in industry	28th of 104	30th of 110	33rd of 109
Industry gross retail sales	86 454	63 577	66 060
IAM % of industry gross retail sales	2.7%	1.6%	2.9%

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

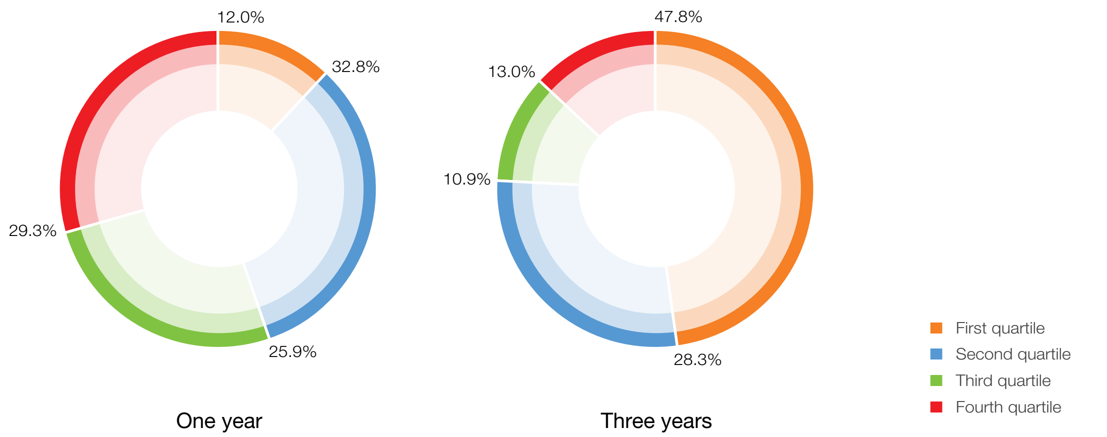
UK and international retail investment performance

By value of funds



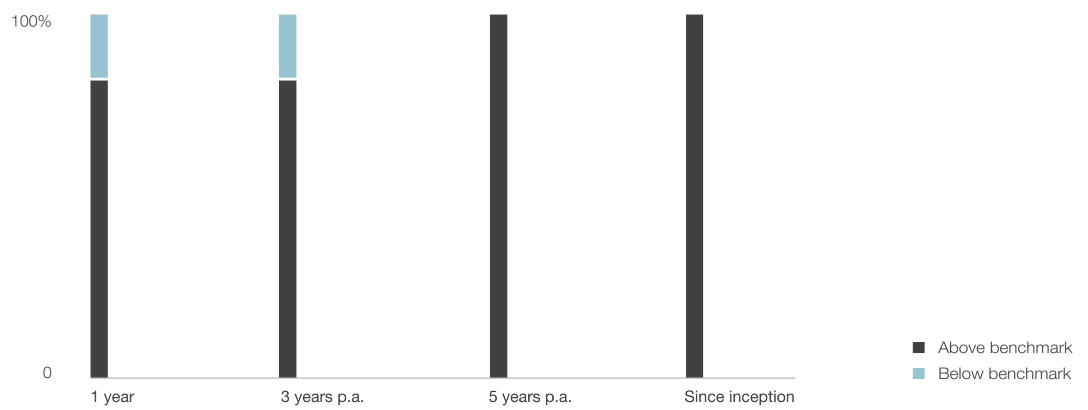
Calculated from Lipper data. Excludes cash, cash plus and liquidity funds.

By number of funds



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

UK and international institutional investment performance



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

Investec Asset Management in the South African unit trust industry

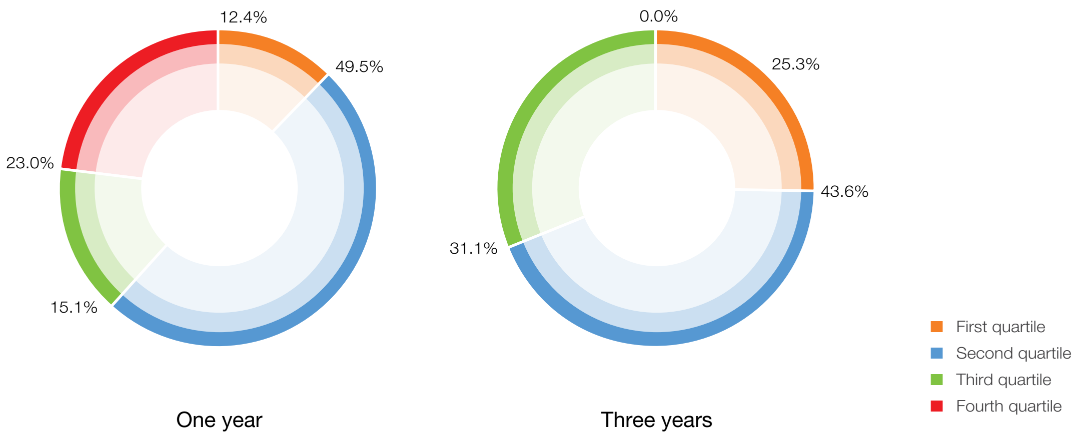
R'million	2010	2009	2008
IAM assets under management	78 967	57 155	63 809
Total industry size	888 363	715 719	658 073
Market share	8.9%	8.0%	9.7%
Size ranking in industry	4th of 39	5th of 39	4th of 39
Industry gross sales	644 267	617 850	552 118
IAM % of gross industry sales	9.6%	6.8%	7.3%

Sourced from data from the Association of Collective Investments, includes money market, non-domestic fund of funds and institutional funds. Statistics as at 31 March, sales for the 12 month period.

2

South African retail investment performance

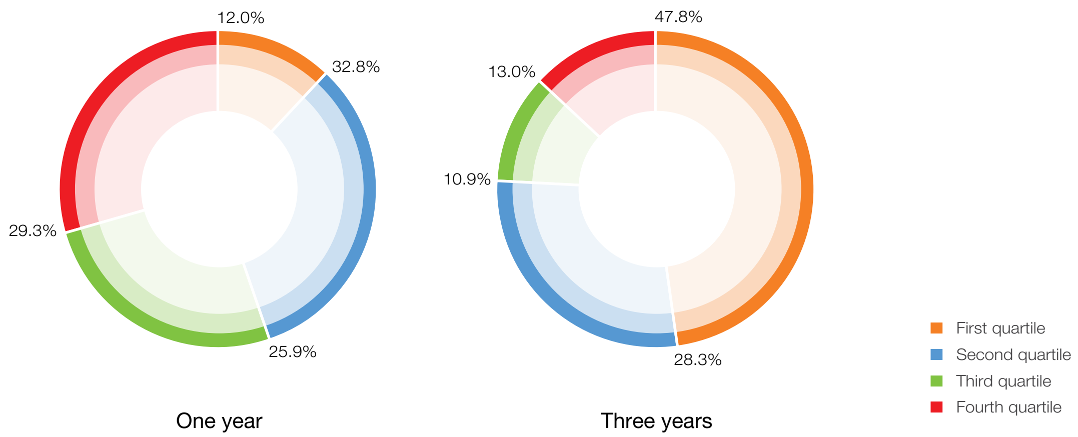
By value of funds



One year

Three years

By number of funds



One year

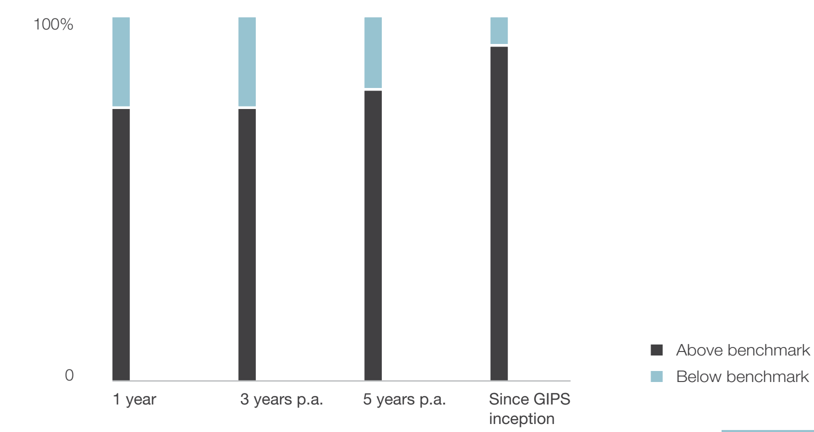
Three years

Calculated from Standard and Poors' Datastream data.

Outlook, risks and opportunities

- 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

South African institutional investment performance



Calculated from Alexander Forbes data.

Scope of activities

Activities

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

Target Market

- High net worth individuals.

Strategic focus

South Africa

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.

Management structure

South Africa

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

Mission

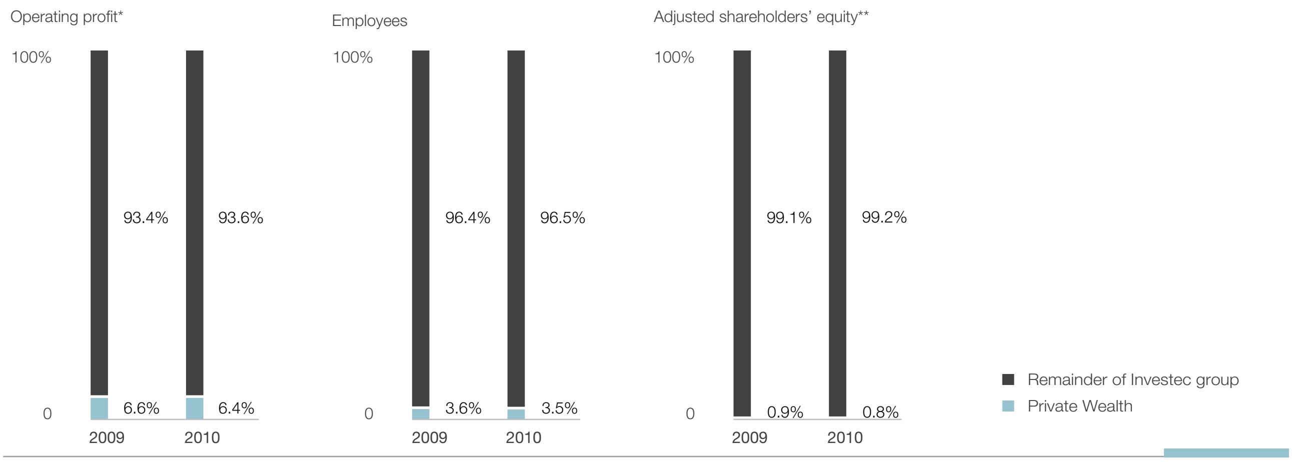
South Africa

To be the premier South African portfolio management and stockbroking house

Overview and financial analysis

- 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.

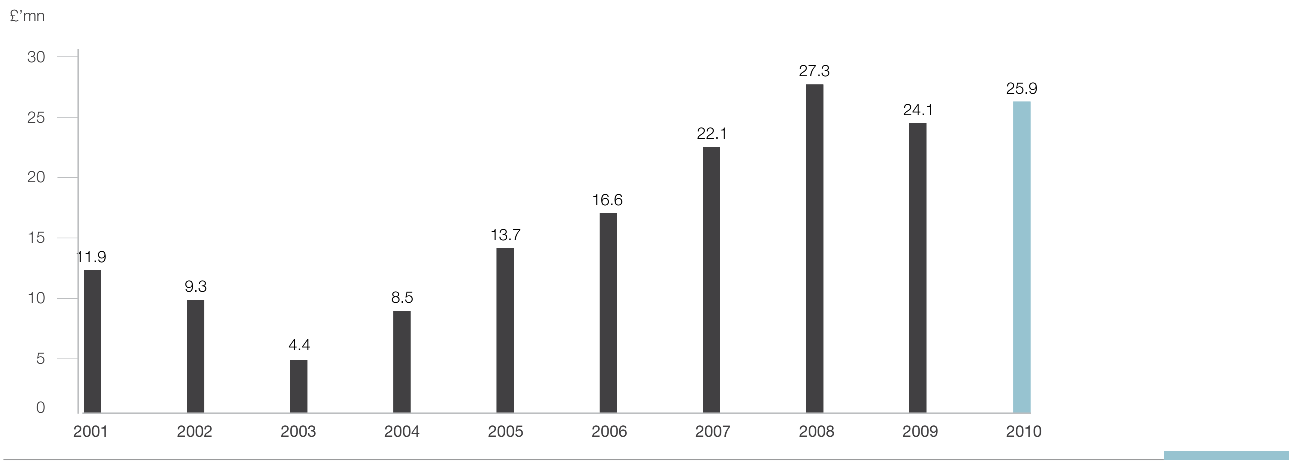
Contribution analysis



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

**As calculated on page 45.

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.

Income statement analysis

£'000	31 March 2010	31 March 2009	Variance	% change
Net interest income	2 392	2 051	341	16.6
Net fee and commission income	36 852	32 100	4 752	14.8
Principal transactions	1 023	42	981	>100.0
Other operating income and operating income from associates	11 634	12 044	(410)	(3.4)
Total operating income	51 901	46 237	5 664	12.2
Admin expenses and depreciation	(26 014)	(22 135)	(3 879)	17.5
Operating profit before goodwill, non-operating items, taxation and after minorities	**25 887**	**24 102**	**1 785**	**7.4**
UK and Europe	11 637	12 044	(407)	(3.4)
South Africa	14 250	12 058	2 192	18.2
Operating profit before goodwill, non-operating items, taxation and after minorities	**25 887**	**24 102**	**1 785**	**7.4**
Adjusted shareholders' equity*	20 094	17 619	2 475	14.0
ROE (pre-tax)*	101.5%	76.7%		
Cost to income ratio excluding income from associates	64.6%	64.7%		
Cost to income ratio	50.1%	47.9%		
Operating profit per employee (£'000)*	67.9	56.9	11.0	19.3

**As calculated on pages 45 and 47.*

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

- The result of the South African Private Wealth business in local currency has been negatively impacted by lower average funds under management and lower levels of client trading
- Investec's UK Private Client Stockbroking business, Carr Sheppards Crosthwaite, was sold to Rensburg plc on 6 May 2005. We retain a 47.1% interest in the combined entity, Rensburg Sheppards plc. Post the 6 May 2005, the results of the combined entity Rensburg Sheppards plc have been equity accounted and the results are included in the line item 'operating income from associates' (the £11.6 million income reflected above is post tax of approximately £4.2 million).

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:

  – Profit before tax of £27.0 million (2009 restated: £30.2 million*)

  – Adjusted** profit before tax of £30.2 million (2009 restated: £36.3 million*)

  – Basic earnings per share of 45.8 pence (2009 restated: 48.5 pence*)

  – 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).

  **As restated following a change in accounting policy resulting from the implementation of the amendment to IFRS 2.*

  ***Before transaction costs relating to the current offer for the company, amortisation of the client relationships intangible asset, profit on disposal of intangible assets, profit on disposal of subsidiary, loss on disposal of available-for-sale investments and share-based charges relating to the Employee Benefit Trust ('EBT'). These items amount to a net charge before tax of £3.2 million (2009: £6.1 million) and a net charge after tax of £1.8 million (2009: £4.5 million)."*

2

- 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. Further details on the proposed transaction can be found in the Scheme Document available on our website.

South Africa

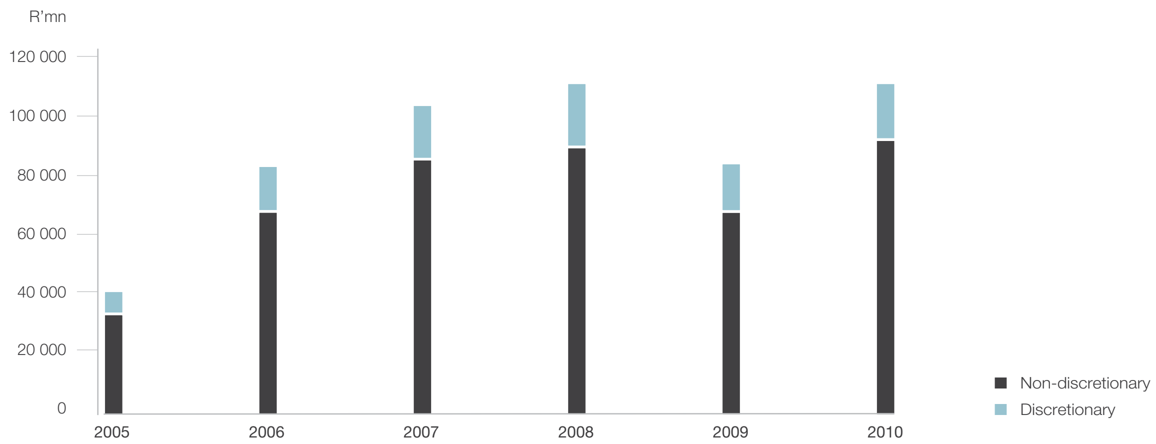
- Global financial markets experienced one of the most impressive 12 month rallies on record as a result of unprecedented fiscal stimulus initiatives of the major central banks in response to the global economic crisis. South African equity markets followed suit but underlying investment activity was 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.

South Africa: analysis of key earnings drivers (funds under management and inflows)

Funds under management as at	31 March 2010 R'million	31 March 2009 R'million	% change	31 March 2010 £'million	31 March 2009 £'million	% change
Discretionary	19 726	15 594	26.5	1 776	1 149	54.6
Non-discretionary	93 292	69 386	34.5	8 397	5 111	64.3
Total	113 018	84 980	33.0	10 173	6 260	62.5

Net inflows/(outflows) at cost over the period	31 March 2010 R'million	31 March 2009 R'million
Discretionary	537	(897)
Non-discretionary	(999)	(2 097)
Total	(462)	(2 994)

Further analysis of South African funds under management



Outlook, risks and uncertainties

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.

2

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

Scope of activities

- Property investments
- Property fund and asset management
- Property trading and development.

Strategic focus

UK and Europe

The overall strategy is to align the strategic focus of the UK business with that of South Africa, to include property fund management, investment and acquisition activities.

Property Investments

Our strategy is to:

- Fully invest the Investec GLL Global Special Opportunities (GSO) Real Estate Fund I
- Raise capital and debt for the Investec Big Ben Property Fund and source properties for acquisition
- Develop a global research and investment capability with an office opening in Australia
- Launch a global product for investment into Global REITs
- Develop a mandate for Investec GLL GSO Real Estate Fund II and plan a capital raising
- Achieve assets under management of £100 million invested into UK REITs
- Pursue off-market transactions to enhance portfolio performance.

South Africa

Property Fund and Asset Management

Our strategy is to:

- Pursue the strategic acquisition of individual properties and portfolios on balance sheet and for trading purposes
- Establish a new unlisted South African Property Fund.

Property Trading and Development

Our strategy is to:

- Source buildings and land opportunities with the specific intention of adding or unlocking value to trade or invest
- Cement our status as premier industrial developers and traders of industrial property
- Actively penetrate the office market and re-affirm Investec Property as a major office developer and trader
- Enhance our retailer relationships to become the first port of call for retail developments
- Consider the case for development business in Investec jurisdictions other than South Africa where Investec already has a development business.

Property Investments

Our strategy is to:

- Create additional international property investment products for clients
- Expand our client base beyond the South African borders and offer both direct and indirect investment products to clients
- Strengthen the investment business in Investec's jurisdictions, specifically the United Kingdom and Australia

- Improve short-term and retain long-term performance on the South African portfolios
- Continue to be the first port of call for institutional and private investors by creating attractive products and generating superior returns
- Pursue institutional business mandates in order to reach a capacity of R10 billion South African listed property assets under management
- Raise capital for investment into the unlisted South African Property Fund.

Australia

Our strategy is to:

- Take advantage of opportunities, including the acquisition of development properties, short-term property trading, specialised properties and long-term investment properties
- Acquire properties with value-add potential through redevelopment and/or property repositioning
- Align with appropriate partners to leverage their expertise
- Engage in further capital raisings to create high net worth opportunistic and specialised funds
- Create investment opportunities for wholesale clients while growing assets under management
- Create the research competence of Australian REITs and develop business associations in this jurisdiction with the intention of starting to trade during the year
- Align the REITs asset management business to the UK and South African businesses.

Management structure

Global head of Property	Sam Hackner
Deputy Chairman	Sam Leon

UK and Europe

Head	Angelique de Rauville
Property Acquisitions	Robin Magid

South Africa

Property Investments	Angelique de Rauville
Property Projects	Robin Magid
Finance	Dave Donald

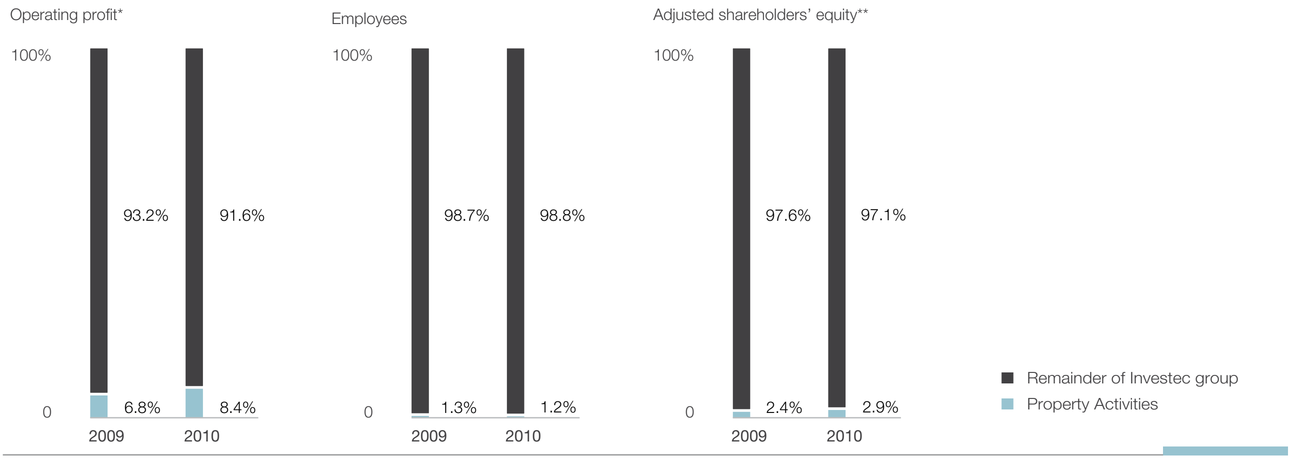
Australia

Head	Graeme Katz
Property Investments	Angelique de Rauville
Operations and Finance	Darrell Godin

Overview and financial analysis

- Operating profit increased by 35.6% to £33.5 million, contributing 8.4% to group profit.

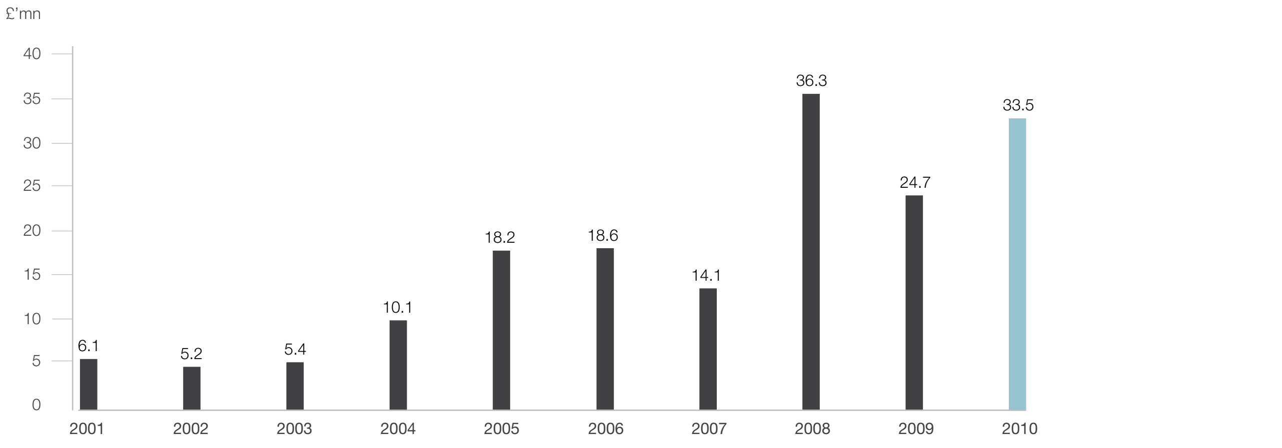
Contribution analysis



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

**As calculated on page 45.

Operating profit^ – track record



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Income statement analysis

£'000	31 March 2010	31 March 2009	Variance	% change
Net interest income	(7 513)	(6 886)	(627)	9.1
Net fee and commission income	15 375	22 724	(7 349)	(32.3)
Other income	45 599	22 253	23 346	>100.0
Total operating income	53 461	38 091	15 370	40.4
Admin expenses and depreciation	(19 982)	(13 410)	(6 572)	49.0
Operating profit before goodwill, non-operating items, taxation and after minorities	33 479	24 681	8 798	35.6
UK	825	774	51	6.6
South Africa	31 582	21 769	9 813	45.1
Australia	1 072	2 138	(1 066)	(49.9)
Operating profit before goodwill, non-operating items, taxation and after minorities	33 479	24 681	8 798	35.6
Adjusted shareholders' equity*	75 615	48 915	26 700	54.6
ROE (pre-tax)*	41.0%	47.5%		
Cost to income ratio	37.4%	35.2%		
Operating profit per employee (£'000)	434.8	324.8	110	33.9

As calculated on pages 45 and 47.

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

- In South Africa, the revaluation of investment properties net of funding costs amounted to R398 million (2009: R230 million). The prior period included significant fees earned on the completion of a number of projects
- Investment in the UK funds has started to generate revenue. Development of the UK REITs has resulted in fees, dividends and profits from the sale of underlying investments
- The Australian division has benefited from revenue earned on the sale of an investment.

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, risks and uncertainties

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.

UK and Europe

- The business has been able to source attractive real estate for the Investec GLL GSO Real Estate Fund in the UK and to date the fund is 62% invested and should be fully invested by the second half of 2010
- Investment in UK REITs, and now more recently Australian REITs, provides access for our clients to a diverse portfolio of prime properties across different sectors in the UK, Australia and in some cases Europe. Repricing in the sector and recapitalisation has reduced downside risks. We now have an established track record in this space and intend to leverage off this in order to increase assets under management
- Investment opportunities into Australian REITs, IPOF II, Global REITs; SA Property Fund and Investec GLL GSO Real Estate Fund II will be offered to clients as further investment options and in a concerted drive to expand product within the business.

South Africa

- New developments have been hampered due to a reduction in tenant demand, and many opportunities were unable to achieve the required rental levels that would give an acceptable return. Opportunities to enhance value of existing portfolios remain positive and the business will be more “front footed” on trading opportunities and the completion of current developments
- The business will proactively embark on trading and development of identified assets
- The Listed Property Investment business still has some capacity to procure a limited amount of new institutional business before full capacity is reached. However, growth in assets under management is limited to the size and liquidity of the listed property sector
- Listed property as an asset class is forecast to continue delivering better total returns than most other asset classes. This could result in increased asset allocation by asset managers
- The business will launch an unlisted South African Property Fund.

Australia

- While debt refinancing and recapitalisation continue to be topical, access to capital is beginning to open up
- Property fundamentals are starting to stabilise and the general consensus is that the market is at or near the end of the downward cycle
- We are well positioned in current market conditions to take advantage of opportunities for property and development acquisitions together with the launch of additional funds
- The business expects to develop Australian full discretionary geared segregated portfolios by the end of 2010 and grow the investment portfolio to the value of approximately A$164 million.

Scope of activities

Private Banking focuses on the following activities:

Banking

We deliver a number of personal savings and mortgage services for individuals, as well as cash management and treasury products for businesses.

Growth and acquisition finance

We focus on providing mezzanine or composite debt funding and minority equity investment to assist entrepreneurs, management teams and private equity houses to implement acquisition and organic growth strategies in mid-market companies.

Wealth management

A boutique private client wealth management practice, consulting to and partnering with ultra high net worth investors in developing innovative and tailored investment solutions.

Specialised lending

We are specialists in providing structured debt solutions for high net worth individuals with complex borrowing requirements.

Structured property finance

We play an integral role in the financing of property acquisitions and development transactions for our commercial and residential clients through delivery of senior debt, mezzanine and equity funding structures.

Trust and fiduciary

Our Trust and Fiduciary business focuses on the delivery and administration of appropriate financial structures which hold financial and non-financial assets for our clients.

Our target market

- Ultra high net worth individuals
- Active wealthy entrepreneurs
- High income professionals, self-employed entrepreneurs, owner managers in mid-market companies and sophisticated investors.

Strategic focus

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

Management structure

Global head of Private Banking	Steven Heilbron

UK and Europe

Heads	Avron Epstein
	Paul Stevens
Structured Property Finance	Paul Stevens
Specialised Lending	David Drewienka
Growth and Acquisition Finance	Avron Epstein
Specialised Banking	Wayne Preston
	Linda McBain
	Nicky Walden
Wealth Management	Robert Gottlieb
Trust and Fiduciary	Xavier Isaacs
Investec Bank Channel Islands	Stephen Henry
Investec Bank Switzerland	Oliver Betz
Investec Bank Ireland	Michael Cullen
Marketing	Antonia Kerr
Chief Operating Officer	Chris Forsyth
Finance	Liza Jacobs
IT	Alan Bletcher

Southern Africa

Head	Wessel Oosthuysen
Chief Operating Officer	Jodi Joseph
Risk Management	Mark Trollip
Regional head: Cape Town	Rob Nicolella
Regional head: Durban	Brendan Stewart
Regional head: Johannesburg	Colin Franks
Regional Head: Pretoria	Charl Wiid
Regional Head: Port Elizabeth	Dion Millson
Private Wealth Management	Carole Mason
Treasury	Les Scott
Finance	JP van Wyk
IT	Mike Hewitson
Marketing	Wynand du Plessis
Human Resources	Nicol Tager
Compliance	Gordon Malcolm
Credit Risk	Anthony Church
Operational Risk	Lee-Anne Yaman
Equity Risk	Konrad Fleischhauer
Recoveries	Howard Tradonsky
Excon	Maria De Luca

Australia

Heads	Paul Siviour
	Paul Hanley
Professional Finance	Barry Lanesman
Banking Projects	Galia Durbach
Treasury	Ivan Katz
Private Wealth Management	Robert Lipman
Growth and Acquisition Finance	Mark Joffe
Specialised Lending	Michael Sack
Structured Real Estate Finance	Tim Johansen
Operations	Gavin Brandenburger
Regional Head: Brisbane	Jeff Miller
Regional Head: Melbourne	Colin Jensen

Overview and financial analysis

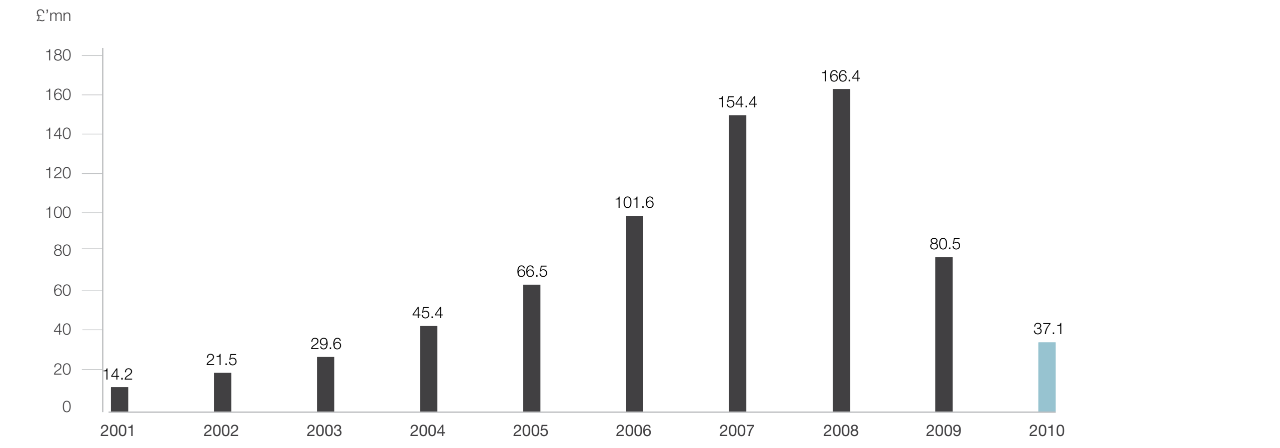
- Operating profit decreased by 54.0% to £37.1 million, contributing 9.3% to group profit
- Lending activity levels have declined and impairment losses on loans and advances have increased as a result of the depressed economic environment
- Key earnings drivers:
  - Core loans and advances increased 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
  - These earnings drivers have been impacted by fluctuations in local currency exchange rates and Pounds Sterling over the period. Local currency information is provided on page 21.

Contribution analysis

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

**As calculated on page 45.

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.

2

Income statement analysis

£'000	31 March 2010	31 March 2009	Variance	% change
Net interest income	287 121	274 236	12 885	4.7
Net fee and commission income	91 344	97 959	(6 615)	(6.8)
Principal transactions	12 578	7 823	4 755	60.8
Other operating income and operating income from associates	(498)	846	(1 344)	(>100.0)
Total operating income	390 545	380 864	9 681	2.5
Impairment losses on loans and advances	(115 195)	(90 094)	(25 101)	27.9
Admin expenses and depreciation	(238 298)	(210 307)	(27 991)	13.3
Operating profit before goodwill, non-operating items, taxation and after minorities	37 052	80 463	(43 411)	(54.0)
UK and Europe	6 545	42 034	(35 489)	(84.4)
Southern Africa	29 330	35 954	(6 624)	(18.4)
Australia	1 177	2 475	(1 298)	(52.4)
Operating profit before goodwill, non-operating items, taxation and after minorities	37 052	80 463	(43 411)	(54.0)
Adjusted shareholders' equity*	1 008 371	696 664	311 707	44.7
ROE (pre-tax)*	5.3%	14.8%		
Cost to income ratio	61.0%	55.2%		
Operating profit per employee (£'000)*	17.0	35.2	(18.2)	(51.7)

**As calculated on pages 45 and 47.*

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

- The increase in net interest income is largely attributable to growth in the loan book and higher average lending margin in the South African business. Net interest income continues to be negatively impacted by a decrease in arrangement fees, exit fees and deferred income as a result of lower lending activity levels, particularly in the UK
- Net fees and commissions continue to be negatively impacted by low activity levels
- Principal transactions include the revaluations and realisations of equity and warrant positions held. The increase in principal transactions reflects the increased value of equity stakes held in the South African business
- Impairment losses on loans and advances have increased, largely in Ireland and South Africa, in line with expectations
- The increase in expenses was driven by one-off costs in the UK Trust and Fiduciary business, increased investment in deposit raising and wealth management activities and increased personnel expenses in Australia.

2

Analysis of key earnings drivers (loans, deposits and funds under advice)

£'million As at	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	% change
Residential property investment	532	546	168	137	146	17	846	700	20.5
Residential mortgages (owner occupied and second homes)	178	190	2 189	1 575	41	180	2 408	1 945	23.8
Residential property development	792	888	281	398	196	193	1 269	1 479	(14.2)
Commercial property investment	1 160	1 050	3 267	2 554	568	147	4 995	3 751	33.2
Commercial property development	421	344	647	592	34	229	1 102	1 165	(5.3)
Cash and securities backed lending	190	280	378	398	19	6	587	684	(14.2)
Asset backed lending	226	244	339	284	529	256	1 094	784	39.5
Unlisted securities and general corporate lending	75	77	336	192	99	48	510	317	60.9
Unsecured lending	74	64	130	99	48	177	252	340	(25.9)
Total gross core loans and advances	3 648	3 683	7 735	6 229	1 680	1 253	13 063	11 165	17.0
Specific impairments	(58)	(36)	(27)	(33)	(30)	(13)	(115)	(82)	40.2
Portfolio impairments	(5)	(2)	(10)	(5)	(1)	-	(16)	(7)	>100.0
Net core loans and advances	3 585	3 645	7 698	6 191	1 649	1 240	12 932	11 076	16.8
Asset quality*									
Gross defaults	205	169	400	199	211	139	815	507	60.8
Collateral value	(149)	(137)	(521)	(224)	(206)	(154)	(876)	(515)	70.1
Impairments	(63)	(38)	(37)	(38)	(31)	(13)	(131)	(89)	47.2
Net defaults (limited to zero)	–	–	–	–	–	–	–	–	–
Gross defaults as a % of gross core loans and advances	5.6%	4.6%	5.2%	3.2%	12.5%	11.1%	6.2%	4.5%	
Defaults (net of impairments) as a % of net core loans and advances	4.0%	3.6%	4.7%	2.7%	10.9%	10.1%	5.3%	3.8%	
Credit loss ratio	1.5%	1.5%	0.6%	0.3%	1.3%	1.8%	1.0%	0.9%	

Further information on the type of lending we undertake within the division and the asset quality of the loan portfolio is provided on pages 128 to 135.

Net core loans and advances as at	31 March 2010 £'million	31 March 2009 £'million	% change	31 March 2010 Home currency 'million	31 March 2009 Home currency 'million	% change
UK and Europe	3 585	3 645	(1.6)	£3 585	£3 645	(1.6)
Southern Africa	7 698	6 191	24.3	R85 500	R84 048	1.7
Australia	1 649	1 240	33.0	A$2 729	A$2 561	6.6
	12 932	11 076	16.8			

Total deposits as at	31 March 2010 £'million	31 March 2009 £'million	% change	31 March 2010 Home currency 'million	31 March 2009 Home currency 'million	% change
UK and Europe	6 308	4 077	54.7	£6 308	£4 077	54.7
Southern Africa	4 607	2 990	54.1	R51 181	R40 586	26.1
Australia	851	657	29.5	A$1 413	A$1 358	4.1
	11 766	7 724	52.3			

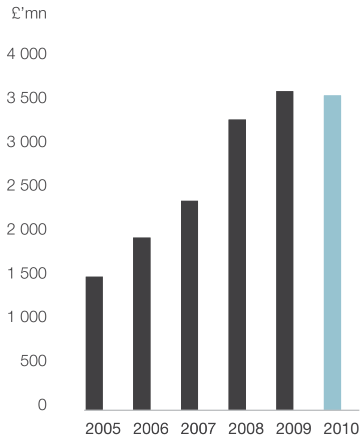
2

Total funds under advice as at	31 March 2010 £'million	31 March 2009 £'million	% change	31 March 2010 Home currency 'million	31 March 2009 Home currency 'million	% change
UK and Europe	1 810	1 415	27.9	£1 810	£1 415	27.9
Southern Africa	1 879	1 615	16.3	R20 876	R21 926	(4.8)
Australia	377	240	57.0	A$626	A$496	26.2
	4 066	3 270	24.3			

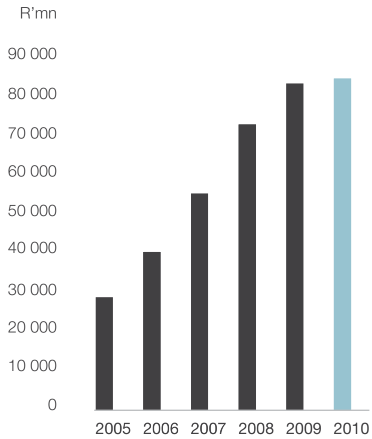
Further analysis of key earnings drivers

Net core loans and advances

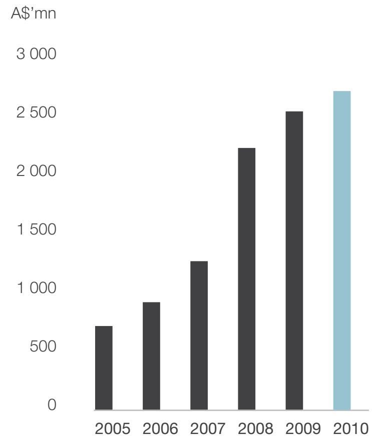
UK and Europe



Southern Africa

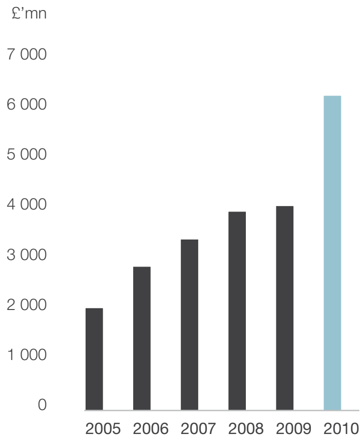


Australia

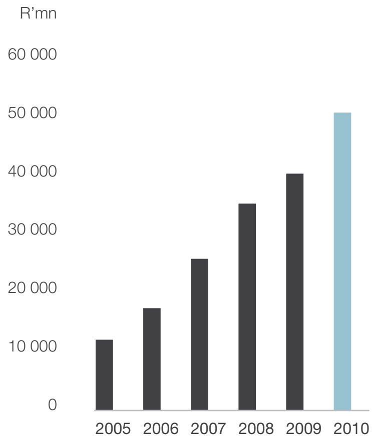


Deposits

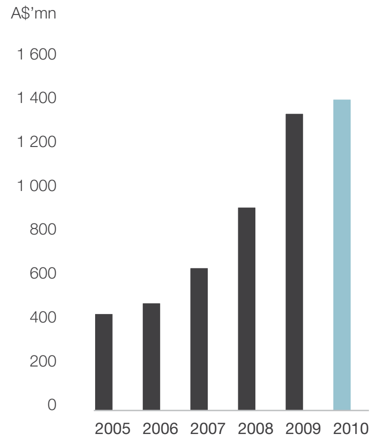
UK and Europe



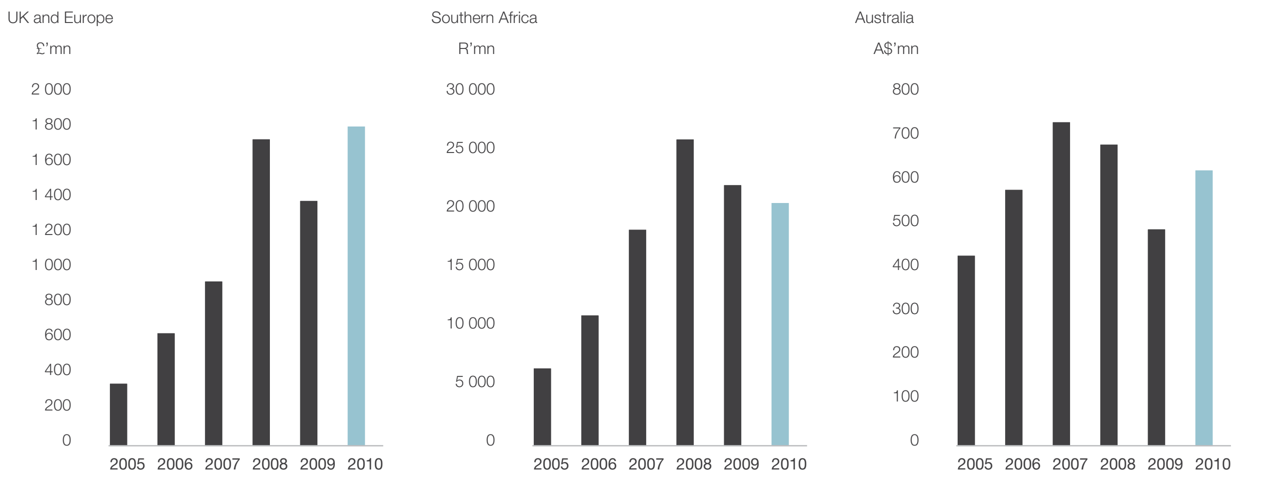
Southern Africa



Australia



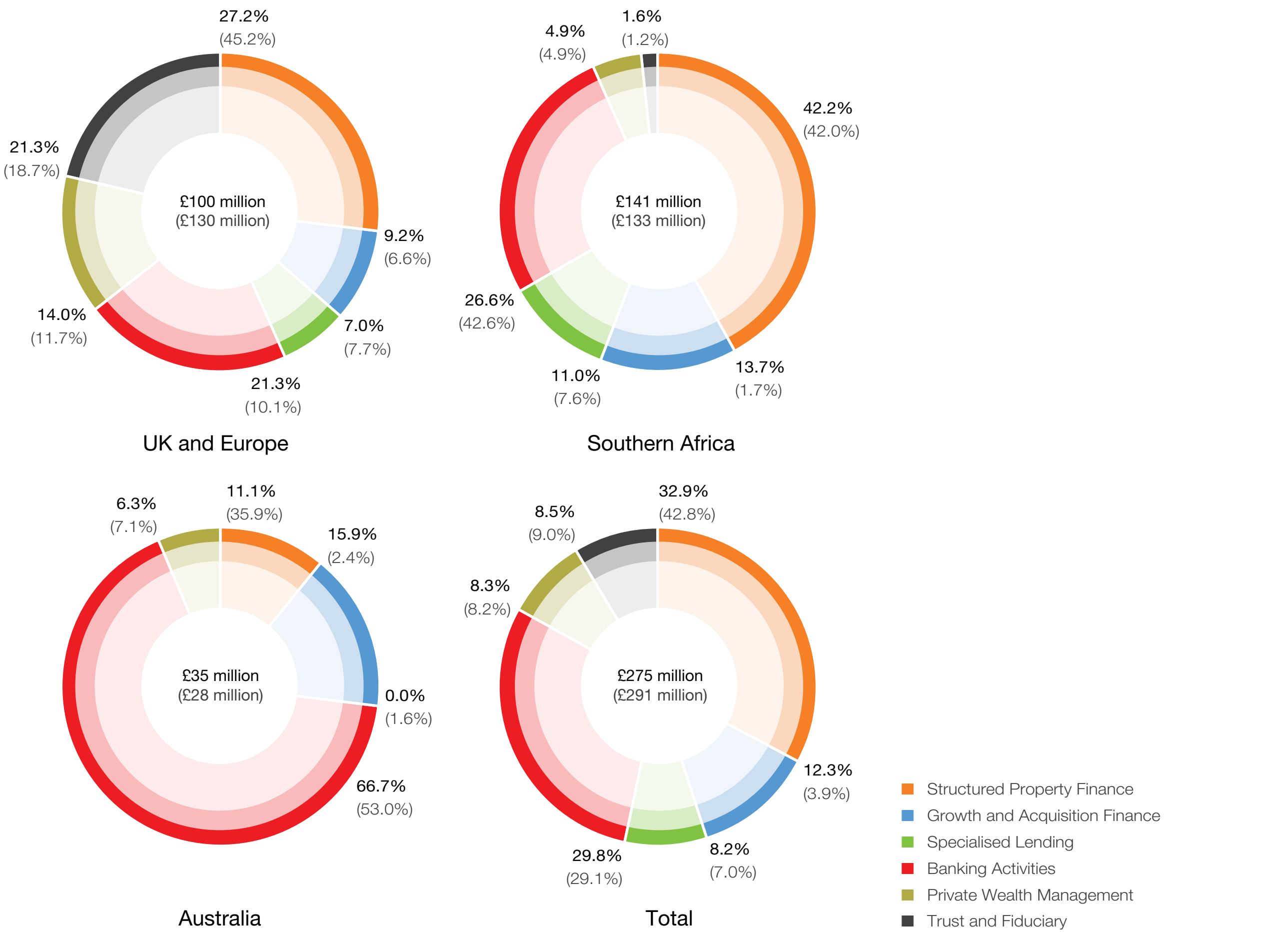
Funds under advice



Trend reflects numbers as at the year ended 31 March.

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

Information as at 31 March 2010 with 31 March 2009 comparatives in brackets



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
- The Trust and Fiduciary business was subject to a rigorous strategic review. This resulted in the announcement, in April 2010, of the phased closing of the Guernsey based business.

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 Growth and Acquisition Finance business unit saw muted activity levels during the year. A strategic re-alignment of the business to a provider of integrated funding solutions to high net worth individuals and their businesses resulted in a significant improvement in pipelines towards the end of the year
- 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, risks and uncertainties

- 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
- Critical objectives for the coming period are 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
  - Realise the full benefit of the proposed Rensburg Sheppards plc acquisition (as discussed on page 60) and so build our global Private Wealth Management business
  - Manage non-performing loans and impairments as we come through the cycle
  - Continually align our cost base and level of investment to expected future revenue
  - Above all, to 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.

Scope of activities

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

Activities

- Corporate finance
- Institutional research, sales and trading
- Direct investments
- Private equity.

Target market

- Listed and unlisted companies
- Fund managers
- Government
- Parastatals.

Strategic focus

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.

UK and Europe

Our main strategic objective is to be the pre-eminent full service mid-market UK investment bank by:

- Acting as trusted advisor to our institutional, corporate and private equity clients
- Leveraging our highly rated product and service offering internationally, primarily in the US and Europe
- Diversifying our service offering and increasing the use of capital to reinforce our mid-market offering.

Southern Africa

Corporate Finance

Our strategy is to:

- Take advantage of our leading position in the South African market
- Identify appropriate investment banking transactions as well as mergers and acquisitions and restructuring advisory opportunities.

Institutional Research, Sales and Trading

Our strategy is to:

- Be the top rated South African specialist broker
- Underpin our South African distinctiveness with a broad based research offering
- Fully leverage our offering into the US and Europe
- Be the pre-eminent player in the South African Prime Broking and electronic trading space.

Mission

To be an integrated entrepreneurial investment banking business

Principal Investments

Our strategy is to:

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

Australia

Our strategy is to:

- Build an integrated business model of advisory, private equity and direct investments, to maximise market opportunities
- Continue to focus on global collaboration to enhance cross-border activity
- Maintain a disciplined approach to private equity and direct investment activities.

Management structure

Global head of Investment Banking	Andy Leith

UK and Europe

Investment Banking and Securities	David Currie
	Craig Tate
Ireland	Michael Cullen
Finance	Ray Milner

Southern Africa

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

Australia

Corporate Finance, Institutional Research, Sales and Trading	Christian Nicks
Principal Investments	John Murphy

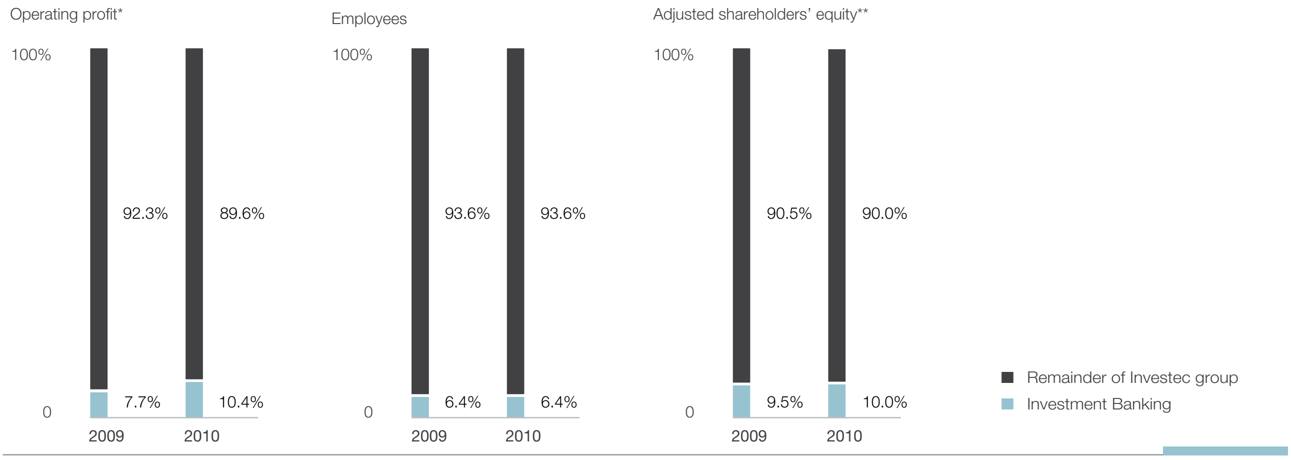
Hong Kong

Head	Richard Forlee

Overview and financial analysis

- Operating profit increased by 47.6% to £41.6 million, contributing 10.4% to group profit.

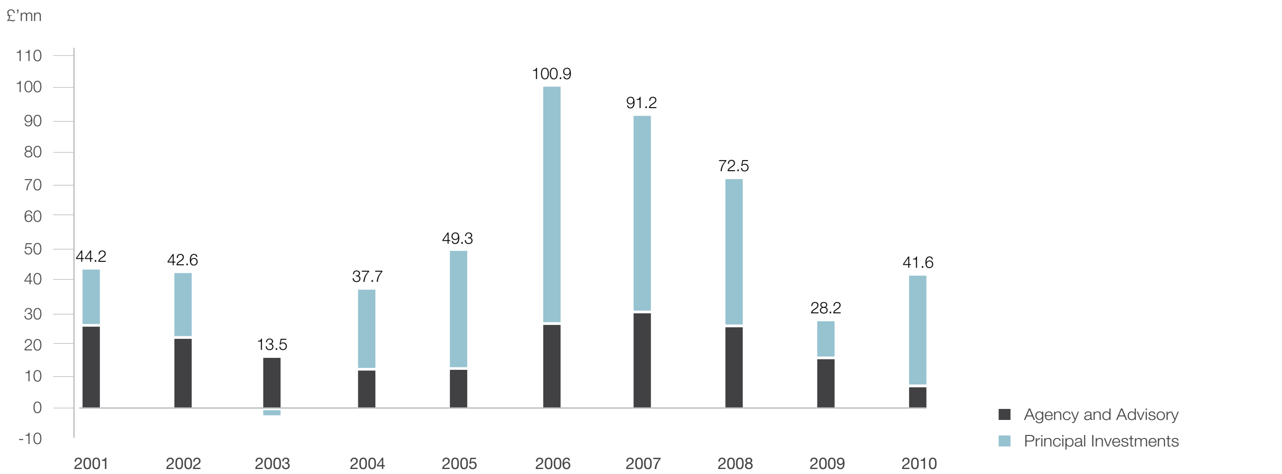
Contribution analysis



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

**As calculated on page 45.

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.

2

Income statement analysis

£'000	31 March 2010	31 March 2009	Variance	% change
Net interest income	(7 265)	2 612	(9 877)	(>100.0)
Net fee and commission income	71 088	69 041	2 047	3.0
Principal transactions	80 985	91 159	(10 174)	(11.2)
Other operating income and operating income from associates	16 238	(24 526)	40 764	>100.0
Total operating income	161 046	138 286	22 760	16.5
Impairment losses on loans and advances	(2 566)	(3 858)	1 292	(33.5)
Admin expenses and depreciation	(133 035)	(128 493)	(4 542)	3.5
Operating profit before goodwill, non-operating items and taxation	25 445	5 935	19 510	>100.0
Earnings attributable to minority interests	16 123	22 231	(6 108)	(27.5)
Operating profit before goodwill, non-operating items, taxation and after minorities	41 568	28 166	13 402	47.6
Corporate Finance	2 016	5 630	(3 614)	(64.2)
Institutional Research, Sales and Trading	4 904	10 231	(5 327)	(52.1)
Direct Investments	3 873	(5 735)	9 608	>100.0
Private Equity	30 775	18 040	12 735	70.6
Operating profit before goodwill, non-operating items, taxation and after minorities	41 568	28 166	13 402	47.6
UK and Europe	(4 399)	(30 810)	26 411	(85.7)
Southern Africa	45 694	66 065	(20 371)	(30.8)
Australia	273	(7 089)	7 362	>100.0
Operating profit before goodwill, non-operating items, taxation and after minorities	41 568	28 166	13 402	47.6
Adjusted shareholders' equity*	256 666	190 655	66 011	34.6
ROE (pre-tax)*	17.1%	13.9%		
Cost to income ratio	82.6%	92.8%		
Cost to income ratio excluding investments that are consolidated	60.1%	63.9%		
Operating profit per employee (£'000)*	112.2	75.3	36.9	49.0

As calculated on pages 45 and 47.

A further analysis of operating profit

31 March 2010 £'000	UK and Europe	Southern Africa	Australia	Total
Corporate Finance	(720)	5 408	(2 672)	2 016
Institutional Research, Sales and Trading	3 283	1 621	–	4 904
Principal Investments (Direct Investments and Private Equity)	14 844	38 665	2 031	55 540
	17 407	45 694	(641)	62 460
Consolidated investments	(21 806)	–	914	(20 892)
Total	(4 399)	45 694	273	41 568

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

Corporate Finance and Institutional Research, Sales and Trading

£'000	31 March 2010	31 March 2009	Variance	% change
Net interest income	(405)	2 733	(3 138)	(>100.0)
Net fee and commission income	64 021	70 076	(6 055)	(8.6)
Principal transactions	17 480	20 452	(2 972)	(14.5)
Total operating income	81 096	93 261	(12 165)	(13.0)
Admin expenses and depreciation	(74 176)	(77 400)	3 224	(4.2)
Operating profit before goodwill, non-operating items, taxation and after minorities	6 920	15 861	(8 941)	(56.4)

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

- Fees earned were impacted by lower corporate activity
- The Institutional Research, Sales and Trading operations in South Africa and the UK were negatively impacted by challenging market conditions.

Principal Investments

£'000	31 March 2010	31 March 2009	Variance	% change
Net interest income	(6 860)	(122)	(6 738)	(>100.0)
Net fee and commission income	7 067	(1 036)	8 103	>100.0
Principal transactions	63 505	70 708	(7 203)	(10.2)
Other operating income and operating income from associates	16 238	(24 526)	40 764	>100.0
Total operating income	79 950	45 024	34 926	77.6
Impairment losses on loans and advances	(2 566)	(3 858)	1 292	(33.5)
Admin expenses and depreciation	(58 859)	(51 092)	(7 767)	15.2
Operating profit before goodwill, non-operating items and taxation	18 525	(9 926)	28 451	>100.0
Earnings attributable to minority interests	16 123	22 231	(6 108)	(27.5)
Operating profit before goodwill, non-operating items, taxation and after minorities	34 648	12 305	22 343	181.6

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

- Principal transaction income represents the year to date cumulative increase/decrease in the value of the division's direct investments and private equity portfolios, the profit/loss on realisation of these investments and dividends and other income received (further analysis provided below)
- All other income categories largely relate to our investment in two private equity investments in which we hold 68.3% and 70.4%, respectively. The results of these investments have been consolidated. These investments generated a net loss before taxation of £20.9 million.

Value of trading investments on balance sheet as at 31 March 2010

£'million	Listed	Unlisted	Advances	Total
UK Private Equity and Direct Investments	15	34	–	49
SA Direct Investments	21	113	8	142
SA Private Equity	–	262	35	297
Australia	6	10	–	16
Hong Kong Direct Investments	–	15	–	15
	42	434	43	519

Value of consolidated investments of £29 million not included in table above.

2

2

Value of trading investments on balance sheet as at 31 March 2009

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

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

Analysis of operating profit for the year to 31 March 2010

£'million	Realised	Un-realised	Dividends	Funding costs	Principal trans-actions total	Interest and other	Net income	Ex-penses	Net profit	Minori-ties	Opera-ting profit
UK Private Equity and Direct Investments	–	2.6	–	–	2.6	6.1	8.7	(43.2)	(34.5)	15.5	(19.0)
SA Direct Investments	9.8	(5.3)	0.6	(12.0)	(6.9)	(1.8)	(8.7)	(1.0)	(9.7)	–	(9.7)
SA Private Equity	12.6	33.4	13.0	(3.6)	55.4	2.5	57.9	(9.6)	48.3	–	48.3
Australia	–	0.8	–	–	0.8	3.7	4.5	(2.2)	2.3	0.6	2.9
Hong Kong Direct Investments	18.0	(6.7)	0.3	–	11.6	3.3	14.9	(2.8)	12.1	–	12.1
Total	40 .4	24.8	13.9	(15.6)	63.5	13.8	77.3	(58.8)	18.5	16.1	34.6

Analysis of operating profit for the year to 31 March 2009

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

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.

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, risks and opportunities

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.

Scope of activities

Capital Markets focuses on the following activities:

Asset and liability management

Central Treasury provides South African Rand, Sterling, Euro, Australian Dollar and US Dollar funding to the group and manages liquidity and interest rate risk for the group.

Treasury products and distribution

A broad range of treasury products and services is offered to the corporate and public sector markets. We offer corporate entities deposit product, spot, forward exchange, currency swaps and currency options, principally in G7 currencies.

Interest rates

This unit is involved with interest rate products, forward rate agreements, interest rate swaps, money market instruments, government and certain public sector bonds, interest rate options and repurchase agreements.

Foreign exchange

We are participants in the spot, forward exchange, currency swaps and currency derivatives markets, principally in rand and G7 currencies and certain emerging market currencies.

Structured equity

Structured equity capabilities are available across South Africa, Ireland and the UK. The desks undertake structuring, finance, product issuance, market making, arbitrage and principal trading in equities and equity derivatives. We manufacture and deliver a comprehensive suite of solutions to the retail and wholesale markets. Business focus is to develop close relationships with clients, creating product synergies wherever possible.

Financial products

We are involved in financial engineering, preference share investments and structures, equities scrip lending, credit derivatives and the development of investment products.

Principal finance

We are involved in the origination and securitisation structuring and trading of residential mortgages, commercial mortgages, collateralised debt obligations and leveraged loans.

Structured and asset finance

This area focuses on structured and conventional lending, bond origination, securitisation and advice, asset leasing and finance, preference share finance, leveraged buy-out funding, executive share schemes and financing solutions for corporate, government and public sector clients.

Project finance

We provide advisory services, debt arranging and underwriting and equity raising in the infrastructure, power and industrial sectors with a focus on healthcare, telecoms, defence projects, transport and power.

Commodities and resource finance

We offer advisory services, debt arranging and underwriting, equity raising in the mining resources industry together with structured hedging solutions.

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

2

Strategic focus

Objectives include:

- Continuing to remain a focused and specialised business, targeting markets and products where we can be distinctive and competitive
- Through a strong disciplined approach centred on clients and delivery of structured products, we seek:
  – asset creation opportunities
  – product structuring and distribution opportunities
  – trading, hedging and proprietary market opportunities
  – advisory mandates
- 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.

Management structure

Global head of Capital Markets	David Van Der Walt

UK and Europe

Head	Andy Clapham
Treasury Products and Distribution	Chris Meyer
Central Treasury	John Barbour
Commodities and Resource Finance	George Rogers
Structured Equity Derivatives	Andrew Brogden
Principal Finance (including Kensington)	Andy Clapham
Structured and Asset Finance	Alistair Crowther
Project Finance (UK and International)	Maurice Hochschild
Operations (UK and International)	Kevin McKenna
Regional head: Ireland	Michael Cullen
Treasury Products and Distribution: Ireland	Aisling Dodgson
Equity Finance: Ireland	Loman Gallagher

Southern Africa

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

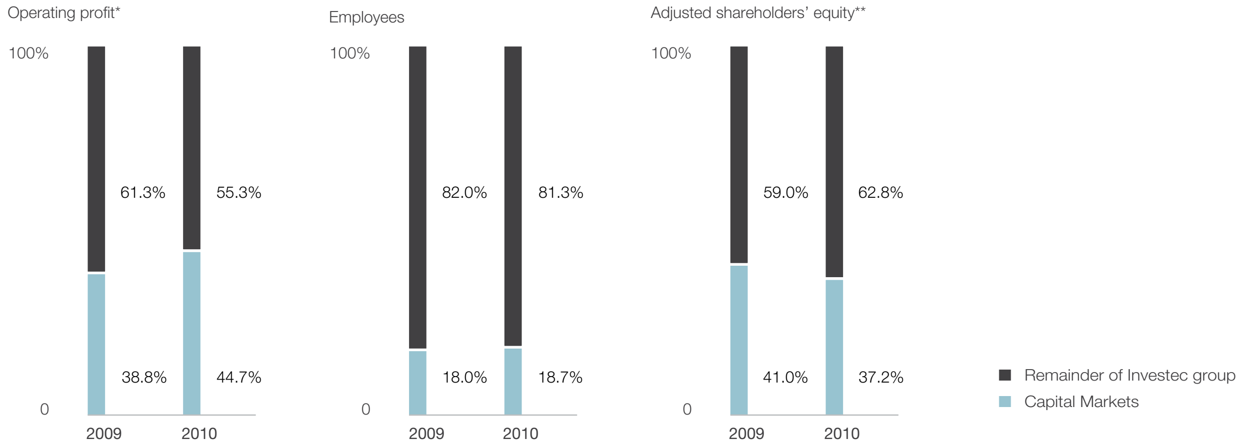
Australia

Head	José de Nobrega
Commodities and Resource Finance	Anthony Hawke
Project Finance	Peter Mansfield
	Mark Schneider
Structured Finance	David Phillips
Principal Finance	Dean You Lee
Corporate Debt	Simon Beissel
Treasury	Jeff Duncan-Nagy
Operations	Carl Dennis

Overview and financial analysis

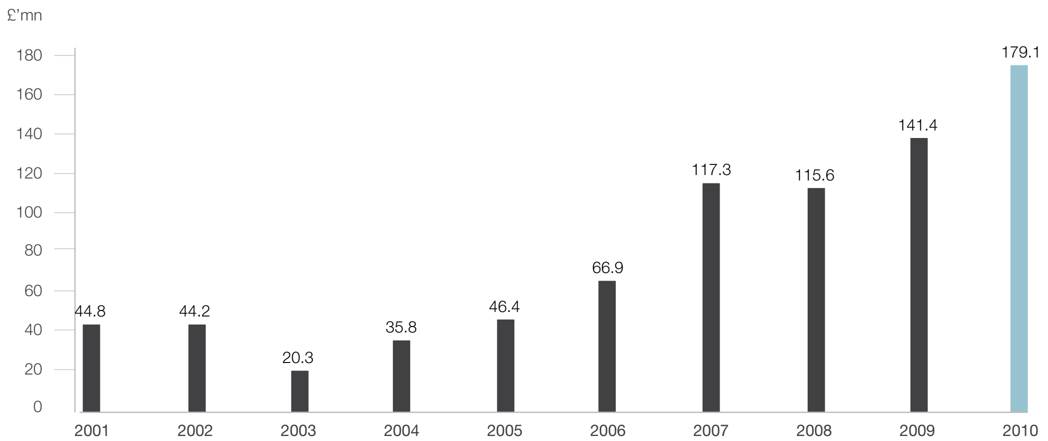
- Operating profit increased by 26.7% to £179.1 million, contributing 44.7% to group profit
- Core loans and advances have declined by 6.1% to £4.5 billion since 31 March 2009
- Investec plc acquired Kensington with effect from 8 August 2007. The business of Kensington now forms part of the Capital Markets division in the UK.

Contribution analysis



*Before goodwill, non-operating items, taxation and after minorities (excluding Group Services and Other Activities).
**As calculated on page 45.

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.

2

Income statement analysis

£'000	31 March 2010	31 March 2009	Variance	% change
Net interest income	309 878	286 712	23 166	8.1
Net fee and commission income	93 180	115 465	(22 285)	(19.3)
Principal transactions	196 845	140 462	56 383	40.1
Other operating income and operating income from associates	79	–	79	100.0
Total operating income	599 982	542 639	57 343	10.6
Impairment losses on loans and advances	(137 854)	(155 841)	17 987	(11.5)
Admin expenses and depreciation	(282 952)	(246 195)	(36 757)	14.9
Operating profit before goodwill, non-operating items and taxation	**179 176**	**140 603**	**38 573**	**27.4**
Earnings attributable to minority interests	(37)	771	(808)	(>100.0)
Operating profit before goodwill, non-operating items, taxation and after minorities	**179 139**	**141 374**	**37 765**	**26.7**
UK and Europe	93 163	78 015	15 148	19.4
Southern Africa	70 572	61 150	9 422	15.4
Australia	15 404	2 209	13 195	>100.0
Operating profit before goodwill, non-operating items, taxation and after minorities	**179 139**	**141 374**	**37 765**	**26.7**
Adjusted shareholders' equity*	958 173	818 328	139 845	17.1
ROE (pre-tax)*	18.5%	18.7%		
Cost to income ratio	47.2%	45.4%		
Operating profit per employee (£'000)*	166.6	130.5	36.1	27.7

**As calculated on pages 45 and 47.*

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

- The increase in net interest income reflects a mixed performance across geographies and business activity:
  - UK and Europe: benefited from higher margin earned on an increasing average floating rate Kensington portfolio as well as an enhanced return on select structured credit investments, offset by higher funding costs and lower spreads earned on surplus cash balances held
  - Southern Africa: negatively impacted by the declining interest rate environment and higher cash balances held
  - Australia: benefited from higher margins earned on investments in instruments purchased at opportunistic prices
- The decrease in net fee and commission income is largely attributable to a downturn in the Irish economy with the Irish business earning £26 million less than the prior period. Activity levels in the advisory and structuring businesses are lower than historic trends across all of our businesses. The Australian business earned a significant fee in Project Management
- The increase in principal transactions primarily reflects a growth in the Structured Equities business as well as increased activity in the Principal Finance business. This has been offset by a poorer trading performance on certain desks, largely as a result of declining volatility levels. The division was also successful in realising gains on the sale of certain of its investments, notably in South Africa and Australia
- Impairment losses on loans and advances have decreased during the year
- Expenses have increased largely due to an increase in headcount for certain growing businesses, variable remuneration and the amortisation of expenses related to new systems implemented.

Analysis of total operating income by geography

£'000	31 March 2010	31 March 2009	Variance
UK and Europe	396 215	370 953	25 262
Trading Activities	60 031	88 158	(28 127)
Principal Finance	108 085	57 073	51 012
Commodities and Resource Finance	10 980	(2 704)	13 684
Structured and Asset Finance	45 099	50 301	(5 202)
Kensington	172 020	178 125	(6 105)
Southern Africa	163 613	156 002	7 611
Trading Activities	26 516	46 905	(20 389)
Treasury Activities	51 630	53 248	(1 618)
Financial Products	27 548	20 252	7 296
Lending Activities	57 919	35 597	22 322
Australia	40 154	15 684	24 470
Trading Activities	1 612	2 058	(446)
Treasury/Balance Sheet Management	4 786	612	4 174
Financial Products	4 557	2 282	2 275
Lending Activities	27 181	5 275	21 906
Structured Finance	2 018	5 457	(3 439)
Total	599 982	542 639	57 343

Analysis of core loans and advances (excluding Kensington)

£'million	UK and Europe		Southern Africa		Australia		Total		
As at	31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009	% change
Preference share finance	–	–	704	587	–	–	704	587	19.9
Acquisition finance	638	686	383	329	–	–	1 021	1 015	0.6
Small ticket asset finance	351	275	–	–	–	–	351	275	27.6
Principal finance	432	781	–	–	61	57	493	838	(41.2)
Project finance	134	122	182	152	69	50	385	324	18.8
Structured finance	157	377	1 225	1 215	10	12	1 392	1 604	(13.2)
Resource finance and commodities	65	38	98	135	31	51	194	224	(13.4)
Total gross core loans and advances	1 777	2 279	2 592	2 418	171	170	4 540	4 867	(6.7)
Specific impairments	(23)	(37)	–	(24)	(5)	(3)	(28)	(64)	(56.3)
Portfolio impairments	(2)	(1)	(1)	(1)	–	–	(3)	(2)	50.0
Net core loans and advances	1 752	2 241	2 591	2 393	166	167	4 509	4 801	(6.1)
Asset quality*									
Gross defaults	66	116	6	44	12	12	84	172	(51.2)
Collateral value	(44)	(81)	(14)	(33)	(7)	(10)	(65)	(124)	(47.6)
Impairments	(25)	(38)	(1)	(25)	(5)	(3)	(31)	(66)	(53.0)
Net defaults (limited to zero)	–	–	–	–	–	–	–	–	–
Gross defaults as a % of gross core loans and advances	3.7%	5.1%	0.3%	1.8%	6.9%	7.3%	1.9%	3.6%	
Defaults (net of impairments) as a % of net core loans and advances	2.4%	3.5%	0.2%	0.9%	4.2%	5.9%	1.2%	2.2%	
Credit loss ratio	1.7%	1.7%	0.4%	1.1%	4.9%	1.6%	1.2%	1.4%	

**Further information on the type of lending we undertake within the division and the asset quality of the loan portfolio is provided on pages 128 to 135.*

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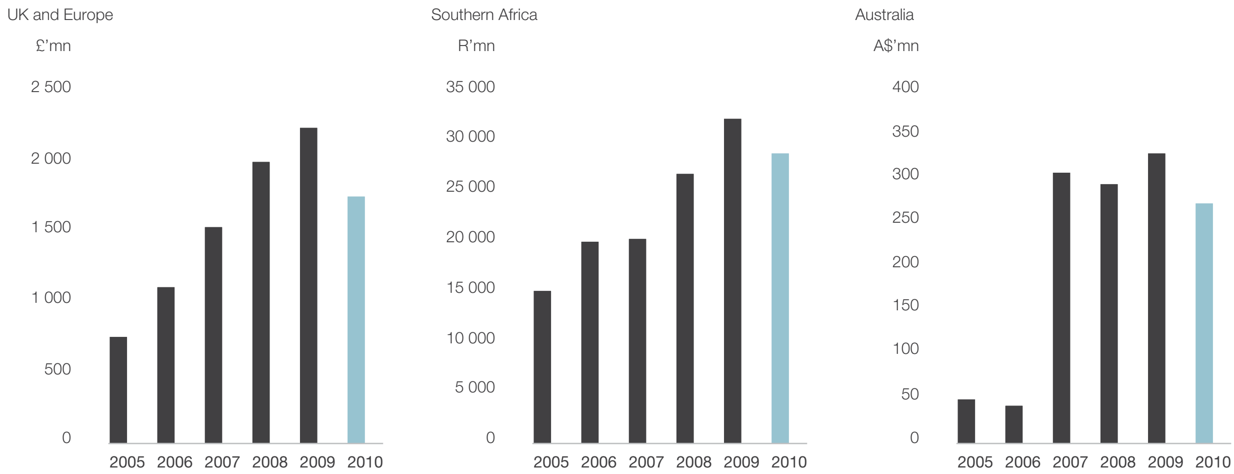
Net core loans and advances as at	31 March 2010 £'million	31 March 2009 £'million	% change	31 March 2010 Home currency 'million	31 March 2009 Home currency 'million	% change
UK and Europe	1 752	2 241	(21.8)	1 752	£2 241	(21.8)
Southern Africa	2 591	2 393	8.3	R28 778	R32 484	(11.4)
Australia	166	167	(0.6)	A$275	A$345	(20.3)
Net core loans and advances	4 509	4 801	(6.1)			

Further analysis of core loans and advances

Net core loans and advances (excluding Kensington)



Kensington Group plc – salient financial information

Summary income statement

£'000	31 March 2010	31 March 2009
Total operating income	172 020	178 125
Impairment losses on loans and advances	(81 185)	(93 246)
Admin expenses and depreciation	(53 573)	(47 738)
Operating profit before goodwill, non-operating items and taxation	37 262	37 141

Kensington key statistics

As at 31 March 2010	Warehouse book	Securitised portfolio	Total	% of total
Assets and business activity statistics				
Mortgage assets under management (£'million)	1 776	2 874	4 650	
IFRS adjustments	(10)	81	71	
Mortgage assets under management (£'million)	1 786	2 793	4 579	
First charge % of total mortgage assets under management	93.5%	94.4%	94.0%	
Second charge % of total mortgage assets under management	6.5%	5.6%	6.0%	
Fixed rate loans % of total mortgage assets under management	38.1%	0.7%	15.3%	
Number of accounts	16 155	30 723	46 878	
Average loan balance (first charge)	£142 214	£109 831	£120 489	
Largest loan balance	£1 126 641	£1 194 619	£1 194 619	
Weighted average loan mature margin %	4.1%	4.6%	4.4%	
Product mix (pre-IFRS adjustments) (£'million)	1 786	2 793	4 579	100.0
Prime	9	–	9	0.2
Near prime	626	468	1 094	23.9
Prime Buy to Let	1	–	1	–
Adverse	443	1 861	2 304	50.3
Adverse Buy to Let and Right to Buy	76	138	214	4.7
Start – Irish operations	631	326	957	20.9
Geographic distribution (£'million)	1 786	2 793	4 579	100.0
UK – North	359	796	1 155	25.2
UK – South West	90	173	263	5.7
UK – South East	259	513	772	16.9
Outer London	171	304	475	10.4
Inner London	86	180	266	5.8
Midlands	191	501	692	15.1
Start – Irish operations	630	326	956	20.9
Spread of value of properties	100.0%	100.0%	100.0%	
>£500 000	3.5%	1.4%	2.1%	
>£250 000 – <=£500 000	23.3%	12.5%	16.2%	
>£200 000 – <=£250 000	16.2%	12.0%	13.5%	
>£150 000 – <=£200 000	20.2%	19.5%	19.8%	
>£100 000 – <=£150 000	23.6%	28.4%	26.7%	
>£70 000 – <=£100 000	11.6%	19.5%	16.8%	
>£50 000 – <=£70 000	1.5%	5.3%	4.0%	
<£50 000	0.1%	1.4%	0.9%	
Asset quality statistics				
Weighted average current LTV of active portfolio (adjusted for house price indexation)*	82.1%	75.2%	77.9%	

**Bad debt provision is based on house price index assumptions of:*
UK: calendar year 2010: -10% and an extra -10% haircut to the price to reflect forced sale discount.
Ireland: calendar year 2010: -9.4% and an extra -13% (dropping to -10% for sales from September 2010 onwards) forced sale discount.

Kensington key statistics (continued)

As at 31 March 2010	Warehouse book	Securitised portfolio	Total	% of total
LTV spread – % of book	100.0%	100.0%	100.0%	
<= 65%	22.3%	27.4%	25.4%	
>65% – <70%	4.9%	6.6%	6.0%	
>70% – <75%	5.4%	8.2%	7.1%	
>75% – <80%	6.3%	10.5%	8.9%	
>80% – <85%	7.9%	12.0%	10.4%	
>85% – <90%	8.9%	12.5%	11.1%	
>90% – <95%	12.4%	9.7%	10.8%	
>95% – <100%	12.7%	6.4%	8.8%	
>100%	19.2%	6.7%	11.5%	
% of accounts > 90 days in arrears	27.0%	29.1%	28.4%	
Number of accounts > 90 in arrears	4 368	8 946	13 314	
Total capital lent in arrears (£'million)	709	1 244	1 953	100.0
Arrears 0 – 60 days	94	191	285	14.6
Arrears 61 – 90 days	74	129	203	10.4
Arrears > 90 days	517	880	1 397	71.5
Possession	24	44	68	3.5
Debt to income ratio of clients	20.4%	19.1%	19.6%	
Investec investment/exposure to assets reflected above (£'million)	555	147	702	
On balance sheet provision (£'million)	(69)	(43)	(112)	
Investec net investment/exposure to assets reflected above (£'million)	486	104	590	

Kensington key statistics (continued)

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

**Bad debt provision is based on house price index assumption of: calendar year 2008: -15%, calendar year 2009: -15% and an extra -10% haircut to the price to reflect forced sale discount.*

2

Kensington key statistics (continued)

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

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 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, risks and opportunities

- 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.

Scope of activities

Central Services

- Corporate Affairs
- Corporate Social Investment
- Economics Research
- Finance and Operations
- Head Office
- Human Resources
- Information and Business Intelligence Centre
- Information Technology
- International Financial Institutions
- Investor Relations
- Legal and Tax
- Marketing
- Organisation Development
- Regulatory, Internal Audit and Compliance
- Risk Management
- Secretarial
- Staff Share Schemes.

Other Activities

- International Trade Finance (ReichmansCapital) – trade, asset and debtor finance.

Management structure

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

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

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2

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. Refer to page 45 for further details
- 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.

Central Funding (continued)

£'000	31 March 2010	31 March 2009	Variance	% change
Net interest income (excluding interest on sub debt and debentures)	84 337	199 733	(115 396)	(57.8)
Principal transactions	120 054	14 301	105 753	>100.0
Other income	(721)	(2 943)	2 222	>100.0
	203 670	211 091	(7 421)	(3.5)
Interest paid on sub-debt and debentures	(70 920)	(83 749)	12 829	(15.3)
Impairment losses on loans and advances	(28 634)	(4 197)	(24 437)	(>100.0)
Admin expenses and depreciation	(9 522)	(6 381)	(3 141)	49.2
Operating profit before goodwill, non-operating items and taxation	94 594	116 764	(22 170)	(19.0)
Earnings attributable to minority interests	3 151	(26 043)	29 194	>100.0
Operating profit before goodwill, non-operating items, taxation and after minorities	97 745	90 721	7 024	7.7

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

- Net interest income was largely impacted by:
  - A negative endowment impact (i.e. lower return earned on surplus capital) as a result of the declining rate environment
  - The decrease in interest paid on sub-debt is as a result of a decline in interest rates in South Africa
  - A loss of £6.9 million (2009: profit of £25.8 million) arising on the derivative hedging of the preferred securities issued by a subsidiary of Investec plc from Euros into Pounds sterling. This exposure is hedged with the equal and opposite impact reflected in losses/earnings attributable to minorities
- The increase in principal transaction income largely reflects the benefit of purchasing the group's debt in the UK and improved return on certain investments held in the South African portfolio
- The group has increased its portfolio impairments.

Risk and governance | THREE

Risk and governance

Risk disclosures provided in line with the requirements of International Financial Reporting Standard 7 Financial Instruments: Disclosures (IFRS 7) and disclosures on capital required by International Accounting Standard 1: Presentation of Financial Statements (IAS 1) are included within this section of the annual report (pages 105 to 195) with further disclosures provided within the financial statements section (pages 289 to 378). All sections, paragraphs, tables and graphs on which an audit opinion is expressed are marked as audited.

Philosophy and approach

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

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

Group Risk Management (part of Group Services) is independent from the business units and monitors, manages and reports on our risk to ensure it is within the stated appetite as mandated by the board of directors through the Board Risk and Capital Committee. Business units are ultimately responsible for managing risks that arise.

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

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

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

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 30 to 32.

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

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

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

- 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.

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 119 to 121, page 157 and pages 171 to 172), 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 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.

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%

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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 have been highlighted on page 35. The sections that follow provide information on a number of these risk areas.

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 203.

Committee	Function
Audit Committees Members: Non-executive directors Chairman: Sam Abrahams (non-executive director) Frequency: DLC Audit Committee – 4 times a year Investec Limited and Investec plc Audit Committee – 4 times each per year	• See pages 210 and 211 • The Internal Audit, Compliance and Operational Risk departments report to the Audit Committees.
Board Risk and Capital Committee (BRCC) Members: Executive and non-executive directors (senior management by invitation) Chairman: Stephen Koseff (CEO) Frequency: Six times a year	• See page 214.
DLC Capital Committee Members: Executive and non-executive directors and senior management Chairman: Stephen Koseff (CEO) Frequency: At least quarterly	• See page 215.
Executive Risk Review Forum (ERRF) Members: Executive directors and senior management Chairman: Stephen Koseff (CEO) Frequency: Every Friday except on BRCC dates	• See pages 214 and 215.
Global Credit Committee Members: Executive and senior management. Non-executive directors have a level of oversight which is exercised within the applicable committee Chairman: Glynn Burger (Group Risk and Finance director) Frequency: Twice a week	• Considers and approves the granting of credit to counterparties in excess of the mandates granted to divisional and other credit forums on a global basis • Sets the level of our maximum acceptable counterparty, geographic, asset, concentration and industry exposures • Reviews and approves changes to credit policy and methodologies, including: – Large exposure policy: dealing with the control of concentration risk and exposure measurement methodology – Provisioning policy: dealing with the classification of past due amounts and minimum acceptable provisions – Excess management policy: dealing with the classification of excesses and prescribed escalation procedures – Long dated exposure by counterparty and instrument type – Property valuation policy: specifies the framework for valuation of physical security.
Group Investment Committee Members: Executive directors and senior management Chairman: Stephen Koseff (CEO) Frequency: Weekly	• Is responsible for reviewing and approving: – Acquisitions or disposals of strategic investments in which we act as principal and retain an equity interest (above predetermined thresholds) – Capital expenditure or disposals (above predetermined thresholds).

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Committee	Function
Group Deal Forum Members: Executive and senior management. Non-executive directors have a level of oversight which is exercised within the applicable committee Chairman: Glynn Burger (Group Risk and Finance director) Frequency: Weekly	• Considers, approves and mitigates the risks inherent in any acquisition, disposal, new product or other non-standard transactions that we are considering.
Group Market Risk Forum Members: Global heads of risk, market risk and the trading desks; senior management; members of the market risk teams and other members of group Risk Management Chairman: Mark Trollip (global head of Market Risk) Frequency: Weekly	• Reviews and recommends limit adjustments in all existing products and markets across all desks in the group • Recommends limits for new products and new markets • Recommends methodology as to how risks be measured.
Asset and Liability Committee Members: Executive, senior management, economist, treasurer, business heads and head of Asset and Liability Management Chairman: Glynn Burger (Group Risk and Finance director) Frequency: Monthly (or ad hoc if required)	• Recommend and monitors our funding and liquidity policy and non-trading interest rate risk policy, which translates into a suite of limits that define our risk appetite • Directs the implementation of the methodology, techniques, models and risk measures • Reviews the structure of our balance sheet and business strategies, taking into account market conditions, including stress tests • Maintains liquidity contingency plans.
Operational Risk Committee (UK) Members: Chief Risk Officer, head of Operational Risk and senior management Chairman: Bharat Thakker Frequency: Quarterly	• Promotes sound operational risk management practices • Considers and recommends the enhancement of operational risk management practices and techniques • Considers key operational risk reports.
Operational Risk Working Group (UK) Members: Embedded risk managers of the group or their alternates, operational risk team members, key Enterprise Risk Assessor (ERA) users, Chairperson of the Operational Risk Committee Frequency: Monthly	• Reviews and facilitates the implementation of decisions made by the Operational Risk Committee.
Operational Risk Working Group (South Africa) Members: Head of Operational Risk, members of operational risk management team and divisional operational risk managers (embedded risk managers) Frequency: Monthly	• Promotes sound operational risk management practices • Considers and recommends the enhancement of operational risk management practices and techniques • Reviews and facilitates the implementation of operational risk management practices • Considers key operational risk reports • Escalates issues to BRCC.
Group Legal Risk Forum Members: Executive directors senior management and divisional legal managers Chairman: David Nurek (global head of Legal Risk) Frequency: Half-yearly (or ad hoc if required)	• Considers and manages legal risks throughout the group.

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

Integrated global risk management structure

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

Divisional and geographic roles	Global	UK and Europe	South Africa	Australia
Credit Risk	Ciaran Whelan	Ian Wohlman	Justin Cowley	Mike Sargeant
Market Risk	Mark Trollip	Jeremy Arnold	Adrienne Betts	Adam Rapeport
Balance Sheet Risk Management	Cyril Daleski	Wendy Robinson	Cyril Daleski	Peter Binetter
Operational Risk	Colin Fiddes	Bharat Thakker	Colin Fiddes	Shirley Snoyman
Legal Risk	David Nurek	Richard Brearley	David Nurek	Stephen Chipkin
Internal Audit	Bradley Tapnack	Noel Sumner	Marle van der Walt	Aik Leow
Compliance	Bradley Tapnack	Richard Brearley	Geoff Cook	Belinda Dorfan

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Credit and counterparty risk management

Credit and counterparty risk description Audited

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

Credit and counterparty risk arises primarily from three types of transactions:

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

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

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

Credit and counterparty risk governance structure Audited

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

In addition to the group Credit Committee, the following processes assist in managing, measuring and monitoring credit and counterparty risk:

- Day to day arrears management and regular arrears reporting ensures that individual positions and any potential trends are dealt with in a timely manner

- Watchlist Committee, which reviews the management of distressed loans, potential problem loans and exposures in arrears that require additional attention and supervision
- Corporate Watch Forum, which reviews and manages exposures that may potentially become distressed as a result of changes in the economic environment or adverse share price movements, or that are vulnerable to volatile exchange rate or interest rate movements
- Arrears, Default and Recoveries Forum which specifically reviews and manages distressed loans and potentially distressed loans within the Private Bank division.

Whilst we do not have a separate country risk committee, the global Credit Committees will consider, analyse, and assess the appropriate limits to be recorded when required, to extend the loans to foreign jurisdictions. When applications are submitted to the local group credit committee, consideration of the country risk element forms part of the sanctioning process. The local group credit committee has the power to recommend to the global Credit Committee an appropriate country credit limit where undertaking a particular transaction could exceed the approved country limit. The global Credit Committee is responsible for approving country limits.

Credit and counterparty risk appetite

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

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

Our assessment of our clients includes consideration of their character and integrity, core competencies, track record and financial strength. A strong emphasis is placed on income and cash flow streams generated by the clients, third party income or cash flow streams derived from lease or rental agreements in support of property related transactions. In this manner, we seek comfort in mitigating our risk by thoroughly assessing the ability of our borrowers to meet their payment obligations. Furthermore we have very little appetite for unsecured debt and ensure that good quality collateral is provided in support of obligations (refer to page 144 for further information).

Target clients include high net worth individuals, certain professionally qualified individuals, high income earning individuals, corporates, parastatals, government, institutions and banks. Corporates must have scale, relevance, experienced management, able board members and strong earnings/cash flow. Interbank lending is reserved for those banks and institutions in the group's core geographies of activity, which are systemic and highly rated. Direct exposures to cyclical industries and start-up ventures tend to be avoided.

We typically originate loans with the intent of holding these assets to maturity, and thereby developing a "hands on" and longstanding relationship with our clients. In certain instances we have elected to sell certain assets down and/or securitised them (refer to page 145 for further information).

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

Management and measurement of credit and counterparty risk Audited

Fundamental principles employed in the management of credit and counterparty risk are:

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

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

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

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

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

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

Fitch, Standard and Poor's and Moody's have been approved as eligible external credit assessment institutions (ECAIs) for the purposes of determining external credit ratings with the following elections:

- In relation to sovereigns, Fitch has been selected by Investec as the primary ECAI, with Standard & Poors or Moodys being used as support where a Fitch rating is not available
- In relation to banks and securities firms, Fitch has been selected by Investec as the primary ECAI, with Standard & Poors being used as support where a Fitch rating is not available
- In relation to corporates, and small to medium enterprises, both Standard & Poors and Moody's are considered to be eligible ECAIs. Where the assessments of these two ECAIs differ, the more conservative rating will be applied
- Where there are three or more credit ratings with different risk weightings, the credit ratings corresponding to the two lowest ratings should be referred to and the higher of those two ratings should be applied.

Credit and counterparty risk in the UK and Europe

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

Private Banking

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

The Structured Property Finance area provides senior debt and secondary funding for property transactions covering the residential and commercial markets. Our exposure to the property market is well diversified. Our properties are well located residential or good quality commercial assets with recognised tenant covenant. Where we have had exposures to properties linked to asset performance we have experienced extremely illiquid market

Credit risk arises mainly through our Private Banking and Capital Markets activities, although some credit and counterparty risk does arise in other businesses

conditions and have had to employ appropriate strategies to exit distressed positions. Most assets are located in the UK, with limited exposure to retail property assets in Germany and Switzerland, which are anchored by major European retail covenants. Client quality and expertise are at the core of our credit philosophy. Debt service cover ratios are a core consideration in the lending process supported by reasonable loan to security values. These average at approximately 77% taking into account recent market falls. All facilities are reviewed at least annually and property values are monitored by reference to reports from our appointed panel valuation firms.

Growth and Acquisition Finance provides composite debt funding to proven management teams, running UK based mid-market companies. Transaction sizes typically range between £5 million and £15 million. Credit risk is assessed against debt service coverage from the robustness of the cash generation for the business both historically and against forecasts.

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

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

Private Client Lending provides bespoke mortgages and secured lending to high net worth and high income individuals. Credit risk is assessed against prudent debt servicing cover ratios. Lending is underpinned by good quality assets, including residential and commercial property, bank guarantees, discretionary investment portfolios and cash deposits. In determining serviceability, we also consider the liquidity of the client, including cash reserves and liquid asset holdings. Funding is characterised by long-term annuity income and a historically low probability of default. The total bespoke mortgage portfolio at 31 March 2010 was £178 million. The high sustainable income streams and liquid asset holdings exhibited by our private clients is reflected in the quality of this portfolio which has withstood the adverse market conditions and shown little increased stress during the financial year in review.

An analysis of the Private Banking loan portfolio and asset quality information is provided on pages 142 and 143.

Capital Markets

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

As part of the daily management of liquidity, the treasury function places funds with central banks (the Bank of England, the European Central Bank and, the Central Bank of Ireland) and other commercial banks and financial institutions. These market counterparties are highly rated, investment grade entities with credit risk of a systemic nature in the UK, Europe and US. A rigorous internal assessment process, supported by rating agency information, is undertaken to analyse each counterparty to which we may be potentially exposed to ascertain their credit worthiness.

Our trading portfolio consists of positions in interest rates, foreign exchange, equities, with some precious and non precious metal positions. Credit risk arises from normal trading risks. We maintain a thorough risk process that reviews and monitors all potential credit risks inherent in customer trading facilities. These positions are marked to market daily with margin calls where necessary to mitigate credit exposure in the event of counterparty default.

Within the banking business, credit risk can arise from structured finance, project and resource financing, asset finance, acquisition finance, principal finance and corporate lending activities. There are approved limits specifying the maximum exposure to each individual counterparty, to minimise concentration risk. Facilities are secured on the assets of the underlying corporate. The credit appetite for each counterparty is based on the financial strength of the principal borrower, underlying cash flow and security. While most of the activities of our Capital Markets division are concentrated in Europe, any exposure to counterparties outside this jurisdiction is mitigated through a stringent country risk approval and monitoring process, and covered by political risk insurance where deemed appropriate.

A summary of the nature of the lending and/or credit risk assumed within some of the key areas within the banking business is provided below:

- Structured and Asset Finance: loans/leases against fixed assets linked to the success of the business they are employed in. These transactions amortise from anticipated cash flows
- Project Finance: provides advisory, debt and equity arranging services to renewable energy projects and public/private projects, e.g. roads, hospitals, prisons. Loans are secured on the project themselves with a high degree of due diligence around both the delivery risks and the cash flow to repay any facilities
- Acquisition Finance: participation in senior debt facilities in the leveraged buy-out market relating to medium to large corporates. Average exposure is approximately £8 million per entity, giving portfolio diversity

- **Commodities and Resource Finance:** provides project finance and working capital lending and hedging to existing, producing, base and precious metal entities. Provable reserves and strong cash flow are paramount considerations in the credit decision process
- **Principal Finance:** market dislocation over the period has presented opportunities to purchase well rated debt from forced or distressed sellers at substantial discounts. The underlying assets are in areas of our core competence. The portfolio also includes residential and mortgage assets arising out of our securitisation activities (refer to page 145 for further information).

An analysis of the Capital Markets loan portfolio and asset quality information is provided on pages 142 and 143.

Investment Banking

Counterparty risk in this area is modest. All share underwriting is fully sub-underwritten with well known market counterparties. The business also trades approved shares on an approved basis and makes markets in shares where we are appointed corporate broker under pre-agreed market risk limits.

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Settlement trades are all on a delivery versus payment basis, through major stock exchanges. Credit risk only occurs in the event of counterparty failure and would be linked to any mark to market losses on the underlying security.

Asset Management

Investec Asset Management Limited regularly transact with well known rated market counterparties. These are all on an exchange traded delivery versus payment basis and exposure is to a move in the underlying security in the unlikely event a counterparty fails. Direct cash placements follow our policy, as outlined above, of only being exposed to systemic banks of investment grade quality in the UK, Europe and US.

Credit and counterparty risk in South Africa

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

Private Banking

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

A large portion of the lending portfolio is supported by residential and commercial property collateral. Exposure to commercial and retail properties was originally approved at conservative loan to value ratios. Income producing assets are generally substantially let with good quality anchor tenants. Collateral exposure to the South African property market is regionally diversified (primarily Pretoria, Johannesburg, Cape Town, Durban and Port Elizabeth). Serviceability of a loan advanced against property (and not only asset value) and quality of the client are primary considerations in the credit assessment process.

An analysis of the Private Banking loan portfolio and asset quality information is provided on page 142 and 143.

Capital Markets

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

As part of the daily management of liquidity, the treasury function places funds with central banks (the SARB) and other commercial banks and financial institutions. These market counterparties are highly rated, investment grade entities with credit risk of a systemic nature.

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

The Resource Finance business may be exposed to countries presenting complex legal and political risks. Political risk insurance is taken to ensure political risks are well managed. There is also strong adherence to prudent country risk limits to manage concentration risk on an ongoing basis. Most of the Resource Finance business activities form part of the corporate asset class (as defined by Basel II), since recourse in the event of default will be to the total assets of the corporate and not merely the resource project being financed.

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

An analysis of the Capital Markets loan portfolio and asset quality information is provided on page 142 and 143.

ReichmansCapital

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

Credit and counterparty risk in Mauritius

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

Credit and counterparty risk in Australia

Investec Bank (Australia) Limited operates within a clearly defined framework for managing credit risk. The policies and procedures for credit risk management are consistent with those of the group and comply with the prudential standards issued by the APRA.

Credit and counterparty risk is assumed through transacting with target private and corporate clients, project and resource finance, and the placement of surplus liquidity with highly rated domestic banks and financial institutions. Details with respect to the nature of the credit and counterparty risk assumed is similar to that of the activity conducted within our UK operations.

An analysis of the Private Banking and Capital Markets loan portfolios and asset quality information is provided on page 142 and 143.

Asset quality analysis – credit risk classification and provisioning policy Audited

It is a policy requirement overseen by Central Credit Management that each operating division makes provision for specific impairments and calculates the appropriate level of portfolio impairments. This is in accordance with established group guidelines and in conjunction with the Watchlist Committee policy and process. In the financial statements, credit losses and impairments are reported in accordance with International Financial Reporting Standards (IFRS).

The information provided below reflects the guidelines and definitions that have been applied in assessing the asset quality of credit exposures (see pages 128 and 129). The impairment definitions and guidelines are consistent with IFRS. IFRS differs from the requirements laid out in the "International Convergence of Capital Measurement and Capital Standards" Basel II framework which has been adopted by the banking regulators in all of the locales in which we have operations. IFRS focuses on the concept of incurred loss, whereas Basel II centres on the concept of expected loss. The reconciling differences are primarily due to the fact that IFRS impairments only reflect a decrease in the value of assets with credit risk where a "loss trigger event" has occurred, and only that portion of the expected loss which has actually been incurred at the reporting date. A loss trigger event is an event which exhibits a high correlation to the crystallisation of loss.

Regulatory and economic capital classification	IFRS impairment treatment	Arrears, default and recoveries classification category	Description
Performing assets	For assets which form part of a homogenous portfolio, a portfolio impairment is required which recognises asset impairments that have not been individually identified. The portfolio impairment takes into account past events and does not cover impairments to exposures arising out of uncertain future events. By definition, this impairment is only calculated for credit exposures which are managed on a portfolio basis and only for assets where a loss trigger event has occurred.	Past due	An account is considered to be past due when it is greater than zero and less than or equal to 60 days past due the contractual/credit agreed payment due date, although management is not concerned and there is confidence in the counterparty's ability to repay the past due obligations.
		Special mention	The counterparty is placed in special mention when that counterparty is considered to be experiencing difficulties that may threaten the counterparty's ability to fulfill their credit obligation to the group (i.e. Watchlist Committee is concerned) for the following reasons: • Covenant breaches; • There is a slowdown in the counterparty's business activity; • An adverse trend in operations that signals a potential weakness in the financial strength of the counterparty; or • Any restructured credit exposures until appropriate Watchlist Committee decides otherwise. Ultimate loss is not expected, but may occur if adverse conditions persist. Supplementary reporting categories: • Credit exposures overdue 1 – 60 days • Credit exposures overdue 61 – 90 days.

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<table>
<tr><th>Regulatory and economic capital classification</th><th>IFRS impairment treatment</th><th>Arrears, default and recoveries classification category</th><th>Description</th></tr>
<tr><td rowspan="3">Assets in default</td><td rowspan="3">Specific impairments are evaluated on a case-by-case basis where objective evidence of impairment has arisen. In determining specific impairments, the following factors are considered:
• Capability of the client to generate sufficient cash flow to service debt obligations and the ongoing viability of the client's business
• Likely dividend or amount recoverable on liquidation or bankruptcy
• Nature and extent of claims by other creditors
• Amount and timing of expected cash flows
• Realisable value of security held (or other credit mitigants)
• Ability of the client to make payments in the foreign currency, for foreign currency denominated accounts.</td><td>Sub-standard</td><td>The counterparty is placed in sub-standard when the credit exposure reflects an underlying, well defined weakness that may lead to probable loss if not corrected.
• The risk that such credit exposure may become an impaired asset is probable;
• The bank is relying, to a large extent, on available collateral; or
• The primary sources of repayment are insufficient to service the remaining contractual principal and interest amounts, and the bank has to rely on secondary sources for repayment. These secondary sources may include collateral, the sale of a fixed asset, refinancing and further capital.

Credit exposures overdue for more than 90 days will at a minimum be included in "Sub-standard" (or a lower quality category).</td></tr>
<tr><td>Doubtful</td><td>• The counterparty is placed in doubtful when the credit exposure is considered to be impaired but not yet considered a final loss due to some pending factors such as a merger, new financing or capital injection which may strengthen the quality of the relevant exposure.</td></tr>
<tr><td>Loss</td><td>• A counterparty is placed in the loss category when the credit exposure is considered to be uncollectible once all efforts, such as realisation of collateral and institution of legal proceedings, have been exhausted; or
• Assets in this category are expected to be written off in the short-term since the likelihood of future economic benefits resulting from such assets is remote.</td></tr>
</table>

Credit risk mitigation Audited

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

The bulk of collateral taken by the Private Bank, which makes up a substantial portion of on balance sheet assets, is commercial and residential real estate. Commercial real estate generally takes the form of good quality property often underpinned by strong third party leases. Residential property is also generally of a high quality and based in desirable locations. In the year under review, as a result of the global economic slowdown, downward pressure on the value of commercial and residential real estate continued in the first half of the financial year with low/static growth in the latter part of the financial year, in all our key operating jurisdictions (UK, South Africa and Australia). Residential and commercial property valuations will continue to form part of our increased focus on collateral assessment.

It is our policy to obtain a formal valuation, performed by an approved valuer of every commercial property offered as collateral for a lending facility before advancing funds under the credit facility and to revalue all commercial properties held as collateral on a regular basis, at the discretion of the Credit Committee. Residential properties are valued by a combination of Computer Aided Valuation (CAV) and approved valuers, if applicable. Other common forms of collateral in the retail asset class are motor vehicles, cash and share portfolios.

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

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

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

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

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

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

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

An analysis of collateral is provided on page 144.

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

Pages 111 to 121 describe where and how credit risk is assumed in our operations. The tables that follow provide an analysis of the our credit and counterparty exposures.

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 as expressed in home currencies (refer to page 108).

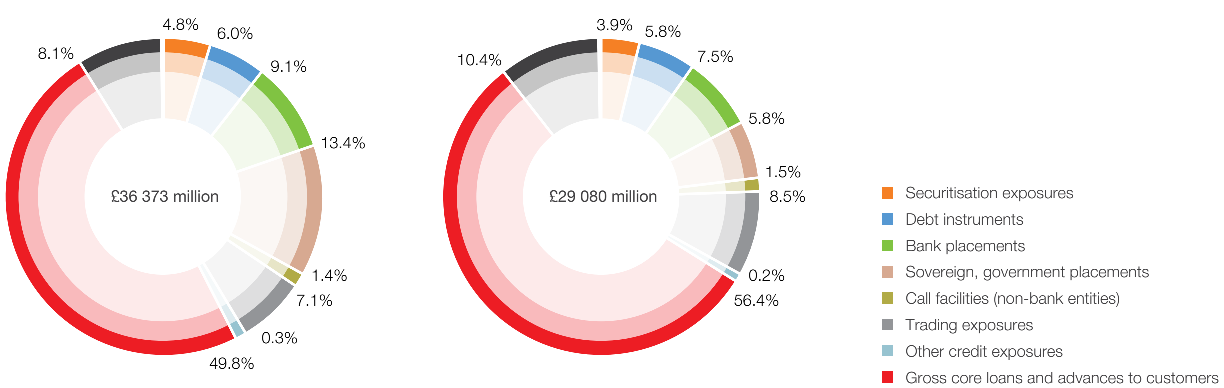
Audited £'000	31 March 2010	31 March 2009	% change	Average*
On-balance sheet exposures	33 424 983	26 044 284	28.3	29 734 636
Securitisation exposures arising from securitisation/principal finance activities	1 753 645	1 132 465	55.0	1 443 056
Rated instruments	546 469	243 344	>100	394 907
Unrated instruments	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 128.*

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

An analysis of gross credit and counterparty exposures

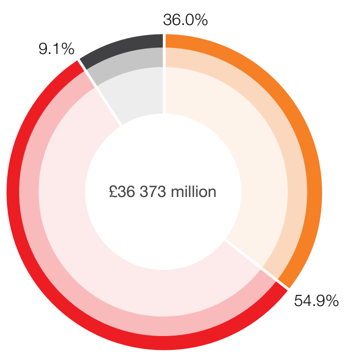


31 March 2010 31 March 2009

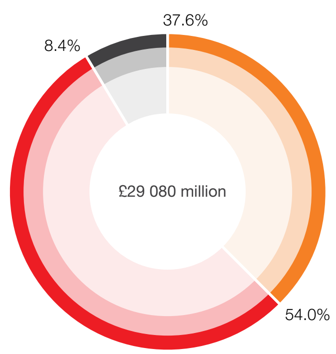
An analysis of gross credit and counterparty exposures by geography

Audited £'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



31 March 2010



31 March 2009

- UK and Europe
- South Africa
- Australia

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

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

Audited £'000	Securitisation exposures arising from securitisation/principal finance activities Total	Rated instruments	Unrated instruments	Other	Debt instruments (NCDs, bonds held, debentures)
As at 31 March 2010					
Cash and balances at central banks	–	–	–	–	–
Loans and advances to banks	–	–	–	–	–
Cash equivalent advances to customers	–	–	–	–	–
Reverse repurchase agreements and cash collateral on securities borrowed	–	–	–	–	119 403
Trading securities	49 812	23 305	26 507	–	1 122 547
Derivative financial instruments	22 769	–	–	22 769	–
Investment securities	69 133	62 390	6 743	–	918 989
Loans and advances to customers	800 389	375 027	10 085	415 277	–
Loans and advances to customers – Kensington warehouse assets	555 307	–	–	555 307	–
Securitised assets	248 710	85 747	159 697	3 266	–
Deferred taxation assets	–	–	–	–	–
Other assets	7 525	–	–	7 525	48 997
Interests in associated undertakings	–	–	–	–	–
Property and equipment	–	–	–	–	–
Investment property	–	–	–	–	–
Goodwill	–	–	–	–	–
Intangible assets	–	–	–	–	–
Insurance assets	–	–	–	–	–
Total	1 753 645	546 469	203 032	1 004 144	2 209 936
As at 31 March 2009					
Cash and balances at central banks	–	–	–	–	–
Loans and advances to banks	–	–	–	–	–
Cash equivalent advances to customers	–	–	–	–	–
Reverse repurchase agreements and cash collateral on securities borrowed	–	–	–	–	–
Trading securities	46 861	336	41 964	4 561	686 893
Derivative financial instruments	31 733	–	–	31 733	–
Investment securities	538	–	538	–	954 422
Loans and advances to customers	280 639	141 352	44 830	94 457	–
Loans and advances to customers – Kensington warehouse assets	474 302	–	–	474 302	–
Securitised assets	293 634	101 656	186 818	5 160	–
Deferred taxation assets	–	–	–	–	
Other assets	4 758	–	–	4 758	60 901
Interests in associated undertakings	–	–	–	–	–
Property and equipment	–	–	–	–	–
Investment property	–	–	–	–	–
Goodwill	–	–	–	–	–
Intangible assets	–	–	–	–	–
Insurance assets	–	–	–	–	–
Total	1 132 465	243 344	274 150	614 971	1 702 216

1. *Largely relates to exposures that are classified as equity risk in the banking book. Further information is provided on pages 148 to 150.*
2. *Largely relates to impairments and the impact of hedge accounting.*
3. *Whilst the group manages all risks (including credit risk) from a day to day operational perspective, these assets are within special purpose vehicles that ring fence the assets to specific credit providers and limits security to the assets in the vehicle. The table above reflects the net credit exposure in the vehicles that the group has reflected in the "total credit and counterparty exposure" with the*

3

Bank placements	Sovereign, government placements	Call facilities (non-bank entities)	Trading exposures (positive fair value excluding potential future exposures)	Other credit exposures	Gross core loans and advances to customers	Total credit and counter-party exposure	Assets that we deem to have no legal credit exposure	Note refer-ence	Total balance sheet
3 914	2 334 273	–	–	–	–	2 338 187	47		2 338 234
2 754 037	–	319	27 079	195	–	2 781 630	–		2 781 630
–	–	501 717	–	79 400	–	581 117	–		581 117
377 277	–	–	414 752	–	–	911 432	–		911 432
–	1 687 945	–	486 500	–	–	3 346 804	874 841	1	4 221 645
–	–	–	1 321 333	–	–	1 344 102	247 739		1 591 841
100 581	845 432	–	–	–	–	1 934 135	61 938	1	1 996 073
–	–	–	–	–	16 924 421	17 724 810	(310 119)	2	17 414 691
–	–	–	–	–	–	555 307	1 221 218	3	1 776 525
–	–	–	–	–	1 172 717	1 421 427	3 913 026	4	5 334 453
–	–	–	–	–	–	–	134 355		134 355
57 402	–	–	348 067	24 041	–	486 032	754 592		1 240 624
–	–	–	–	–	–	–	104 059		104 059
–	–	–	–	–	–	–	161 255		161 255
–	–	–	–	–	–	–	273 038		273 038
–	–	–	–	–	–	–	274 417		274 417
–	–	–	–	–	–	–	36 620		36 620
–	–	–	–	–	–	–	5 399 856		5 399 856
3 293 211	4 867 650	502 036	2 597 731	103 636	18 097 138	33 424 983	13 146 882		46 571 865
2 582	1 101 552	–	935	–	–	1 105 069	20		1 105 089
1 983 044	–	–	34 944	101	–	2 018 089	–		2 018 089
–	–	379 978	12 918	3 277	–	396 173	–		396 173
144 129	–	43 945	381 696	–	–	569 770	–		569 770
–	540 238	–	498 329	–	–	1 772 321	541 524	1	2 313 845
–	–	–	1 257 912	7 758	–	1 297 403	545 740		1 843 143
–	46 095	–	–	16	–	1 001 071	62 498	1	1 063 569
–	–	–	–	–	15 264 870	15 545 509	(154 990)	2	15 390 519
–	–	–	–	–	–	474 302	1 423 576	3	1 897 878
–	–	–	–	–	1 128 333	1 421 967	4 206 380	4	5 628 347
–	–	–	–	–	–	–	136 757		136 757
55 888	–	–	286 507	34 556	–	442 610	451 452		894 062
–	–	–	–	–	–	–	93 494		93 494
–	–	–	–	–	–	–	174 532		174 532
–	–	–	–	–	–	–	189 156		189 156
–	–	–	–	–	–	–	255 972		255 972
–	–	–	–	–	–	–	34 402		34 402
–	–	–	–	–	–	–	3 360 106		3 360 106
2 185 643	1 687 885	423 923	2 473 241	45 708	16 393 203	26 044 284	11 320 619		37 364 903

maximum credit exposure referenced to credit providers external to the group in the column headed "assets that we do not hold legal credit risk or have no credit risk".

4. *Largely relates to net investments in Kensington securitised vehicles to which Investec has no direct exposure as discussed on pages 93 and 94. Also includes liquidity facilities provided to third party corporate securitisation vehicles in South Africa. These facilities have remained undrawn and are reflected as a contingent liability, i.e. off-balance sheet exposure of the bank.*

3

Detailed analysis of gross credit and counterparty exposures by industry

£'000	HNW and professional individuals	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business services
As at 31 March 2010					
On-balance sheet exposures	13 087 885	57 698	290 454	5 097 621	321 733
Securitisation exposures arising from securitisation/ principal finance activities	–	–	–	–	–
Rated instruments	–	–	–	–	–
Unrated instruments	–	–	–	–	–
Other	–	–	–	–	–
Debt instruments (NCDs, bonds held, debentures)	–	–	20 663	–	–
Bank placements	–	–	–	–	–
Sovereign, government placements	–	–	–	4 867 650	–
Call facilities (non-bank entities)	–	4 535	–	–	30 220
Trading exposures (positive fair value excluding potential future exposures)	21 972	926	20 298	–	68 716
Other credit exposures	3 129	–	–	107	–
Gross core loans and advances to customers	13 062 784*	52 237	249 493	229 864	222 797
Off-balance sheet exposures	2 329 509	8 977	9 754	4 984	4 836
Guarantees	275 279	–	3 886	23	4 798
Contingent liabilities, committed facilities, other	2 054 230	8 977	5 868	4 961	38
Total gross credit and counterparty exposures pre collateral or other credit enhancements	15 417 394	66 675	300 208	5 102 605	326 569
As at 31 March 2009					
On-balance sheet exposures	11 191 566	75 123	194 043	1 958 081	257 100
Securitisation exposures arising from securitisation/ principal finance activities	–	–	–	–	–
Rated instruments	–	–	–	–	–
Unrated instruments	–	–	–	–	–
Other	–	–	–	–	–
Debt instruments (NCDs, bonds held, debentures)	–	–	4 413	–	–
Bank placements	–	–	–	–	–
Sovereign, government placements	–	–	–	1 687 885	–
Call facilities (non-bank entities)	–	3 725	18 230	–	27 171
Trading exposures (positive fair value excluding potential future exposures)	15 780	274	5 895	186	13 555
Other credit exposures	9 310	8	30	82	88
Gross core loans and advances to customers	11 166 476*	71 116	165 475	269 928	216 286
Off-balance sheet exposures	2 325 826	–	21 666	7 015	16 704
Guarantees	466 475	–	43	19	7 855
Contingent liabilities, committed facilities, other	1 859 351	–	21 623	6 996	8 849
Total gross credit and counterparty exposures pre collateral or other credit enhancements	13 517 392	75 123	215 709	1 965 096	273 804

**A further analysis of our private banking loan book is provided on pages 142 and 143.*

***Largely relating to our principal finance/securitisation activities.*

3

Finance and insurance	Retailers and wholesalers	Manu-facturing and commerce	Real estate	Mining and resources	Leisure, entertain-ment and tourism	Transport and communi-cation	Other**	Total
9 549 068	455 589	1 195 082	1 976 055	261 218	297 537	835 043	–	33 424 983
539 958	8 260	–	1 205 427	–	–	–	–	1 753 645
391 812	–	–	154 657	–	–	–	–	546 469
34 630	4 994	–	163 408	–	–	–	–	203 032
113 516	3 266	–	887 362	–	–	–	–	1 004 144
2 176 523	–	–	–	–	–	12 750	–	2 209 936
3 293 211	–	–	–	–	–	–	–	3 293 211
–	–	–	–	–	–	–	–	4 867 650
131 964	110 235	162 382	–	23 294	–	39 406	–	502 036
2 257 000	61 921	23 612	81 508	38 342	5 092	18 344	–	2 597 731
96 027	243	2 331	477	1 283	10	29	–	103 636
1 054 385	274 930	1 006 757	688 643	198 299	292 435	764 514	–	18 097 138
267 829	11 986	85 326	700	131 019	35 332	57 785	–	2 948 037
8 882	27	19 150	–	33 095	–	223	–	345 363
258 947	11 959	66 176	700	97 924	35 332	57 562	–	2 602 674
9 816 897	467 575	1 280 408	1 976 755	392 237	332 869	892 828	–	36 373 020
7 694 163	484 081	792 713	1 852 816	397 242	334 731	730 670	81 955	26 044 284
300 667	9 270	–	740 573	–	–	–	81 955	1 132 465
122 966	–	–	57 438	–	–	–	62 940	243 344
86 585	4 110	–	182 708	–	–	–	747	274 150
91 116	5 160	–	500 427	–	–	–	18 268	614 971
1 678 876	5 157	–	–	11 722	–	2 048	–	1 702 216
2 185 643	–	–	–	–	–	–	–	2 185 643
–	–	–	–	–	–	–	–	1 687 885
95 729	115 122	117 371	–	20 093	–	26 482	–	423 923
2 258 435	6 744	13 512	36 576	109 002	85	13 197	–	2 473 241
13 179	2 885	12 590	811	6 042	202	481	–	45 708
1 161 634	344 903	649 240	1 074 856	250 383	334 444	688 462	–	16 393 203
345 193	39 798	149 636	29 231	54 049	18 468	27 860	–	3 035 446
15 212	15 044	38 177	4 709	18 791	16	4 027	–	570 368
329 981	24 754	111 459	24 522	35 258	18 452	23 833	–	2 465 078
8 039 356	523 879	942 349	1 882 047	451 291	353 199	758 530	81 955	29 079 730

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'. A description of the type of lending we undertake within the Private Bank is provided on pages 113 and 115, and a more detailed analysis of the Private Banking loan portfolio is provided on page 142. The remainder of core loans and advances largely reside within our Capital Markets division and are evenly spread across industry sectors. A description of the type of lending we undertake within the Capital Markets division is provided on pages 114 and 115, and a more detailed analysis of the Capital Markets loan portfolio is provided on page 142.

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.

£'000	Gross core loans and advances 31 March 2010	Gross core loans and advances 31 March 2009	Other credit and counterparty exposures 31 March 2010	Other credit and counterparty exposures 31 March 2009	Total 31 March 2010	Total 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.*

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

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

Audited £'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 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 119 to 121.

Audited £'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%

3

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

Audited £'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
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)	–	–	–	–	–	–	–	–

Audited	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 (i.e income statement impairment charge on loans as a % of average loans and advances)	1.72%	1.46%	0.71%	0.67%	1.67%	1.74%	1.16%	1.08%

An analysis of core loans and advances to customers and asset quality by geography and division – As at 31 March 2010

Audited £'000	Private Bank** UK and Europe	Southern Africa	Australia	Total
Gross core loans and advances to customers	3 647 608	7 735 161	1 680 015	13 062 784
Total impairments	(62 621)	(37 586)	(31 048)	(131 255)
Portfolio impairments	(4 458)	(10 193)	(1 237)	(15 888)
Specific impairments	(58 163)	(27 393)	(29 811)	(115 367)
Net core loans and advances to customers	3 584 987	7 697 575	1 648 967	12 931 529
Average gross core loans and advances	3 665 185	6 982 042	1 466 415	12 113 641
Current loans and advances to customers	3 205 251	7 127 430	1 426 910	11 759 591
Total gross non current loans and advances to customers	442 357	607 731	253 105	1 303 193
Past due loans and advances to customers (1 – 60 days)	146 705	159 918	34 500	341 123
Special mention loans and advances to customers	90 294	48 794	8 052	147 140
Default loans and advances to customers	205 358	399 019	210 553	814 930
Gross core loans and advances to customers	3 647 608	7 735 161	1 680 015	13 062 784
Total gross non-current loans and advances to customers	442 357	607 731	253 105	1 303 193
Default loans that are current and not impaired	4 985	34 620	–	39 605
Gross core loans and advances to customers that are past due but not impaired	277 180	438 990	155 275	871 445
Gross core loans and advances to customers that are impaired	160 192	134 121	97 830	392 143
Total income statement charge for impairments on core loans	(55 433)	(40 626)	(19 136)	(115 195)
Gross default loans and advances to customers	205 358	399 019	210 553	814 930
Specific impairments	(58 163)	(27 393)	(29 811)	(115 367)
Portfolio impairments	(4 458)	(10 193)	(1 237)	(15 888)
Defaults net of impairments	142 737	361 433	179 505	683 675
Collateral and other credit enhancements	148 861	521 227	206 198	876 286
Net default loans and advances to customers (limited to zero)	–	–	–	–
Specific impairments as a % of gross core loans and advances to customers	1.59%	0.35%	1.77%	0.88%
Portfolio impairments as a % of gross core loans and advances to customers	0.12%	0.13%	0.07%	0.12%
Total impairments as a % of gross core loans and advances to customers	1.72%	0.49%	1.85%	1.00%
Specific impairments as a % of gross default loans	28.32%	6.87%	14.16%	14.16%
Gross defaults as a % of gross core loans and advances to customers	5.63%	5.16%	12.53%	6.24%
Gross defaults (net of impairments) as a % of net core loans and advances to customers	3.98%	4.70%	10.89%	5.29%
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)	1.51%	0.58%	1.30%	0.95%

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

**A further analysis of our Private Bank and Capital Markets loan portfolios, broken down by type of loan, is provided on pages 142 and 143.

Capital Markets**				Other*				
UK and Europe	Southern Africa	Australia	Total	UK and Europe	Southern Africa	Australia	Total	Total
1 777 498	2 592 288	170 692	4 540 478	111 649	380 478	1 749	493 876	18 097 138
(24 853)	(1 459)	(4 867)	(31 179)	(12 500)	(31 407)	–	(43 907)	(206 341)
(1 714)	(1 444)	–	(3 158)	(12 500)	(17 396)	–	(29 896)	(48 942)
(23 139)	(15)	(4 867)	(28 021)	–	(14 011)	–	(14 011)	(157 399)
1 752 645	2 590 829	165 825	4 509 299	99 149	349 071	1 749	449 969	17 890 797
2 028 407	2 505 170	170 220	4 703 797	94 079	332 158	1 496	427 733	17 245 171
1 685 350	2 571 935	158 869	4 416 154	111 649	354 298	1 749	467 696	16 643 441
92 148	20 353	11 823	124 324	–	26 180	–	26 180	1 453 697
18 835	13 963	–	32 798	–	7 618	–	7 618	381 539
7 050	–	–	7 050	–	399	–	399	154 589
66 263	6 390	11 823	84 476	–	18 163	–	18 163	917 569
1 777 498	2 592 288	170 692	4 540 478	111 649	380 478	1 749	493 876	18 097 138
92 148	20 353	11 823	124 324	–	26 180	–	26 180	1 453 697
–	–	–	–	–	–	–	–	39 605
50 744	20 353	2 254	73 351	–	8 017	–	8 017	952 813
41 404	–	9 569	50 973	–	18 163	–	18 163	461 279
(39 210)	(9 184)	(8 274)	(56 668)	(12 500)	(20 838)	–	(33 338)	(205 201)
66 263	6 390	11 823	84 476	–	18 163	–	18 163	917 569
(23 139)	(15)	(4 867)	(28 021)	–	(14 011)	–	(14 011)	(157 399)
(1 714)	(1 444)	–	(3 158)	(12 500)	(17 396)	–	(29 896)	(48 942)
41 410	4 931	6 956	53 297	(12 500)	(13 244)	–	(25 744)	711 228
43 629	14 012	6 956	64 597	–	6 309	–	6 309	947 192
–	–	–	–	–	–	–	–	–
1.30%	–	2.85%	0.62%	–	3.68%	–	2.84%	0.87%
0.10%	0.06%	–	0.07%	11.20%	4.57%	–	6.05%	0.27%
1.40%	0.06%	2.85%	0.69%	11.20%	8.25%	–	8.89%	1.14%
34.92%	0.23%	41.17%	33.17%	–	77.14%	–	77.14%	17.15%
3.73%	0.25%	6.93%	1.86%	–	4.77%	–	3.68%	5.07%
2.36%	0.19%	4.19%	1.18%	–	–	–	–	3.98%
–	–	–	–	–	–	–	–	–
1.65%	0.36%	4.86%	1.20%	13.29%	6.33%	–	7.84%	1.16%

An analysis of core loans and advances to customers and asset quality by geography and division – As at 31 March 2009

Audited £'000	Private Bank** UK and Europe	Southern Africa	Australia	Total
Gross core loans and advances to customers	3 682 761	6 228 923	1 252 814	11 164 498
Total impairments	(37 726)	(37 619)	(13 050)	(88 395)
Portfolio impairments	(2 132)	(4 754)	–	(6 886)
Specific impairments	(35 594)	(32 865)	(13 050)	(81 509)
Net core loans and advances to customers	3 645 035	6 191 304	1 239 764	11 076 103
Average gross core loans and advances	3 513 898	5 399 705	1 145 563	10 059 166
Current loans and advances to customers	3 124 164	5 860 702	1 088 511	10 073 377
Total gross non current loans and advances to customers	558 597	368 221	164 303	1 091 121
Past due loans and advances to customers (1 – 60 days)	386 846	126 145	15 975	528 966
Special mention loans and advances to customers	3 087	42 879	9 611	55 577
Default loans and advances to customers	168 664	199 197	138 717	506 578
Gross core loans and advances to customers	3 682 761	6 228 923	1 252 814	11 164 498
Total gross non-current loans and advances to customers	558 597	368 221	164 303	1 091 121
Default loans that are current and not impaired	6 398	1 568	–	7 966
Gross core loans and advances to customers that are past due but not impaired	463 215	203 836	116 611	783 662
Gross core loans and advances to customers that are impaired	88 984	162 817	47 692	299 493
Total income statement charge for impairments on core loans	(52 195)	(17 699)	(20 200)	(90 094)
Gross default loans and advances to customers	168 664	199 197	138 717	506 578
Specific impairments	(35 594)	(32 865)	(13 050)	(81 509)
Portfolio impairments	(2 132)	(4 754)	–	(6 886)
Defaults net of impairments	130 938	161 578	125 667	418 183
Collateral and other credit enhancements	136 986	223 679	153 617	514 282
Net default loans and advances to customers (limited to zero)	–	–	–	–
Specific impairments as a % of gross core loans and advances to customers	0.97%	0.53%	1.04%	0.73%
Portfolio impairments as a % of gross core loans and advances to customers	0.06%	0.08%	–	0.06%
Total impairments as a % of gross core loans and advances to customers	1.02%	0.60%	1.04%	0.79%
Specific impairments as a % of gross default loans	21.10%	16.50%	9.41%	16.09%
Gross defaults as a % of gross core loans and advances to customers	4.58%	3.20%	11.07%	4.54%
Gross defaults (net of impairments) as a % of net core loans and advances to customers	3.59%	2.61%	10.14%	3.78%
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)	1.49%	0.33%	1.76%	0.90%

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

**A further analysis of our Private Bank and Capital Markets loan portfolios, broken down by type of loan, is provided on pages 75 and 91. respectively.

Capital Markets**				Other*				
UK and Europe	Southern Africa	Australia	Total	UK and Europe	Southern Africa	Australia	Total	Total
2 279 315	2 418 052	169 748	4 867 115	76 509	283 838	1 243	361 590	16 393 203
(38 331)	(25 161)	(2 583)	(66 075)	–	(12 190)	–	(12 190)	(166 660)
(899)	(1 413)	–	(2 312)	–	(498)	–	(498)	(9 696)
(37 432)	(23 748)	(2 583)	(63 763)	–	(11 692)	–	(11 692)	(156 964)
2 240 984	2 392 891	167 165	4 801 040	76 509	271 648	1 243	349 400	16 226 543
2 139 842	2 159 311	155 930	4 455 083	13 410	121 599	1 227	136 236	14 650 485
2 087 437	2 366 177	156 434	4 610 048	76 144	254 478	1 243	331 865	15 015 290
191 878	51 875	13 314	257 067	365	29 360	–	29 725	1 377 913
56 119	4 617	668	61 404	–	8 260	–	8 260	598 630
19 358	2 972	228	22 558	–	1 527	–	1 527	79 662
116 401	44 286	12 418	173 105	365	19 573	–	19 938	699 621
2 279 315	2 418 052	169 748	4 867 115	76 509	283 838	1 243	361 590	16 393 203
191 878	51 875	13 314	257 067	365	29 360	–	29 725	1 377 913
4 658	–	–	4 658	–	–	–	–	12 624
127 510	7 589	1 316	136 415	–	9 788	–	9 787	929 865
59 710	44 286	11 998	115 994	365	19 572	–	19 938	435 424
(36 596)	(23 515)	(2 484)	(62 595)	–	(10 238)	–	(10 238)	(162 927)
116 401	44 286	12 418	173 105	365	19 573	–	19 938	699 621
(37 432)	(23 748)	(2 583)	(63 763)	–	(11 692)	–	(11 692)	(156 964)
(899)	(1 413)	–	(2 312)	–	(498)	–	(498)	(9 696)
78 070	19 125	9 835	107 030	365	7 383	–	7 748	532 961
80 684	33 061	9 835	123 580	331	11 026	–	11 358	649 219
–	–	–	–	34	–	–	–	–
1.64%	0.98%	1.52%	1.31%	–	4.12%	–	3.23%	0.96%
0.04%	0.06%	–	0.05%	–	0.18%	–	0.14%	0.06%
1.68%	1.04%	1.52%	1.36%	–	4.29%	–	3.37%	1.02%
32.16%	53.62%	20.80%	36.83%	–	59.74%	–	58.65%	22.44%
5.11%	1.83%	7.32%	3.56%	0.48%	6.90%	–	5.51%	4.27%
3.48%	0.80%	5.88%	2.23%	0.48%	2.72%	–	2.22%	3.28%
–	–	–	–	0.04%	–	–	–	–
1.71%	1.09%	1.59%	1.41%	–	8.42%	–	7.51%	1.08%

3

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

Audited £'000	31 March 2010	31 March 2009
Default loans that are current	67 891	95 523
1 – 60 days	422 486	658 046
61 – 90 days	148 259	90 352
91 – 180 days	260 253	284 058
181 – 365 days	209 382	148 275
>365 days	345 426	101 659
Total gross non-current loans and advances to customers (actual capital exposure)	1 453 697	1 377 913
1 – 60 days	54 035	35 929
61 – 90 days	21 204	14 691
91 – 180 days	81 436	53 092
181 – 365 days	163 005	65 763
>365 days	250 001	61 247
Total gross non-current loans and advances to customers (actual amount in arrears)	569 681	230 722

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

Audited £'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	>365 days	Total
As at 31 March 2010							
Default loans that are current and not impaired							
Total capital exposure	39 605	–	–	–	–	–	39 605
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	–	406 191	145 236	128 620	128 755	144 011	952 813
Amount in arrears	–	41 035	20 265	69 099	102 290	122 498	355 187
Gross core loans and advances to customers that are impaired							
Total capital exposure	28 286	16 295	3 023	131 633	80 627	201 415	461 279
Amount in arrears	–	13 000	939	12 337	60 715	127 503	214 494
As at 31 March 2009							
Default loans that are current and not impaired							
Total capital exposure	12 624	–	–	–	–	–	12 624
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	–	614 629	64 001	98 105	97 255	55 875	929 865
Amount in arrears	–	21 752	8 136	15 519	38 129	23 959	107 495
Gross core loans and advances to customers that are impaired							
Total capital exposure	82 899	43 417	26 351	185 953	51 020	45 784	435 424
Amount in arrears	–	14 177	6 555	37 573	27 634	37 288	123 227

An age analysis of gross non-current core loans and advances to customers as at 31 March 2010 (based on total capital exposure)

Audited £'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	>365 days	Total
Past due (1 – 60 days)	–	381 539	–	–	–	–	381 539
Special mention	–	10 853	132 328	1 480	9 075	853	154 589
Special mention (1 – 90 days)	–	10 853	7 783	1 480*	9 075*	853*	30 044
Special mention (61 – 90 days and item well secured)	–	–	124 545	–	–	–	124 545
Default	67 891	30 094	15 931	258 773	200 307	344 573	917 569
Sub-standard	42 428	13 832	7 597	138 213	103 304	171 222	476 596
Doubtful	24 921	16 262	8 334	64 101	96 107	172 995	382 720
Loss	542	–	–	56 459	896	356	58 253
Total	67 891	422 486	148 259	260 253	209 382	345 426	1 453 697

An age analysis of gross non-current core loans and advances to customers as at 31 March 2010 (based on actual amount in arrears)

Audited £'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	>365 days	Total
Past due (1 – 60 days)	–	37 283	–	–	–	–	37 283
Special mention	–	1 583	12 996	638	1 286	301	16 804
Special mention (1 – 90 days)	–	1 583	5 466	638*	1 286*	301*	9 274
Special mention (61 – 90 days and item well secured)	–	–	7 530	–	–	–	7 530
Default	–	15 169	8 208	80 798	161 719	249 700	515 594
Sub-standard	–	2 200	1 275	48 314	89 624	112 592	254 005
Doubtful	–	12 969	6 933	32 440	72 095	137 108	261 545
Loss	–	–	–	44	–	–	44
Total	–	54 035	21 204	81 436	163 005	250 001	569 681

**Relates to solvent deceased estates and bonds under registration at the deeds office. Due to the lengthy external process with respect to these exposures, which is out of control of Investec, these exposures have been classified as special mention and will remain there until settled or their credit quality deteriorates.*

3

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

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

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

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

**Relates to solvent deceased estates and bonds under registration at the deeds office. Due to the lengthy external process with respect to these exposures, which is out of control of Investec, these exposures have been classified as special mention and will remain there until settled or their credit quality deteriorates.*

An analysis of core loans and advances to customers

Audited £'000	Gross core loans and advances that are neither past due nor impaired	Gross core loans and advances that are past due but not impaired	Gross core loans and advances that are impaired	Total gross core loans and advances (actual capital exposure)	Specific impairments	Portfolio impairments	Total net core loans and advances (actual capital exposure)	Actual amount in arrears
As at 31 March 2010								
Current core loans and advances	16 643 441	–	–	16 643 441	–	(44 513)	16 598 928	–
Past due (1 – 60 days)	–	381 539	–	381 539	–	(592)	380 947	37 283
Special mention	–	154 589	–	154 589	–	(597)	153 992	16 804
Special mention (1 – 90 days)	–	30 044	–	30 044	–	(584)	29 460	9 274
Special mention (61 – 90 days and item well secured)	–	124 545	–	124 545	–	(13)	124 532	7 530
Default	39 605	416 685	461 279	917 569	(157 399)	(3 240)	756 930	515 594
Sub-standard	36 185	353 307	87 104	476 596	(23 546)	(2 003)	451 047	254 005
Doubtful	3 420	61 296	318 004	382 720	(108 100)	(1 237)	273 383	261 545
Loss	–	2 082	56 171	58 253	(25 753)	–	32 500	44
Total	16 683 046	952 813	461 279	18 097 138	(157 399)	(48 942)	17 890 797	569 681
As at 31 March 2009								
Current core loans and advances	15 015 290	–	–	15 015 290	–	(9 006)	15 006 284	–
Past due (1 – 60 days)	–	598 630	–	598 630	–	(238)	598 392	18 902
Special mention	–	79 662	–	79 662	–	(452)	79 210	13 518
Special mention (1 – 90 days)	–	21 997	–	21 997	–	(451)	21 546	9 351
Special mention (61 – 90 days and item well secured)	–	57 665	–	57 665	–	(1)	57 664	4 167
Default	12 624	251 573	435 424	699 621	(156 964)	–	542 657	198 302
Sub-standard	12 624	251 573	74 590	338 787	(50 155)	–	288 632	93 270
Doubtful	–	–	342 000	342 000	(98 272)	–	243 728	103 937
Loss	–	–	18 834	18 834	(8 537)	–	10 297	1 095
Total	15 027 914	929 865	435 424	16 393 203	(156 964)	(9 696)	16 226 543	230 722

3

3

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

Audited £'000	Current core loans and advances	Past due (1 – 60 days)	Special mention (1 – 90 days)
As at 31 March 2010			
Private Banking professional and HNW individuals	11 759 592	341 123	30 044
Corporate sector	3 416 036	32 799	–
Banking, insurance, financial services (excluding sovereign)	1 053 765	–	–
Public and government sector (including central banks)	229 071	–	–
Trade finance	184 977	7 617	–
Total gross core loans and advances to customers	**16 643 441**	**381 539**	**30 044**
As at 31 March 2009			
Private Banking professional and HNW individuals	10 071 673	528 967	21 997
Corporate sector	3 380 375	61 404	–
Banking, insurance, financial services (excluding sovereign)	1 161 413	–	–
Public and government sector (including central banks)	269 564	–	–
Trade finance	132 265	8 259	–
Total gross core loans and advances to customers	**15 015 290**	**598 630**	**21 997**

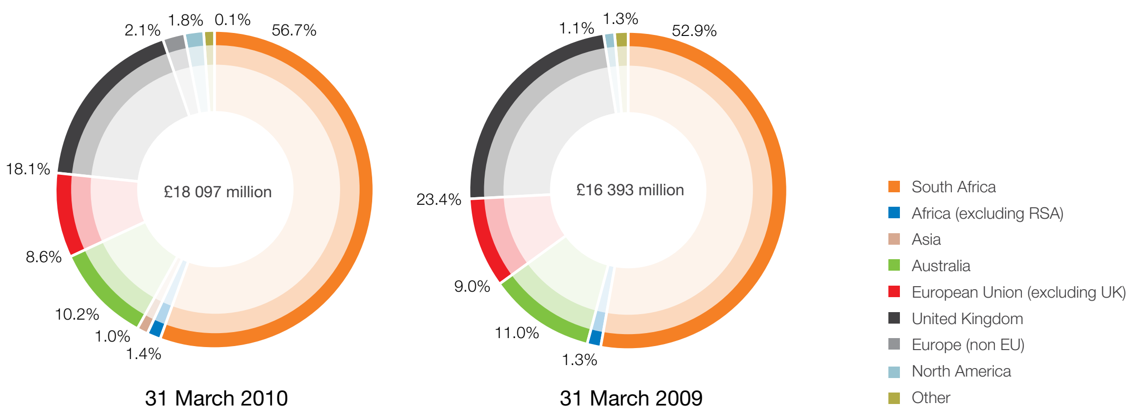
Summary analysis of gross core loans and advances to customers by counterparty type

Audited £'000	31 March 2010	31 March 2009
Private Banking professional and HNW individuals	13 062 784	11 166 476
Corporate sector	3 546 252	3 639 141
Banking, insurance, financial services (excluding sovereign)	1 054 385	1 161 634
Public and government sector (including central banks)	229 864	269 928
Trade finance	203 853	156 024
Total gross core loans and advances to customers	**18 097 138**	**16 393 203**

	Special mention (61 – 90 days and well secured)	Sub-standard	Doubtful	Loss	Total gross core loans and advances to customers	Portfolio impairments	Specific impairments	Total impairments
	117 096	433 110	323 566	58 253	13 062 784	(15 888)	(115 368)	(131 256)
	7 050	43 139	47 228	–	3 546 252	(20 025)	(34 264)	(54 289)
	–	–	620	–	1 054 385	(13 029)	(507)	(13 536)
	–	–	793	–	229 864	–	(553)	(553)
	399	347	10 513	–	203 853	–	(6 707)	(6 707)
	124 545	**476 596**	**382 720**	**58 253**	**18 097 138**	**(48 942)**	**(157 399)**	**(206 341)**
	37 260	231 717	256 723	18 139	11 166 476	(6 887)	(81 510)	(88 397)
	18 878	100 276	77 513	695	3 639 141	(1 826)	(69 713)	(71 539)
	–	–	221	–	1 161 634	(983)	(161)	(1 144)
	–	–	364	–	269 928	–	(227)	(227)
	1 527	6 794	7 179	–	156 024	–	(5 353)	(5 353)
	57 665	**338 787**	**342 000**	**18 834**	**16 393 203**	**(9 696)**	**(156 964)**	**(166 660)**

Additional information

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



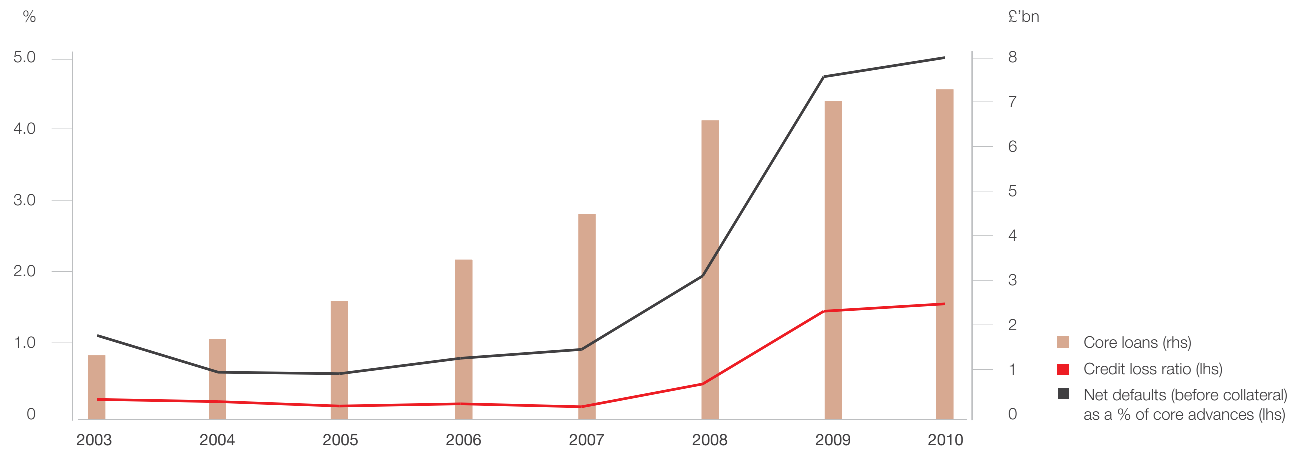
An analysis of default core loans and advances as at 31 March 2010

£' million	UK and Europe				Southern Africa			
	Gross core loans	Gross defaults	Collateral	Impairments	Gross core loans	Gross defaults	Collateral	Impairments
Private Bank								
Residential property investment	532	–	–	–	168	1	1	–
Residential mortgages (owner occupied and second homes)	178	–	–	–	2 189	12	7	(9)
Residential property development	792	133	99	(36)	281	65	99	–
Commercial property investment	1 160	13	10	(3)	3 267	199	183	(19)
Commercial property development	421	49	34	(16)	647	7	117	–
Cash and securities backed lending	190	1	1	–	378	54	56	(1)
Asset backed lending	226	1	–	–	339	44	41	(3)
Unlisted securities and general corporate lending	75	–	–	–	336	14	15	(3)
Unsecured lending	74	8	5	(3)	130	4	2	(2)
Other*	–	–	–	(5)	–	–	–	–
Total Private Bank	3 648	205	149	(63)	7 735	400	521	(37)
Capital Markets								
Preference share finance	–	–	–	–	704	–	–	–
Acquisition finance	638	–	–	–	383	–	–	–
Small ticket asset finance	351	28	7	(21)	–	–	–	–
Principal finance	432	26	23	(3)	–	–	–	–
Project finance	134	–	3	–	182	–	–	–
Structured finance	157	12	11	(1)	1 225	6	14	(1)
Resource finance and commodities	65	–	–	–	98	–	–	–
Total Capital Markets	1 777	66	44	(25)	2 592	6	14	(1)
Other**	112	–	–	(12)	381	17	7	(32)
Total group	5 537	271	193	(100)	10 708	423	542	(70)

*Relates to portfolio impairments.

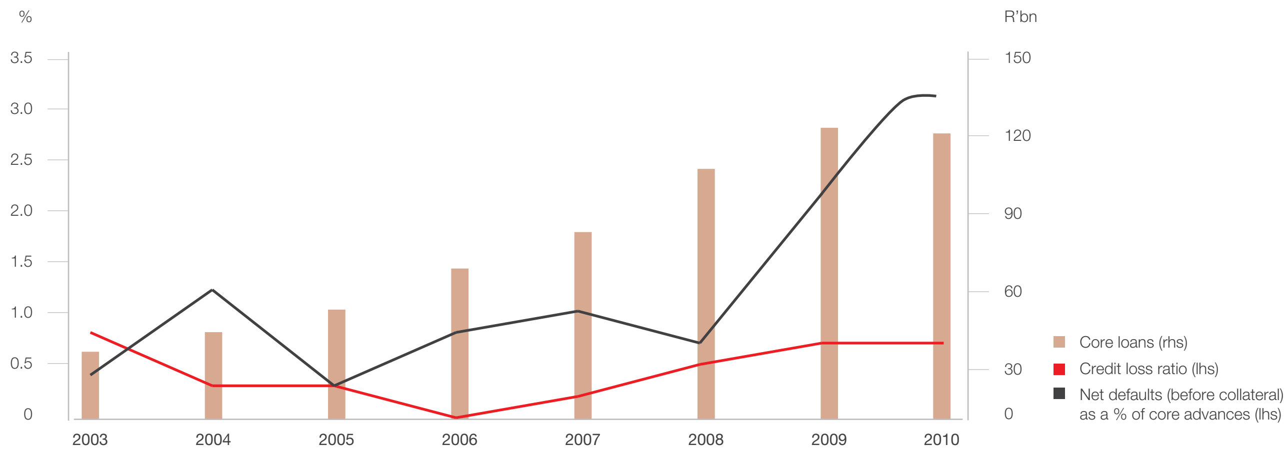
**Largely includes lending activities within our Central Funding and International Trade Finance businesses.

UK, Europe and Australia



Australia				Total group			
Gross core loans	Gross defaults	Collateral	Impairments	Gross core loans	Gross defaults	Collateral	Impairments
146	71	58	(13)	846	72	59	(13)
41	–	–	–	2 408	12	7	(9)
196	8	4	(4)	1 269	206	202	(40)
568	109	118	(13)	4 995	321	311	(35)
34	9	12	–	1 102	65	163	(16)
19	–	–	–	587	55	57	(1)
529	14	14	(1)	1 094	59	55	(4)
99	–	–	–	510	14	15	(3)
48	–	–	–	252	12	7	(5)
–	–	–	–	–	–	–	(5)
1 680	211	206	(31)	13 063	816	876	(131)
–	–	–	–	704	–	–	–
–	–	–	–	1 021	–	–	–
–	–	–	–	351	28	7	(21)
61	3	3	–	493	29	26	(3)
69	–	–	–	385	–	3	–
10	–	–	–	1 392	18	25	(2)
31	9	4	(5)	194	9	4	(5)
171	12	7	(5)	4 540	84	65	(31)
2	–	–	–	495	17	7	(44)
1 853	223	213	(36)	18 098	917	948	(206)

Southern Africa



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Collateral

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

£'000	Collateral held against Gross core loans and advances	Collateral held against Other credit and counterparty exposures*	Total
As at 31 March 2010			
Eligible financial collateral	2 209 629	392 004	2 601 633
Listed shares	1 856 743	117 650	1 974 393
Cash	350 890	274 354	625 244
Debt securities issued by sovereigns	1 996	–	1 996
Mortgage bonds	19 662 459	24 273	19 686 732
Residential mortgages	5 566 966	789	5 567 755
Residential development	1 602 255	15 580	1 617 835
Commercial property development	907 964	7 839	915 803
Commercial property investments	11 585 274	65	11 585 339
Other collateral	6 638 092	349 905	6 987 997
Unlisted shares	462 539	4 111	466 650
Bonds other than mortgage bonds	845 998	287 931	1 133 929
Debtors, stock and other corporate assets	3 432 241	5 773	3 438 014
Guarantees	1 049 564	7 202	1 056 766
Credit derivatives	–	–	–
Other	847 750	44 888	892 638
Total collateral	28 510 180	766 182	29 276 362
Suretyships	4 119	–	4 119
Collateral including suretyships	28 514 299	766 182	29 280 481
As at 31 March 2009			
Eligible financial collateral	2 062 959	533 935	2 596 894
Listed shares	1 527 665	49 154	1 576 819
Cash	530 905	255 234	786 139
Debt securities issued by sovereigns	4 389	229 547	233 936
Mortgage bonds	18 038 180	28 625	18 066 805
Residential mortgages	5 562 385	14 493	5 576 878
Residential development	3 092 006	12 167	3 104 173
Commercial property development	1 999 913	1 954	2 001 867
Commercial property investments	7 383 876	11	7 383 887
Other collateral	5 085 153	326 508	5 411 661
Unlisted shares	188 949	4 788	193 737
Bonds other than mortgage bonds	654 132	173 139	827 271
Debtors, stock and other corporate assets	2 701 979	5 924	2 707 903
Guarantees	809 363	100 491	909 854
Credit derivatives	32 764	–	32 764
Other	697 966	42 166	740 132
Total collateral	25 186 292	889 068	26 075 360
Suretyships	1 071 279	–	1 071 279
Collateral including suretyships	26 257 571	889 068	27 146 639

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

Securitisation/principal finance activities and exposures

The information below sets out the initiatives we have focused on over the past few years, albeit that some of these business lines have been significantly curtailed given the current economic climate.

UK and Europe

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

We retain residual net exposures amounting to £590 million to the assets originated, warehoused and securitised by Kensington. Further information is provided on pages 93 and 94.

South Africa

In South Africa, our securitisation business, which forms part of our Structured Finance unit, was established approximately nine years ago when the debt capital markets commenced development. Over this time, we have arranged a number of corporate bond and commercial paper programmes and third party securitisations.

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

Furthermore, we provide standby liquidity facilities to two conduits, namely the Grayston Conduit 1 (Pty) Ltd Series 1 and Series 2, and to the securitisation structure of the Growthpoint Note Issuer Company (Series 1 Tranche 1; Series 1 Tranche 2; Series 2; and Series 3). These facilities, which totalled R2.4 billion as at 31 March 2010, have not been drawn on and are thus reflected as off-balance sheet contingent exposures in terms of our credit analysis (refer to pages 146 and 147). The liquidity risk associated with these facilities is included in the stress testing for the group and is managed in accordance with our overall liquidity position.

We have also sought out select opportunities in the credit/debt markets and traded and invested in structured credit investments. These have largely been investments in rated instruments within the UK and Europe.

In addition, we have own originated, securitised assets in our Private Banking business in South Africa. The primary motivations for the securitisation of assets within our Private Banking division are to:

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

Total assets that have been originated and securitised by the Private Bank amount to R7.2 billion (2009: R9.3 billion) and include auto loans (R0.9 billion), residential mortgages (R5.1 billion) and commercial mortgages (R1.2 billion).These securitisation structures have all been rated by Moody's.

Developments within the international economy have impacted on securitisation/ principal finance activities and have limited our strategic initiatives in this space

3

Australia

Investec Bank (Australia) Limited acquired Experien in October 2007. As is the case in the South African Private Banking division assets originated by the business have been securitised. These amount to A$860 million (2009: A$914 million) and include leases and instalment debtors (A$500 million), residential mortgages (A$41 million), commercial mortgages (A$187 million) and other loans, for example overdrafts (A$132 million).These securitisation structures have all been rated by Standard and Poor's.

Accounting treatment Audited

Refer to pages 338 to 340.

Credit analysis

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

Nature of exposure/ activity	Exposure as at 31 March 2010 £'mn	Exposure as at 31 March 2009 £'mn	Credit analysis internal risk classification	Asset quality – relevant comments	Capital treatment
Structured credit investments*	944	405	On-balance sheet securitisation/ principal finance exposure.		Risk-weighted or supervisory deductions against primary and secondary capital.
Rated	546	243			
Unrated	50	105			
Other	348	57			
Kensington – mortgage assets: Net exposures (after impairments) to the securitised book (i.e those assets have been securitised)	104	103	On-balance sheet securitisation/ principal finance exposure. Classified as 'unrated'. We are required to fully consolidate all assets acquired from Kensington. However, only those assets to which we are at risk are reflected in this analysis with the balance reflected under "no credit exposures".	Refer to pages 93 and 94.	Risk-weighted or supervisory deductions against primary and secondary capital.
Kensington – mortgage assets: Net exposures (after impairments) to the warehouse book (i.e those assets that have been originated and placed in special purpose vehicles awaiting securitisation)	486	413	On-balance sheet securitisation/ principal finance exposure. Classified as 'other'. We are required to fully consolidate all assets acquired from Kensington. However, only those assets to which we are legally at risk are reflected in this analysis with the balance reflected under "no credit exposures".	Refer to pages 93 and 94.	Risk-weighted.
South Africa – warehouse lines provided to, and investment in third party intermediary originating platforms (mortgage and auto loans)	98	78	On-balance sheet securitisation/ principal finance.	The total exposure of £98 million is net of impairments of £9.5 million.	Risk-weighted depending on rating of counterparty.

Nature of exposure/ activity	Exposure as at 31 March 2010 £'mn	Exposure as at 31 March 2009 £'mn	Credit analysis internal risk classification	Asset quality – relevant comments	Capital treatment
Private Banking division assets which have been securitised	1 172	1 128	On-balance sheet exposure – reclassified from "accounting securitised assets" to core loans and advances for credit analysis purposes.	Analysed as part of the group's overall asset quality on core loans and advances as reflected on page 128.	We apply securitisation rules: either risk-weighted or supervisory deductions against primary and secondary capital.
South Africa – liquidity facilities provided to third party corporate securitisation vehicles	219	292	Off-balance sheet credit exposure as these facilities have remained undrawn and reflect a contingent liability of the bank.		Unutilised facility that is risk-weighted.

3

*A further analysis of structured credit investments

£'million	Rated**	Unrated	Other	Total
US sub-prime	1	–	–	1
US corporate loans	40	6	–	46
European ABS	5	8	–	13
European RMBS	385	36	315	736
European CMBS	62	–	–	62
European credit cards	5	–	–	5
South African RMBS	12	–	–	12
Australian RMBS	36	–	–	36
Other (credit default swaps)	–	–	33	33
Total	546	50	348	944

**A further analysis of rated structured credit investments

£'million	AAA	AA	A	BBB	BB	B	C and below	Total
US sub-prime	–	–	–	–	–	–	1	1
US corporate loans	–	–	–	–	12	7	21	40
European ABS	–	–	5	–	–	–	–	5
European RMBS	134	77	25	76	51	1	21	385
European CMBS	11	12	13	18	8	–	–	62
European credit cards	–	–	5	–	–	–	–	5
South African RMBS	–	12	–	–	–	–	–	12
Australian RMBS	22	6	5	3	–	–	–	36
Total	167	107	53	97	71	8	43	546

3

Equity and investment risk in the banking book

Equity and investment risk description

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

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

Management of equity and investment risk

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

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

Stress testing scenario analyses are performed regularly and reported to ERRF, BRCC and the board. As a matter of course, concentration risk is avoided and investments are well spread across geographies and industries.

Valuation and accounting methodologies

For a description of our valuation principles and methodologies refer to page 297 and pages 330 to 335 for factors taken into consideration in determining fair value. We have a low level of assets exposed to the volatility of IFRS fair value accounting with "level 3" assets amounting to 0.9% of total assets (refer to page 330 for further information).

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

Audited £'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 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
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)

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

3

Summary of investments held and stress testing analyses

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

Audited £'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.

Capital requirements

In terms of Basel II capital requirements, unlisted and listed equities within the banking book are represented under the category of "Equity risk" and investment properties, profit shares and embedded derivatives are considered in the calculation of capital required for credit risk. Refer to page 190 for further detail.

Traded market risk management

Traded market risk description Audited

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

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

3

Traded market risk governance structure Audited

To manage, measure and mitigate market risk, we have independent market risk management teams in each geography where we assume market risk. Local limits have been set to keep potential losses within acceptable risk tolerance levels. A global Market Risk Forum (mandated by the various boards of directors) manages the market risks in accordance with pre-approved principles and policies. Risk limits are reviewed and set at the global Market Risk Forum and ratified at the ERRF in accordance with the risk appetite defined by the board. Limits are reviewed either annually, in the event of a significant market event (e.g. 11 September 2001), or at the discretion of senior management.

Management and measurement of traded market risk

Market risk management teams review the market risks on our books. Detailed risk reports are produced daily for each trading desk.

These reports are distributed to management and the traders on the desk. Any unauthorised excesses are recorded and require a satisfactory explanation from the desk for the excess. The production of risk reports allows for the monitoring of every instrument traded against prescribed limits. New instruments or products are independently validated before trading can commence. Each traded instrument undergoes various stresses to assess potential losses. Each trading desk is monitored on an overall basis as an additional control. Trading limits are generally tiered with the most liquid and least “risky” instruments being assigned the largest limits.

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

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

VaR numbers are monitored daily at the 95%, 99% and 100% (maximum loss) confidence intervals, with limits set at the 95% confidence interval. ETLs are also monitored daily at the 95% and 99% levels. Scenario analysis considers the impact of a significant market event on our current trading portfolios. We consider the impact for the 10 days after the event, not merely the instantaneous shock to the markets. Included in our scenario analysis are for example the following; October 1987 (Black Monday), 11 September 2001 and the December Rand crisis in 2001. We also consider the impact of extreme yet plausible future economic events on the trading portfolio as well as possible worst case (not necessarily plausible) scenarios. Scenario analysis is done once a week and is included in the data presented to ERRF.

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

In South Africa, we have Internal Model Approval and so trading capital is calculated as a function of the 99% 10-day VaR. Backtesting results and a detailed stress testing pack are submitted to the regulator on a monthly basis. In the UK, all desks are currently on Capital Adequacy (CAD) 1 level.

VaR

Audited	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

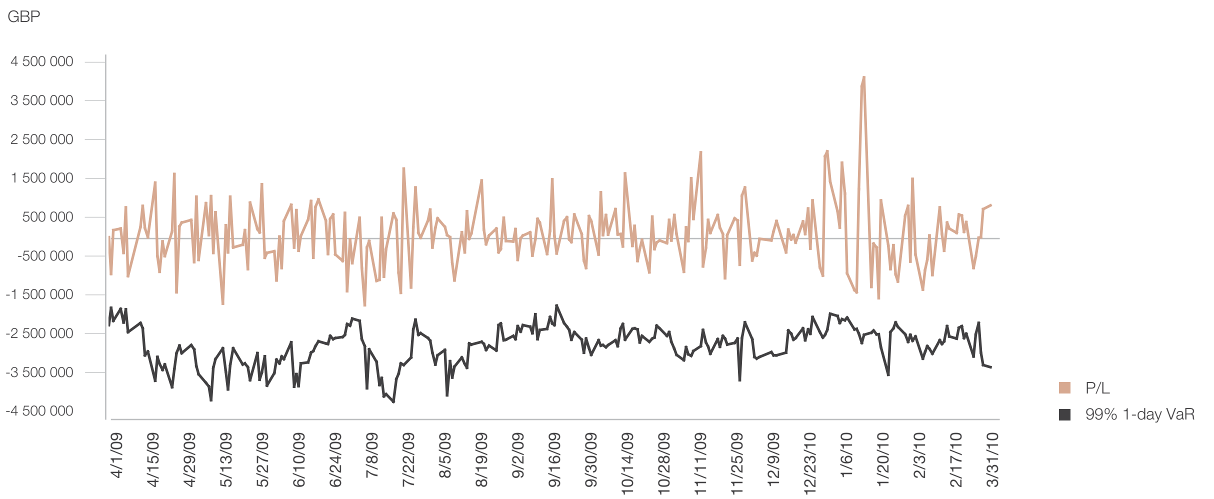
**The consolidated VaR for each desk and each entity at year end is lower than the sum of the individual VaR's. This arises from the consolidation offset between various asset classes.*

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

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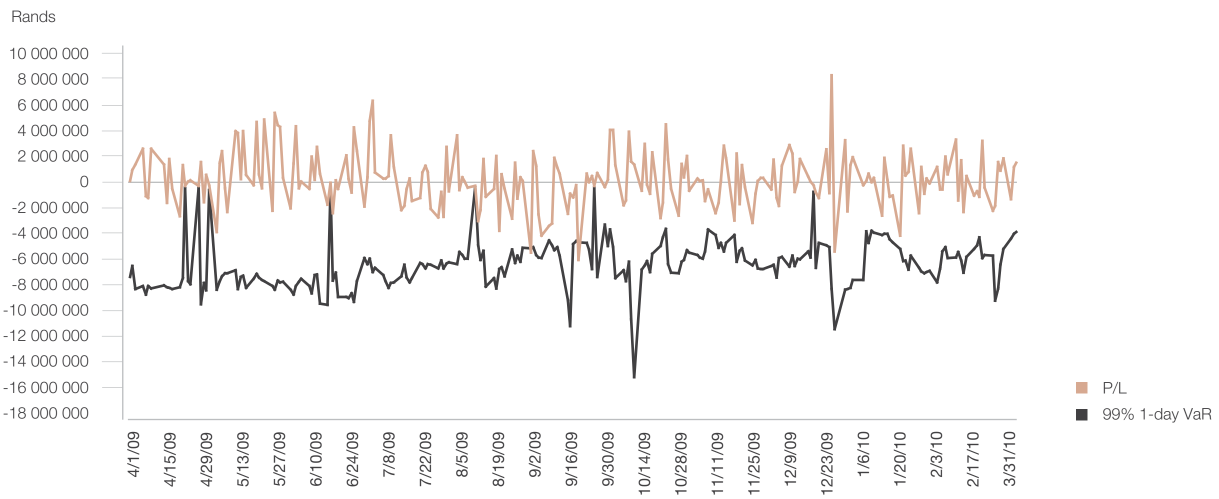
South Africa

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

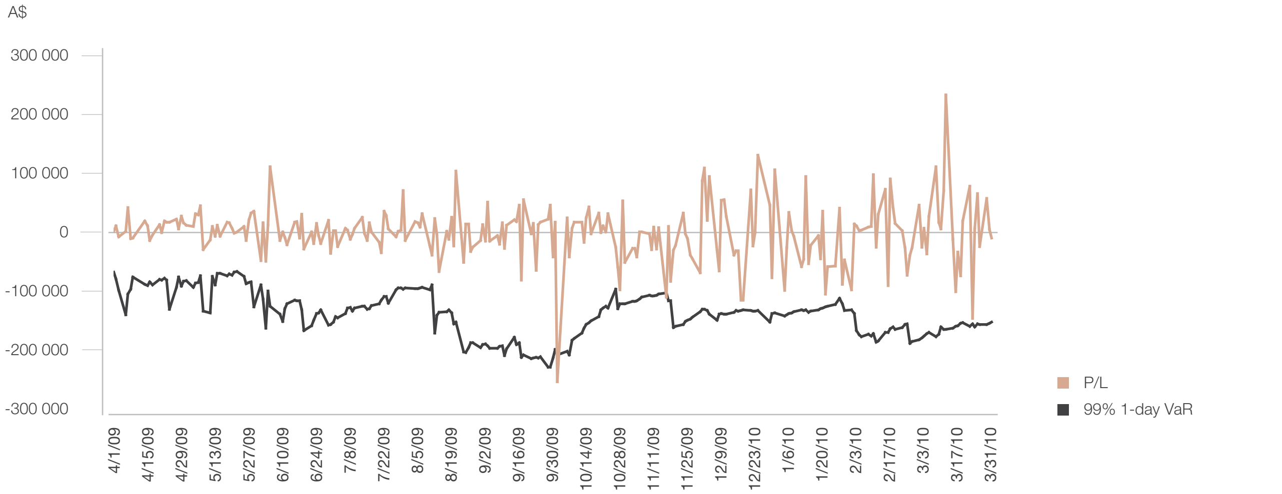


Australia

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

Audited	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).

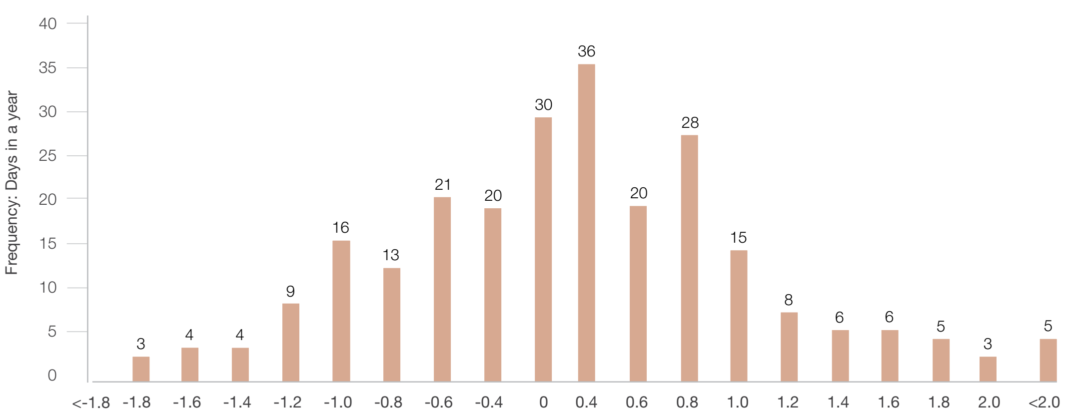
Audited	UK and Europe Using VaR £'000	Australia Using VaR A$'000	South Africa Using VaR R'mn
31 March 2010			
Commodities	207	–	0.6
Equity derivatives	13 760	–	8.6
Foreign exchange	122	50	18.4
Interest rates	3 834	846	10.3
Consolidated	17 923	896	37.9
31 March 2009			
Commodities	324	–	2.3
Equity derivatives	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).

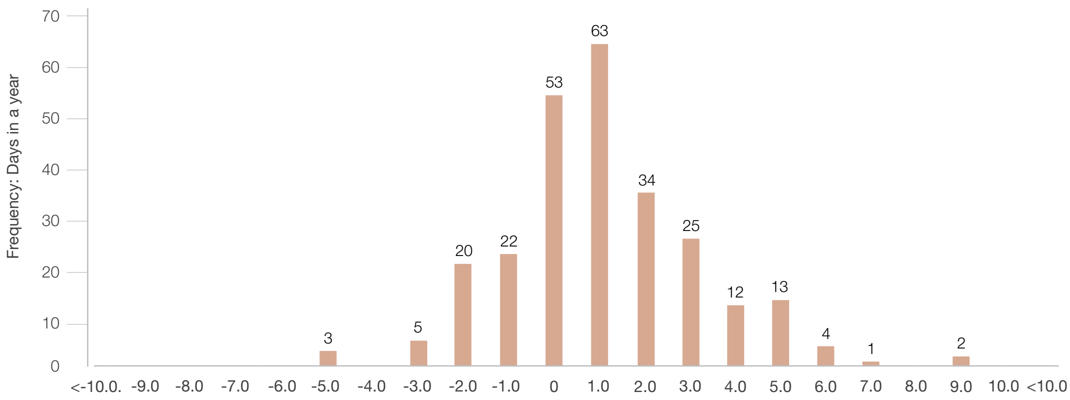
Profit and loss (£'mn)



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).

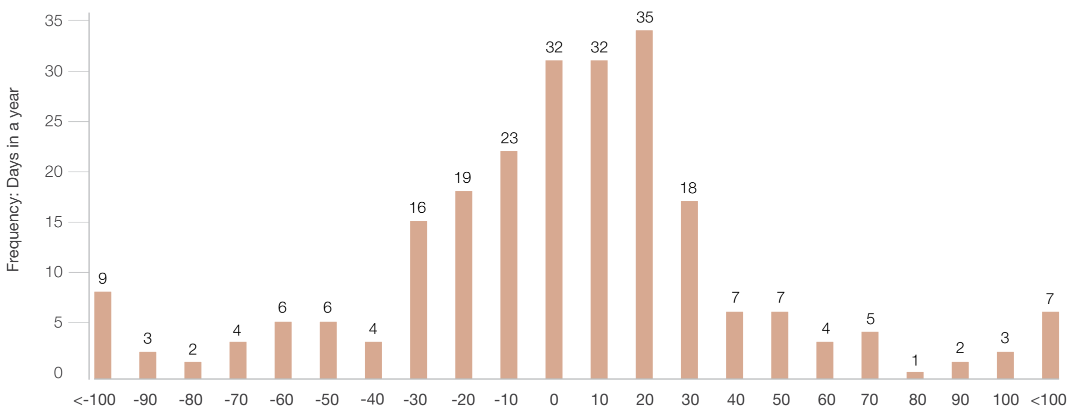
Profit and loss (R'mn)



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 mitigation

The market risk management team has a reporting line that is separate from the trading function, thereby ensuring independence. The risk management software runs independently from source trading systems and values all trades separately. The values from the two systems are compared daily. The values from the risk system are also used for profit attribution, another risk management tool.

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

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

Traded market risk year in review

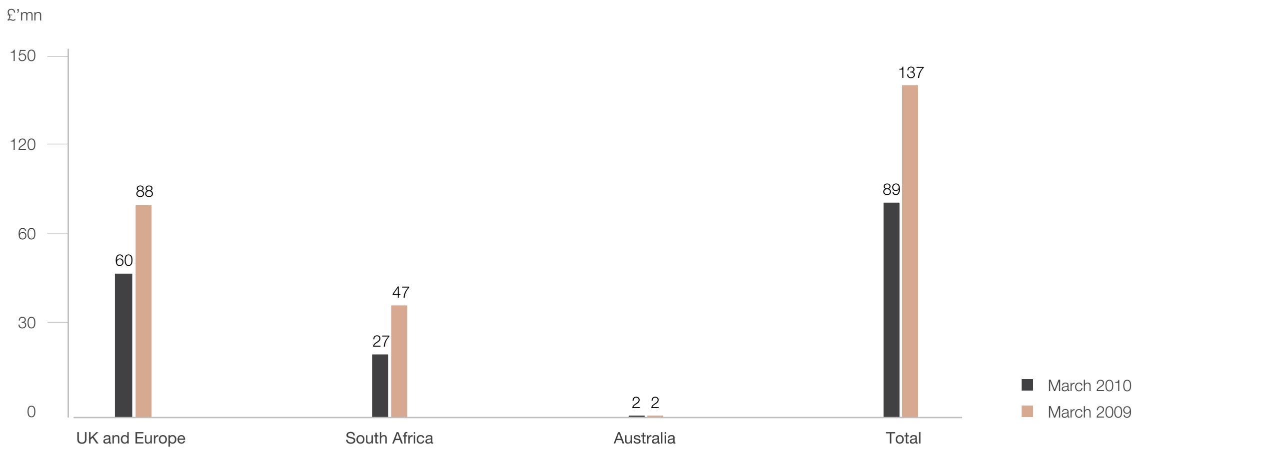
In South Africa markets have been relatively difficult to gauge over the past year resulting in a significant decline in client flow and trading activity. As a result the trading desks have reduced the amount of proprietary trading risk that they have been willing to accept and have concentrated on managing 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



Market risk – derivatives Audited

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

Information showing our derivative trading portfolio over the reporting period on the basis of the notional principal and the fair value of all derivatives can be found on pages 336 and 337.

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

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

Balance sheet risk management

Balance sheet risk description

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

Balance sheet risk governance structure and risk mitigation

Under delegated authority of the board, the group has established Asset and Liability Management Committees (ALCO's) within each core geography in which it operates, using regional expertise and local market access as appropriate. The ALCO's are mandated to ensure independent supervision of liquidity risk and non-trading interest rate risk.

The size, materiality, complexity, maturity and depth of the market as well as access to stable funds are all inputs considered when establishing the liquidity and non-trading interest rate risk appetite for each geographic region. Specific statutory requirements may further dictate special policies to be adopted in a region.

Detailed policies cover both domestic and foreign currency funds and set out sources and amounts of funds necessary to ensure the continuation of our operations without undue interruption. We aim to match-fund in currencies, other than the domestic currency, where it is practical and efficient to do so and hedge any residual currency exchange risk arising from deposit and loan banking activities.

The group's liquidity policy requires each geography to be self-funding so that there is no reliance on inter-group lines either from or to other group entities. Branches and subsidiaries have no responsibility for contributing to group liquidity.

The ALCO's are typically made up of the Managing Director, the head of Risk, the head of the Funding desk, economists, divisional heads, the balance sheet risk management team, the Treasurer, Private Bank representatives and any appropriate co-opted personnel. The ALCO's meet on a monthly basis to discuss and decide on strategies to mitigate any undesirable liquidity and interest rate risk.

The group's Central Treasury function is mandated to actively manage the liquidity mismatch and non-trading interest rate risk arising from our asset and liability portfolios. The Treasurer is required to exercise tight control of funding, liquidity, concentration and non-trading interest rate risk within parameters defined by the board approved risk appetite policy. Most non-trading interest rate risk and asset funding requirements are transferred from the originating business to the treasury function.

The group's Central Treasury function directs pricing for all deposit products (including deposit products offered to the Private Clients), establishes and maintains access to stable wholesale funds with the appropriate tenor and pricing characteristics, administers funds transfer pricing, and manages liquid securities and collateral, thus providing for a controlled and flexible response to volatile market conditions. The Central Treasury function is the sole interface to the wholesale market for both cash and derivative transactions.

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. The balance sheet risk management team, based within group Risk Management, independently identifies, quantifies and monitors risks, providing independent governance and oversight of the central treasury activities and the execution of the bank's policy, continuously assessing the risks whilst taking changes in market conditions into account. In carrying out its duties the balance sheet risk management team monitors historical liquidity trends, tracks prospective on- and off-balance sheet liquidity obligations, identifies and measures internal and external liquidity warning signals which permit early detection of liquidity issues through daily liquidity reporting and scenario analysis which quantify our positions, thus providing a comprehensive and consistent governance framework.

The Balance Sheet Risk function further performs scenario modelling and liquidity stress tests designed to measure and manage the liquidity position such that payment obligations can be met under a wide range of normal, company-specific and market-driven stress scenarios, in which the rate and timing of deposit withdrawals and draw-downs on lending facilities are varied, and the ability to access funding and to generate funds from asset portfolios is restricted.

There is a regular internal audit of the Balance Sheet Risk Management function, the frequency of which is determined by the independent Audit Committee.

The group operates an industry recognised third party system to identify, measure, manage and monitor liquidity risk on both a current and forward-looking basis. The system is reconciled to the bank's general ledger and audited by Internal Audit thereby ensuring integrity of the process.

Daily, weekly and monthly reports are independently produced showing bank activity, exposures and key measures against thresholds and limits and are distributed to management, ALCO, the Central Treasury function, ERRF, BRCC and the board.

Statutory reports are submitted to the relevant regulators in each jurisdiction within which we operate.

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

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.

Management and measurement of non-trading interest rate risk

Non-trading interest rate risk in the banking book is a normal part of banking and arises from the provision of retail and wholesale (non-trading) banking products and services. We are exposed to repricing risk due to timing differences in the fixed rate maturity and floating rate repricing of bank assets, liabilities and derivative positions. Additionally we are exposed to yield curve and basis risk, due to the difference in repricing characteristics of two floating-rate indices. We are not materially exposed to optionality risk, as contract breakage penalties on fixed-rate advances specifically cover this risk.

Non-trading interest rate risk is measured and managed both from a net interest margin perspective over a specified time horizon, and the sensitivity of economic value of equity to hypothetical changes to market factors on the current values of financial assets and liabilities. Economic value measures have the advantage that all future cash flows are considered and therefore can highlight risk beyond the earnings horizon. The aim is to protect and enhance net interest income and economic value in accordance with the board approved risk appetite. The standard tools that are used to measure the sensitivity of earnings to changes in interest rates are the repricing gap which provides a basic representation of the balance sheet structure, this allows for the detection of interest rate risk by concentration of repricing, net interest income sensitivity which measures the change in accruals expected over the specified horizon in response to a shift in the yield curve, and economic value sensitivity and stress testing to macroeconomic movement or changes which measures the interest risk implicit change in net worth as a result of a change in interest rates on the current values of financial assets and liabilities.

Technical interest rate analysis and economic review of fundamental developments are used to estimate a set of forward-looking interest rate scenarios incorporating movements in the yield curve level and shape by geography taking global trends into account. This combination of measures provides senior management (and the ALCOs) with an assessment of the financial impact of identified rate changes on potential future net interest income and sensitivity to changes in economic value. This is consistent with the standardised interest rate measurement recommended by the Basel II framework for assessing banking book (non-trading) interest rate risk.

Operationally, non-trading interest rate risk is transferred from the originating business to the Central Treasury function and aggregated or netted. The Central Treasury then implements appropriate balance sheet strategies to achieve a cost-effective source of funding and mitigates any residual undesirable risk where possible, by changing the composition of the banking group's discretionary liquid asset portfolio or through derivative transactions which transfer the risk into the trading books within Capital Markets division to be traded with the external market. Any resultant interest rate position is managed under the market risk limits. The Central Treasury mandate allows for tactically responding to market opportunities which may arise during changing interest rate cycles.

Our risk appetite policy requires that interest rate risk arising from fixed interest loans risk is transferred from the originating business to the Central Treasury function by match-funding. In turn, Central Treasury hedges all fixed rate assets with a term of more than one year on a deal-by-deal basis to within 3-months repricing with the use of variable vs. fixed interest rate swaps. The market for these vanilla swaps is deep, with the result that such hedging is efficient. Likewise, the Central Treasury function hedges all fixed rate deposits with a term of more than one year to within 3-months repricing. Limits exist to ensure there is no undesired risk retained within any business or product area.

Interest rate sensitivity gap

The tables below show our non-trading interest rate mismatch. These exposures affect the interest rate margin realised between lending income and borrowing costs assuming no management intervention.

UK and Europe – interest rate sensitivity 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	–	

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Economic value sensitivity

As discussed previously 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.

Management and measurement of liquidity risk

Cohesive liquidity management is vital for protecting our depositors, preserving market confidence, safeguarding our reputation and ensuring sustainable growth with established funding sources. Through active liquidity management, we seek to preserve stable, reliable and cost-effective sources of funding. Inadequate liquidity can bring about the untimely demise of any financial institution. As such, the group considers ongoing access to appropriate liquidity for all its operations to be of paramount importance, and our core liquidity philosophy is reflected in day-to-day practices which encompass the following:

- Our liquidity management processes encompass principles set out by the regulatory authorities in each jurisdiction, namely the FSA, SARB, the Bank of Mauritius and APRA
- The group complies with the Basel Committee on Banking Supervision's Principles for Sound Liquidity Risk Management and Supervision.
- The risk appetite is clearly defined
- Each geographic entity must have its own board approved policies with respect to liquidity risk management
- Each geographic entity must be self sufficient from a funding and liquidity stand point so that there is no reliance on intergroup lines either from or to other group entities
- Branches and subsidiaries have no responsibility for contributing to group liquidity
- We maintain a liquidity buffer in the form of unencumbered, cash, government, or rated securities (typically eligible for repurchase with the central bank), and near cash well in excess of the statutory requirements as protection against unexpected disruptions in cash flows
- Funding is diversified with respect to currency, term, product, client type and counterparty to ensure a satisfactory overall funding mix
- We monitor and evaluate each banking entity's maturity ladder and funding gap (cashflow maturity mismatch) on a "liquidation", "going concern" and "stress" basis
- Liquidity stress tests are carried out to measure and manage the liquidity position such that payment obligations can be met under a wide range of normal and unlikely but plausible stressed scenarios, in which the rate and timing of deposit withdrawals and drawdowns on lending facilities are varied, and the ability to access funding and to generate funds from asset portfolios is restricted
- Our liquidity risk parameters reflect a range of liquidity stress assumptions which are reviewed regularly and updated as needed
- The balance sheet risk management team independently monitors key funding metrics and liquidity ratios to assess potential risks to the liquidity position, which further act as early warning indicators
- The group centrally manages access to funds in the market through the Central Treasury divisions
- Maintenance of sustainable, prudent liquidity resources takes precedence over profitability
- Each major banking entity maintains an internal funds transfer pricing system based on prevailing market rates. The Central Treasury function charges out the price of long and short term funding to internal consumers of liquidity, which ensures that the costs, benefits, and risks of liquidity are clearly and transparently attributed to business lines and are understood by business line management. The funds transfer pricing methodology is designed to signal the right incentive to our lending business
- The group maintains adequate contingency funding plans.

Management uses assumptions-based planning and scenario modelling that considers market conditions, prevailing interest rates, and projected balance sheet growth, to estimate future funding and liquidity needs, whilst taking the desired nature and profile of liabilities into account. These metrics are used to develop our funding strategy and measure and manage the execution thereof. The funding plan details the proportion of our external assets which are funded by customer liabilities, unsecured wholesale debt, equity and loan capital thus maintaining an appropriate mix of term funding and strong balance sheet liquidity ratios within approved risk limits. This ensures the smooth management of the day-to-day liquidity position within conservative parameters and further validates that, in the event of either a firm-specific or general market event, we are able to generate sufficient liquidity to withstand short term liquidity stress.

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

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Group
cash and near cash
up 87% to
£9 117 million

Investec plc
cash and near cash
up 92% to
£4 755 million

Investec Limited
cash and near cash
up 47% to
R47 986 million

Average cash and near cash
for the group
up to
£6 390 million

We acknowledge the importance of our private client base as the principal source of stable and well diversified funding for our Private Bank risk assets. We continue to develop products to attract and service the investment needs of our Private Bank client base. Although the contractual repayments of many customer accounts are on demand or at short notice, in practice such accounts remain a stable source of funds. Our Private Bank continued to successfully raise private client deposits despite competitive pressures with total deposits increasing by 52.3% from 1 April 2009 to £11.8 billion at 31 March 2010. We have also introduced a number of innovative retail deposit initiatives within our Capital Markets division and these continued to experience strong inflows during the financial year. Our total retail customer deposit base increased by 50.5% from 1 April 2009 to £21.9 billion at 31 March 2010. On average our fixed and notice customer deposits have amounted to approximately 71% and 85% of total deposits since April 2006 for Investec Limited and Investec plc respectively, thereby displaying a strong "stickiness" and willingness to reinvest by our retail customers.

Entities within the group actively participate in global financial markets and our relationship is continuously enhanced through regular investor presentations internationally. We have instituted various offshore syndicated loan programmes to broaden and diversify term-funding in supplementary markets and currencies, enhancing the proven capacity to borrow in the money markets. Decisions on the timing and tenor of accessing these markets are based on relative costs, general market conditions, prospective views of balance sheet growth and a targeted liquidity profile.

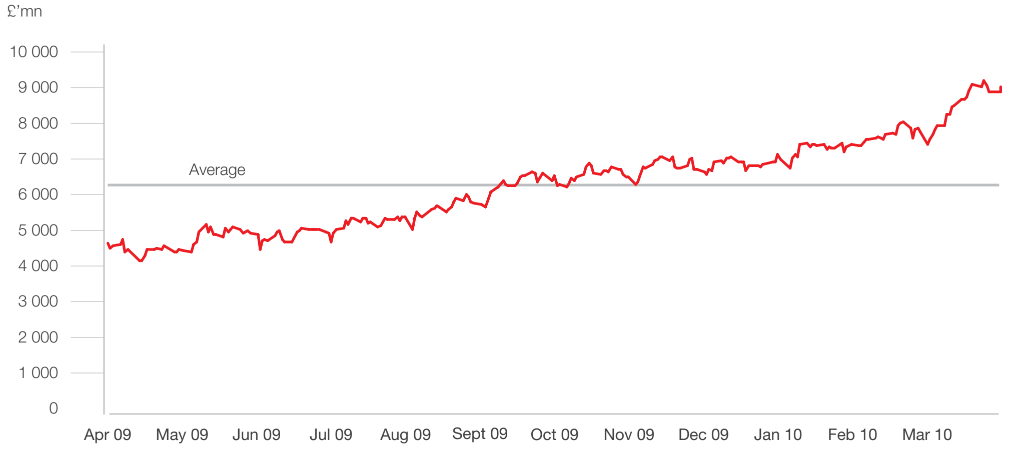
We engage in transactions that involve the use of both special purpose entities and asset securitisation structures. Securitisation represents a relatively modest proportion of our current funding profile, but provides additional flexibility and source of liquidity. These entities form part of the consolidated group balance sheet as reported. Our funding and liquidity capacity is not reliant on these entities to any material extent and we do not rely on these vehicles for funding in the normal course of business.

As mentioned above, we hold a liquidity buffer in the form of unencumbered readily available, high quality liquid assets, typically in the form of government or rated securities eligible for repurchase with the central bank, and near cash well in excess of the statutory requirements as protection against unexpected disruptions in cash flows. Investec remains a net liquidity provider to the interbank market, placing significantly more funds with other banks than our short–term interbank borrowings. These portfolios are managed within limits and, apart from acting as a buffer under going concern conditions, also form an integral part of the broader liquidity generation strategy in the unlikely event of a liquidity crunch. We do not rely on interbank deposits to fund term lending. From 1 April 2009 to 31 March 2010 average cash and near cash balances over the period amounted to £6.4 billion (£2.3 billion in UK and Europe; R41.0 billion in South Africa and A$1.4 billion in Australia).

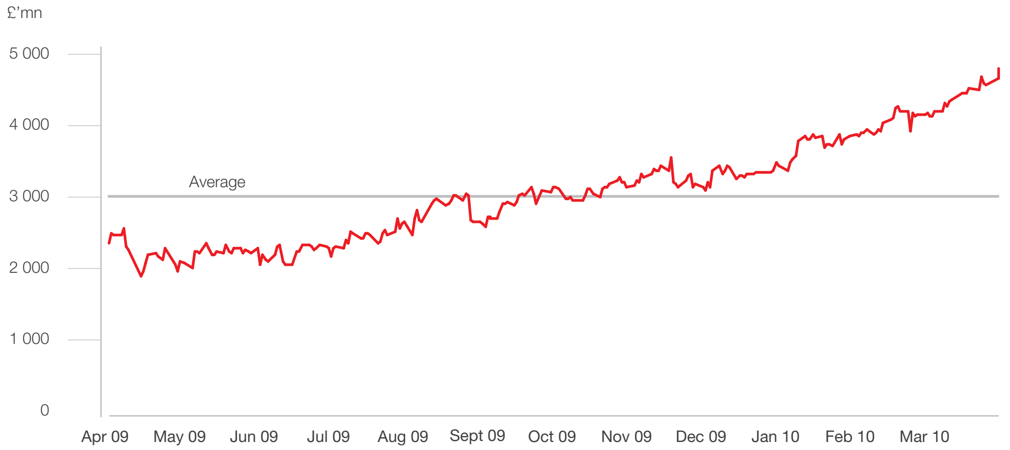
The group does not rely on committed funding lines for protection against unforeseen interruptions to cash flow. We are currently unaware of any circumstances that could significantly detract from our ability to raise funding appropriate to our needs.

Each banking entity within the group maintains a contingency funding plan to, as far as possible, protect stakeholder interests and maintain market confidence in order to ensure a positive outcome in the event of a liquidity crisis. The liquidity contingency plans outline extensive early warning indicators and clear and decisive crisis response strategies. Early warning indicators span bank specific and systemic crises. Crisis response strategies address roles and responsibilities, composition of decision making bodies involved in liquidity crisis management, internal and external communications including public relations, sources of liquidity, avenues available to access additional liquidity, as well as supplementary information requirements. This plan helps to ensure that cash flow estimates and commitments can be met in the event of general market disruption or adverse bank specific events, while minimising detrimental long-term implications for the business.

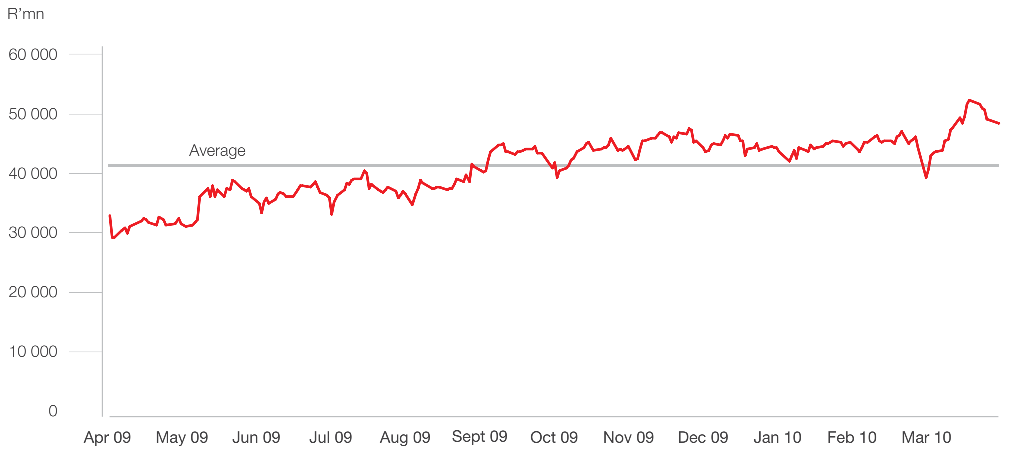
Total Investec group cash and near cash trend



Investec plc (UK, Europe and Australia) cash and near cash trend



Investec Limited (Southern Africa) cash and near cash trend



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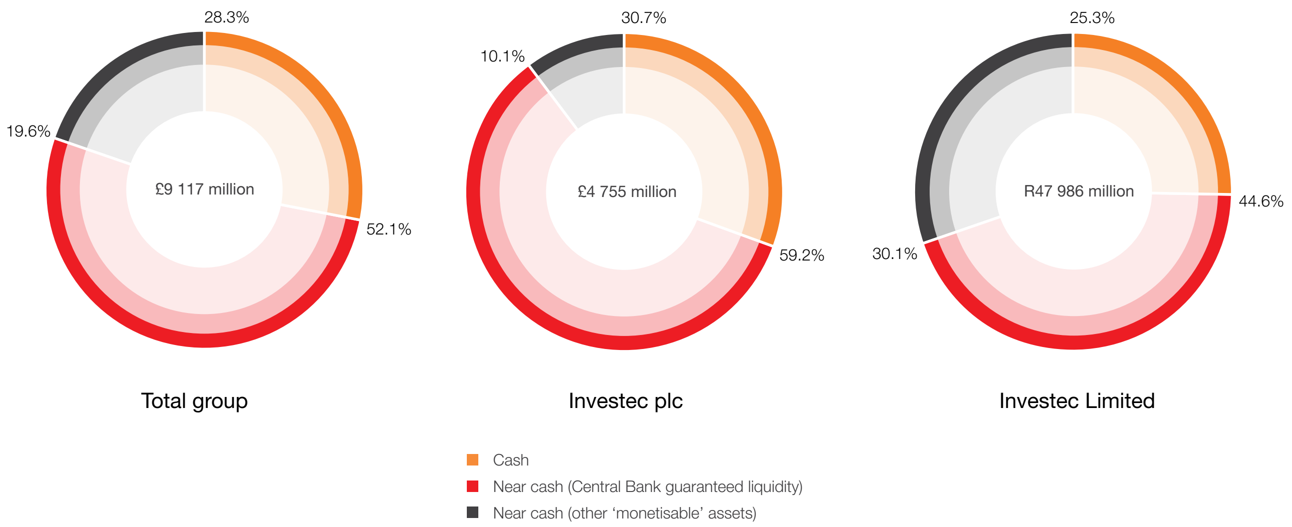
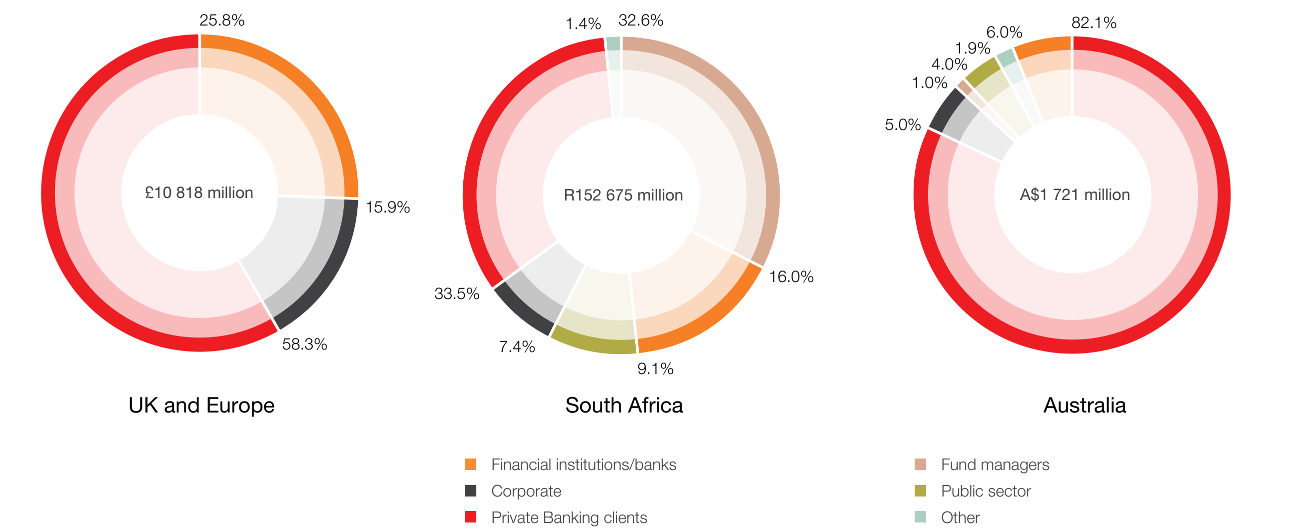
An analysis of cash and near cash



Bank and non-bank depositor concentration by type



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 167)

£'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)	–	–

Note: contractual liquidity adjustments (as discussed on page 167)

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 167)

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	–	–

Note: contractual liquidity adjustments (as discussed on page 167)

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 167)

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.

3

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.

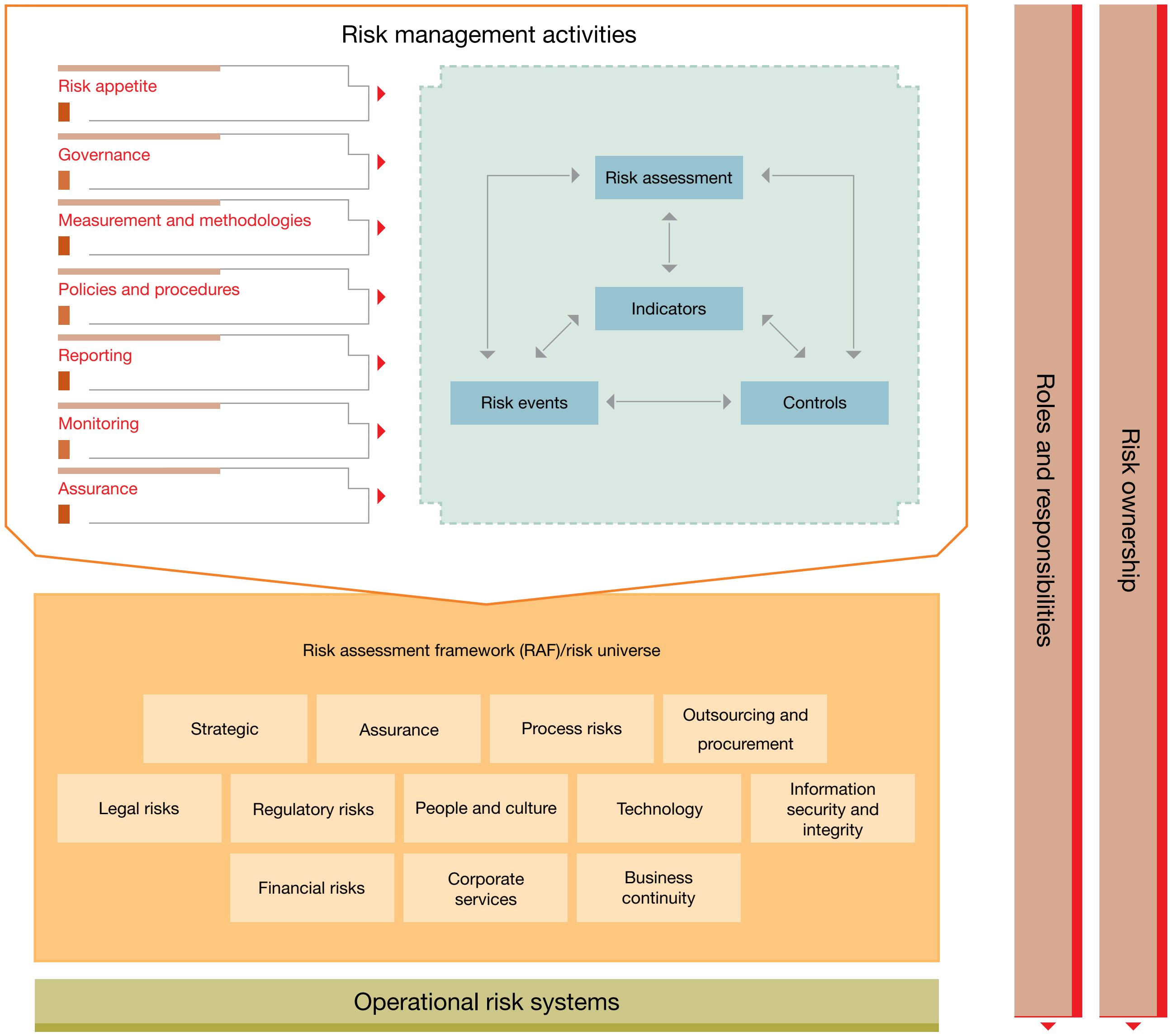
We have adopted The Standardised Approach to calculate the regulatory operational risk capital requirement.

Operational risk management framework

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

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

The following diagram provides an overview of the operational risk management framework



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Operational risk governance structure

The governance structure for operational risk management is outlined below.

Board

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

Group Operational Risk Management

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

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

Group Operational Risk Management is responsible for the interaction and relationship with the various supervisors of the group in relation to operational risk.

Business Units

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

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

Risk appetite

The Operational Risk Appetite policy sets out the operational risk exposure that the bank is willing to accept or retain, and the required action for mitigation and escalation of operational risk exposures.

If a risk appetite threshold is breached, mitigating treatments are implemented to bring the exposure back within an acceptable range.

Measurement and methodologies

Operational risk identification and risk assessments

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

The RAF is organised into risk areas and relevant associated detailed risks. A controlled operational risk exposure is determined based on an assessment of the consequence, likelihood of occurrence and the effectiveness of the relevant controls.

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

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

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

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

Key operational risks

The following risks have been identified, through a combination of a top down and bottom up process, as key operational risks for the group:

Area	Key operational risks	Key considerations
People	Talent	• Inability to attract and retain suitable skills and resources
Processes	Business practices	• Unsuitable products and services • Conflicts of interest
	Data or model risk	• Inaccurate and unreliable data and models
	Legal	• Inappropriate documentation and legal advice
	Regulatory compliance	• Non-adherence to laws, regulations and industry codes
	Settlement and execution	• Inadequate settlement / payment processes and systems
	Tax	• Underestimation of tax liability
	Unauthorised transaction execution	• Trading outside of mandate or approved limits
Systems	Business continuity	• Unavailability of systems and processes • Inability to continue operations
	Privacy and confidentiality	• Loss of information and data assets
	Technology	• Inappropriate and unreliable technology skills and resources
External	Financial crime	• Theft or misappropriation of the financial assets of the company
	Outsourcing	• Inadequate monitoring and management of third party outsourcing relationships

Group Operational Risk Management interacts regularly with Internal Audit and group Compliance to discuss matters of common concern relating to the risk and control environment.

We have considered these risks and appropriate measures have been taken to mitigate and manage the exposure to these risks within acceptable levels.

Operational risk measurement

Each key operational risk has been subjected to a scenario analysis process. Various plausible, extreme, infrequent scenarios were developed and documented for each material operational risk. Scenario information was sourced from an evaluation of the external business environment, internal business considerations, internal and external event data, and controlled operational risk exposures.

The data collected through the scenario process was evaluated using a Monte Carlo simulation technique. This provided a measure of the exposure arising from the key risks and was used to determine internal operational risk capital requirements. This is reviewed by the Capital Committee.

The operational risk capital measurement process improves awareness of operational risk and the control environment within the business units.

Operational risk events

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

The total value of internal risk events in 2010 has decreased by 58% compared to 2009, and the total number of events has increased marginally. The decrease in the value of events can be ascribed to an improvement in the identification and monitoring of operational risk events.

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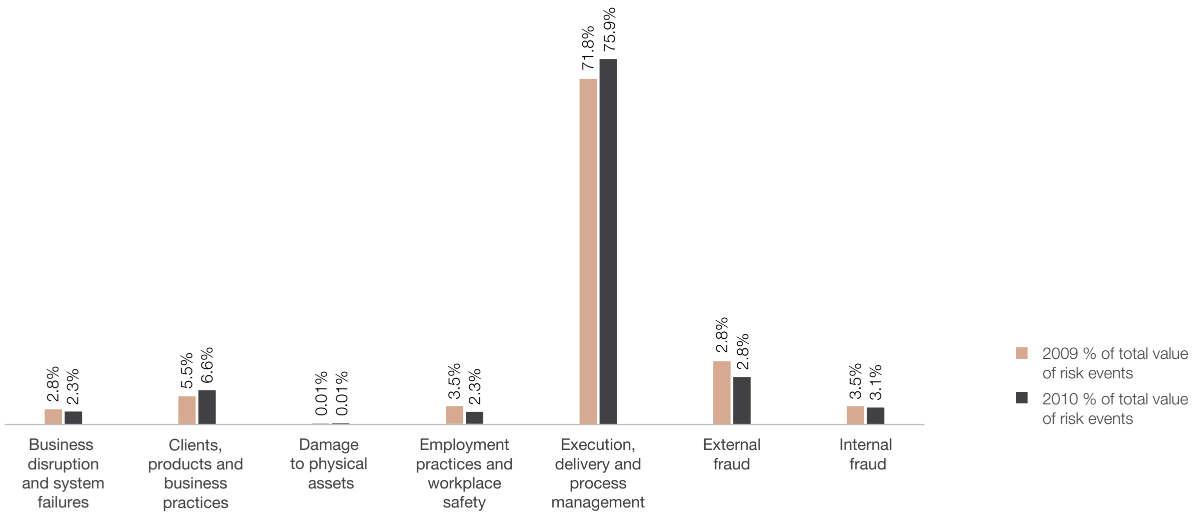
The figures below represent the distribution of the value and number of risk events across the risk event types.

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



The management and prevention of execution, delivery and process management (EDP) events remains an area of focus.

Operational risk events by risk category – % of total number of risk events

External fraud reflects mainly credit card fraud. Extensive work has been done to prevent and mitigate credit card fraud. The number of external fraud events has decreased by 24% compared to 2009.

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

Operational risk indicators

Business units track and report appropriate risk indicators in order to monitor and control their operational risk exposures. These are reviewed regularly to ensure that they are relevant.

Policies and practices

Policies and practices have been established by group Operational Risk Management to ensure that operational risk is managed in an appropriate manner, and integrated across the group. These are regularly reviewed by the Operational Risk Committees and/or working groups as well as the BRCC.

Reporting

Group Operational Risk Management reports to the board, BRCC and Audit Committee on a regular basis. These reports are based on monitoring performed by group Operational Risk Management, input received from the business units and data recorded in the operational risk system. Improving the relevance and reliability of reporting continues to be an area of focus.

Monitoring

The individual components of the Operational Risk Management Framework (risk assessments, risk events, indicators, scenario analysis etc.) are monitored on an ongoing basis by group Operational Risk Management and the ERMs. These components are integrated to inform each other, enabling more efficient monitoring of operational risk data integrity, compliance with the policies and practices, and the operational risk profile across the group.

Assurance

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

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.

Insurance

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

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. Further information is provided on pages 350 to 352.

Legal risk management

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

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

The scope of our activities is continuously reviewed and includes the following areas:

- Relationship contracts
- Legislation/governance
- Litigation
- Corporate events
- Incident or crisis management
- Ongoing quality control.

The legal risk policy is implemented through:

- Identification and ongoing review of areas where legal risk is found to be present
- Allocation of responsibility for the development of procedures for management and mitigation of these risks
- Installation of appropriate segregation of duties, so that legal documentation is reviewed and executed with the appropriate level of independence from the persons involved in proposing or promoting the transaction
- Ongoing examination of the inter-relationship between legal risk and other areas of risk management, so as to ensure that there are no "gaps" in the risk management process
- Establishing of minimum standards for mitigating and controlling each risk, including the nature and extent of work to be undertaken by our internal and external legal resources

- Establishing of procedures to monitor compliance, taking into account the required minimum standards
- Establishing of legal risk forums, bringing together the various legal risk managers, to ensure we keep abreast of developments and changes in the nature and extent of our activities, and to benchmark our processes against best practice.

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

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

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:

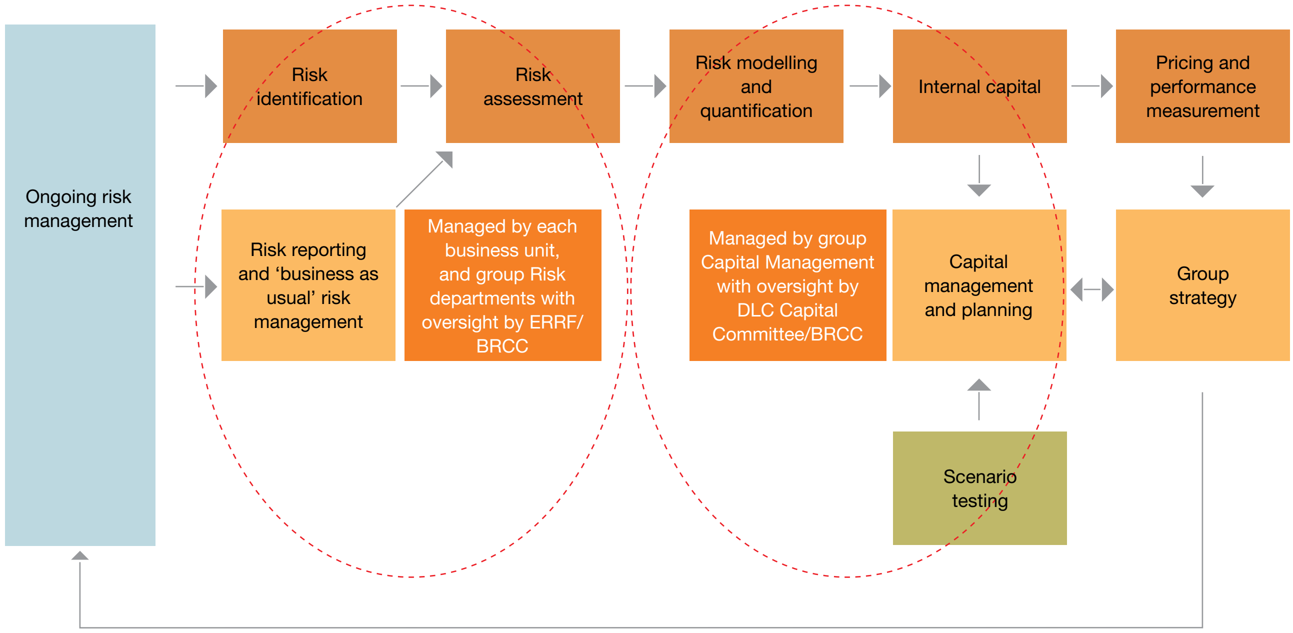
- Ensure that all identified risks are, where appropriate, incorporated into risk based pricing
- Maintain sufficient capital to satisfy the board's risk appetite across all risks faced by the group
- Support a target level of financial strength aligned with a long-term rating of at least A
- Provide 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.

In order to achieve these objectives, we adhere to the following approach to the integration of risk and capital management.

The (simplified) integration of risk and capital management



Risk assessment and identification

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

Risk reporting

As part of standard business practice, identified key risks are monitored by group Risk Management and by Internal Audit to ensure that risks are managed to an acceptable level of risk. Detailed performance and control metrics of these risks are reported to each ERRF and BRCC meeting, including, where appropriate the results of scenario testing. Key risk types that are considered fall within the following:

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

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

Role of regulatory capital in capital management

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

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

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

Therefore, while capital requirements under "Pillar 1" form the minimum capital for Investec plc, Investec Limited and their various regulated subsidiaries, our capital management framework places emphasis on the determination of internal capital requirements. However, we do manage our capital resources to ensure that all group entities exceed local capital adequacy rules in the jurisdictions in which they operate. Local management are responsible for compliance with the entities' minimum regulatory requirements, although the allocation of capital supply is controlled by the DLC Capital Committee.

Internal capital

Internal capital requirements are quantified by analysis of the potential impact of key risks to a degree consistent with our risk appetite.

Internal capital requirements are supported by the board approved risk assessment process described above. Assessments for all risks are based on analysis of internal data, management expertise and judgment and external benchmarking.

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

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

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

Capital management, planning and scenario testing

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

Internal capital is fully integrated into many key operational processes, including:

- Determining transactional risk based returns on capital
- Establishing break even pricing
- Optimising capital allocation
- Comparing risk based performance across business areas
- Forming a basis for the determination of Economic Value Added at a transactional level, and hence the basis for discretionary variable remuneration

3

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

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

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

At a minimum level, each capital plan assesses the impact on our capital adequacy over a range of scenarios based on an expected case, upturn and downturn scenarios. On the basis of the results of this analysis the DLC Capital Committee, and the BRCC, are presented with the potential variability in capital adequacy and are responsible, in consultation with the board, for consideration of the appropriate response.

Pricing and performance measurement

The use of internal capital means that all transactions are considered in the context of the impact on the allocation of our capital resources, and hence on the basis of their contribution to return on risk adjusted capital. This is to ensure that expected returns are sufficient after taking recognition of the inherent risk generated for a given transaction. This approach allows us to embed risk and capital discipline at the level of deal initiation. This compels a wider population (beyond the formal governance committees) to understand the capital implications of business activity and ensure that risk is priced appropriately.

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

For an assessment of return on equity and our return on internal capital utilised refer to pages 43 and 44.

Responsibility for the risk and capital management process

The Investec plc and Investec Limited boards of directors are ultimately responsible for the respective silo's capital management. The group's senior management take active roles in allocating capital at a transactional level. At the highest level, the boards have delegated direct responsibility for capital management to the BRCC, and in turn the DLC Capital Committee. These forums have been in place for several years and their roles and responsibilities are discussed on page 214.

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

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

- Business units, in particular those who conduct their business out of a regulated entity and use large amounts of capital (Private Bank and Capital Markets):
  - The transactional consultants within the business units consider the capital requirements and the projected return on this capital as part of the deal approval process. Pricing explicitly takes into account the capital usage
  - Each business unit is responsible for translating their detailed individual strategies into a "bottom-up" capital usage projection for incorporation into the group capital plan. These plans assist senior management with prioritising the use of our available capital
- Group Finance:
  - Regulatory reporting is the responsibility of a dedicated team within group Finance, who are responsible for ensuring regulatory capital requirements are continuously met
  - Financial control, through the capital management function, is responsible for the development and implementation of the internal capital framework and to manage and report on regulatory capital requirements. The development of the internal capital framework includes the result of analysis performed by Risk Management
  - The Capital Management function also co-ordinates, with assistance from business units, the development of the group's capital plan
  - As part of the responsibility for the internal capital framework, the allocation of capital is managed centrally by group Finance
  - As with Risk Management, the group Finance IT division plays a critical role in ensuring the integrity of the ledger and all supporting applications which contribute to the regulatory and business intelligence reporting processes
- Risk Management:
  - The credit approval process for each (relevant) transaction is approved only after review and approval by our central credit risk management team. Capital usage forms an explicit part of the approval process
  - For exposures which generate market risk, the market risk management team quantify and monitor market risk generated by trading activities. Traded market risk is closely monitored by our various risk management fora
  - As part of operational risk management, a process managed by centralised operational risk management and embedded risk managers within each business unit identify, assess and quantify key operational risks arising from Investec's operations. Quantification is then used as the basis for the operational risk capital used held via the internal capital framework
  - Underpinning all risk management functions is their IT support division, which ensures that all applications used to calculate and report risk are functioning properly and reconcile to underlying source systems
- Board and group executive:
  - The board has ultimate responsibility which is mandated to BRCC for the oversight of day to day risk management, capital management and ensuring that both risk and capital are managed commensurate with our strategy and risk appetite
  - The BRCC has delegated management of capital to the DLC Capital Committee and risk management to ERRF.

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

This results in a capital management process driven by capital adequacy goals which are closely monitored by strategic capital plans.

These strategic capital plans, as with all elements of internal capital, are subject to a robust approval process involving senior business unit managers, group executive and the board.

Capital disclosures in terms of Basel II

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

Accounting and regulatory treatment of group subsidiaries

Investec plc and Investec Limited are the two listed holding companies in terms of the DLC structure. Investec Bank plc (IBP) and Investec Bank Limited (IBL) are the main banking subsidiaries of Investec plc and Investec Limited, respectively. Investec Bank (Australia) Limited (IBAL) is a subsidiary of IBP. The regulatory treatment of the group's principal subsidiaries and associates is set out below:

Investec plc

			Regulatory treatment			
Identity of investment/ interest held	Regulatory	% interest held	Fully consolidated	Entities that are given a deduction treatment	Country of operation	Restrictions and major impediments on the transfer of funds and regulatory capital within the group
Bank controlling company Investec plc	Subject to consolidated supervision				UK	None
Investec 1 Limited	Subject to consolidated supervision	100%	Yes		UK	None
Regulated subsidiaries						
Banking and securities trading						
Investec Bank (Australia) Limited	Australian Prudential Regulation Authority ASIC AUSTRAC	100%	Yes		Australia	Subject to regulatory rules
Investec Bank plc (formerly Investec Bank (UK) Limited)	FSA	100%	Yes		UK	Subject to regulatory rules
Investec Bank (Channel Islands) Limited	Guernsey Financial Services Commission/ Jersey Financial Services Commission	100%	Yes		Guernsey and Jersey	Subject to regulatory rules
Investec Bank (Switzerland) AG	Swiss Financial Market Supervisory Authority	100%	Yes		Switzerland	Subject to regulatory rules
Investec Ireland Limited	The Financial Regulator of Ireland	100%	Yes		Ireland	Subject to regulatory rules
Investec Trust (Guernsey) Limited	Guernsey Financial Services Commission	100%	Yes		Guernsey	Subject to regulatory rules
Investec Trust (Jersey) Limited	Jersey Financial Services Commission	100%	Yes		Jersey	Subject to regulatory rules
Investec Trust (Switzerland) S.A.	Association Roman des Intermediaries Financiers	100%	Yes		Switzerland	Subject to regulatory rules
Investec Securities (US) LLC	Securities and Exchange Commission and Financial Industry Regulatory Authority	100%	Yes		USA	Subject to regulatory rules

Identity of investment/ interest held	Regulatory	% interest held	Regulatory treatment: Fully consolidated	Regulatory treatment: Entities that are given a deduction treatment	Country of operation	Restrictions and major impediments on the transfer of funds and regulatory capital within the group
Kensington Mortgage Company Limited	FSA	100%	Yes		UK	Subject to regulatory rules
Kensington Personal Loans Limited	FSA	100%	Yes		UK	Subject to regulatory rules
NUA Homeloans Limited	The Financial Regulator of Ireland	100%	Yes		Ireland	Subject to regulatory rules
NUA Mortgages Limited	The Financial Regulator of Ireland	100%	Yes		Ireland	Subject to regulatory rules
Start Mortgages Limited	The Financial Regulator of Ireland	66.4%	Yes		Ireland	Subject to regulatory rules
Rensburg Sheppards Investment Management Limited	FSA	47.1%	Proportionately Consolidated		UK	Subject to regulatory rules
Rensburg Fund Management Limited	FSA	47.1%	Proportionately Consolidated		UK	Subject to regulatory rules
Rensburg Sheppards Trustees Limited	FSA	47.1%	Proportionately Consolidated		UK	Subject to regulatory rules
Hargreave Hale Limited	FSA	35.0%	Proportionately Consolidated		UK	Subject to regulatory rules
Asset Management						
Investec Asset Management Limited	FSA	100%	Yes		UK	Subject to regulatory rules
Investec Asset Management US Limited	FSA and Securities and Exchange Commission	100%	Yes		UK	Subject to regulatory rules
Investec Fund Managers Limited	FSA	100%	Yes		UK	Subject to regulatory rules
Investec Investment Management Limited	FSA	100%	Yes		UK	Subject to regulatory rules
Investec Management Limited	FSA	100%	Yes		UK	Subject to regulatory rules
Investec Asset Management Asia Ltd	Hong Kong Securities and Futures Commission	100%	Yes		Hong Kong	Subject to regulatory rules
Investec Asset Management (Guernsey) Limited	Guernsey Financial Services Commission	100%	Yes		Guernsey	Subject to regulatory rules
Investec Asset Management Channel Islands Limited	Guernsey Financial Services Commission	100%	Yes		Guernsey	Subject to regulatory rules

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Identity of investment/ interest held	Regulatory	% interest held	Regulatory treatment: Fully consolidated	Regulatory treatment: Entities that are given a deduction treatment	Country of operation	Restrictions and major impediments on the transfer of funds and regulatory capital within the group
Investec Asset Management (Ireland) Limited	The Financial Regulator of Ireland	100%	Yes		Ireland	Subject to regulatory rules
Investec Asset Management Taiwan Limited	Taiwan Securities and Futures Commission	100%	Yes		Taiwan	Subject to regulatory rules
Investec Asset Management Australia Pty Ltd	Australian Securities and Investment Commission	100%	Yes		Australia	Subject to regulatory rules
Unregulated subsidiaries	**Not regulated subject to consolidated supervision**					
Investec Holding Company Limited		100%	Yes		UK	None
Investec Holdings (UK) Limited		100%	Yes		UK	None
Investec Group (UK) plc		100%	Yes		UK	None
Investec Asset Finance plc		100%	Yes		UK	None
Leasedirect Finance Limited		75%	Yes		UK	None
Investec Finance plc		100%	Yes		UK	None
Investec Group Investments (UK) Limited		100%	Yes		UK	None
Investec Trust Holdings AG (Formerly Investec Investment Holdings AG)		100%	Yes		Switzerland	None
Investec Trust (Switzerland) S.A.		100%	Yes		Switzerland	None
Kensington Group plc		100%	Yes		UK	None
Kensington Mortgages Limited		100%	Yes		UK	None
Newbury Park Mortgage Funding Limited		100%	Yes		UK	None
St James's Park Mortgage Funding Limited		100%	Yes		UK	None
Investec Experien Pty Limited		100%	Yes		Australia	None
Guinness Mahon & Co Limited		100%	Yes		UK	None
Unregulated subsidiaries	**Not regulated and not subject to consolidated supervision**					
Global Ethanol Holdings Limited and subsidiaries		44.4%		Deduction	USA	Minority interests
Ida Tech plc and subsidiaries		69.2%		Deduction	USA	Minority interests

Investec Limited

Identity of investment/ interest held	Regulatory	% interest held	Regulatory treatment: Fully consolidated	Regulatory treatment: Entities that are given a deduction treatment	Country of operation	Restrictions and major impediments on the transfer of funds and regulatory capital within the group
Bank controlling company						
Investec Limited	SARB	100%	Yes		SA	None
Regulated subsidiaries banking and securities trading						
Investec Bank Limited	SARB	100%	Yes		SA	None
Investec Bank (Mauritius) Limited	Bank of Mauritius	100%	Yes		Mauritius	None
Investec Securities Limited	JSE, FSB, BESA, SAFEX	100%	Yes		SA	None
Asset Management						
Investec Asset Management Holdings (Pty) Ltd	FSB/SAFEX	100%	Yes		SA	None
Investec Asset Management (Pty) Ltd	FSB/SAFEX	100%	Yes		SA	None
Investec Fund Managers SA Ltd	FSB/SAFEX	100%	Yes		SA	None
Insurance						
Investec Employee Benefits Holdings (Pty) Ltd	FSB	100%	Deconsolidated		SA	None
Investec Employee Benefits Ltd	FSB	100%	Deconsolidated		SA	None
Investec Assurance Limited	FSB and Long-Term Insurance Act	100%	Deconsolidated		SA	None
Unregulated subsidiaries	Not regulated subject to consolidated supervision					
Reichmans Holdings Limited		100%	Yes		SA	None
AEL Investment Holdings (Pty) Ltd		100%	Yes		SA	None
Investpref Ltd		100%	Yes		SA	None
KWJ Investments (Pty) Ltd		100%	Yes		SA	None
Securities Equities (Pty) Ltd		100%	Yes		SA	None
Sechold Finance Services (Pty) Ltd		100%	Yes		SA	None
Investec Personal Financial Services (Pty) Ltd (HSBC)		100%	Yes		SA	None
Fedsure International Ltd		100%	Yes		SA	None
Investec Employee Share Incentive Scheme Services (Pty) Ltd		100%	Yes		SA	None

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Identity of investment/ interest held	Regulatory	% interest held	Regulatory treatment		Country of operation	Restrictions and major impediments on the transfer of funds and regulatory capital within the group
			Fully consolidated	Entities that are given a deduction treatment		
Investec International Holdings (Gibraltar) Ltd		100%	Yes		SA	None
Quyn Martin Asset Management (Pty) Ltd		100%	Yes		SA	None
Investec Group Data (Pty) Ltd		100%	Yes		SA	None
APA Network Consultants (Pty) Ltd		100%	Yes		SA	None
Fuzztique (Pty) Limited		100%	Yes		SA	None
Cordatus Capital (Pty) Ltd		100%	Yes		SA	None
Investec Property Group Holdings Ltd		100%	Yes		SA	None

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

Capital structure

Summary information on the terms and conditions of the main features of all capital instruments is provided on pages 356 to 358.

	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.*

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

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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 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.*

Analysis of rated counterparties in each standardised credit risk exposure class

Investec plc

The table below shows the exposure amounts associated with the credit quality steps and relevant risk weightings.

Credit quality step	Risk weight	31 March 2010 Exposure £'mn	31 March 2010 Exposure after Credit Risk Mitigation £'mn	31 March 2009 Exposure £'mn	31 March 2009 Exposure after Credit Risk Mitigation £'mn
Central Banks and Sovereigns					
1	–	3 058	3 058	1 117	1 117
2	20%	–	–	–	–
3	50%	–	–	–	–
4	100%	–	–	–	–
5	100%	–	–	–	–
6	150%	–	–	–	–
Institutions original effective maturity of more than three months					
1	20%	665	665	657	492
2	50%	98	98	173	173
3	50%	8	8	85	57
4	100%	–	–	–	–
5	100%	–	–	–	–
6	150%	–	–	–	–
Short term claims on institutions					
1	20%	595	595	680	680
2	20%	886	886	497	497
3	20%	49	49	36	36
4	50%	–	–	–	–
5	50%	–	–	–	–
6	150%	–	–	–	–
Counterparty Credit Risk – effective original maturity of more than three months*					
1	20%	283	246	–	–
2	50%	99	55	–	–
3	50%	52	12	–	–
4	100%	–	–	–	–
5	100%	–	–	–	–
6	150%	–	–	–	–
Counterparty Credit Risk – effective original maturity of less than three months*					
1	20%	215	63	–	–
2	20%	7	7	–	–
3	20%	206	5	–	–
4	50%	–	–	–	–
5	50%	–	–	–	–
6	150%	–	–	–	–
Corporates					
1	20%	42	42	2	2
2	50%	17	17	–	–
3	100%	–	–		
4	100%	5	5	5	5
5	150%	–	–	–	–
6	150%	–	–	–	–
Securitisation positions					
1	20%	109	109	113	113
2	50%	18	18	15	15
3	100%	18	18	66	66
4	350%	21	21	14	14
5	1 250%	10	10	4	4
Total rated counterparty exposure		6 461	5 987	3 464	3 271

The capital requirement disclosed as held against credit risk as at 31 March 2009 included a small amount of capital held against counterparty credit risk, mainly with the groups trading businesses. On the basis of materiality no detail was provided as at 31 March 2009.

3

Investec Limited

The table below shows the exposure amounts associated with the credit quality steps and the relevant risk weightings.

Credit quality step	Risk weight	31 March 2010 Exposure R'mn	31 March 2010 Exposure after Credit Risk Mitigation R'mn	31 March 2009 Exposure R'mn	31 March 2009 Exposure after Credit Risk Mitigation R'mn
Central Banks and Sovereigns					
1	–	21 363	21 363	10 468	10 468
2	20%	–	–	–	–
3	50%	43	43	24	24
4	100%	–	–	–	–
5	100%	–	–	–	–
6	150%	–	–	–	–
Institutions original effective maturity of more than three months					
1	20%	–	–		
2	50%	6 303	6 303	4 253	4 253
3	50%	5 624	5 480	2 368	2 368
4	100%	–	–	–	–
5	100%	–	–	–	–
6	150%	–	–	–	–
Short term claims on institutions					
1	20%	3 986	3 986	2 982	2 982
2	20%	6 067	6 067	4 933	4 933
3	20%	2 023	2 023	6 477	6 477
4	50%	–	–	4	4
5	50%	–	–	–	–
6	150%	–	–	–	–
Corporates					
1	20%	40	40	186	186
2	50%	133	133	60	60
3	100%	157	145	87	87
4	100%	–	–	99	99
5	150%	–	–	–	–
6	150%	–	–	–	–
Securitisation positions					
1	20%	1 042	1 042	101	101
2	50%	2 147	2 147	2 397	2 397
3	100%	820	820	189	189
4	350%	500	500	37	37
5	1 250%	638	638	360	360
Total rated counterparty exposure		50 886	50 730	35 025	35 025

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

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

As a result of the silo specific regulatory responsibilities arising from our DLC structure, there are two group Internal Audit departments located in London and Johannesburg, responsible for Investec plc and Investec Limited respectively. An Internal Audit function, reporting into Investec plc, also exists in Sydney. The combined functions cover all of the geographies in which Investec operates. These departments use similar risk-based methodologies and cooperate technically and operationally.

The heads of Internal Audit report at each Audit Committee meeting and have a direct reporting line to the Chairman of the Audit Committee. They operate independently of executive management but have access to their local Chief Executive Officer and the Chairman of the Audit Committee. The head of the Investec plc Audit Department is also responsible for coordinating internal audit efforts to ensure coverage is global and departmental skills are leveraged in order to maximise efficiency. For administrative purposes the heads of Internal Audit also report to the global head of Corporate Governance and Compliance. The functions have adopted, and comply with, the International Standards for the Professional Practice of Internal Auditing.

Annually, Internal Audit conducts a formal risk assessment of all businesses from which a comprehensive risk-based annual audit plan is derived. The assessment and programme are validated by executive management and approved by the responsible Audit Committee. High risk businesses and processes are audited annually, with other areas covered at regular intervals based on their risk profile. There is an ongoing focus on identifying fraud risk as well as auditing technology risks given our dependence on IT systems. As a result of the continuing instability in the macroeconomic environment, there has been a focus in the past year on the provision of assurance over liquidity, credit and capital management controls. We also liaise with the external auditors to enhance efficiencies. The annual plan is reviewed regularly to ensure it remains relevant and responsive, given changes in our operating environment. The Audit Committee approves any changes to the plan.

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

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

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

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

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

The Compliance divisions operate under matrix management reporting structures and are decentralised throughout the businesses.

Under these arrangements, Compliance Officers are appointed to all significant business units and report to the business heads, but remain under the general supervision of group Compliance. Where appropriate, certain cross-enterprise compliance functions, such as Compliance Monitoring, are centralised and report directly to the group Compliance Officer.

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

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

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

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.

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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)

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.

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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 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.

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.

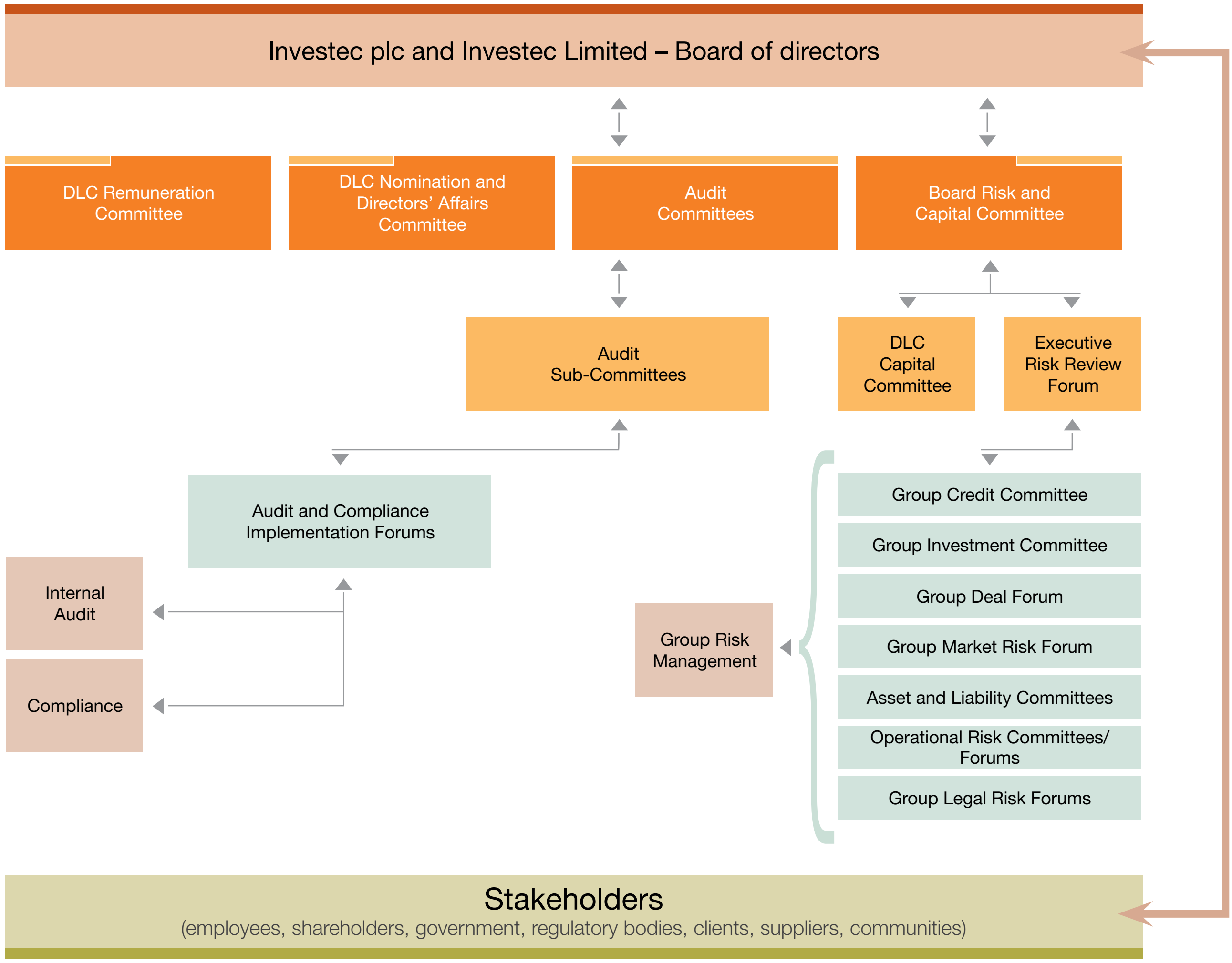
Sound corporate governance is implicit in our values, culture, processes, functions and organisational structure. Structures are designed to ensure that our values remain embedded in all businesses and processes. We continually refine these structures and a written Statement of Values serves as our Code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

Governance framework

Our governance framework can be depicted as follows:



Board statement

The board, management and employees of Investec are in full support of and committed to complying with the Disclosure and Transparency Rules and Listing Rules of the United Kingdom Listing Authority (UKLA), the JSE Limited (JSE) Listings Requirements, regulatory requirements in the countries in which we operate, the London Combined Code (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.

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.

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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 the relevant principles to sections in this report is attached hereto as an annexure on pages 221 to 223.

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 231 and 251
  - 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.

Financial reporting and going concern

The directors are required to confirm that they are satisfied that the group, as well as Investec plc and Investec Limited individually, have adequate resources to continue in business for the foreseeable future. The assumptions underlying the going concern statement are discussed at the time of the approval of the annual financial statements by the board and these include:

- Budgeting and forecasts
- Profitability
- Capital
- Liquidity.

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

In undertaking this responsibility, the directors are supported by an ongoing process for identifying, evaluating and managing the significant risks we face in preparing the financial and other information contained in this annual report. This process was in place for the year under review and up to the date of approval of the annual report and financial statements. The process is implemented by management and independently monitored for effectiveness by the Audit, Risk and other sub-committees of the board, which are referred to on pages 210 to 216.

The significant risks we face include risks flowing from the instability in the global financial market and recent economic environment that could affect Investec's businesses, earnings and financial condition.

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

- The group's strategy and prevailing market conditions and business environment
- Corporate governance practices
- Accounting policies adopted
- Desire to provide relevant and clear disclosures
- Nature and complexity of our business
- Risks we assume, and their management and mitigation
- Key business and control processes in operation
- Operation of board committee support structures
- Operational soundness
- Credit rating and access to capital
- Needs of all our stakeholders.

The board is of the opinion, based on its knowledge of the group, key processes in operation and specific enquiries, that there are adequate resources to support the group as a going concern for the foreseeable future. Further information on our liquidity and capital position is provided on pages 162 to 171 and pages 179 to 192.

Furthermore, the board is of the opinion that the group's risk management processes and the systems of internal control are effective.

Board of directors

Role and responsibilities

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

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

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
- 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.

Composition, structure and process

Membership

In terms of the DLC arrangements, the boards of Investec plc and Investec Limited are identical and the Investec group is managed as a unified economic enterprise. At the end of the year under review, the board, excluding the Chairman, comprised four executive directors and 11 non-executive directors. As set out below, the board concluded that the majority (i.e. eight) of the directors, excluding the Chairman, are independent in terms of the London Combined Code and King III. Biographical details of the directors are set out on pages 260 to 262. The names of the directors at the date of this report, the year of their appointment, their independence status and whether they will retire and seek re-election at the 2010 annual general meeting, are set out in the table below.

	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

Independence

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

A summary of the factors the board uses to determine the independence of directors is detailed below.

Chairman

The Chairman of the board is not considered to be independent as described in the board statement on pages 203 and 204.

Relationships and associations

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

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

Bradley Fried was previously CEO of Investec Bank plc and an employee of Investec and accordingly, the board concluded that Bradley could not be considered independent under the London Combined Code and King III.

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

Attendance at risk management meetings

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

Tenure

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

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

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

Skills, knowledge, experience and attributes of directors

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

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

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

Board and directors' performance evaluation

Board and directors' performance is evaluated regularly based on recognised codes of corporate governance and covers areas of the board's processes and responsibilities, according to leading practice. As from the financial year commencing 1 April 2010 the board, its committees and individual directors' performance evaluations will be conducted on an annual basis.

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

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

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

Terms of appointment

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

Ongoing training and development

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

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

The Company Secretaries liaise with the directors to source relevant seminars and conferences which directors attend, funded by Investec.

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

Independent advice

Through the Senior Independent Director or the Company Secretaries, individual directors are entitled to seek professional independent advice on matters related to the exercise of their duties and responsibilities at the expense of Investec. No such advice was sought during the 2010 financial year.

Remuneration

Details of the directors' remuneration and remuneration process are set out in the Remuneration report on pages 231 to 251.

Chairman and Chief Executive Officer

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

Details of the Chairman's external directorships are set out on page 262. The board does not consider that the Chairman's external commitments interfere with his performance and responsibilities to Investec. The board is satisfied that the Chairman makes sufficient time available to serve Investec effectively.

The board has not appointed a Deputy Chairman.

Senior Independent Director

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

Company Secretaries

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

Board meetings

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

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

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

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

Investec plc and Investec Limited board	Number of meetings held during the year	Number of meetings attended during the year	Independent
Executive directors			
S Koseff (Chief Executive Officer)	7	7	–
B Kantor (Managing Director)	7	7	–
GR Burger (Group Risk and Finance Director)	7	6	–
A Tapnack	7	7	–
Non-executive directors			
H Herman (Chairman)	7	7	No
SE Abrahams	7	7	Yes
GFO Alford	7	7	Yes
CA Carolus	7	7	Yes
H Fukuda OBE	7	7	Yes
GMT Howe	7	5	Yes
IR Kantor	7	6	No
Sir Chips Keswick (Senior Independent Director)	7	6	Yes
MP Malungani	7	7	No
Sir David Prosser	7	7	Yes
PRS Thomas	7	6	Yes
F Titi	7	7	No

**B Fried was appointed to the board on 1 April 2010. PKO Crosthwaite was appointed to the board on 18 June 2010.*

The number of meetings held during the year includes a special board meeting held on 9 March 2010.

Re-election of board members

All directors are subject to re-election at the first annual general meeting following their appointment. Thereafter, in accordance with the Articles of Association of Investec plc and Investec Limited, at least one third of the directors will retire at each annual general meeting. In compliance with the London Combined Code A.7.2., non-executive directors who have served on the board for more than nine years from the date of their first election are re-elected annually. Retiring directors are subject to an assessment of their performance by the Chairman and the Nominations and Directors' Affairs Committee before nomination for re-election and re-appointment. Biographical details of the directors standing for re-election at the 2010 annual general meeting are on pages 260 to 262.

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Board committees

The board is supported by key committees, as follows:

- DLC Audit Committee
- Investec plc Audit Committee
  - Audit Sub-Committees
  - Audit and Compliance Implementation Forums
- Investec Limited Audit Committee
  - Audit Sub-Committees
  - Audit and Compliance Implementation Forums
- Board Risk and Capital Committee
  - DLC Capital Committee
  - Executive Risk Review Forum
  - Various specialist risk committees and forums as described in the risk management section on pages 109 and 110
- DLC Nominations and Directors' Affairs Committee
- DLC Remuneration Committee

These committees have specific terms of reference, appropriately skilled members and access to specialist advice when necessary

Audit Committees

In terms of our DLC structure, the board has mandated authority to the Investec plc Audit Committee and the Investec Limited Audit Committee to be the audit committees for those respective companies and their subsidiaries.

A DLC Audit Committee, which is a combined Audit Committee of Investec plc and Investec Limited, has responsibility to the board for matters common to both Investec plc and Investec Limited. The Audit Committees comply with all legal and regulatory requirements, as required under both UK and SA legislation and apply the Corporate Governance Principles for audit committees as required by both the London Combined Code and King III.

The board has approved terms of reference for each of the Audit Committees. These terms of reference are available on our website.

Role and responsibilities

The responsibilities of the Audit Committees include:

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

In addition, the Audit Committees are now responsible for:

- Overseeing integrated reporting for the financial year ended 31 March 2010
- Reviewing the expertise, resources and experience of the Finance function.

The audit committees are satisfied that the:

- Finance functions of both Investec Limited and subsidiaries and Investec plc and subsidiaries are adequately skilled, resourced and experienced
- Group Finance Director has appropriate expertise and experience
- Group's internal financial controls are effective and no material weaknesses in financial control have been identified
- External auditors of both Investec Limited and Investec plc are independent.

The Audit Committees are required to report to the board and shareholders on how they have discharged their duties. Refer to the annexure on pages 224 to 227 for a report on the following:

- The Audit Committees formal terms of reference that have been approved by the board, and whether the Committees have satisfied their responsibilities for the year in compliance with their terms of reference
- A summary of the role of the Audit Committee
- How the Audit Committees have fulfilled their duties

- The names and qualifications of all members of the Audit Committees during the period under review, and the period for which they served on the Audit Committees
- The number of Audit Committee meetings held during the period under review and members' attendance at these meetings
- Whether or not the Audit Committees considered and recommended the internal audit charter for approval by the board
- A description of the working relationship with the head of Internal Audit (Chief Audit Executive)
- Information about any other responsibilities assigned to the Audit Committee by the board
- Whether the Audit Committees complied with its legal, regulatory or other responsibilities
- Whether or not the Audit Committees recommended the integrated report to the board for approval.

Membership and attendance

All Audit Committee members are required to meet predetermined skills, competency and experience requirements. We believe the Audit Committees have the necessary expertise to discharge their responsibilities effectively.

Details of membership, relevant qualifications and experience, as well as attendance at Audit Committee meetings, are shown in the tables below.

DLC Audit Committee	Number of meetings held during the year	Number of meetings attended during the year	Independent	Qualifications and experience
SE Abrahams (Chairman)	4	4	Yes	*FCA CA (SA)* Sam is a former international partner and South African managing partner of Arthur Andersen
GFO Alford	4	4	Yes	*BSc (Econ) FCIS FIPD MSI* George is former head of private banking and personnel at Kleinwort Benson Group and was a senior adviser to the UK Financial Services Authority
GMT Howe	4	4	Yes	*MA (Hons)* Geoffrey is a former managing partner at Clifford Chance LLP and was director and group general counsel of Robert Fleming Holdings Ltd and is the Chairman of Nationwide Building Society
Sir Chips Keswick	4	4	Yes	Sir Chips is a former chairman of Hambros Bank Limited, Hambros PLC and a former director of Anglo American. He was on the court of the Bank of England

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DLC Audit Committee	Number of meetings held during the year	Number of meetings attended during the year	Independent	Qualifications and experience
Sir David Prosser	4	4	Yes	*BSc (Hons) FIA* Sir David was previously chief executive of Legal & General Group PLC and was previously chairman of the Financial Services Skills Council
PRS Thomas	4	4	Yes	*CA (SA)* Peter was the former managing director of The Unisec Group Limited

Investec plc Audit Committee	Number of meetings held during the year	Number of meetings attended during the year	Independent	Qualifications and experience
SE Abrahams (Chairman)	4	4	Yes	Refer as above
GFO Alford	4	4	Yes	Refer as above
GMT Howe	4	3	Yes	Refer as above
Sir Chips Keswick	4	4	Yes	Refer as above
Sir David Prosser	4	4	Yes	Refer as above
PRS Thomas	4	4	Yes	Refer as above

Investec Limited Audit Committee	Number of meetings held during the year	Number of meetings attended during the year	Independent	Qualifications and experience
SE Abrahams (Chairman)	4	4	Yes	Refer as above
GFO Alford	4	4	Yes	Refer as above
GMT Howe	4	3	Yes	Refer as above
Sir Chips Keswick	4	4	Yes	Refer as above
Sir David Prosser	4	4	Yes	Refer as above
PRS Thomas	4	4	Yes	Refer as above
CB Tshili*	4	4	No	*CA (SA)* Busi is Group Finance Director of Peu Group (Pty) Ltd

Richard Dunne, previously representing the interest of Investec Bank Limited on this committee, resigned from the board of directors of Investec Bank Limited during the period under review.

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

Audit Sub-Committees

Audit Sub-Committees for Investec plc and Investec Limited, and other regulated subsidiaries, have been established. These allow senior managers of the business units, who do not attend the main Investec plc and Investec Limited Audit Committee meetings, to meet with the risk and control functions and to provide input on the risk and control environment of the business units. Members of the Investec plc and Investec Limited Audit Committees are entitled to attend these meetings and, as a general rule, at least one non-executive member does so.

Audit and Compliance Implementation Forums

Audit and Compliance Implementation Forums have been established for Investec plc and Investec Limited and their principal operating subsidiaries. Each Audit and Compliance Implementation Forum is attended by key executives and heads of risk and control functions. Non-executive directors have an open invitation to attend. These forums monitor and report on the implementation of recommendations and other matters that the relevant Audit Committee or Audit Sub-Committee consider important and facilitate the timely understanding and escalation of, and response to risk and control matters that require a response from management. The forums are key to enhancing risk and control consciousness and the associated control environment of the group. The forums support and provide important insight to the Audit Committees. Essentially, the forums act as a filter, enabling the Audit Committees to concentrate their efforts on matters of appropriate materiality.

DLC Remuneration Committee

Role and responsibilities

Details of the role and responsibilities of the Remuneration Committee are set out in the Remuneration report on pages 241 and 242.

Membership and attendance

Details of membership and attendance at Remuneration Committee meetings are shown below.

DLC Remuneration Committee	Number of meetings held during the year	Number of meetings attended during the year	Independent
GFO Alford (Chairman)	9	9	Yes
GMT Howe	9	9	Yes
Sir Chips Keswick	9	6	Yes
Sir David Prosser*	9	4	Yes

**Sir David Prosser was appointed to the Remuneration Committee on 9 September 2009 and has attended all four meetings held since his appointment.*

Additional meetings are held throughout the year when necessary.

DLC Nominations and Directors' Affairs Committee

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

Role and responsibilities

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

- Identifying and nominating the approval of board candidates to fill board vacancies as and when they arise
- Determining and evaluating the adequacy, efficiency and appropriateness of the corporate governance structure and practices of the group
- Establishing and maintaining a board directorship continuity programme
- Regularly reviewing the structure, size and composition (including the skills, knowledge and experience) of the boards and board committees compared with their current positions and making recommendations to the boards regarding any changes
- The nomination of successors to the key positions in Investec Limited or Investec Bank Limited, its major subsidiary, in order to ensure that a management succession plan is in place.

The committee's terms of reference are available on our website.

Membership and attendance

Details of attendance and membership are shown below.

DLC Nominations and Directors' Affairs Committee	Number of meetings held during the year	Number of meetings attended during the year	Independent
HS Herman (Chairman)	4	4	No
SE Abrahams	4	4	Yes
Sir Chips Keswick	4	4	Yes
F Titi	4	4	No
PRS Thomas	4	4	Yes

KXT Socikwa is a board member of Investec Bank Limited and permanent invitee to the meeting.

Board Risk and Capital Committee

The Board Risk and Capital Committee is the appointed board committee to meet the requirements of Section 64A of the South African Banks Act, which requires the board of directors of a bank and controlling company to appoint a risk and capital management committee.

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

Role and responsibilities

The committee will ensure that:

- All decisions of the board on risk management policies and procedures are implemented and monitored throughout Investec
- The risk management structure is adequate, with sufficient resources and budget, and exceptions are reported to the board
- Exposure limits for market, counterparty and credit risk are ratified; liquidity and operational risk are also monitored
- There is an ongoing process of risk and control identification, particularly for any changes to business objectives and the bases of measuring risk
- There is sufficient capital in relation to existing and potential risks to the organisation.

The Board Risk and Capital Committee defines the processes by which internal financial control, risk and capital management are assumed and monitored. The group Risk Management division provides the expertise, processes and techniques from which the processes can be built and monitored daily.

A number of committees are dedicated to aspects of risk management and report directly to the board and the Board Risk and Capital Committee. These include the DLC Capital Committee, Executive Risk Review Forum, Asset and Liability Committees, group Credit Committees, group Market Risk Forum, group Deal Forum, Operational Risk Committees/Forums and group Legal Risk Forum.

The committee's terms of reference are available on our website.

Membership and attendance

Board Risk and Capital Committee	Number of meetings held during the year	Number of meetings attended during the year	Independent
S Koseff (Chairman)	5	5	No
SE Abrahams	5	4	Yes
GFO Alford	5	4	Yes
GR Burger (Group Risk and Finance Director)	5	4	No
GMT Howe	5	4	Yes
B Kantor (Managing Director)	5	5	No
Sir Chips Keswick	5	2	Yes
MP Malungani	5	2	No
K Socikwa*	5	3	Yes
A Tapnack	5	3	No
PRS Thomas	5	5	Yes
F Titi	5	5	No

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

Executive Risk Review Forum

The Executive Risk Review Forum is mandated by the Board Risk and Capital Committee to be the Executive Risk Review Forum of Investec plc and Investec Limited and their subsidiaries, as regards enterprise wide risk and the measurement, monitoring and mitigation thereof.

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

Role and responsibilities

The Executive Risk Review Forum will:

- Evaluate the most significant risks we face in the ordinary course of business
- Review the risk models (including, but not limited to, credit models) which need to be incorporated appropriately into the allocation of capital
- Ensure that limits are adhered to and that agreed recommendations to mitigate risk are implemented
- Act as agent of the board to ensure that all decisions of the board on risk management policies and procedures are implemented and monitored throughout the group
- Ensure the group-wide risk management structure is adequately resourced and has an appropriate budget
- Provide regular reports to the board focusing on effectiveness of the control framework
- Provide regular reports on group-wide adherence to regulatory requirements and advise on how changes to regulatory requirements will affect us
- Ensure that there is an ongoing process of risk and control identification, particularly in line with any changes to business objectives, such as the commencement of a new trading area or product stream.

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Membership

Chairman	S Koseff (Chief Executive Officer)	
Membership	Executive directors	Senior management
	GR Burger (Group Risk and Finance Director)	RJ Cowley
	B Kantor (Managing Director)	C Daleski
	A Tapnack	S Heilbron
		PR Jacobson
		DM Lawrence
		B Tapnack
		M Trollip
		DM van der Walt
		RJ Wainwright
		JKC Whelan
		IR Wohlman
Meeting frequency	Every Friday except on Board Risk and Capital Committee dates	

DLC Capital Committee

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

Role and responsibilities

The DLC Capital Committee is responsible for:

- Determining the DLC group's capital requirements
- Reviewing capital adequacy submissions to be made to regulators
- Considering the ongoing requirements and consequences of Basel II and other regulatory requirements and their impacts on regulatory capital requirements
- Review the risk models which need to be incorporated appropriately into the allocation of capital
- Considering, determining and approving capital issues relating to any corporate structuring for acquisitions
- Monitoring the capital positions and returns on internal capital of each business unit
- Submission of capital recommendations to the Board Risk and Capital Committee.

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Membership

Chairman	S Koseff (Chief Executive Officer)		
Membership	Non-executive directors	Executive directors	Senior management
	SE Abrahams	GR Burger (Group Risk and Finance Director) B Kantor (Managing Director) A Tapnack	SM Burgess S Heilbron RJ Jacobson LR Penfold N Samujh B Tapnack DM van der Walt JKC Whelan IR Wohlman
Meeting frequency	At least quarterly		

Management and succession planning

Global business unit heads, geographic management and the heads of central and group service functions are appointed by executive management and endorsed by the board, based on the skills and experience deemed necessary to perform the required function. In general, managers do not have fixed term employment contracts and there are no employment contracts with managers for a term of more than three years. Our management structure, reporting lines and the division of responsibilities are built around a geographic, divisional and functional network, as depicted on page 53.

Each strategic business unit has an executive management committee and is responsible for taking and implementing operational decisions, managing risk and aligning divisional objectives with the group strategy and vision.

Matters of succession are considered regularly. Decision making is spread to encourage and develop an experienced pool of talent.

Internal control

We have adopted the Turnbull guidance (Internal Control: Guidance for Directors on the Combined Code issued by the Institute of Chartered Accountants of England and Wales in 1999 and revised in 2005), and continued to embed these principles throughout the group during the year under review. We apply the majority of the principles under King III.

Risks and controls are reviewed and monitored regularly for relevance and effectiveness. The Board Risk and Capital Committee and Audit Committees assist the board in this regard. Sound risk management practices are promoted by the Group Risk Management function, which is independent of operational management. The board recognises its responsibility for the overall risk and control framework and for reviewing its effectiveness.

Internal control is designed to mitigate, not eliminate, significant risks faced. It is recognised that such a system provides reasonable, but not absolute, assurance against material error, omission, misstatement or loss. This is achieved within the group through a combination of risk identification, evaluation and monitoring processes, appropriate decision and oversight forums, and assurance and control functions such as Group Risk Management, Internal Audit and Compliance. These ongoing processes which comply with the Turnbull guidance were in place throughout the year under review and up to the date of approval of the annual report and accounts.

Internal Audit reports any control recommendations to senior management, group Risk Management and the relevant Audit Committee. Appropriate processes, including review by the Audit and Compliance Implementation Forums, ensure that timely corrective action is taken on matters raised by Internal Audit. Significant risks are reviewed regularly by the Executive Risk Review Forum and by the Board Risk and Capital Committee. Material incidents and losses and significant breaches of systems and controls are reported to the Board Risk and Capital Committee and the Audit Committees. Reports from the Audit Committees, Board Risk and Capital Committee and Risk and Control functions are reviewed at each board meeting.

Internal financial controls

Internal financial controls are based on established policies and procedures. Management is responsible for implementing internal financial controls, ensuring that personnel are suitably qualified, that appropriate segregation exists between duties, and that there is suitable independent review. These areas are monitored by the board through the Audit Committees and are independently assessed by Internal Audit and Compliance.

Processes are in place to monitor internal control effectiveness, identify and report material breakdowns, and ensure that timely and appropriate corrective action is taken. Group Finance and Investor Relations coordinate, review and comment on the monthly financial and regulatory reports, and facilitate the interim and annual financial reporting process, including the independent audit process.

Risk management

The board is responsible for the total process of risk management and the systems of internal control. A number of committees and forums assist in this regard. Senior management is responsible for identifying risks and implementing appropriate mitigation processes and controls within their businesses. The independent group Risk Management functions, accountable to the board, are responsible for establishing, reviewing and monitoring the process of risk management. Group Risk Management reports regularly to the Board Risk and Capital Committee and the Executive Risk Review Forum.

Risk management is discussed in more detail on pages 105 to 195.

Internal audit

Each significant jurisdiction has an Internal Audit presence that is appropriate for the size, nature and extent of business conducted. Smaller geographies are supported by the Internal Audit teams of the Investec plc and Investec Limited groups.

A risk-based audit approach is followed and the Audit Committee approves annual audit plans.

Heads of Internal Audit report to the chairmen of the relevant Audit Committees and to the head of Corporate Governance and Compliance.

For further details on the Internal Audit function, see page 196.

External audit

Investec's external auditors are Ernst & Young LLP and Ernst & Young Inc. The independence of the external auditors is reviewed by the Audit Committees each year.

The Audit Committees meet with the external auditors to review the scope of the external audit, budgets, the extent of non-audit services rendered and all other audit matters.

The external auditors are invited to attend Audit Committee meetings and have access to the Chairman of each Audit Committee. Recommendations on the rotation of auditors, as laid out in the UK Auditing Practices Board Ethical Standard 3 as well as Directive 6/2008 of the South African Banks Act, were adhered to during the period under review.

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

Non-audit services are dealt with in terms of an agreed policy which states that:

- External audit firms will have internal standards and processes to monitor and maintain their independence and these must be presented to the Audit Committees on an annual basis. These will be considered based on the explicit exclusions contained in existing rules and guidelines
- Safeguards must be in place to ensure that there is no threat to the objectivity and independence in the conduct of the audit, resulting from the provision of non-audit services by the external auditors.

Total audit fees paid to all auditors for the year ended were £8.6 million (2009: £7.0 million), of which £1.8 million (2009: £1.2 million) related to the provision of non-audit services.

Compliance

Compliance ensures that Investec continuously complies with existing and emerging regulation impacting on our operations. We recognise our responsibility to conduct business in accordance with the laws and regulations in the countries and areas in which we operate. The Compliance function is supported by Group Compliance and Compliance Officers in the business units. For further details on the Compliance function, see pages 197 to 201.

Regulation and supervision

Investec is subject to external regulation and supervision by various supervisory authorities in each of the jurisdictions in which we operate, the main ones being the Banking Supervision Department (BSD) of the South African Reserve Bank (SARB), the UK Financial Services Authority (FSA) and the Australian Prudential Regulatory Authority (APRA). Some of our businesses are subject to supervision by the South African Financial Services Board, South African National Credit Regulator and the South African Financial Intelligence Centre.

The SARB is the lead supervisor of the combined Investec group, comprising Investec plc and Investec Limited. SARB is the supervisor of Investec Limited, while the FSA is the supervisor of Investec plc. We strive to establish and maintain open and active dialogue with regulators and supervisors. Processes are in place to respond proactively and pragmatically to emerging issues and we report regularly to regulators and supervisory bodies. Where appropriate, we participate in industry committees and discussion groups to maintain and enhance the regulatory environment in which we operate.

Communication, public disclosure obligations and stakeholder relations

The board recognises that effective communication is integral in building stakeholder value and is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to primary stakeholders, as defined below. The purpose is to help these stakeholders make meaningful assessments and informed investment decisions about the group.

We endeavour to present a balanced and understandable assessment of our position by addressing material matters of significant interest and concern. We seek to highlight the key risks to which we consider ourselves exposed and our responses to minimise the impact of these risks. Another objective is to show a balance between the positive and negative aspects of our activities in order to achieve a comprehensive and fair account of our performance.

Our primary stakeholders include employees, shareholders, government, regulatory bodies, clients, depositors, suppliers, rating agencies, the media, communities and industry equity and debt analysts. The board appreciates the importance of ensuring an appropriate balance in meeting the diverse needs and expectations of all our stakeholders and building lasting relationships with them. As a requirement of our DLC structure, we comply with the disclosure obligations contained in the applicable listing rules of the UKLA and JSE and other exchanges on which our shares are listed and with any public disclosure obligations as required by the FSA and SARB. We also recognise that from time to time we may be required to adhere to public disclosure obligations in other countries where we have operations, for example Australia.

The Investor Relations' division has day-to-day responsibility for ensuring appropriate communication with stakeholders and, together with the Company Secretarial division, ensures that we meet our public disclosure obligations.

We have a board approved policy statement in place to ensure that we comply with all relevant public disclosure obligations and uphold the board's communication and disclosure philosophy.

The processes we have adopted to ensure that we comply with all public disclosure obligations are set out below:

- Significant announcements are released directly to the market primarily via the services offered by the London and Johannesburg stock exchanges, and also via the services offered by the other exchanges where our shares are listed. In terms of our DLC structure, announcements are released almost simultaneously on all exchanges, thereby ensuring fair treatment of all stakeholders. Copies of these announcements are placed on the Investec website as soon as possible following confirmation of release on the relevant exchanges, but within 24 hours at the latest, and are kept on the website for several years
- We maintain a comprehensive investor relations website, which ensures that all stakeholders readily have access to historical and current information
- We host at least four investor presentations a year: two before we enter a closed period and on the day we release interim and year end results. Investor presentations are broadcast live via video conference from our offices in the UK and South Africa. In addition, we also publish two interim management statements (i.e. quarterly updates) as required in terms of the UKLA Listing Rules. Stakeholders are notified of these events via the stock exchange news or regulatory information services and are welcome to attend and engage with executive and non-executive directors. Stakeholders also have the option of using a live telephone conference facility or accessing the audio webcasts of the presentation via our website. Occasionally, we are invited to attend external third party investor conferences at which we present our financial and operational performance
- Regular contact is maintained with major stakeholders through a comprehensive investor relations programme, which includes meetings with executive management, investor road shows and presentations to the investment community, communication by email, regular telephone conferences and liaison with private shareholders in response to their enquiries. The Investor Relations division reports back regularly to the operating divisions, the group executive and the board on matters and concerns raised by stakeholders. Copies of analyst, rating agency and other relevant reports are also circulated to the board
- Our communication policy focuses on ensuring that all employees worldwide are informed of business developments and activities. In this regard a number of channels are used, including our quarterly magazine (Impact), comprehensive intranet sites and staff updates hosted by the executive
- All shareholders are encouraged to attend the annual general meeting and to raise issues and participate in discussions on items included in the notice of the meeting. The meeting enables the board to communicate with shareholders and for shareholders to ask questions in person. The Chairmen of the Audit, Remuneration and Nomination and Directors Affairs Committees, as well as the Senior Independent Director, attend the meeting to respond to relevant questions. All valid proxy appointments are recorded and counted and, at general meetings, a schedule of the proxy votes cast is available to all shareholders. We propose a separate resolution on each substantially separate issue and do not bundle resolutions together inappropriately. All resolutions are determined on a poll. Shareholders are requested to approve our report and accounts and our remuneration report. The outcome of the voting on the items of business are released on the stock exchange news services or regulatory information and posted on our website after the meeting.

During the year, the Chief Executive Officer, the group Managing Director and other members of executive management continued to meet with shareholders in the UK, Europe and South Africa, to understand their issues and concerns and discuss matters relating to our activities and performance. No new material or price sensitive information is provided at such meetings. Non-executive directors and the Senior Independent Director are available and will attend meetings if requested and, as mentioned above, feedback on any issues or concerns raised by investors is provided to the board.

The Chairman and the non-executive directors are committed to communicating with shareholder bodies, to help develop a balanced understanding of their issues and concerns. We will continue to engage these bodies so as to remain informed of emerging governance issues.

Dealings in securities

Dealings in securities are subject to the Personal Account Dealing policy that has been in operation for a number of years. The policy is based on regulatory guidance and industry practice and is updated to ensure compliance with applicable regulations and industry good practice.

The policy is designed to discourage speculative trading and highlights the potential conflicts of interest between the interests of employees and the Investec group or any of its clients, shareholders or potential shareholders. The UK's Disclosure and Transparency Rules requires us to disclose transactions in shares and related securities by all persons discharging management responsibilities and their 'connected persons'. These include directors and senior executives of the group.

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

Directors' dealings

The Remuneration report, as set out on pages 231 to 251, contains details of Investec shares held by directors. Directors' dealings in the securities of Investec plc and Investec Limited are subject to a policy based on regulatory requirements and governance best practice.

All directors' dealings require the prior approval of the Compliance division and the Chairman or, in the Chairman's absence, Sam Abrahams or Sir Chips Keswick. All dealings of persons discharging management responsibilities require approval by line management, the Compliance division and the Chairman.

Values and code of conduct

We have a strong organisational culture of entrenched values, which forms the cornerstone of our behaviour towards all stakeholders. These values are embodied in a written Statement of Values, which serves as our Code of Ethics, and is continually reinforced.

We view all employees as the custodians of ethical behaviour, which is reinforced through internal processes, policies and procedures. As such all new employees are invited, and are strongly encouraged, to attend an induction process at which our philosophies, values, culture, risk management and compliance procedures are explained and discussed.

Our Organisation Development team plays an important role in facilitating the understanding and ongoing practice of our values, philosophies and culture. In addition to our values, acceptable business practices are communicated through the Human Resources practices manual, available on our intranet.

We continually strive to conduct our business with uncompromising integrity and fairness, so as to promote trust and confidence in the banking industry.

Sustainable business practices

We have an acute awareness of the need for longevity and durability, across all our businesses, and an ingrained understanding of the practices that underpin sustainability. Our triple bottom line approach is documented on pages 269 and 270 and further detail can be found on our website.

Annexure to Corporate governance section

King III principles

The board is of the opinion, based on the practices disclosed throughout this report which were in operation during the year under review, that Investec currently applies the following governance principles as required by King III:

King III principle	Cross-reference to annual report sections	Cross-reference to annual report pages
Ethical leadership, corporate citizenship, boards and directors		
The board should act as the focal point for and custodian of corporate governance	• Introduction • Board of directors: roles and responsibilities	202 205
The board should appreciate that strategy, risk, performance and sustainability are inseparable	• Board of directors: roles and responsibilities	205
The board should provide effective leadership based on an ethical foundation	• Introduction • Values and code of conduct	202 220
The board should ensure that the company is and is seen to be a responsible corporate citizen	• Our Business Responsibility	269 and 270
The board should ensure that the company's ethics are managed effectively	• Introduction • Values and code of conduct	202 220
The board should ensure that the has an effective and independent audit committee	• Audit Committees	210 – 213
The board should be responsible for the governance of risk	• Board of directors: roles and responsibilities • Attendance at risk meetings • Board Risk and Capital Committee	206 207 214
The board should be responsible for information technology (IT) governance	• Board of directors: roles and responsibilities	206
The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	• Board of directors: roles and responsibilities • Compliance	205 197 to 201
The board should ensure that there is an effective risk-based internal audit	• Internal Audit	196 and 217
The board should appreciate that stakeholders' perceptions affect the company's reputation	• Reputational risk	178
The board should ensure the integrity of the company's integrated report	• Board of directors: roles and responsibilities	205
The board should report on the effectiveness of the company's system of internal controls	• Internal control • Internal financial controls	216 217
The board and its directors should act in the best interests of the company	• Board of directors: roles and responsibilities	206
The CEO of the company should not also fulfill the role of chairman of the board	• Chairman and Chief Executive Officer	208
The board should appoint the chief executive officer and establish a framework for the delegation of authority	• Chairman and Chief Executive Officer	208
The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	• Independence	206 – 207
Directors should be appointed through a formal process	• Re-election of board members	209
The induction of, and ongoing training and development of directors should be conducted through formal processes	• Ongoing training and development	208
The board should be assisted by a competent, suitably qualified and experienced company secretary	• Company Secretaries	209
The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	• Governance framework	203
A governance framework should be agreed between the group and its subsidiary boards	• Remuneration report	231 to 251
Companies should remunerate directors and executives fairly and responsibly	• Directors' annual remuneration	244
Companies should disclose the remuneration of each individual director	• Directors' annual remuneration	244
Shareholders should approve the company's remuneration policy	• Notice to the AGM – Resolution 11	381

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King III principle	Cross-reference to annual report sections	Cross-reference to annual report pages
Audit committees		
The board should ensure that the Company has an effective and independent audit committee	• Audit Committees	210 – 213
Audit committee members should be suitably skilled and experienced independent non-executive directors	• Membership and attendance	211 – 212
The audit committee is to be chaired by an independent non-executive director	• Membership and attendance	211
The audit committee should oversee integrated reporting	• Audit Committee: roles and responsibilities	210
The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	• Audit Committee report to shareholders	226
The audit committee should satisfy itself of the expertise, resources and experience of the Company's finance function	• Audit Committee: roles and responsibilities	210
The audit committee should be responsible for overseeing Internal Audit	• Audit Committee: roles and responsibilities	210
The audit committee should be an integral part of the risk management process	• Audit Committee report: summary of the role of the Audit Committees • Audit Committee report: how the Committees have fulfilled their duties • Operational risk indicators: reporting	225 226 177
The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	• Audit Committee: roles and responsibilities	210
The audit committee should report to the board and shareholders on how it has discharged its duties	• Audit Committee report: how the committee have fulfilled their duties	225 to 226
The governance of risk		
The board should be responsible for the governance of risk	• Board of directors: roles and responsibilities	206
The board should determine the levels of risk tolerance	• Board of directors: roles and responsibilities	206
The risk committee or audit committee should assist the board in carrying out its risk responsibility	• Board of directors: roles and responsibilities	206
The board should delegate to management the responsibilities to design, implement and monitor the risk management plan	• Risk management	217
The board should ensure that risk assessments are performed on a continual basis	• Operational risk management • Board of directors: roles and responsibilities	172 to 177 206
The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	• Measurement and methodologies	174
The board should ensure that management considers and implements appropriate risk responses	• Risk appetite	174
The board should ensure continual risk monitoring by management	• Board of directors: roles and responsibilities	205
The board should receive assurance regarding the effectiveness of the risk management process	• Board of directors: roles and responsibilities	206
The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholder	• Board of directors: roles and responsibilities	205
The governance of information technology		
The board should be responsible for information technology (IT) governance	• Operational risk management • Board of directors: roles and responsibilities	170 to 175 206
IT should be aligned with the performance and sustainability objectives of the company	• Board of directors: roles and responsibilities	206
The board should delegate to management the responsibility for the implementation of an IT governance framework	• Board of directors: roles and responsibilities	206
The board should monitor and evaluate significance IT investments and expenditure	• Board of directors: roles and responsibilities	206

King III principle	Cross-reference to annual report sections	Cross-reference to annual report pages
IT should form an integral part of the company's risk management	• Board of directors: roles and responsibilities	206
The board should ensure that information assets are managed effectively	• Board of directors: roles and responsibilities	206
A risk committee and audit committee should assist the board in carrying out its IT responsibilities	• Board of directors: roles and responsibilities	206
Compliance with laws, codes, rules and standards		
The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	• Board of directors: roles and responsibilities • Compliance	206 197 to 201
The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	• Ongoing training and development	208
Compliance risk should form an integral part of the company's risk management process	• Board of directors: roles and responsibilities	206
Internal audit		
The board should ensure that there is an effective risk based internal audit	• Internal Audit	196 and 217
Internal audit should follow a risk based approach to its plan	• Internal Audit	217
Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management	• Internal Audit	196
The audit committee should be responsible for overseeing internal audit	• Audit Committee: role and responsibilities	210
Internal audit should be strategically positioned to achieve its objective	• Internal Audit	196
Governing stakeholder relationships		
The board should appreciate that stakeholders' perceptions affect a company's reputation	• Reputational risk	178
The board should delegate to management to proactively deal with stakeholder relationships	• Communication, public disclosure obligations and stakeholder relationships	218
The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	• Communication, public disclosure obligations and stakeholder relationships • Our Business Responsibility	218 269 and 270
Companies should ensure the equitable treatment of shareholders	• Communication, public disclosure obligations and stakeholder relationships	218
Transparent and effective communication with stakeholders is essential building and maintaining their trust and confidence	• Communication, public disclosure obligations and stakeholder relationships	218
The board should ensure that disputes are resolved as effectively efficiently and expeditiously as possible	• Legal Risk Management	178
Integrated reporting and disclosure		
The board should ensure the integrity of the company's integrated report	• Board of directors: roles and responsibilities	206
Sustainability reporting and disclosure should be integrated with the company's financial reporting	• Our Business Responsibility • Investec's website at http://www.investec.com/en_za/#home/our_business_responsibility/obr_reports.html	269 and 270

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The board recognises the important role of the Audit Committees as part of the risk management and corporate governance processes and procedures of the Investec group

Annexure to Corporate governance section

Audit Committees report to shareholders

Introduction

In terms of the DLC structure, the board has mandated authority to the Investec plc Audit Committee and the Investec Limited Audit Committee to be the audit committees for those respective companies and their subsidiaries with each having their own regulatory requirements to meet.

A DLC Audit Committee – which is a combined audit committee of Investec plc and Investec Limited – has responsibility to the board for matters common to both Investec plc and Investec Limited.

The Audit Committees comply with all legal and regulatory requirements, as required under both UK and South African legislation, listings rules, and apply the corporate governance principles for audit committees as required by both the London Combined Code and King III.

Principles of good governance require the audit committees to report to the board and shareholders on how they have discharged their duties.

Investec has elected to formally report to the shareholders at the annual general meeting on the following:

- Whether or not the Audit Committees have adopted formal terms of reference that have been approved by the board and if so, whether the committees satisfied their responsibilities for the year in compliance with their terms of reference
- A summary of the role of the Audit Committees
- How they have fulfilled their duties
- The names and qualifications of all members of the Audit Committees during the period under review
- The number of Audit Committee meetings held during the period under review and members attendance at these meetings
- Whether or not the Audit Committees considered and recommended the internal audit charter for approval by the board
- A description of the working relationship with the head of Internal Audit (Chief Audit Executive)
- Information about any other responsibilities assigned to the Audit Committees by the board
- Whether the Audit Committees complied with their legal, regulatory or other responsibilities
- Whether or not the Audit Committees recommended the integrated report to the board for approval.

The following report has been prepared in order to address the matters above. This report is included in the Common Business section to be dealt with at the annual general meeting taking place on 12 August 2010.

Summary of conclusions reached by the Audit Committees for the year ended 31 March 2010

Following a review and meeting the requirements of each of the terms of reference, the Audit Committees individually and combined are satisfied that:

- The finance functions of both Investec plc and its subsidiaries and Investec Limited and its subsidiaries are adequately skilled, resourced and experienced
- The group Finance Director, GR Burger, has the appropriate expertise and experience to meet the responsibilities of the position

- The group's internal financial controls are effective and no material weaknesses in financial control have been identified
- The external auditors of both Investec plc and Investec Limited are independent.

The Audit Committees have:

- Reviewed and discussed the audited annual financial statements with the external auditors, the Chief Executive Officer and the Finance Director
- Reviewed the adjustments resulting from external audit queries and accepted the unadjusted audit differences as they were immaterial
- Received and considered reports from the internal auditors
- Reviewed and oversaw the integrated reporting process.

The Audit Committees recommended the adoption of the integrated report to the board. The board subsequently approved the integrated report, including the financial statements, which will be open for discussion at the forthcoming annual general meeting.

Additional disclosures on the role, functioning and deliberations of the audit committees follow:

Terms of reference

The board has approved terms of reference for the Audit Committees which can be found on our website.

Summary of the role of the Audit Committees

The role and responsibilities of the Committees is summarised on pages 210 and 211 of this report.

The board recognises the important role of the Audit Committees as part of the risk management and corporate governance processes and procedures of the Investec group. In this regard the Audit Committees have oversight of:

- Financial reporting risks
- Internal financial risks
- Fraud and IT risks as they relate to financial reporting.

In addition, the Audit Committees are now responsible for:

- Overseeing the process and recommending to the board the adoption of the integrated report for the financial year ended 31 March 2010

  In this regard the Audit Committees:
  - Considered all facts and risks that may impact on the integrity of the integrated report
  - Reviewed and commented on the financial statements included in the integrated report
  - Reviewed the disclosure of sustainability issues in the integrated report to ensure that they are reliable and do not conflict with the financial information
  - Reviewed the need to engage an external assurance provider on material sustainability issues – but recommended to the board that it was not necessary to engage an external assurance provider
  - Reviewed the content of the summarised integrated report
  - Engaged the external auditors to provide assurance on the abridged report (summarised financial information).
- Reviewing the expertise, resources and experience of the finance function

  In this regard:
  - The Chairman of the Audit Committees consulted with the Finance Director, Chief Executive Officer and both the internal and external auditors and discussed the findings with the Audit Committees
  - The Chairman discussed the expertise, resources and experience of individual finance staff members with each of the heads of the geographical finance functions
  - The Audit Committees reviewed the quality of the financial reporting and disclosures.

How the Committees have fulfilled their duties

For each Audit Committee and Audit Sub-Committee meeting a comprehensive meeting pack is prepared with written reports received from, inter alia, the finance, internal audit, operational risk, compliance and IT functions. Representatives from each of these functions attend the meetings by invitation and present on the significant matters included in their reports.

Reports on the risk and control environment of all business units and principal operating subsidiaries are made to one of the Audit Sub-Committees, with matters of major issues escalated to the Audit Committees.

At Audit Sub-Committees the senior managers of the business units meet with the risk and control functions and provide input on the risk and control environment of the business units.

The Audit and Compliance Implementation Forums monitor and report on the implementation of recommendations and other matters that the relevant Audit Committee or Audit Sub-Committee consider important and facilitate the timely understanding and escalation of, and response to risk and control matters that require a response from management.

The following flow chart depicts the Investec group Audit Committees' structure:

Audit Committees of Investec plc and Investec Limited

DLC Audit Committee

External auditors
- Planning/budget
- Conflict/independence
- Attest and non-attest fees
- Reports to regulators
- Management letter
- Quality of earnings (overs and unders schedule)
- Appointment/re-appointment

Compliance
- Planning/budget
- Resources
- High level reporting of non-compliance
- Monitoring of special projects
- Regulatory matters

Tax
- High level only

Internal auditors
- Planning/budget
- Resources
- Annual audit plan
- Charter
- Execution
- Reporting
- Special ad hoc work
- Review of high level reports
- Internal controls

Operational risk
- Fundamental internal controls
- Fraud and loss statistics
- Insurance coverage
- Corporate governance – (SA Banks Act requirements)
- Disaster recovery and business continuity
- Key staff issues

Finance
- Accounting policies
- Annual financial statements
  - Half year results
  - Year end results
- Production of audited financial statements of companies and subsidiaries
- Accounting for one-off transactions
- Accounting updates and conventions – IFRS
- Basel
- Reconciliations
- Regulatory reports
- Representation letters

Audit Sub-Committees
- Distil only major issues to audit committees

Audit Compliance Implementation Forum
- High level reports

Information technology (IT)
- Status
- Major risks
- Change control
- Capacity management
- Security
- Staffing
- Projects
- Governance

Composition and membership of the Audit Committee

Details on the composition and membership can be found on pages 211 to 212 of this report.

Meetings and attendance

Details on the meetings and attendance can be found on pages 211 to 212 of this report.

Internal audit charter

The audit committees have approved the internal audit charter and annual audit plan.

Working relationship with the head of Internal Audit (Chief Audit Executive)

Both jurisdictions heads of Internal Audit have free access to the Chairman of the Audit Committees or any member of the Audit Committees. They attend all Audit Committee meetings by invitation.

Information about any other responsibilities assigned to the Audit Committee by the board

All responsibilities are covered in the audit committees' terms of reference.

Compliance with the legal, regulatory or other responsibilities

- The Audit Committees comply with all legal and regulatory requirements, as required under both UK and South African legislation and apply the corporate governance principles for audit committees as required by both the London Combined Code and King III
- External auditors are represented from both UK and South Africa and ensure that all accounting principles and standards, as required, are complied with when preparing the combined group financial statements.

Recommendation of the integrated report to the board for approval

The Audit Committees recommended to the board the adoption of the integrated report for the year ended 31 March 2010.

SE Abrahams
Chairman, Audit Committee

15 June 2010

Remuneration Report | **FOUR**

Remuneration report

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

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

Staff compensation ratio

36.1%

Total shareholder return

Investec plc return

90.6%

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Investec Limited return

65.1%

FTSE 350 Index return

49.8%

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%.

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.

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 35 to 49 and pages 105 to 108
- 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 243)

- 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 248)
- 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

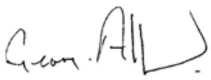
Work volume necessitated the committee meeting regularly during the year. Following the period under consideration, we will lose Sir Chips Keswick to whom we express thanks for his perceptions and experience over the last eight years. In addition, we welcomed Sir David Prosser to the committee during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

15 June 2010

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

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

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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 236 and 237)
- 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 179 to 183)
- 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.

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

The reward package for executive directors and employees comprises:

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

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

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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 on pages 179 to 183
- 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.

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.

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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%

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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. For further details, see the Directors' report on page 277. 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 (as discussed on pages 211 and 212 and page 214), 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 page 206.

Biographical details of the directors of the board

These details can be found on pages 260 to 262.

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 206.

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.

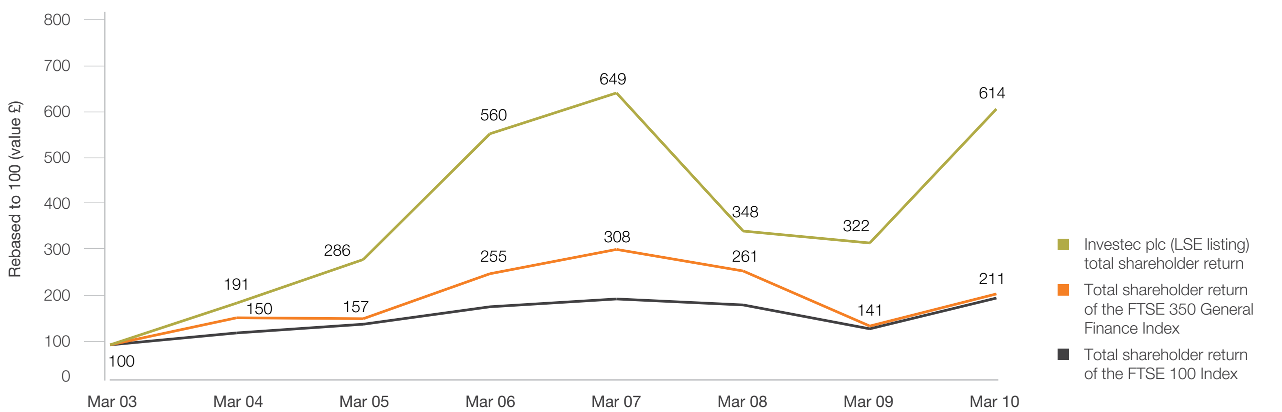
The graph below shows the cumulative shareholder return for a holding of our shares (in green) in Pounds Sterling on the LSE, compared with the average total shareholder return of other members of the FTSE 350 General Finance Index. It shows that, at 31 March 2010, a hypothetical £100 invested in Investec 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

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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

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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	Beneficial and non-beneficial interest Investec plc[1] 31 March 2010	% of shares in issue[1] Investec plc 31 March 2010	Beneficial and non-beneficial interest Investec Limited[1] 1 April 2009	Beneficial and non-beneficial interest Investec Limited[1] 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 251.*

   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

Name	Investec plc		Investec Limited		Investec Bank Limited	
	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).*

4

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 251.

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		

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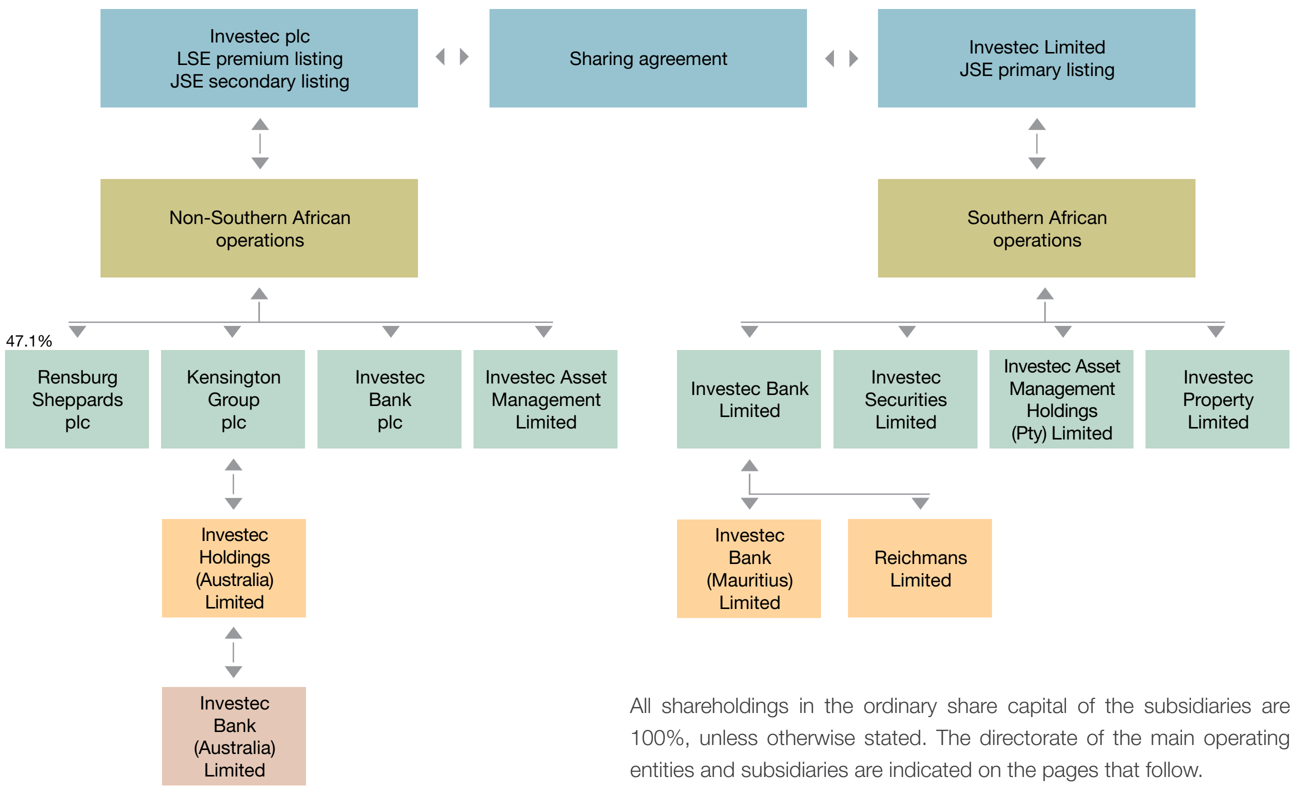
Additional information | FIVE

Additional information

Operational structure

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.

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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.

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

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

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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.*

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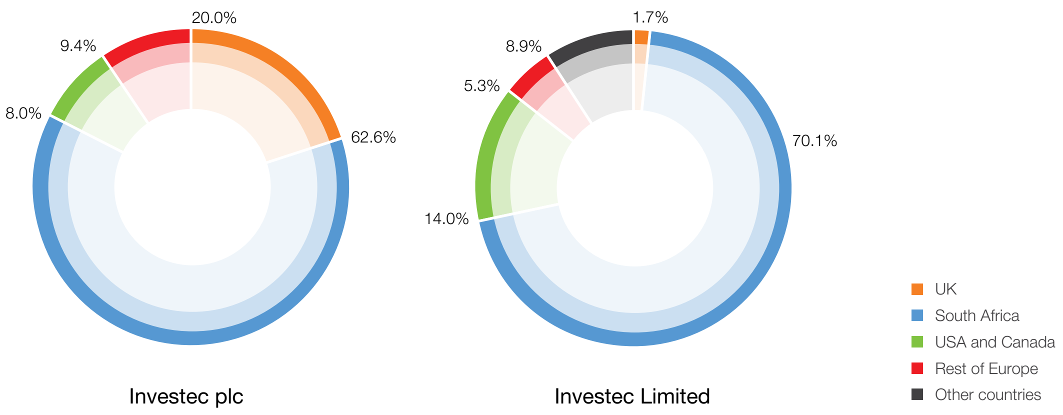
Geographic holding by beneficial owner as at 31 March 2010



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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.

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Name	Age at 31 March 2010	Qualifications	Current directorships	Investec committee membership	Brief biography
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.
PKO Crosthwaite (appointed 18 June 2010)	61	MA (Hons)	Jupiter Green Investment Trust, 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.
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.

Name	Age at 31 March 2010	Qualifications	Current directorships	Investec committee membership	Brief biography
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.
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 206.*
- *Details of the Investec committees can be found on pages 210 to 216.*

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)

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 | **SIX**

Our Business Responsibility

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.

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

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.

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

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.

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

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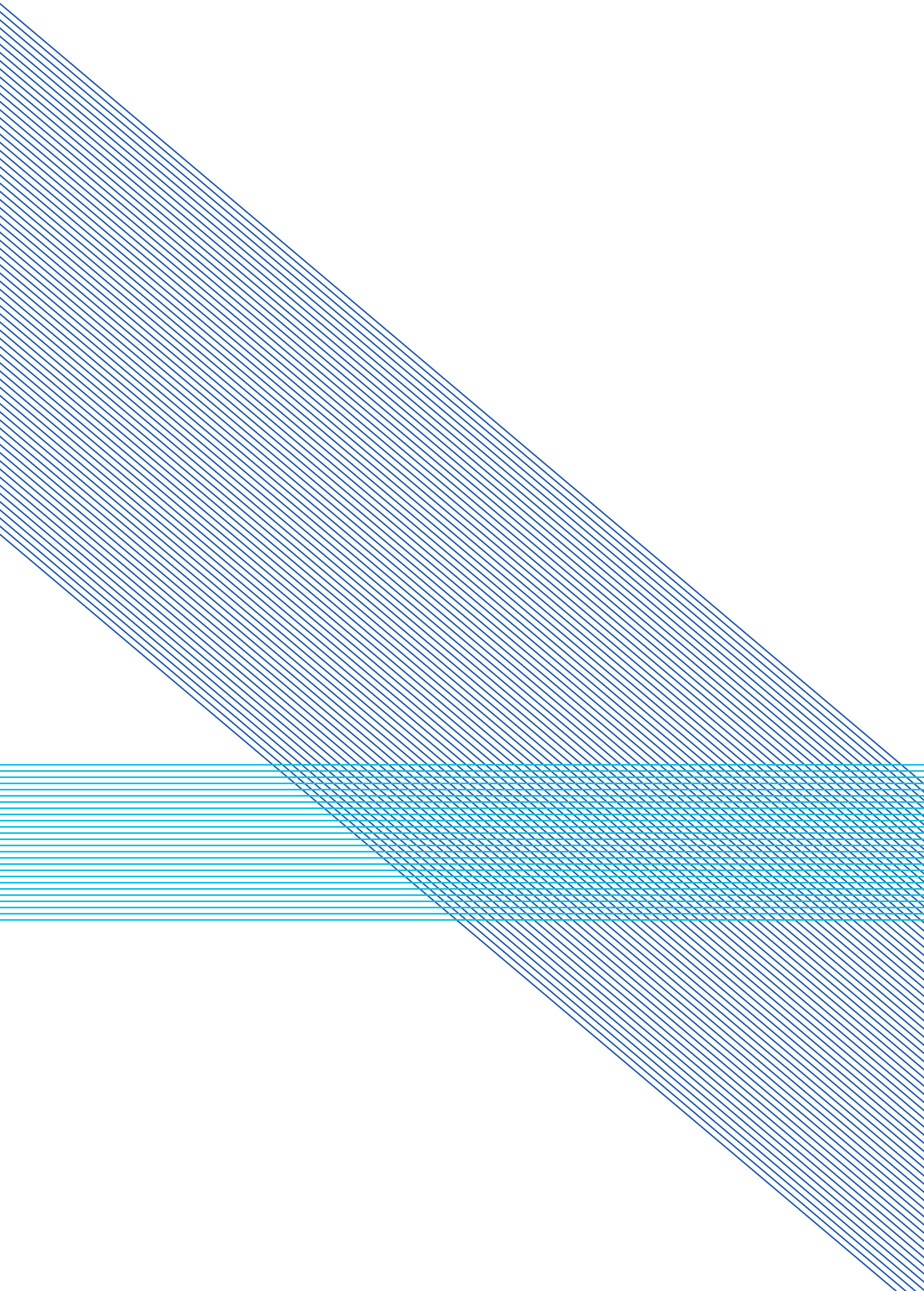

Financial statements | **SEVEN**

Financial statements

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 16 to 19 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 20 to 265 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 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.

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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 260 to 262 and at the end of the annual 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 248 to 251. 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 203 and 204.

Share incentive trusts

Details regarding options granted during the year are set out on pages 316 and 317.

Audit Committee

The Audit Committee comprising non-executive directors meets regularly with senior management, the external auditors, Operational Risk, Internal Audit, Group Compliance and the Finance division, to consider the nature and scope of the audit reviews and the effectiveness of our risk and control systems. Further details on the role and responsibility of the Audit Committee are set out on pages 210 and 211.

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 257 for details of contracts with directors.

Subsidiary and associated companies

Details of principal subsidiary and associated companies are reflected on pages 370 and 372.

Major shareholders

The largest shareholders of Investec plc and Investec Limited are reflected on page 257.

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. These policies are set out on pages 294 to 305.

Financial instruments

Detailed information on the group's risk management process and policy can be found in the Risk Management report on pages 105 to 195. Information on the group's hedge accounting policy and the use of derivatives and hedges can be found on page 300 and in notes 16 and 45.

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 255 to 256 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 note 44.

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

15 June 2010

Directors' Responsibility statement

The following statement, which should be read in conjunction with the Auditors' report set out on pages 286 to 288, 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 pages 286 to 288 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 275 to 279 and pages 289 to 378, were approved by the board of directors on 15 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	Bernard Kantor
Chief Executive Officer	Managing Director

15 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

15 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. Further details are set out in the notice of the annual general meeting on pages 380 to 406.

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.

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.

We have audited the financial statements of Investec plc for the year ended 31 March 2010 which comprise the combined consolidated income statements, the combined consolidated statement of comprehensive income, the combined consolidated and parent company balance sheets, the combined consolidated cash flow statement, the related notes 1 to 47 and the information in the Risk Management report described as audited. The financial reporting framework that has been applied in the preparation of the group's financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable Law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 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 report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities statement set out on page 280, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2010 and of the group's profit for the year then ended;
- The group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- The parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in the accounting policies, the group, in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion, the group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- The part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- The information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The information given in the Corporate governance statement set out on pages 202 to 227 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company financial statements and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- A Corporate governance statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- The directors' statement, set out on pages 204 and 205, in relation to going concern; and
- The part of the Corporate governance statement on pages 203 and 204, relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Ernst & Young LLP

Angus Grant (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

15 June 2010

Notes:

1. *The maintenance and integrity of the Investec plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.*
2. *Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.*

Independent auditor's report to the members of Investec Limited

We have audited the group annual financial statements of Investec Limited, which comprise the Directors' report, the combined consolidated balance sheet as at 31 March 2010, the combined consolidated income statement, the combined consolidated statement of comprehensive income, combined consolidated statement of changes in equity and combined consolidated cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 275 to 378, the separate annual financial statements of Investec Limited, which comprise the separate balance sheet as at 31 March 2010, the separate income statement and statement of comprehensive income, the separate statement of changes in equity and separate cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 376 to 378 and the information in the Risk Management Report and Directors' Remuneration report that is marked as audited.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the South African Companies Act of 1973. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Investec Limited as of 31 March 2010 and its consolidated and separate financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the South African Companies Act of 1973.

Ernst & Young Inc.

Ernst & Young Inc.
Registered Auditors
Wanderers Office Park
52 Corlett Drive
Sandton

15 June 2010

Combined consolidated income statement

For the year to 31 March £'000	Notes	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	20	11 595	12 438
Investment income on assurance activities	28	94 914	74 584
Premiums and reinsurance recoveries on insurance contracts	28	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	28	(119 918)	(88 108)
Total operating income net of insurance claims		**1 657 188**	**1 489 521**
Impairment losses on loans and advances	18	(286 581)	(256 173)
Operating income	8	**1 370 607**	**1 233 348**
Administrative expenses	2	(920 694)	(803 158)
Depreciation, amortisation and impairment of property, equipment and intangibles	23/26	(36 457)	(30 102)
Operating profit before goodwill		**413 456**	**400 088**
Impairment of goodwill	25	(3 526)	(32 467)
Operating profit		**409 930**	**367 621**
Profit on disposal of group operations	27	–	721
Profit before taxation		**409 930**	**368 342**
Taxation	4	(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	5	44.0	38.5
– Diluted	5	41.5	36.1

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	Notes	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	14	911 432	569 770
Trading securities	15	4 221 645	2 313 845
Derivative financial instruments	16	1 591 841	1 843 143
Investment securities	17	1 996 073	1 063 569
Loans and advances to customers	18	17 414 691	15 390 519
Loans and advances to customers – Kensington warehouse assets	18	1 776 525	1 897 878
Securitised assets	19	5 334 453	5 628 347
Interests in associated undertakings	20	104 059	93 494
Deferred taxation assets	21	134 355	136 757
Other assets	22	1 240 624	894 062
Property and equipment	23	161 255	174 532
Investment properties	24	273 038	189 156
Goodwill	25	274 417	255 972
Intangible assets	26	36 620	34 402
		41 172 009	34 004 797
Other financial instruments at fair value through income in respect of			
– Liabilities to customers	28	5 397 014	3 358 338
– Assets related to reinsurance contracts	28	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	16	1 193 421	1 456 561
Other trading liabilities	29	504 618	344 561
Repurchase agreements and cash collateral on securities lent	14	1 110 508	915 850
Customer accounts (deposits)		21 934 044	14 572 568
Debt securities in issue	30	1 791 869	1 014 871
Liabilities arising on securitisation	19	4 714 556	5 203 473
Current taxation liabilities		196 965	155 395
Deferred taxation liabilities	21	136 974	120 135
Other liabilities	31	1 572 760	1 264 144
Pension fund liabilities	32	1 285	1 212
		36 809 712	30 242 884
Liabilities to customers under investment contracts	28	5 392 662	3 352 863
Insurance liabilities, including unit-linked liabilities	28	4 352	5 475
Reinsured liabilities	28	2 842	1 768
		42 209 568	33 602 990
Subordinated liabilities	33	1 070 436	1 141 376
		43 280 004	34 744 366
Equity			
Called up share capital	34	195	190
Perpetual preference share capital	35	152	151
Share premium	36	1 928 296	1 769 040
Treasury shares	37	(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	38	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

**As restated for reclassifications detailed in the accounting policies on page 294.*

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Combined consolidated cash flow statement

For the year to 31 March £'000	Notes	2010	2009*
Operating profit adjusted for non-cash items	40	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	27	(1 662)	–
Cash flow on disposal of group operations	27	–	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 294.*

***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

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.

Segmental reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the groups' other components, whose operating results are reviewed regularly by the board and for which discrete financial information is available.

The group's segmental reporting is presented in the form of a business analysis.

The business analysis is presented in terms of the group's six principal business divisions and Group Services and Other Activities.

A geographical analysis is also presented in terms of the main geographies in which the group operates representing the group's exposure to various economic environments.

For further detail on the group's segmental reporting basis refer to pages 53 to 101 of the Divisional review section of the annual report.

Goodwill

Goodwill represents the net excess of the purchase consideration over the fair value of net identifiable assets of entities acquired. Goodwill is capitalised and tested for impairment at balance sheet dates or when there is an indication of impairment. Goodwill is allocated to cash generating units for the purposes of testing impairment based on the synergies expected in the business combination, with any impairments arising being recognised immediately in the income statement. Impairments recognised are not reversed in subsequent periods.

In circumstances where the group acquires an interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the acquisition, the group reassess the identification and measurement of all assets and liabilities (including contingent liabilities) following which any remaining excess is recognised immediately in profit and loss.

Goodwill arising is denominated in the functional currency of the foreign operation and is translated to the presentation currency of the group (pound sterling) at the applicable closing rate.

Goodwill arising on investment in associates is included within the investment in associates.

Share-based payments to employees

The group engages in equity-settled share-based payments and in certain limited circumstances cash-settled share-based payments in respect of services received from employees.

The fair value of the services received in respect of equity-settled share-based payments is determined by reference to the fair value of the shares or share options on the date of grant to the employee. The cost of the share-based payment, together with a corresponding increase in equity, is recognised over the vesting period of the grant in the income statement on a straight-line basis, based on an estimate of the amount of instruments that will eventually vest.

A liability and expense in respect of cash-settled share-based payments is recognised over the vesting period of the grant in the income statement on a straight-line basis, based on the fair value of the instrument that will eventually vest. The liability is recognised at the current fair value at each balance sheet date, based on an estimate of the number of instruments that will eventually vest. Subsequent to vesting the liability is measured at fair value, with gains and losses recognised in the income statement until such time as the liability is settled.

Fair value measurements are based on option pricing models, taking into account the risk-free interest rate, volatility of the underlying equity instrument, expected dividends and current share prices.

Where the terms of an equity-settled award are modified, the minimum expense recognised in staff costs is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Foreign currency transactions and foreign operations

The presentation currency of the group is Pounds Sterling, being the functional currency of Investec plc. The functional currency of Investec Limited is South African Rand.

Foreign operations are subsidiaries, associates, joint ventures or branches of the group, the activities of which are based in a functional currency other than that of reporting entity. The functional currency of group entities is determined based on the primary economic environment in which the entity operates.

On consolidation, the results and financial position of foreign operations are translated into the presentation currency of the group as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet
- Income and expense items are translated at exchange rates ruling at the date of the transaction
- All resulting exchange differences are recognised in other comprehensive income (foreign currency translation reserve), which is recognised in the income statement on disposal of the foreign operation
- Cash flow items are translated at the exchange rates ruling at the date of the transaction.

Foreign currency transactions are translated into the functional currency of the entity in which the transaction arises based on rates of exchange ruling at the date of the transaction. At each balance sheet date foreign currency items are translated as follows:

- Foreign currency monetary items (other than monetary items that form part of the net investment in a foreign operation) are translated using closing rates, with gains and losses recognised in the income statement
- Exchange differences arising on monetary items that form part of the net investment in a foreign operation are determined using closing rates and recognised as a separate component of equity (foreign currency translation reserve) upon consolidation, and is recognised in the income statement upon disposal of the net investment
- Non-monetary items that are measured at historical costs are translated using the exchange rates ruling at the date of the transaction.

Revenue recognition

Revenue consists of interest income, fee and commission income and principal transactions.

Interest income is recognised in the income statement using the effective interest method. Fees charged on lending transactions are included in the effective yield calculation to the extent that they form an integral part of the effective interest yield, but excludes those fees earned for a separately identifiable significant act, which are recognised upon completion of the act. Fees and commissions charged in lieu of interest are recognised as income as part of the effective interest rate on the underlying loan.

The effective interest method is based on the estimated life of the underlying instrument, and, where this estimate is not readily available, the contractual life.

Fee and commission income includes fees earned from providing advisory services as well as portfolio management. All such fee and commission income is recognised as revenue when the related services are performed. Fee and commission income is only recognised when it can be estimated reliably.

Principal transaction income includes trading profits, dividend income, gains and losses on financial assets and liabilities designated as held at fair value and fair value gains and losses on investment properties. Dividend income is recognised when the group's right to receive payment is established.

Trading profits are shown net of the funding cost of the underlying positions and includes the unrealised profits on trading portfolios, which are marked to market daily. Equity investments received in lieu of corporate finance fees are included in trading securities and valued accordingly. Funding costs allocated against trading profits are disclosed in note 8.

Included in other operating income is revenue from consolidated private equity investments. Operating costs associated with these investments are included in administration expenses.

Financial instruments

Financial instruments are initially recognised at their fair value plus, for financial assets or financial liabilities not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

Regular way purchase and sales transactions in respect of financial assets that require delivery of a financial instrument within the time frame established by market convention are recorded at trade date.

Financial assets and liabilities held at fair value through profit and loss

Financial instruments held at fair value through profit and loss include all instruments classified as held as trading and those instruments designated as held at fair value through profit and loss.

Financial instruments classified as held for trading or designated as held at fair value through profit and loss are recorded at fair value on the balance sheet with changes in fair value recognised in the income statement. Financial instruments are classified as trading when they are held with the intention of short-term disposal, held with intention of generating short-term profits, or are derivatives which are not designated as part of effective hedges. Financial instruments designated as held at fair value through profit and loss are designated as such on initial recognition of the instrument and remain in this classification until derecognition. In certain instances debt instruments which contain equity features are designated as held at fair value through profit and loss.

Financial assets and liabilities are designated as held at fair value through profit and loss only if:

- It eliminates or significantly reduces an inconsistent measurement or recognition that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the group's key management personnel; and
- If a contract contains one or more embedded derivatives (which significantly modifies the cash flows that would be required by the contract and is not clearly prohibited from separation from the host contract) and the group has designated the entire hybrid contract as a financial instrument at fair value through profit and loss.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial instruments with fixed or determinable payments and maturity dates which the group has the intention and ability to hold to maturity. Held-to-maturity assets are measured at amortised cost using the effective interest method, less impairment losses.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in interest income in the income statement. The losses arising from impairment of such investments are recognised in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and exclude the following:

- Those that the group intends to trade in, which are classified as held for trading, and those that the group designates as at fair value through profit and loss
- Those that the group designates as available for sale
- Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which are accounted for at fair value through profit and loss.

Loans and receivables are measured at amortised cost, using the effective interest rate method, less impairment losses. The effective interest rate represents the rate that exactly discounts future projected cash flows, through the expected life of the financial instrument, to the net carrying amount of the financial instrument. Included in the calculation of the effective interest rate is any discount or premium on acquisition and fees that are an integral part of the effective interest rate.

Losses arising from impairment of such investments are recognised in the income statement line "Impairment losses on loans and advances".

Available for sale financial assets

Available for sale financial assets are those which are designated as such or do not qualify to be classified as designated at fair value through profit or loss, held-to-maturity, or loans and receivables. They include strategically held equity instruments that are not associates, joint ventures or subsidiaries of the group. Further, certain loans and receivables that are held at fair value due to being quoted on an active market, which are neither actively traded nor held to maturity instruments, are classified as available for sale financial assets.

Financial assets classified as available for sale are measured at fair value on the balance sheet, with unrealised gains and losses recognised in other comprehensive income. When the asset is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the income statement. Interest earned whilst holding available for sale financial assets is reported as interest income using the effective interest rate. Dividends earned whilst holding available for sale financial assets are recognised in the income statement when the right of payment has been established.

If an available for sale instrument is determined to be impaired, the respective cumulative unrealised losses previously recognised in equity are included in the income statement in the period in which the impairment is identified.

Impairments on available for sale equity instruments are not reversed once recognised in the income statement.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed, limited to the impairment value previously recognised in the income statement.

Financial liabilities

Financial liabilities are classified as non-trading, held for trading or designated as held at fair value through profit and loss.

Non-trading liabilities are recorded at amortised cost applying the effective interest rate method.

Held for trading liabilities or liabilities designated as held at fair value through profit and loss, are measured at fair value.

Valuation of financial instruments

All financial instruments are initially recognised at fair value. On initial recognition, the fair value of a financial instrument is the transaction price unless it is determined appropriate that the fair value of a financial instrument is more accurately determined by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. In circumstances where unobservable data has a significant impact on the valuation of a financial instrument, the entire difference between the model determined fair value and the transaction price is not recognised on initial recognition. The difference arising is recognised in the income statement over the life of the transaction, or when inputs become observable, or when the transaction is effectively closed out.

Subsequent to initial recognition the following financial instruments are measured at fair value:

- Fixed maturity securities classified as trading, held at fair value through profit or loss and available for sale
- Equity securities
- Private equity investments
- Derivative positions
- Loans and advances designated as held at fair value through profit and loss
- Loans and advances designated as available for sale
- Financial liabilities classified as trading or designated as held at fair value through profit and loss.

Subsequent to initial recognition, the fair value of financial instruments quoted in an active market is based on published price quotations. Where market prices are not available, fair value is determined by discounting the expected cash flows, using market interest rates taking into account the credit quality and duration of the investment. In certain instances model pricing may be used to determine fair values. For private equity investments that are not publicly traded, management uses comparisons to similar listed companies, relevant third party arms' length transactions and other data specific to the investment.

Impairments of financial assets held at amortised cost

Financial assets carried at amortised cost are impaired if there is objective evidence that the group would not receive cash flows according to the original contractual terms. Financial assets are assessed for objective evidence of impairment at least at each balance sheet reporting date. The test for impairment is based either on specific financial assets or collectively on a portfolio of similar, homogeneous assets. Over and above individual collective impairments raised at specific portfolio levels, the group has implemented a collective impairment allowance at a central level (within the Group Services and Other business segment) that takes into account macro economic factors, mainly driven by data related to the prevailing credit markets and which indicate incurred but not specifically identified losses across the loan portfolios (that is, exposures in all business segments). Assets specifically identified as impaired are excluded from the collective assessment.

Impairments are credited to an allowance account which is carried against the carrying value of financial assets. Interest continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the group. An allowance for impairment is only reversed when there is objective evidence that the credit quality has improved to the extent that there is reasonable assurance of timely collection of principal and interest in terms of the original contractual agreement.

The impairment is calculated as the difference between the carrying value of the asset and the expected cash flows (including net proceeds on realisation of collateral) discounted at the original effective rate.

To cater for any shortfall between regulatory provision requirements (in the respective jurisdictions) and impairments based on the principles above, a transfer is made from distributable to non-distributable reserves, being the regulatory general risk reserve. The non-distributable regulatory risk reserve ensures that minimum regulatory provisioning requirements are maintained.

Derecognition of financial assets and liabilities

A financial asset or a portion thereof, is derecognised when the group's rights to cash flows has expired; or when the group has transferred its rights to cash flows relating to the financial assets, including the transfer of substantially all the risk and rewards associated with the financial assets or when control over the financial assets has passed.

A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired.

Reclassification of financial instruments

The bank may reclassify, in certain circumstances, non-derivative financial assets out of the 'Held-for-trading' category and into the 'Available for sale', 'Loans and receivables', or 'Held-to maturity' categories. It may also reclassify, in certain circumstances, financial instruments out of the 'Available for sale' category and into the 'Loans and receivables' category. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost.

Derivative instruments

All derivative instruments of the group are recorded on balance sheet at fair value. Positive and negative fair values are reported as assets and liabilities respectively and are offset when there is both an intention to settle net and a legal right to offset exists.

Derivative positions are entered into either for trading purposes or as part of the group's asset and liability management activities to manage exposures to interest rate and foreign currency risks. Both realised and unrealised profits and losses arising on derivatives are recognised in the income statement as part of trading income (other than circumstances in which cash flow hedging is applied as detailed below).

Derivative instruments transacted as economic hedges but which do not qualify for hedge accounting and derivatives that are entered into for trading purposes are treated in the same way as instruments that are held for trading.

Hedge accounting

The group applies either fair value or cash flow hedge accounting when the transactions meet the specified hedge accounting criteria. To qualify for hedge accounting treatment, the group ensures that all of the following conditions are met:

- At inception of the hedge the group formally documents the relationship between the hedging instrument(s) and hedged item(s) including the risk management objectives and the strategy in undertaking the hedge transaction
- The hedge is expected to be highly effective in achieving offsetting, that is within a range of 80% to 125%, changes in fair value or cash flows attributable to the hedged risk, consistent with the originally documented risk management strategy for that particular hedging relationship
- For cash flow hedges, a forecasted transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit and loss
- The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured
- The hedge effectiveness is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

Hedge accounting is discontinued when it is determined that the instrument ceases to be highly effective as a hedge; the derivative expires, or is sold, terminated or exercised; when the hedge item matures or is sold or repaid; or when a forecasted transaction is no longer deemed highly probable.

For qualifying fair value hedges, the change in fair value of the hedging instrument is recognised in the income statement. Changes in fair value of the hedged item that is attributable to the hedged risk are also recognised in the income statement.

For qualifying cash flow hedges in respect of non-financial assets and liabilities, the change in fair value of the hedging instrument, relating to the effective portion is initially recognised in comprehensive income and is included in the initial cost of any asset/liability recognised or in all other cases released to the income statement when the hedged firm commitment or forecasted transaction affects net profit. If the forecast transaction or firm commitment is no longer expected to occur, the balance included in other comprehensive income is reclassified to the income statement immediately and recognised in principal transactions.

For qualifying cash flow hedges in respect of financial assets and liabilities, the change in fair value of the hedging instrument, which represents an effective hedge, is initially recognised in equity and is released to the income statement in the same period during which the relevant financial asset or liability affects profit or loss. Any ineffective portion of the hedge is immediately recognised in the income statement.

Embedded derivatives

To the extent that a derivative may be embedded in a host contract and the host contract is not carried at fair value with changes in fair value recorded in the income statement, the embedded derivative is separated from the host contract and accounted for as a standalone derivative if and only if:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract and;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset when there is both an intention to settle on a net basis (or simultaneously) and a legal right to offset exists.

Issued debt and equity financial instruments

Financial instruments issued by the group are classified as liabilities if they contain an obligation to transfer economic benefits. Financial instruments issued by the group are classified as equity where they confer on the holder a residual interest in the group, and the group has no obligation to deliver either cash or another financial asset to the holder. The components of compound issued financial instruments are accounted for separately with the liability component separated first and any residual amount being allocated to the equity component.

Equity instruments issued by subsidiaries of Investec plc or Investec Limited are recorded as minority interests on balance sheet.

Equity instruments are initially measured net of directly attributable issue costs.

Treasury shares represent issued equity repurchased by the group which has not been cancelled. Treasury shares are deducted from shareholders' equity and represent the purchase consideration, including directly attributable costs. Where treasury shares are subsequently sold or reissued, net proceeds received are included in shareholders' equity.

Dividends on ordinary shares are recognised as a deduction from equity at the earlier of payment date or the date that it is approved by Investec plc (in relation to dividends declared by Investec plc) and Investec Limited (in relation to dividends declared by Investec Limited) shareholders.

Sale and repurchase agreements (including securities borrowing and lending)

Where securities are sold subject to a commitment to repurchase them, they remain on balance sheet. Proceeds received are recorded as a liability on balance sheet under "Repurchase agreements and cash collateral on securities lent". Securities that are purchased under a commitment to resell the securities at a future date are not recognised on the balance sheet. The consideration paid is recognised as an asset under "Reverse repurchase agreements and cash collateral on securities borrowed". The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the effective interest rate method.

Securities borrowing transactions that are not cash collateralised are not included in the balance sheet. Securities lending and borrowing transactions which are cash collateralised are accounted for in the same manner as securities sold or purchased subject to repurchase commitments.

Financial guarantees

Financial guarantees are initially recognised at fair value, being the premium received. Subsequent to initial recognition, the liability under each guarantee is measured at the higher of the amortised premium and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee. Subsequent to initial measurement all changes in balance sheet carrying value are recognised in the income statement.

Installment credit, leases and rental agreements

A finance lease is a lease that transfers substantially all of the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a financial lease.

Where classified as a finance lease, amounts outstanding on these contracts, net of unearned finance charges, are included in loans and advances where Investec is the lessor and included in liabilities where Investec is the lessee. Finance charges on finance leases and installment credit transactions are credited or debited to income in proportion to the capital balances outstanding at the rate implicit in the agreement.

Where classified as operating leases, rentals payable/receivable are charged/credited in the income statement on a straight line basis over the lease term. Contingent rentals (if any) are accrued to the income statement when incurred.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairments.

Cost is the cash equivalent paid, or the fair value of the consideration given to acquire an asset and includes other expenditures that are directly attributable to the acquisition of the asset.

Depreciation is provided on the depreciable amount of each component on a straight-line basis over the anticipated useful life of the asset. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs that the group would currently obtain from the disposal of an asset in similar age and condition as expected at the end of its useful life.

The current and comparative annual depreciation rates for each class of property and equipment is as follows:

- Computer and related equipment 20% – 33%
- Motor vehicles 20% – 25%
- Furniture and fittings 10% – 20%
- Freehold buildings 2%
- Leasehold improvements*

**Leasehold improvements depreciation rates are determined by reference to the appropriate useful life of its separate components, limited to the period of the lease.*

No depreciation is provided on freehold land, however, similar to other property related assets, it is subject to impairment testing when deemed necessary.

Routine servicing and maintenance of assets are expensed as incurred. Subsequent expenditure is only capitalised if it is probable that future economic benefits associated with the item will flow to the group.

Investment property

Properties held by the group which is held for capital appreciation or rental yield are classified as investment properties. Investment properties are carried on balance sheet at fair value, with fair value gains and losses recognised in the income statement under “Principal transactions”.

Fair value of investment property is calculated by taking into account the expected rental stream associated with the property, and is supported by market evidence.

Trading properties

Trading properties are carried at the lower of cost and net realisable value.

Impairment of non-financial assets

At each balance sheet date the group reviews the carrying value of non-financial assets, other than investment property and deferred tax assets for indication of impairment. The recoverable amount, being the higher of fair value less cost to sell and value in use, is determined for any assets for which an indication of impairment is identified. If the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable value.

Impairment losses are recognised as an expense in the income statement in the period in which they are identified. Reversal of impairment losses is recognised in income in the period in which the reversal is identified, to the extent that the asset is not revalued to a carrying value that would have been calculated without impairment.

Trust and fiduciary activities

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

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

Taxation and deferred taxation

Current tax payable is provided on taxable profits at rates that are enacted or substantively enacted and applicable to the relevant period.

Deferred taxation is provided using the balance sheet method on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base, except where such temporary differences arise from:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction has no effect on profit or loss
- In respect of temporary differences associated with the investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets or liabilities are measured using the tax rates that have been enacted or substantively enacted by the balance sheet date.

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

Items recognised directly in comprehensive income are net of related current and deferred taxation.

Insurance contracts

Insurance contracts are those contracts in which the group assumes significant insurance risk. The deposit components of insurance contracts are unbundled and accounted for separately.

Insurance premiums are recognised in income in the period in which the group is entitled to the premium. Insurance claims are recognised in the income statement in the period in which a contractual obligation arises for the group to make payment under an insurance contract.

Reinsurance assets and liabilities and associated premiums/claims are not offset in the income statement or balance sheet.

Insurance liabilities are measured at their actuarial values, and are tested for adequacy on an annual basis. Any deficiency identified is recognised in the income statement.

Employee benefits

The group operates various defined contribution schemes and two closed defined benefit schemes.

In respect of the defined contribution scheme all employer contributions are charged to income, as incurred in accordance with the rules of the scheme, and included under staff costs.

The assets of the defined benefit schemes are measured at their market value at the balance sheet date and the liabilities of the schemes are measured using the projected unit credit method. The discount rate used to measure the schemes' liabilities is the current rate of return on an AA corporate bond at the balance sheet date of equivalent term and currency to the liabilities. The extent to which the schemes' assets exceed or fall short of the schemes' liabilities is shown as a surplus or deficit in the balance sheet (to the extent that it is considered recoverable). Actuarial gains and losses related to the defined benefit asset or liability are recognised immediately directly in comprehensive income.

The group has no liabilities for other post retirement benefits.

Intangible assets

Intangible assets are recorded at cost less accumulated amortisation and impairments.

For intangible assets with a finite life, amortisation is provided on the depreciable amount of each intangible asset on a straight-line basis over the anticipated useful life of the asset (currently three to eight years). The depreciable amount related to each intangible asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs, which the group would currently obtain from the disposal of an intangible asset in similar age and condition as expected at the end of its useful life.

Intangible assets with an indefinite life are not amortised, however they are tested for impairment on an annual basis.

Borrowing costs

Borrowing costs in respect of property developments that take a substantial period of time to develop for sale are capitalised.

Provisions, contingent liabilities and contingent assets

Provisions are liabilities of uncertain timing or amount, and are recognised as soon as the group has created a legal or constructive obligation which will lead to an outflow of economic resources to settle the obligation as a result of a past event. Contingent assets and contingent liabilities are not recognised on balance sheet.

Standards and interpretations issued but not yet effective

The following standards and interpretations, which have been issued but are not yet effective, are applicable to the group. These standards and interpretations have not been applied in these financial statements. The group intends to comply with these standards from the effective dates.

New standards

IFRS 9 – Financial Instruments (applicable for reporting periods beginning on or after 1 January 2013)

The International Accounting Standards Board (IASB) has issued IFRS 9 – Financial Instruments, which is the first step in its project to replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets. The IASB expanded IFRS 9 during 2010 to add new requirements for the classification and measurement of financial liabilities and impairments of financial assets. Future amendments will address the derecognition of financial instruments and hedge accounting.

The implementation of the standard is expected to have an impact on the group. The group is currently evaluating the impact of the adoption of the current requirements of the standard.

The standard is effective for the group for the year commencing 1 April 2014.

Revised IFRS 3 – Business Combinations and consequential amendments to IAS 27 – Consolidated and Separate Financial Statements (applicable for financial years beginning on or after 1 July 2009)

The main changes to the standard that affects the group's current policies is that acquisition related costs are expensed in the income statement in the periods in which the costs are incurred and the services received, except for costs related to the issue of debt (recognised as part of the effective interest rate) and the cost of issue of equity (recognised directly in shareholders' equity). Currently the group recognises acquisition costs as part of the purchase consideration.

The standard will be effective for the group for the year commencing 1 April 2010.

IAS 24 – Related Parties (applicable for financial years beginning on or after 1 January 2011)

The amended standard requires commitments, as well as the nature of the relationship between related parties to be identified and disclosed. The amended standard gives clarity to the related party definition and other terms in the standard.

The standard will be effective for the group for the year commencing 1 April 2011.

Amendments to IAS 32 – Classification of Rights Issues (applicable for financial years beginning on or after 1 February 2010)

The amendment states that rights, options and warrants – otherwise meeting the definition of equity instruments in IAS 32.11 – issued to acquire a fixed number of an entity's own non-derivative equity instruments for a fixed amount in any currency are classified as equity instruments, provided the offer is made pro rata to all existing owners of the same class of the entity's own non-derivative equity instruments.

The amendment is effective for the group for the annual periods commencing on or after 1 April 2010 and is not expected to have a significant impact on the group.

Other

There were numerous updates issued, which are considered by the IASB to be non-urgent but important. None of these updates will result in a change to the accounting policies of the group.

The following standards or interpretations have been issued or amended which are deemed to have no impact on the group financial statements but have not been formally adopted by the group:

- IFRS 5 – Discontinued Operations
- IFRS 2 – Group Cash-Settled Share-Based Transactions
- IAS 17 – Leases
- IAS 38 – Intangible Assets
- IAS 18 – Revenue
- IAS 36 – Impairment of Assets
- IAS 39 – Financial Instruments Recognition and Measurement
- IFRIC 9 – Reassessment of Embedded Derivatives
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 – Distribution of Non-cash Assets to Owners
- IFRIC 18 – Transfers of Assets from Customers

Key management assumptions

In preparation of the financial statements the group makes estimations and applies judgement that could affect the reported amount of assets and liabilities within the next financial year. Key areas in which judgement is applied include:

- Valuation of unlisted investments in the private equity and direct investments portfolios. Key valuation inputs are based on observable market inputs, adjusted for factors that specifically apply to the individual investments and recognising market volatility. Details of unlisted investments can be found in note 13, Trading securities and note 15, Investment securities
- Valuation of investment properties is performed twice annually by directors that are qualified valuators. The valuation is performed by capitalising the budgeted net income of a property at the market related yield applicable at the time. Refer to note 24 for the carrying value of investment property
- The determination of impairments against assets that are carried at amortised cost and impairments relating to available for sale financial assets involves the assessment of future cash flows which is judgmental in nature
- Determination of interest income and interest expense using the effective interest method involves judgment in determining the timing and extent of future cash flows.

For the year to 31 March £'000	Asset Management	Private Wealth^
1. Combined consolidated segmental analysis		
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

Refer to calculation on page 45.

^Formerly, Private Client Stockbroking and Portfolio Management, refer to page 53 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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1. Combined consolidated segmental analysis (continued)

For the year to 31 March £'000	Asset Management	Private Wealth^
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

**Refer to calculation on page 45.*

^Formerly, Private Client Stockbroking and Portfolio Management, refer to page 53 for further information.

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	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
1. 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

Refer to calculation on page 44.

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For the year to 31 March £'000	UK and Europe	Southern Africa	Australia	Total group

1. Combined consolidated segmental analysis (continued)

Geographical income statement analysis 2009

For the year to 31 March £'000	UK and Europe	Southern Africa	Australia	Total group
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

**Refer to calculation on page 44.*

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At 31 March £'000	UK and Europe	Southern Africa	Australia	Total group
1. Combined consolidated segmental analysis (continued)				
Geographical analysis of assets and liabilities 2010				
Assets				
Cash and balances at central banks	1 502 981	329 472	505 781	2 338 234
Loans and advances to banks	1 394 994	1 316 703	69 933	2 781 630
Cash equivalent advances to customers	–	581 117	–	581 117
Reverse repurchase agreements and cash collateral on securities borrowed	490 494	420 938	–	911 432
Trading securities	349 217	3 872 428	–	4 221 645
Derivative financial instruments	845 330	706 255	40 256	1 591 841
Investment securities	1 183 798	121 233	691 042	1 996 073
Loans and advances to customers	5 877 362	10 238 729	1 298 600	17 414 691
Loans and advances to customers – Kensington warehouse assets	1 776 525	–	–	1 776 525
Securitised assets	3 916 526	899 988	517 939	5 334 453
Interests in associated undertakings	96 459	4 817	2 783	104 059
Deferred taxation assets	76 718	36 304	21 333	134 355
Other assets	598 759	628 867	12 998	1 240 624
Property and equipment	140 032	16 885	4 338	161 255
Investment properties	–	273 038	–	273 038
Goodwill	207 892	25 147	41 378	274 417
Intangible assets	23 141	8 679	4 800	36 620
	18 480 228	19 480 600	3 211 181	41 172 009
Other financial instruments at fair value through income in respect of				
– Liabilities to customers	–	5 397 014	–	5 397 014
– Assets related to reinsurance contracts	–	2 842	–	2 842
	18 480 228	24 880 456	3 211 181	46 571 865
Liabilities				
Deposits by banks	1 579 529	860 141	–	2 439 670
Deposits by banks – Kensington warehouse funding	1 213 042	–	–	1 213 042
Derivative financial instruments	502 956	643 191	47 274	1 193 421
Other trading liabilities	190 295	314 323	–	504 618
Repurchase agreements and cash collateral on securities lent	529 690	565 490	15 328	1 110 508
Customer accounts (deposits)	8 024 835	12 885 199	1 024 010	21 934 044
Debt securities in issue	497 886	140 363	1 153 620	1 791 869
Liabilities arising on securitisation	3 465 299	733 897	515 360	4 714 556
Current taxation liabilities	71 320	127 715	(2 070)	196 965
Deferred taxation liabilities	52 929	84 045	–	136 974
Other liabilities	497 250	1 043 788	31 722	1 572 760
Pension fund liabilities	1 285	–	–	1 285
	16 626 316	17 398 152	2 785 244	36 809 712
Liabilities to customers under investment contracts	–	5 392 662	–	5 392 662
Insurance liabilities including unit-linked liabilities	–	4 352	–	4 352
Reinsured liabilities	–	2 842	–	2 842
	16 626 316	22 798 008	2 785 244	42 209 568
Subordinated liabilities	587 074	468 860	14 502	1 070 436
	17 213 390	23 266 868	2 799 746	43 280 004

At 31 March £'000	UK and Europe	Southern Africa	Australia	Total group
1. Combined consolidated segmental analysis (continued)				
Geographical analysis of assets and liabilities 2009*				
Assets				
Cash and balances at central banks	872 101	232 654	334	1 105 089
Loans and advances to banks	987 859	897 559	132 671	2 018 089
Cash equivalent advances to customers	–	396 173	–	396 173
Reverse repurchase agreements and cash collateral on securities borrowed	253 247	316 523	–	569 770
Trading securities	356 147	1 951 962	5 736	2 313 845
Derivative financial instruments	1 007 460	736 353	99 330	1 843 143
Investment securities	367 456	46 806	649 307	1 063 569
Loans and advances to customers	6 178 268	8 245 666	966 585	15 390 519
Loans and advances to customers – Kensington warehouse assets	1 897 878	–	–	1 897 878
Securitised assets	4 228 165	958 598	441 584	5 628 347
Interests in associated undertakings	87 164	2 489	3 841	93 494
Deferred taxation assets	74 325	37 456	24 976	136 757
Other assets	527 547	347 786	18 729	894 062
Property and equipment	156 495	13 981	4 056	174 532
Investment properties	–	189 156	–	189 156
Goodwill	200 208	22 601	33 163	255 972
Intangible assets	24 024	6 519	3 859	34 402
	17 218 344	14 402 282	2 384 171	34 004 797
Other financial instruments at fair value through income in respect of				
– Liabilities to customers	–	3 358 338	–	3 358 338
– Assets related to reinsurance contracts	–	1 768	–	1 768
	17 218 344	17 762 388	2 384 171	37 364 903
Liabilities				
Deposits by banks	2 783 331	895 710	102 112	3 781 153
Deposits by banks – Kensington warehouse funding	1 412 961	–	–	1 412 961
Derivative financial instruments	609 639	773 865	73 057	1 456 561
Other trading liabilities	191 897	152 664	–	344 561
Repurchase agreements and cash collateral on securities lent	747 177	168 673	–	915 850
Customer accounts (deposits)	4 376 051	9 345 797	850 720	14 572 568
Debt securities in issue	314 429	70 252	630 190	1 014 871
Liabilities arising on securitisation	3 946 872	817 655	438 946	5 203 473
Current taxation liabilities	68 642	94 127	(7 374)	155 395
Deferred taxation liabilities	50 022	70 113	–	120 135
Other liabilities	416 449	826 568	21 127	1 264 144
Pension fund liabilities	1 212	–	–	1 212
	14 918 682	13 215 424	2 108 778	30 242 884
Liabilities to customers under investment contracts	–	3 352 863	–	3 352 863
Insurance liabilities including unit-linked liabilities	–	5 475	–	5 475
Reinsured liabilities	–	1 768	–	1 768
	14 918 682	16 575 530	2 108 778	33 602 990
Subordinated liabilities	739 819	363 034	38 523	1 141 376
	15 658 501	16 938 564	2 147 301	34 744 366

As restated for restatements detailed in the accounting policies on page 294.

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For the year to 31 March £'000	UK and Europe	Southern Africa	Australia	Total group
1. Combined consolidated segmental analysis (continued)				
Operating profit before goodwill, non-operating items, taxation and after minorities by geography and by division				
2010				
Asset Management	25 335	58 077	–	83 412
Private Wealth^	11 637	14 250	–	25 887
Property Activities	825	31 582	1 072	33 479
Private Banking	6 545	29 330	1 177	37 052
Investment Banking	(4 399)	45 694	273	41 568
Capital Markets	93 163	70 572	15 404	179 139
Group Services and Other Activities	(9 407)	40 862	266	31 721
	123 699	290 367	18 192	432 258
Minority interest – equity				(18 802)
Operating profit before goodwill				413 456
2009				
Asset Management	17 149	49 037	–	66 186
Private Wealth^	12 044	12 058	–	24 102
Property Activities	774	21 769	2 138	24 681
Private Banking	42 034	35 954	2 475	80 463
Investment Banking	(30 810)	66 065	(7 089)	28 166
Capital Markets	78 015	61 150	2 209	141 374
Group Services and Other Activities	(18 316)	47 395	2 715	31 794
	100 890	293 428	2 448	396 766
Minority interest – equity				3 322
Operating profit before goodwill				400 088

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, refer to page 53 for further information.

For the year to 31 March £'000	2010	2009
2. Administrative expenses		
Staff costs	600 378	520 271
– Salaries and wages (including directors' remuneration)*	490 315	428 500
– Share based payment expense	56 670	47 286
– Social security costs	31 141	23 895
– Pensions and provident fund contributions	22 252	20 590
Premises (excluding depreciation)	59 124	47 632
Equipment (excluding depreciation)	48 827	47 206
Business expenses**	173 340	153 766
Marketing expenses	39 025	34 283
	920 694	803 158
The following amounts were paid to the auditors:		
Ernst & Young fees		
Fees payable to the company's auditors for the audit of the company's accounts	4 038	3 535
Fees payable to the company's auditors and its associates for other services:		
Audit of the company's subsidiaries pursuant to legislation	1 287	1 718
Other services pursuant to legislation	525	148
Tax services	479	81
All other services	436	228
	6 765	5 710
KPMG fees		
Fees payable to the company's auditors for the audit of the company's accounts	1 380	1 039
Fees payable to the company's auditors and its associates for other services:		
Audit of the company's subsidiaries pursuant to legislation	22	19
Other services pursuant to legislation	137	127
Tax services	4	1
Services relating to information technology	111	–
Services relating to corporate transactions	–	27
All other services	153	27
	1 807	1 240
Total	8 572	6 950

Details of the directors' emoluments pensions and their interests are disclosed in the Directors' Remuneration report on pages 231 to 251.

**The 2010 UK Finance Bill contained provisions for a bank payroll tax applying to certain bonuses awarded in the period from 9 December 2009 to 5 April 2010. The estimated tax payable by the group, for which provision has been made in the financial statements for the year ended 31 March 2010, is £209 000.*

***Business expenses mainly comprise insurance costs, consulting and professional fees, travel expenses and subscriptions.*

3. 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 238 to 240 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.

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*

Details of options outstanding during the year	UK schemes 2010 Number of share options	UK schemes 2010 Weighted average exercise price £	UK schemes 2009 Number of share options	UK schemes 2009 Weighted average exercise price £	South African schemes 2010 Number of share options	South African schemes 2010 Weighted average exercise price £	South African schemes 2009 Number of share options	South African schemes 2009 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

3. Share-based payments (continued)

The exercise price range and weighted average remaining contractual life for the options are as follows:

	UK schemes 2010	UK schemes 2009	South African schemes 2010	South African schemes 2009
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 £'000	2010	2009
4. Taxation		
Current taxation		
UK		
Current taxation on income for the year	(375)	25 324
Adjustments in respect of prior years	2 983	(2 930)
Corporation taxation before double tax relief	2 608	22 394
– Double taxation relief	(18 273)	(23 461)
	(15 665)	(1 067)
Southern Africa	64 333	50 479
Europe	1 424	8 846
Australia	5 682	(6 062)
Other	17 808	19 251
	89 247	72 514
Secondary taxation on companies*	616	188
Total current taxation	74 198	71 635
Deferred taxation		
UK	6 962	(7 395)
Southern Africa	4 349	22 135
Europe	14	–
Australia	(1 807)	1 732
Other	(1 117)	(6 432)
Total deferred taxation	8 401	10 040
Total tax charge for the year	82 599	81 675
Deferred taxation comprises:		
Origination and reversal of temporary differences	14 976	5 936
Adjustment in respect of prior years	(6 575)	4 104
	8 401	10 040

**Secondary taxation on companies is an additional corporate tax on South African entities on declaration of dividends.*

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For the year to 31 March £'000	2010	2009

4. Taxation (continued)

Items which affect the tax rate going forward are:		
Estimated tax losses arising from trading activities available for relief against future taxable income		
UK	Nil	Nil
South Africa	Nil	Nil
Europe	Nil	Nil
The rates of corporation tax for the relevant years are:	%	%
UK	28	28
South Africa	28	28
Europe (average)	10	10
Australia	30	30
USA	35	35
Profit on ordinary activities before taxation	409 930	368 342
Tax on profit on ordinary activities	82 599	81 675
Effective tax rate	20.15%	22%
The tax charge on activities for the year is different to the standard rate as detailed below:		
Tax on profit on ordinary activities before taxation at UK rate of 28% (2009: 28%)	114 780	103 136
Tax adjustments relating to foreign earnings	(8 472)	(14 801)
Taxation relating to prior years	(3 592)	1 175
Share options accounting expense	9 392	4 353
Share options exercised during the year	(11 524)	(1 228)
Unexpired share options future tax deduction	(7 102)	(1 091)
Non-taxable income	(22 622)	(24 708)
Net other permanent differences	9 333	9 916
Unrealised capital losses	2 406	5 748
Utilisation of brought forward capital losses	–	(825)
Total tax charge	82 599	81 675

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For the year to 31 March	2010	2009
5. 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.*

For the year to 31 March £'000	2010	2009
5. 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.*

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For the year to 31 March	2010 Pence per share	2010 Total £'million	2009 Pence per share	2009 Total £'million
6. 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
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.*

For the year to 31 March £'000	2010	2009
7. Miscellaneous income statement items		
Total foreign currency losses recognised in margin except for financial instruments measured at fair value through income	8 005	43 894
Operating lease expenses recognised in administrative expenses split as follows:		
Minimum lease payments	39 296	39 068
	39 296	39 068
Operating lease income recognised in income split as follows:		
Minimum lease payments	25 436	17 236
Sublease payments	–	865
	25 436	18 101

The majority of the leases in the group are leases on property.

Rental income from leases is included in "Other operating income".

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For the year to 31 March £'000	At fair value through profit and loss Trading	 Designated at inception
8. Analysis of income and expenses by financial instrument classification		
2010		
Net interest income	6 201	61 588
Fee and commission income	45 792	19 002
Fee and commission expense	2	(3 491)
Principal transactions*	136 812	94 616
Operating income from associates	–	–
Investment income on assurance activities	–	–
Premiums and reinsurance recoveries on insurance contracts	–	–
Other operating income**	–	4 798
Other income including net interest income	188 807	176 513
Claims and reinsurance premiums on insurance business	–	–
Total operating income net of insurance claims	188 807	176 513
Impairment losses on loans and advances	–	–
Operating income	188 807	176 513
2009		
Net interest income	83 638	268 677
Fee and commission income	91 279	10 634
Fee and commission expense	–	(3 009)
Principal transactions*	277 324	17 316
Operating income from associates	–	–
Investment income on assurance activities	–	–
Premiums and reinsurance recoveries on insurance contracts	–	–
Other operating income**	–	(7 002)
Other income including net interest income	452 241	286 616
Claims and reinsurance premiums on insurance business	–	–
Total operating income net of insurance claims	452 241	286 616
Impairment losses on loans and advances	–	–
Operating income	452 241	286 616

Included in principal transactions are funding costs of £45.1 million (2009: £44.8 million) and non-trading dividend income of £22.6 million (2009: £28.7 million).

***Included in other operating income is the net operating income of certain equity investments that have been consolidated of £16.057 million (2009: operating loss of £24.774 million). The net operating income includes gross income of £181.6 million (2009: £192.7 million) net of all direct cost of sales. Their other direct costs are included in administrative expenses.*

	Held-to-maturity	Loans and receivables	Available for sale	Financial liabilities at amortised cost	Insurance related	Non-financial instruments	Other fee income	Total
	50 145	1 924 160	41 636	(1 470 644)		–	–	613 086
	682	57 511	47	(727)	–	8 863	481 404	612 574
	–	(2 383)	–	(1 665)	–	(1 357)	(58 603)	(67 497)
	–	32 600	22 685	109 737	–	40 135	21 174	457 759
	–	–	–	–	–	11 595	–	11 595
	–	–	–	–	94 914	–	–	94 914
	–	–	–	–	31 938	–	–	31 938
	–	98	–	–		239	17 602	22 737
	50 827	2 011 986	64 368	(1 363 299)	126 852	59 475	461 577	1 777 106
	–	–	–	–	(119 918)	–	–	(119 918)
	50 827	2 011 986	64 368	(1 363 299)	6 934	59 475	461 577	1 657 188
	(13 296)	(273 285)	–	–	–	–	–	(286 581)
	37 531	**1 738 701**	**64 368**	**(1 363 299)**	**6 934**	**59 475**	**461 577**	**1 370 607**
	45 136	2 107 515	45 154	(1 856 089)	–	–	–	694 031
	451	85 492	–	234	–	36 202	368 522	592 814
	(166)	(2 650)	–	(82)	–	(782)	(54 603)	(61 292)
	–	–	3 123	(44 846)	–	21 327	2 277	276 521
	–	–	–	–	–	12 438	–	12 438
	–	–	–	–	74 584	–	–	74 584
	–	–	–	–	18 773	–	–	18 773
	–	–	–	–	–	(23 238)	–	(30 240)
	45 421	2 190 357	48 277	(1 900 783)	93 357	45 947	316 196	1 577 629
	–	–	–	–	(88 108)	–	–	(88 108)
	45 421	2 190 357	48 277	(1 900 783)	5 249	45 947	316 196	1 489 521
	(19 332)	(236 841)	–	–	–	–	–	(256 173)
	26 089	**1 953 516**	**48 277**	**(1 900 783)**	**5 249**	**45 947**	**316 196**	**1 233 348**

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At 31 March 2010 £'000	At fair value through profit and loss Trading	 Designated at inception	Available for sale	Total instruments at fair value
9. Analysis of assets and liabilities by financial instrument classification				
Assets				
Cash and balances at central banks	–	–	–	–
Loans and advances to banks	55	59 621	–	59 676
Cash equivalent advances to customers	–	–	–	–
Reverse repurchase agreements and cash collateral on securities borrowed	489 468	–	–	489 468
Trading securities	1 900 518	2 321 127	–	4 221 645
Derivative financial instruments*	1 591 841	–	–	1 591 841
Investment securities	101	381	1 261 935	1 262 417
Loans and advances to customers	–	1 561 780	–	1 561 780
Loans and advances to customers – Kensington warehouse assets	–	–	–	–
Securitised assets	–	167 000	–	167 000
Interests in associated undertakings	–	–	–	–
Deferred taxation assets	–	–	–	–
Other assets	308 795	236	–	309 031
Property and equipment	–	–	–	–
Investment properties	–	–	–	–
Goodwill	–	–	–	–
Intangible assets	–	–	–	–
	4 290 778	4 110 145	1 261 935	9 662 858
Financial instruments at fair value through income in respect of				
– Liabilities to customers	–	–	–	–
– Assets related to reinsurance contracts	–	–	–	–
	4 290 778	**4 110 145**	**1 261 935**	**9 662 858**
Liabilities				
Deposits by banks	–	–	–	–
Deposits by banks – Kensington warehouse funding	–	–	–	–
Derivative financial instruments*	1 193 421	–	–	1 193 421
Other trading liabilities	504 618	–	–	504 618
Repurchase agreements and cash collateral on securities lent	499 914	–	–	499 914
Customer accounts (deposits)	2 821	1 372 823	–	1 375 644
Debt securities in issue	–	–	–	–
Liabilities arising on securitisation	–	136 352	–	136 352
Current taxation liabilities	–	–	–	–
Deferred taxation liabilities	–	–	–	–
Other liabilities	221 197	26 464	–	247 661
Pension fund liabilities	–	–	–	–
	2 421 971	1 535 639	–	3 957 610
Liabilities to customers under investment contracts	–	–	–	–
Insurance liabilities including unit-linked liabilities	–	–	–	–
Reinsured liabilities	–	–	–	–
	2 421 971	1 535 639	–	3 957 610
Subordinated liabilities	–	–	–	–
	2 421 971	**1 535 639**	**–**	**3 957 610**

**Derivative financial instruments have been classified as held for trading and include derivatives held as hedges. For more information on hedges please refer to note 45 on pages 366 to 367.*

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Held-to-maturity	Loans and receivables	Financial liabilities at amortised cost	Total instruments at amortised cost	Insurance related	Non-financial instruments	Total
–	2 338 234	–	2 338 234	–	–	2 338 234
–	2 721 954	–	2 721 954	–	–	2 781 630
–	581 117	–	581 117	–	–	581 117
–	421 964	–	421 964	–	–	911 432
–	–	–	–	–	–	4 221 645
–	–	–	–	–	–	1 591 841
733 656	–	–	733 656	–	–	1 996 073
491 424	15 361 487	–	15 852 911	–	–	17 414 691
–	1 776 525	–	1 776 525	–	–	1 776 525
–	5 167 453	–	5 167 453	–	–	5 334 453
–	–	–	–	–	104 059	104 059
–	–	–	–	–	134 355	134 355
–	504 298	–	504 298	–	427 295	1 240 624
–	–	–	–	–	161 255	161 255
–	–	–	–	–	273 038	273 038
–	–	–	–	–	274 417	274 417
–	–	–	–	–	36 620	36 620
1 225 080	28 873 032	–	30 098 112	–	1 411 039	41 172 009
–	–	–	–	5 397 014	–	5 397 014
–	–	–	–	2 842	–	2 842
1 225 080	28 873 032	–	30 098 112	5 399 856	1 411 039	46 571 865
–	–	2 439 670	2 439 670	–	–	2 439 670
–	–	1 213 042	1 213 042	–	–	1 213 042
–	–	–	–	–	–	1 193 421
–	–	–	–	–	–	504 618
–	–	610 594	610 594	–	–	1 110 508
–	–	20 558 400	20 558 400	–	–	21 934 044
–	–	1 791 869	1 791 869	–	–	1 791 869
–	–	4 578 205	4 578 205	–	–	4 714 556
–	–	–	–	–	196 965	196 965
–	–	–	–	–	136 974	136 974
–	–	836 926	836 926	–	488 173	1 572 760
–	–	–	–	–	1 285	1 285
–	–	32 028 706	32 028 706	–	823 397	36 809 712
–	–	–	–	5 392 662	–	5 392 662
–	–	–	–	4 352	–	4 352
–	–	–	–	2 842	–	2 842
–	–	32 028 706	32 028 706	5 399 856	823 397	42 209 568
–	–	1 070 436	1 070 436	–	–	1 070 436
–	–	33 099 142	33 099 142	5 399 856	823 397	43 280 004

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At 31 March 2009* £'000	At fair value through profit and loss Trading	Designated at inception	Available for sale	Total instruments at fair value
9. Analysis of assets and liabilities by financial instrument classification (continued)				
Assets				
Cash and balances at central banks	–	–	–	–
Loans and advances to banks	11 520	35 045	–	46 565
Cash equivalent advances to customers	12 918	–	–	12 918
Reverse repurchase agreements and cash collateral on securities borrowed	364 733	–	–	364 733
Trading securities	1 213 987	1 099 858	–	2 313 845
Derivative financial instruments*	1 843 143	–	–	1 843 143
Investment securities	151	542	1 026 711	1 027 404
Loans and advances to customers	–	1 287 894	7 797	1 295 691
Loans and advances to customers – Kensington warehouse assets	–	–	–	–
Securitised assets	–	188 947	–	188 947
Interests in associated undertakings	–	–	–	–
Deferred taxation assets	–	–	–	–
Other assets	318 358	–	–	318 358
Property and equipment	–	–	–	–
Investment properties	–	–	–	–
Goodwill	–	–	–	–
Intangible assets	–	–	–	–
	3 764 810	2 612 286	1 034 508	7 411 604
Financial instruments at fair value through income in respect of				
– Liabilities to customers	–	–	–	–
– Assets related to reinsurance contracts	–	–	–	–
	3 764 810	**2 612 286**	**1 034 508**	**7 411 604**
Liabilities				
Deposits by banks	5 546	–	–	5 546
Deposits by banks – Kensington warehouse funding	–	–	–	–
Derivative financial instruments**	1 456 561	–	–	1 456 561
Other trading liabilities	344 561	–	–	344 561
Repurchase agreements and cash collateral on securities lent	381 411	–	–	381 411
Customer accounts (deposits)	20 468	1 003 777	–	1 024 245
Debt securities in issue	–	–	–	–
Liabilities arising on securitisation	–	111 504	–	111 504
Current taxation liabilities	–	–	–	–
Deferred taxation liabilities	–	–	–	–
Other liabilities	228 062	23 490	–	251 552
Pension fund liabilities	–	–	–	–
	2 436 609	1 138 771	–	3 575 380
Liabilities to customers under investment contracts	–	–	–	–
Insurance liabilities including unit-linked liabilities	–	–	–	–
Reinsured liabilities	–	–	–	–
	2 436 609	1 138 771	–	3 575 380
Subordinated liabilities	–	–	–	–
	2 436 609	**1 138 771**	**–**	**3 575 380**

**As restated for restatements detailed in the accounting policies on page 294.*

***Derivative financial instruments have been classified as held for trading and include derivatives held as hedges. For more information on hedges please refer to note 45 on pages 366 to 367.*

Held-to-maturity	Loans and receivables	Financial liabilities at amortised cost	Total instruments at amortised cost	Insurance related	Non-financial instruments	Total
–	1 105 089	–	1 105 089	–	–	1 105 089
–	1 971 524	–	1 971 524	–	–	2 018 089
–	383 255	–	383 255	–	–	396 173
–	205 037	–	205 037	–	–	569 770
–	–	–	–	–	–	2 313 845
–	–	–	–	–	–	1 843 143
36 165	–	–	36 165	–	–	1 063 569
656 605	13 438 223	–	14 094 828	–	–	15 390 519
–	1 897 878	–	1 897 878	–	–	1 897 878
–	5 439 400	–	5 439 400	–	–	5 628 347
–	–	–	–	–	93 494	93 494
–	–	–	–	–	136 757	136 757
10	272 406	–	272 416	–	303 288	894 062
–	–	–	–	–	174 532	174 532
–	–	–	–	–	189 156	189 156
–	–	–	–	–	255 972	255 972
–	–	–	–	–	34 402	34 402
692 780	24 712 812	–	25 405 592	–	1 187 601	34 004 797
–	–	–	–	3 358 338	–	3 358 338
–	–	–	–	1 768	–	1 768
692 780	24 712 812	–	25 405 592	3 360 106	1 187 601	37 364 903
–	–	3 775 607	3 775 607	–	–	3 781 153
–	–	1 412 961	1 412 961	–	–	1 412 961
–	–	–	–	–	–	1 456 561
–	–	–	–	–	–	344 561
–	–	534 439	534 439	–	–	915 850
–	–	13 548 323	13 548 323	–	–	14 572 568
–	–	1 014 871	1 014 871	–	–	1 014 871
–	–	5 091 969	5 091 969	–	–	5 203 473
–	–	–	–	–	155 395	155 395
–	–	–	–	–	120 135	120 135
–	–	707 618	707 618	–	304 974	1 264 144
–	–	–	–	–	1 212	1 212
–	–	26 085 788	26 085 788	–	581 716	30 242 884
–	–	–	–	3 352 863	–	3 352 863
–	–	–	–	5 475	–	5 475
–	–	–	–	1 768	–	1 768
–	–	26 085 788	26 085 788	3 360 106	581 716	33 602 990
–	–	1 141 376	1 141 376	–	–	1 141 376
–	–	27 227 164	27 227 164	3 360 106	581 716	34 744 366

10. Reclassifications of financial instruments

During the prior year the group reclassified certain financial instruments out of fair value through profit and loss. These assets were originally classified as held for trading but the group's intentions in regard to these assets changed and the group reclassified £112.3 million and £7.8 million to the loans and receivables and available for sale classifications, respectively. The amount reclassified reflected the fair value of the financial assets at the date of reclassification. At the time of the transfers, the group identified the rare circumstances permitting such reclassifications, being severe liquidity in the relevant markets.

The group did not undertake any further reclassifications under the amendment to IAS 39 in the current year.

The following table shows carrying values and fair values of the assets reclassified:

£'000	Carrying value as at 31 March 2010	Fair value as at 31 March 2010	Carrying value as at 31 March 2009	Fair value as at 31 March 2009
Trading assets reclassified to loans and receivables	96 383	86 870	112 402	106 189
Trading assets reclassified to available for sale	–	–	7 797	7 797
	96 383	86 870	120 199	113 986

If the reclassifications had not been made, the group's income before tax in 2010 would have reduced by £5.1 million (2009: a reduction of £6.2 million).

In the current year the reclassified assets have contributed £2.6 million to net interest income. In 2009, the reclassified assets resulted in a net interest expense of £0.3 million. As at the date of reclassification the effective interest rates on reclassified trading assets ranged from 4.61% to 18.29%.

11. Fair value hierarchy

IFRS 7 requires that an entity disclose for each class of financial instruments measured at fair value the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety. The fair value hierarchy reflects the significance of the inputs used in making fair value measurements. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets and liabilities related to the long-term assurance business attributable to policyholders have been excluded from the analysis as the change in fair value of related assets is attributable to policyholders.

At 31 March £'000	Total instruments at fair value	Valuation technique applied		
		Level 1	Level 2	Level 3
11. Fair value hierarchy (continued)				
2010				
Assets				
Loans and advances to banks	59 676	32 171	27 505	–
Reverse repurchase agreements and cash collateral on securities borrowed	489 468	291 161	198 307	–
Trading securities	4 221 645	2 569 092	1 612 305	40 248
Derivative financial instruments	1 591 841	64 097	1 492 532	35 212
Investment securities	1 262 417	556 876	680 622	24 919
Loans and advances to customers	1 561 780	–	1 363 905	197 875
Securitised assets	167 000	9 049	100 844	57 107
Other assets	309 031	307 140	1 891	–
	9 662 858	3 829 586	5 477 911	355 361
Liabilities				
Derivative financial instruments	1 193 421	58 582	1 134 839	–
Other trading liabilities	504 618	504 618	–	–
Repurchase agreements and cash collateral on securities lent	499 914	295 353	204 561	–
Customer accounts (deposits)	1 375 644	–	1 375 644	–
Liabilities arising on securitisation	136 352	–	136 352	–
Other liabilities	247 661	234 475	13 186	–
	3 957 610	1 093 028	2 864 582	–
2009				
Assets				
Loans and advances to banks	46 565	11 521	35 044	–
Cash equivalent advances to customers	12 918	12 918	–	–
Reverse repurchase agreements and cash collateral on securities borrowed	364 733	174 050	190 683	–
Trading securities	2 313 845	1 294 574	977 342	41 929
Derivative financial instruments*	1 843 143	82 370	1 669 997	90 776
Investment securities	1 027 404	844 340	156 956	26 108
Loans and advances to customers	1 295 691	–	1 070 806	224 885
Securitised assets	188 947	126 752	17 896	44 299
Other assets	318 358	317 652	706	–
	7 411 604	2 864 177	4 119 430	427 997
Liabilities				
Deposits by banks	5 546	5 546	–	–
Derivative financial instruments*	1 456 561	75 357	1 381 204	–
Other trading liabilities	344 561	344 561	–	–
Repurchase agreements and cash collateral on securities lent	381 411	168 046	213 365	–
Customer accounts (deposits)	1 024 245	19	1 024 226	–
Liabilities arising on securitisation	111 504	111 504	–	–
Other liabilities	251 552	231 521	20 031	–
	3 575 380	936 554	2 638 826	–

**As restated for restatements detailed in the accounting policies on page 294.*

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11. Fair value hierarchy (continued)

Transfers between level 1 and 2

The following table shows transfers between level 1 and level 2 of the fair value hierarchy for financial assets and liabilities which are recorded at fair value:

At 31 March 2010 £'000	Transfers from level 2 to level 1	Transfers from level 1 to level 2
Assets		
Derivative financial instruments	7 158	25 564
Securitised assets	–	100 423
Liabilities		
Derivative financial instruments	–	2 321
Liabilities arising on securitisation	–	135 781

Based on a review of the revised definitions included in IFRS 7, certain instruments were reclassified as noted above.

At 31 March 2010 £'000	Total level 3 financial instruments	Fair value movements through income statements	Fair value movements through comprehensive income
The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in level 3 of the fair value hierarchy:			
Group			
Opening balance	427 997	398 920	29 077
Total gains or losses	(2 048)	(4 750)	2 702
In the income statement	(2 126)	(4 750)	2 624
In the statement of comprehensive income	78	–	78
Purchases	32 702	21 006	11 696
Sales	(20 193)	(1 011)	(19 182)
Settlements	(49 644)	(43 834)	(5 810)
Transfers into level 3	9 806	7 817	1 989
Transfers out of level 3	(56 544)	(56 544)	–
Foreign exchange adjustments	13 285	13 416	(131)
Closing balance	**355 361**	**335 020**	**20 341**

Instruments were transferred out of level 3 to level 2 due to improved levels of observable inputs.

£'000	Total
11. Fair value hierarchy (continued)	
The following table quantifies the changes in fair values recognised on level 3 financial instruments:	
Total gains or losses included in profit or loss for the period	
Net interest income	333
Fee and commission income	4 973
Principal transactions	(7 432)
	(2 126)
Total gains and losses for the period included in profit or loss for assets and liabilities held at the end of the reporting period	
Net interest income	333
Fee and commission income	4 140
Principal transactions	(15 978)
	(11 505)

At 31 March 2010 £'000	Reflected in income statement Favourable changes	 Unfavourable changes	Reflected in comprehensive income Favourable changes	 Unfavourable changes
Sensitivity of fair values to reasonably possible alternative assumptions by level 3 instrument type				
The fair value of financial instruments in level 3 is measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable market data. The following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:				
Trading securities	17 791	9 920	–	–
Derivative financial instruments	13 497	4 085	–	–
Investment securities	–	–	16 557	10 061
Loans and advances to customers	3 052	2 157	–	–
Securitised assets	6 325	3 900	–	–
	40 665	20 062	16 557	10 061

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At 31 March £'000	2010 Carrying amount	2010 Fair value	2009 Carrying amount	2009 Fair value
12. Fair value of financial instruments at amortised cost				
Assets				
Cash and balances at central banks	2 338 234	2 338 234	1 105 089	1 105 089
Loans and advances to banks	2 721 954	2 721 963	1 971 524	1 971 527
Cash equivalent advances to customers	581 117	581 117	383 255	383 255
Reverse repurchase agreements and cash collateral on securities borrowed	421 964	421 964	205 037	205 037
Investment securities	733 656	719 866	36 165	54 778
Loans and advances to customers	15 852 911	15 709 416	14 094 828	14 057 543
Loans and advances to customers – Kensington warehouse assets	1 776 525	1 776 525	1 897 878	1 897 878
Securitised assets	5 167 453	5 150 472	5 439 400	5 455 549
Other assets	504 298	504 793	272 416	189 342
	30 098 112	29 924 350	25 405 592	25 319 998
Liabilities				
Deposits by banks	2 439 670	2 436 959	3 775 607	3 766 991
Deposits by banks – Kensington warehouse funding	1 213 042	1 213 042	1 412 961	1 412 961
Repurchase agreements and cash collateral on securities lent	610 594	610 594	534 439	534 439
Customer accounts (deposits)	20 558 400	20 599 773	13 548 323	13 468 308
Debt securities in issue	1 791 869	1 798 354	1 014 871	1 011 683
Liabilities arising on securitisation	4 578 205	4 580 335	5 091 969	5 120 506
Other liabilities	836 926	836 804	707 618	707 708
Subordinated liabilities (including convertible debt)	1 070 436	984 346	1 141 376	792 203
	33 099 142	33 060 207	27 227 164	26 814 799

The paragraphs below describe the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Financial instruments for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption also applies to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

Fixed rate financial instruments

The fair value of fixed rate financial assets and financial liabilities carried at amortised cost are estimated by comparing spreads earned on the transactions with spreads earned on similar new transactions entered into by the group. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows, using prevailing money market interest rates for debts with similar credit risk and maturity. For quoted sub-debt issued, the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

Certain financial instruments, that would normally be carried at fair value, continue to be recognised at transaction price. This occurs when the fair value would normally be determined using valuation techniques which cannot be relied on due to insufficient external inputs. This results in gains or losses which have not been recognised on balance sheet.

13. Designated at fair value: loans and receivables and financial liabilities

£'000	Carrying value	Fair value adjustment Year to date	Fair value adjustment Cumulative	Change in fair value attributable to credit risk Year to date	Change in fair value attributable to credit risk Cumulative	Maximum exposure to credit risk	Carrying value of related credit derivatives or similar instrument	Change in fair value of credit derivative since designation of loan or receivable Year to date	Change in fair value of credit derivative since designation of loan or receivable Cumulative
Loans and receivables designated at fair value through profit or loss									
At 31 March 2010									
Loans and advances to banks	27 450	(7 142)	(620)	–	–	27 450	–	–	–
Loans and advances to customers	1 561 780	(5 836)	83 193	–	–	1 561 780	–	–	–
Securitised assets	21 537	(5 999)	21 537	(2 612)	(3 351)	21 537	–	–	–
Other assets		–	–	–	–	–	–	–	–
	1 610 767	(18 977)	104 110	(2 612)	(3 351)	1 610 767	–	–	–
At 31 March 2009									
Loans and advances to banks	35 045	1 685	6 486	–	–	35 045	–	–	–
Loans and advances to customers	1 287 894	59 552	64 289	100	–	1 287 894	–	–	–
Securitised assets	77 434	(2 854)	7 188	(5 927)	8 629	77 434	18 267	15 725	18 267
Other assets	–	–	–	–	–	–	–	–	–
	1 400 373	58 383	77 963	(5 827)	8 629	1 400 373	18 267	15 725	18 267

£'000	Carrying value	Remaining contractual amount to be repaid at maturity	Fair value adjustment Year to date	Fair value adjustment Cumulative
Financial liabilities designated at fair value through profit or loss				
At 31 March 2010				
Customer accounts (deposits)	1 372 823	1 522 563	(3 734)	(149 739)
Securitised liabilities	136 351	100 796	–	–
Other liabilities	26 464	25 092	2 328	1 371
	1 535 638	1 648 451	(1 406)	(148 368)
At 31 March 2009				
Customer accounts (deposits)	1 003 777	1 033 354	(30 511)	(29 577)
Securitised liabilities	111 504	111 490	–	14
Other liabilities	23 490	25 405	(7 191)	(1 915)
	1 138 771	1 170 249	(37 702)	(31 478)

Changes in fair value due to credit risk are determined as the change in the fair value of the financial instrument that is not attributable to changes in other market inputs.

At 31 March £'000	2010	2009
14. Reverse repurchase agreements and cash collateral on securities borrowed and repurchase agreements and cash collateral on securities lent		
Assets		
Reverse repurchase agreements	565 210	342 531
Cash collateral on securities borrowed	346 222	227 239
	911 432	569 770
As part of the reverse repurchase and securities borrowing agreements the group has received securities that it is allowed to sell or re-pledge. £425 million (2009: £343 million) has been re-sold or re-pledged to third parties in connection with financing activities or to comply with commitments under short sale transactions.		
Liabilities		
Repurchase agreements	1 094 327	909 050
Cash collateral on securities lent	16 181	6 800
	1 110 508	915 850

At 31 March £'000	2010 Carrying value	2010 Cumulative unrealised gains/(losses)	2009 Carrying value	2009 Cumulative unrealised gains/(losses)
15. Trading securities				
Listed equities	546 290	(158 465)	379 661	(101 230)
Unlisted equities	565 692	203 858	407 203	169 346
Promissory notes	1 062 280	27 950	556 033	11 621
Liquid asset bills	1 639 726	(26 397)	451 063	(10 548)
Debentures	–	–	97 658	(2 054)
Bonds	407 657	2 153	422 227	(26 177)
	4 221 645	49 099	2 313 845	40 958

16. Derivative financial instruments

Derivatives

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

In the tables that follow notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The fair value of a derivative financial instrument represents the positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the group in an orderly market transaction at balance sheet date.

At 31 March £'000	2010 Notional principal amounts	2010 Positive fair value	2010 Negative fair value	2009* Notional principal amounts	2009* Positive fair value	2009* Negative fair value
16. Derivative financial instruments (continued)						
Foreign exchange derivatives						
Forward foreign exchange contracts	2 237 418	79 348	43 889	3 184 331	124 848	76 835
Currency swaps	7 443 507	280 574	77 564	9 132 153	291 621	77 264
OTC options bought and sold	385 530	5 482	5 359	428 147	8 582	16 994
Other foreign exchange contracts	367 361	7 269	432	935 488	21 319	20 046
OTC derivatives	10 433 816	372 673	127 244	13 680 119	446 370	191 139
Exchange traded futures	158 015	–	–	277 305	856	17
Exchange traded options	80 877	–	–	–	–	–
	10 672 708	372 673	127 244	13 957 424	447 226	191 156
Interest rate derivatives						
Caps and floors	1 171 949	–	2 968	928 449	104	3 466
Swaps	39 896 615	618 989	599 345	35 984 634	556 022	535 405
Forward rate agreements	29 801 845	30 021	31 735	42 163 189	91 724	84 669
OTC options bought and sold	622 198	2 571	2 715	812 820	12 223	12 225
Other interest rate contracts	2 778 818	15 330	10 403	2 955 484	11 534	12 605
OTC derivatives	74 271 425	666 911	647 166	82 844 576	671 607	648 370
Exchange traded futures	140 376	181	–	28 817 996	844	–
Exchange traded options	281 736	253	141	720 391 308	2 107	3 384
	74 693 537	667 345	647 307	832 053 880	674 558	651 754
Equity and stock index derivatives						
OTC options bought and sold	2 472 483	80 632	72 903	387 936	21 645	105 371
Equity swaps and forwards	30 647	634	982	1	165	135
OTC derivatives	2 503 130	81 266	73 885	387 937	21 810	105 506
Exchange traded futures	1 420 837	–	1 237	13	–	–
Exchange traded options	2 962 916	35 032	42 239	141 767	11 491	22 402
Warrants	–	449	–	–	819	–
	6 886 883	116 747	117 361	529 717	34 120	127 908
Commodity derivatives						
OTC options bought and sold	190 993	3 800	3 727	647 032	154 104	167 651
Commodity swaps and forwards	1 768 953	297 691	319 384	2 829 819	428 296	455 477
OTC derivatives	1 959 946	301 491	323 111	3 476 851	582 400	623 128
Exchange traded futures	848 954	227 809	150 935	2 071 590	294 340	170 617
Exchange traded options	–	992	3 532	35 544	9 110	1 138
	2 808 900	530 292	477 578	5 583 985	885 850	794 883
Credit derivatives						
Credit linked notes	12 739	143	–	23 937	7 708	–
Credit swaps	72 819	13 031	3 769	45 990	26 227	4 062
	85 558	13 174	3 769	69 927	33 935	4 062
Embedded derivatives**		71 448	–		80 656	–
Gross fair values		1 771 679	1 373 259		2 156 345	1 769 763
Effect of on balance sheet netting		(179 838)	(179 838)		(313 202)	(313 202)
Derivatives per balance sheet		1 591 841	1 193 421		1 843 143	1 456 561

**As restated for reclassifications detailed in the accounting policies on page 294.*

***Mainly includes profit shares received as part of lending transactions.*

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At 31 March £'000	2010 carrying value	2009 carrying value
17. Investment securities		
Listed equities	15 432	15 592
Unlisted equities	58 363	45 319
Bonds	1 524 670	657 741
Commercial paper	396 940	344 753
Other investments	668	164
	1 996 073	1 063 569

At 31 March £'000	2010	2009
18. Loans and advances to customers		
Loans and advances to customers (post impairments)	17 414 691	15 390 519
Loans and advances to customers – Kensington warehouse assets (post impairments)	1 776 525	1 897 878
Specific and portfolio impairments included above	292 220	233 686
Gross loans and advances to customers (pre impairments)	19 483 436	17 522 083
Less: warehouse facilities and warehouse assets arising from securitisation and principal finance activities*	(2 559 015)	(2 257 213)
Own originated securitised assets (refer to note 19)	1 172 717	1 128 333
Gross core loans and advances to customers	18 097 138	16 393 203
For further analysis on gross core loans and advances refer to pages 128 to 129 in the Risk Management section.		
Specific and portfolio impairments		
Reconciliation of movements in specific and portfolio impairments:		
Loans and advances to customers		
Specific impairment		
Balance at beginning of year	163 138	50 763
Charge to the income statement	154 388	156 663
Utilised	(157 067)	(54 784)
Exchange adjustment	14 526	10 496
Balance at end of year	174 985	163 138
Portfolio impairment		
Balance at beginning of year	9 452	6 694
Charge to the income statement	35 176	1 654
Exchange adjustment	3 429	1 104
Balance at end of year	48 057	9 452

**Whilst the group manages all risks (including credit risk) from a day to day operational perspective these assets are within special purpose vehicles that ring fence the assets to specific credit providers and limits security to the assets in the vehicle.*

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At 31 March £'000	2010	2009
18. Loans and advances to customers (continued)		
Kensington warehouse loans		
Specific impairment		
Balance at beginning of year	26 647	21 874
Charge to the income statement	41 442	8 100
Utilised	(30 375)	(3 327)
Exchange adjustment	(499)	–
Balance at end of year	**37 215**	**26 647**
Portfolio impairment		
Balance at beginning of year	34 449	–
Charge to the income statement	(2 486)	34 449
Balance at end of year	**31 963**	**34 449**
Total specific impairments	212 200	189 785
Total portfolio impairments	80 020	43 901
Total impairments	**292 220**	**233 686**
Interest income recognised on loans that have been impaired	14 632	26 468
Amounts charged to income statement		
Loans and advances	189 564	158 317
Specific impairment charged to income statement	154 388	156 663
Portfolio impairment charged to income statement	35 176	1 654
Securitised assets (refer to note 19)	47 568	54 075
Specific impairment charged to income statement	50 884	26 152
Portfolio impairment charged to income statement	(3 316)	27 923
Kensington warehouse loans	38 956	42 549
Specific impairment charged to income statement	41 442	8 100
Portfolio impairment charged to income statement	(2 486)	34 449
Bad debts written off directly to the income statement	10 493	1 232
Total income statement charge	**286 581**	**256 173**

At 31 March £'000	2010	2009
19. Securitised assets		
Securitised assets are made up of the following categories of assets:		
Loans and advances to banks	57 004	48 354
Cash and cash equivalents	456 461	567 449
Loans and advances to customers	4 703 354	4 892 437
Other financial instruments at fair value	167 000	189 447
	5 383 819	5 697 687
Total impairment of securitised assets	(49 366)	(69 340)
Total securitised assets	5 334 453	5 628 347
The associated liabilities are recorded on balance sheet in "Liabilities arising on securitisation"	4 714 556	5 203 473
Carrying value at 31 March		
Analysis of securitised assets by risk exposure		
Own originated securitised assets	1 172 717	1 128 333
Securitisation exposures arising from securitisation/principal finance activities	248 710	293 634
Total credit and counterparty exposure	1 421 427	1 421 967
Securitised assets with no legal credit exposure	3 913 026	4 206 380
Gross securitised assets deemed to have no legal credit exposure	3 962 392	4 275 720
Impairment of securitised assets deemed to have no legal credit exposure	(49 366)	(69 340)
Total securitised assets	5 334 453	5 628 347
Specific and portfolio impairments		
Reconciliation of movements in group specific and portfolio impairments of loans and advances that have been securitised:		
Specific impairment		
Balance at beginning of year	41 397	33 812
Charge to the income statement	50 884	26 152
Utilised	(67 171)	(18 673)
Exchange adjustment	(506)	106
Balance at end of year	24 604	41 397
Portfolio impairment		
Balance at beginning of year	27 943	–
Charge to the income statement	(3 316)	27 923
Exchange adjustment	135	20
Balance at end of year	24 762	27 943
Total impairments	49 366	69 340

At 31 March £'000	2010	2009
20. Interests in associated undertakings		
Interests in associated undertakings consist of:		
Net asset value	40 386	29 821
Goodwill	63 673	63 673
Investment in associated undertakings	104 059	93 494
Analysis of the movement in our share of net assets:		
At beginning of year	29 821	18 372
Exchange adjustments	3 257	529
Disposals and acquisitions	483	1 224
Operating income from associates	11 595	12 438
Loans to associate	–	2 489
Dividends received	(5 690)	(5 349)
Gains recognised in equity	920	118
At end of year	40 386	29 821
Analysis of the movement in goodwill:		
At beginning of year	63 673	64 204
Exchange adjustments	–	832
Goodwill impairment	–	(1 363)
At end of year	63 673	63 673
Associated undertakings:		
Listed	79 282	72 426
Unlisted	24 777	21 068
	104 059	93 494
Market value of listed investments	177 753	82 628
The most significant investment held in associates in the year was Rensburg Sheppards plc (RS). RS is a listed company on the London Stock Exchange and conducts the business of private client stockbroking.	Number	Number
At 31 March RS plc had the following shares in issue:	43 897 094	43 883 500
Less: shares held in RS Employee Share Ownership Trust	(5 002)	(210 350)
	43 892 092	43 673 150
Holding in RS ordinary share (%)	47.06%	47.30%

**Investec had undertaken not to vote in excess of 30% of the issued capital of RS in the five year period ending 6 May 2010.*

Significant transactions between the group and RS during the year ended 31 March 2010 all of which are on arm's length basis are:

- £33.750 million subordinated loan from Investec Bank plc to RS. This loan which was originally £60 million from Investec 1 Limited to RS was entered into on 6 May 2005 and formed part of the consideration paid by RS for the acquisition of Carr Sheppards Crosthwaite Limited. On 28 September 2007 the remaining balance was transferred to Investec Bank plc. On 6 May 2010 a further £15.625 million was repaid. The interest receivable on the loan during the year amounted to £2 453 000 (2009: £2 896 000) of which £966 000 was receivable at 31 March 2010 (2009: £1 127 000)
- Rent of £1.5 million (2009: £1.4 million) and a contribution of £0.1 million (2009: £0.2 million) was received from RS in respect of their occupation of 2 Gresham Street.

A further £0.4 million (2009: £0.5 million) was received in relation to other services provided to RS including IT and internal audit.

Rensburg Sheppards plc	Assets	Liabilities	Revenues	Adjusted profit before tax*
31 March 2010	403 059	194 546	117 970	30 208
31 March 2009	390 163	192 480	118 874	36 605

**Before transaction costs relating to the current offer for the company, amortisation of the client relationships intangible asset, profit on disposal of intangible assets, profit on disposal of subsidiary, loss on disposal of available for sale investments and share-based charges relating to the Employee Benefit Trust.*

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At 31 March £'000	2010	2009
21. Deferred taxation		
Deferred taxation assets	134 355	136 757
Deferred taxation liability	(136 974)	(120 135)
Net deferred taxation (liability)/asset	(2 619)	16 622
The net deferred taxation (liability)/asset arises from:		
Deferred capital allowances	52 014	43 013
Income and expenditure accruals	83 698	41 001
Asset in respect of unexpired options	17 081	8 268
Asset in respect of pensions liability	360	–
Unrealised fair value adjustments on financial instruments	(114 910)	(50 159)
Losses carried forward	5 011	14 612
Arising on anticipated foreign dividends	–	(7 315)
Liability in respect of pensions surplus	(719)	(12)
Other temporary differences	(45 154)	(32 786)
Net deferred taxation (liability)/asset	(2 619)	16 622
Reconciliation of net deferred taxation (liability)/asset:		
At beginning of year	16 622	5 321
Charge to profit and loss – current year taxation	(8 400)	(10 040)
(Charge)/credit directly in equity	(7 577)	21 112
Transfer to/(from) corporate taxation	1 708	2 368
Other	(1 666)	536
Exchange adjustments	(3 306)	(2 675)
At year end	(2 619)	16 622
Deferred tax on available for sale instruments recognised directly in equity	1 052	1 141

Deferred taxation assets are recognised to the extent it is likely that profits will be available in future periods. The assessment of the likelihood of future profits is based on past performance and current projections. Deferred taxation assets are not recognised in respect of capital losses as crystalisation of capital gains and the eligibility of potential losses is uncertain.

At 31 March £'000	2010	2009
22. Other assets		
Settlement debtors	634 378	476 357
Dealing properties	171 865	38 744
Accruals and prepayments	80 100	64 015
Pension assets (refer to note 32)	2 569	10 326
Other debtors	351 712	304 620
	1 240 624	894 062

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At 31 March £'000	Freehold properties	Leasehold improve-ments	Furniture and vehicles	Equipment	Total
23. Property and equipment					
2010					
Cost					
At beginning of year	11 223	39 332	21 218	195 026	266 799
Exchange adjustments	(613)	1 000	2 776	(1 679)	1 484
Acquisition of subsidiary undertakings	884	–	543	46	1 473
Reclassifications	–	–	–	(433)	(433)
Additions	1	2 210	4 644	5 507	12 362
Disposals	–	(398)	(1 807)	(3 302)	(5 507)
At end of year	11 495	42 144	27 374	195 165	276 178
Accumulated depreciation					
At beginning of year	–	(16 001)	(12 991)	(63 275)	(92 267)
Exchange adjustments	(96)	(852)	(1 560)	(2 660)	(5 168)
Reclassifications	–	–	–	233	233
Disposals	–	279	1 547	1 163	2 989
Depreciation charge for year	(1 468)	(2 758)	(2 289)	(14 195)	(20 710)
At end of year	(1 564)	(19 332)	(15 293)	(78 734)	(114 923)
Net carrying value	9 931	22 813	12 081	116 431	161 255
2009					
Cost					
At beginning of year	8 997	32 420	18 339	142 710	202 466
Exchange adjustments	3 135	1 593	3 121	46 472	54 321
Reclassifications	–	–	(2 984)	4 238	1 254
Additions	460	5 338	3 437	9 084	18 319
Disposals	(1 369)	(19)	(695)	(7 478)	(9 561)
At end of year	11 223	39 332	21 218	195 026	266 799
Accumulated depreciation					
At beginning of year	(26)	(12 304)	(13 243)	(35 541)	(61 114)
Exchange adjustments	–	(893)	(1 401)	(11 569)	(13 863)
Reclassifications	–	–	2 984	(4 238)	(1 254)
Disposals	26	19	417	2 158	2 620
Depreciation charge for year	–	(2 823)	(1 748)	(14 085)	(18 656)
At end of year	–	(16 001)	(12 991)	(63 275)	(92 267)
Net carrying value	11 223	23 331	8 227	131 751	174 532

At 31 March £'000	2010	2009
24. Investment properties		
At beginning of year	189 156	134 975
Additions	8 464	17 022
Disposals	(7 160)	(7 142)
Fair value movement	39 108	16 114
Exchange adjustment	43 470	28 187
At end of year	273 038	189 156

Investment properties are carried at fair value.

The group values its investment properties twice annually. The properties were valued by directors who are qualified valuators. The valuation is performed by capitalising the budgeted annual net income of a property at the market related yield applicable at the time.

At 31 March £'000	2010	2009
25. Goodwill		
Cost		
At beginning of year	401 138	374 308
Acquisition of subsidiaries	9 485	–
Reclassifications	–	(1 459)
Exchange adjustments	28 370	28 289
At end of year	438 993	401 138
Accumulated impairments		
At beginning of year	(145 166)	(102 376)
Income statement amount	(3 526)	(31 104)
Exchange adjustments	(15 884)	(11 686)
At end of year	(164 576)	(145 166)
Net carrying value	274 417	255 972
Analysis of goodwill by line of business and geography		
UK and Europe		
Asset Management	88 045	88 045
Private Banking	18 695	18 596
Investment Banking	17 951	18 677
Capital Markets	83 201	74 890
	207 892	200 208
South Africa		
Asset Management	21 498	19 615
Private Wealth	3 253	2 662
Property Activities	396	324
	25 147	22 601
Australia		
Private Banking	22 213	19 483
Investment Banking	19 165	13 680
	41 378	33 163
Total group	274 417	255 972
Reconciliation to income statement:		
Income statement amount per above	3 526	31 104
Impairment of goodwill forming part of associate (refer to note 20)	–	1 363
	3 526	32 467

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25. Goodwill (continued)

Goodwill is tested annually for impairment, or more frequently if evidence exists that goodwill might be impaired.

The recoverable amount of goodwill is determined based on expected cash flows within the cash generating units of the group to which the goodwill is allocated. Key assumptions within the calculation include discount rates, growth rates in revenue and related expenditure.

Discount rates are based on pre-tax rates that reflect current market conditions, adjusted for the specific risks associated with the cash-generating unit. Growth rates are based on industry growth forecasts. Cash flow forecasts are based on most recent financial budgets for the next financial year and are extrapolated for a period of 3 to 5 years, adjusted for expected future events.

UK, Europe and Australia

The two most significant cash-generating units giving rise to goodwill are Investec Asset Management and Kensington.

For Investec Asset Management, the recoverability of goodwill of £88.0 million has been tested with reference to both the underlying profitability (taking into account 2010 profits before taxation of £25.3 million (2009: £17.1 million) and budgets and plans for the next three years) and the value of the business as represented by funds under management of £21.7 billion (2009: £13.1 billion). These factors support the carrying value of goodwill.

Goodwill of £121.1 million arising on the acquisition of Kensington on 7 August 2008 was written down by £60.0 million at 31 March 2008 to £61.2 million following the managed reduction in business volumes and limited activity in securitisation markets. At 31 March 2010, the remaining goodwill has been tested for impairment on the basis of the existing book, assuming no new mortgage origination and no recovery in securitisation markets. Cash flows have been projected for a 5 year period using the latest available information on debts and expected repayments discounted at 11%. On this basis goodwill is above book value. Future impairment of this goodwill will largely be dependent on the timing of future repayments and the level of future business generated.

South Africa

The majority of goodwill attributed to the South African operations relate to Investec Asset Management, particularly to the businesses from the Fedsure acquisition, which have been identified as a separate cash-generating unit. The goodwill relating to Fedsure has been tested for impairment, taking into account profitability, being the current year profits and the budgeted profits and funds under management. The discount rate applied of 12.99% is determined using the South African risk-free rate adjusted for the risk related to the cash-generating unit. An impairment of £3.5 million was recognised in the current year on this goodwill.

Movement in goodwill

2010

Goodwill arising from acquisitions includes £8.5 million on the acquisition of 75% of Leasedirect Finance Limited and £1.0 million on the acquisition of the remaining minority holding (24.51%) in Investec Asset Management Namibia (Pty) Ltd (refer to note 27).

2009

There were no movements in goodwill arising from acquisitions or disposals of group operations.

Income statement movement

2010

As detailed above, £3.5 million of goodwill impairments were recognised in relation to goodwill arising from the Fedsure acquisition.

2009

- Following adverse movements in commodity prices which have squeezed margins, Global Ethanol Holdings Limited, in which the group has a 68.3% interest, impaired all of the £25.6 million of goodwill mainly attributable to its 60% owned subsidiary Global Ethanol LLC.
- The balance relates to other goodwill impairments of £4.6 million.

At 31 March £'000	Acquired software	Internally generated software	Core technology	Intellectual property	Total
26. Intangible assets					
2010					
Cost					
At beginning of year	44 648	2 297	6 879	16 004	69 828
Exchange adjustments	4 786	576	48	(105)	5 305
Reclassifications	2 298	–	–	(1 867)	431
Additions	15 930	168	–	2 141	18 239
Disposals	(517)	–	–	(1 164)	(1 681)
At end of year	67 145	3 041	6 927	15 009	92 122
Accumulated amortisation and impairments					
At beginning of year	(31 440)	(1 700)	(754)	(1 532)	(35 426)
Exchange adjustments	(3 844)	(438)	(18)	(172)	(4 472)
Reclassifications	1 277	–	–	(1 509)	(232)
Disposals	324	51	–	–	375
Amortisation	(11 015)	(407)	(309)	(4 016)	(15 747)
At end of year	(44 698)	(2 494)	(1 081)	(7 229)	(55 502)
Net carrying value	22 447	547	5 846	7 780	36 620
2009					
Cost					
At beginning of year	36 185	3 327	11 463	3 108	54 083
Exchange adjustments	811	463	4 483	1 230	6 987
Reclassifications	2 524	(1 423)	–	(504)	597
Additions	9 055	773	–	14 688	24 516
Disposals	(3 927)	(843)	(9 067)	(2 518)	(16 355)
At end of year	44 648	2 297	6 879	16 004	69 828
Accumulated amortisation and impairments					
At beginning of year	(20 474)	(1 559)	(426)	(118)	(22 577)
Exchange adjustments	675	(306)	(167)	(388)	(186)
Reclassifications	(2 040)	342	–	(1 813)	(3 511)
Disposals	444	341	–	1 509	2 294
Amortisation	(10 045)	(518)	(161)	(722)	(11 446)
At end of year	(31 440)	(1 700)	(754)	(1 532)	(35 426)
Net carrying value	13 208	597	6 125	14 472	34 402

27. Acquisitions and disposals

2010

On 26 February 2010 Investec plc issued 1 973 114 ordinary shares at a value of 461.2 pence each as consideration for the acquisition of 75% of the issued share capital of Leasedirect Finance Limited (LDF) an asset finance company in the UK. In the period 27 February 2010 to 31 March 2010 LDF made a profit before taxation of £109 000.

On 26 February 2010, Investec Asset Management Holdings (Pty) Ltd bought out the 24.51% minority shareholder in Investec Asset Management Namibia (Pty) Ltd. Goodwill arising from the transaction amounted to £983 000.

The assets and liabilities at the date of acquisition, goodwill arising on the transactions and total consideration paid are disclosed in the table below:

£'000	Book value at date of acquisition	Fair values at date of acquisition
Cash	2	2
Loans and advances to banks	72	72
Loans and advances to customers	6 295	6 295
Other assets	220	220
Property and equipment	1 473	1 473
	8 062	8 062
Deposits by banks	5 984	5 984
Current tax liability	71	71
Other liabilities	598	598
Minority interests	132	132
	6 785	6 785
Net assets/fair value of net assets	1 277	1 277
Goodwill		9 485
Fair value of consideration		10 762
Fair value of cash consideration		1 662

2009

There were no acquisitions of group companies in the period.

The Private Banking division in South Africa disposed of its short-term insurance business on 1 December 2008, with a net profit of £721 000 realised on the sale.

At 31 March £'000	2010	2009
28. Long-term assurance business attributable to policyholders		
Liabilities to customers under investment contracts	5 397 014	3 358 338
Investec Employee Benefits Limited (IEB)	385 353	355 236
Investec Assurance Limited	5 007 309	2 997 627
Insurance liabilities incl unit-linked liabilities – IEB	4 352	5 475
Reinsurance liabilities – IEB	2 842	1 768
	5 399 856	3 360 106
Investec Employee Benefits Limited		
The assets of the long-term assurance fund attributable to policyholders are detailed below:		
Investments	372 545	349 537
Reinsurance assets	2 842	1 768
Other assets	17 160	11 174
	392 547	362 479
Investments above comprise:		
Interest bearing securities	89 941	95 469
Stocks shares and unit trusts	246 232	201 472
Deposits	36 372	52 596
	372 545	349 537
Investec Assurance Limited		
The assets of the long-term assurance fund attributable to policyholders are detailed below:		
Investments	4 664 191	2 885 787
Debtors and prepayments	65 312	88 864
Other assets	277 806	22 976
	5 007 309	2 997 627
Assets of long-term assurance fund attributable to policyholders		
Investments shown above comprise:		
Interest bearing securities	871 433	366 005
Stocks, shares and unit trusts	2 498 586	1 614 742
Deposits	1 294 172	905 040
	4 664 191	2 885 787
The business of Investec Assurance Limited is that of linked business with retirement funds. The retirement funds hold units in a pooled portfolio of assets via a linked policy issued by the company. The assets are beneficially held by Investec Assurance Limited. Due to the nature of a linked policy, Investec Assurance Limited's liability to the policyholders is equal to the market value of the assets underlying the policies.		
Long-term assurance activities linked to policyholders		
Income statement items related to assurance activities:		
Investment income on assurance activities	94 914	74 584
Premiums and reinsurance recoveries on insurance contracts	31 938	18 773
Claims and reinsurance premiums on insurance business	(119 918)	(88 108)
Operating expenses	(2 692)	(1 688)
Net income before taxation	4 242	3 561
Taxation	(1 188)	(997)
Net income after taxation	3 054	2 564

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At 31 March £'000	2010	2009
29. Other trading liabilities		
Short positions		
– Equities	258 811	46 533
– Gilts	245 807	298 028
	504 618	344 561

At 31 March £'000	2010	2009
30. Debt securities in issue		
Bonds and medium term notes repayable:		
Up to one year	10 171	–
Greater than one year but less than five years	16 485	17 472
	26 656	17 472
Other unlisted debt securities in issue repayable:		
Not more than three months	248 680	374 832
Over three months but not more than one year	153 867	76 471
Over one year but not more than five years	1 348 285	540 699
Greater than five years	14 381	5 397
	1 765 213	997 399
	1 791 869	1 014 871

At 31 March £'000	2010	2009
31. Other liabilities		
Settlement liabilities	586 673	512 512
Cumulative redeemable preference shares including accrued dividends	400 062	269 046
Other creditors and accruals	380 605	293 057
Other non interest bearing liabilities	205 420	189 529
	1 572 760	1 264 144

At 31 March £'000	2010	2009
32. Pension commitments		
Income statement charge		
Defined benefit obligations net income included in net interest income	577	(169)
Cost of defined contribution schemes included in administration expenses	22 252	20 590
Net income statement charge in respect of pensions	22 829	20 421

The group operates pension schemes throughout its areas of operation. The majority of the schemes are defined contribution schemes with the exception of two schemes in the United Kingdom being the Guinness Mahon Pension Fund scheme ("GM scheme") and the Investec Asset Management Pension scheme ("IAM scheme"). Both schemes are final salary pension plans with assets held in separate trustee administered funds. The schemes are closed to new members and the accrual of service ceased on 31 March 2002. The schemes have been valued at 31 March 2010 by qualified independent actuaries in accordance with IAS 19. There were no unpaid contributions in relation to the defined contribution schemes outstanding at the year end.

The major assumptions used were:	2010	2009
Discount rate	5.50%	6.80%
Rate of increase in salaries	3.70%	3.30%
Rate of increase in pensions in payment	3.60%	3.20%
Inflation	3.70%	3.30%

Demographic assumptions

One of the most significant demographic assumptions underlying the valuation is mortality. The specific mortality rates used are based on the PMA92 and PFA92 base tables with allowance for future improvements in line with the medium cohort projection subject to a 1% underpin. The life expectancies underlying the valuation are as follows:

	2010	2009
Male aged 65	87.7	87.6
Female aged 65	91.0	90.9
Male aged 45	89.7	89.6
Female aged 45	93.1	93.0

The assets held in the schemes and the expected rates of return were:

At 31 March	Value at 2010 £'000	Long-term rate of return expected	Value at 2009 £'000	Long-term rate of return expected
GM scheme				
Equities	37 721	7.80%	26 660	8.00%
Gilts	63 336	4.40%	60 696	4.20%
Cash	3 530	4.40%	2 556	4.20%
Total market value of assets	104 587		89 912	
IAM scheme				
Equities	8 830	7.80%	5 377	8.00%
Gilts	2 449	4.40%	1 764	4.20%
Cash	317	4.40%	554	4.20%
Total market value of assets	11 596		7 695	

At 31 March	2010			2009		
£'000	GM	IAM	Total	GM	IAM	Total
32. Pension commitments (continued)						
Recognised in the balance sheet						
Fair value of fund assets	104 587	11 596	116 183	89 912	7 695	97 607
Present value of obligations	(102 018)	(12 881)	(114 899)	(79 586)	(8 907)	(88 493)
Net asset/(liability)	2 569	(1 285)	1 284	10 326	(1 212)	9 114
Amounts in balance sheet						
Assets	2 569	–	2 569	10 326	–	10 326
Liability	–	(1 285)	(1 285)	–	(1 212)	(1 212)
Net asset/(liability)	2 569	(1 285)	1 284	10 326	(1 212)	9 114
Recognised in the income statement						
Expected return on pension scheme assets	4 843	540	5 383	5 455	606	6 061
Interest on pension obligations	(5 361)	(599)	(5 960)	(5 244)	(648)	(5 892)
Net return	(518)	(59)	(577)	211	(42)	169
Recognised in the statement of comprehensive income						
Actuarial gains/(losses)on plan assets	7 794	3 004	10 798	(12 838)	(2 953)	(15 791)
Actuarial (losses)/gains	(18 585)	(3 574)	(22 159)	1 770	518	2 288
Actuarial loss	(10 791)	(570)	(11 361)	(11 068)	(2 435)	(13 503)
Deferred tax	3 021	160	3 181	3 099	682	3 781
Actuarial loss in statement of comprehensive income	(7 770)	(410)	(8 180)	(7 969)	(1 753)	(9 722)
Actual return/(deficit) on plan assets	12 637	3 544	16 181	(7 383)	(2 305)	(9 688)

The cumulative amount of net actuarial losses recognised in the statement of comprehensive income is £27.4 million (£19.5 million net of deferred tax) (2009: £16.0 million (£11.3 million net of deferred tax)).

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At 31 March £'000	GM	IAM	Total
32. Pension commitments (continued)			
Changes in the fair value of defined benefit obligations			
Defined benefit obligation at 31 March 2008	80 319	9 144	89 463
Interest cost	5 244	606	5 850
Actuarial gains	(1 770)	(518)	(2 288)
Benefits paid	(4 207)	(325)	(4 532)
Opening defined benefit obligation at 31 March 2009	79 586	8 907	88 493
Interest cost	5 361	599	5 960
Actuarial losses	18 585	3 574	22 159
Benefits paid	(1 514)	(199)	(1 713)
Closing defined benefit obligation at 31 March 2010	102 018	12 881	114 899
Changes in the fair value of plan assets			
Assets at 31 March 2008	97 950	9 769	107 719
Expected return	5 455	648	6 103
Actuarial losses	(12 838)	(2 953)	(15 791)
Contributions by the employer	3 552	556	4 108
Benefits paid	(4 207)	(325)	(4 532)
Opening defined benefit obligation at 31 March 2009	89 912	7 695	97 607
Expected return	4 843	540	5 383
Actuarial gains	7 794	3 004	10 798
Contributions by the employer	3 552	556	4 108
Benefits paid	(1 514)	(199)	(1 713)
Closing fair value of plan assets at 31 March 2010	104 587	11 596	116 183

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The group expects to make £4.1 million of contributions to the defined benefit schemes in 2010.

At 31 March £'000	2010	2009	2008	2007	2006
History of experience gains and (losses)					
GM scheme					
Defined benefit obligation	(102 018)	(79 586)	(80 319)	(91 178)	(89 927)
Plan assets	104 587	89 912	97 950	95 356	93 175
Surplus	2 569	10 326	17 631	4 178	3 248
Experience adjustments on plan liabilities	(18 585)	1 770	11 543	(165)	(5 765)
Experience adjustments on plan assets	7 794	(12 838)	(2 410)	(3 315)	8 125
IAM scheme					
Defined benefit obligation	(12 881)	(8 907)	(9 144)	(11 155)	(11 019)
Plan assets	11 596	7 695	9 769	9 688	9 006
(Deficit)/surplus	(1 285)	(1 212)	625	(1 467)	(2 013)
Experience adjustments on plan liabilities	(3 574)	518	2 399	206	(630)
Experience adjustments on plan assets	3 004	(2 953)	(950)	(254)	1 177

At 31 March £'000	2010	2009
33. Subordinated liabilities		
Issued by Investec Finance plc		
– A wholly owned subsidiary of Investec Bank plc which is a wholly owned subsidiary of Investec plc		
Guaranteed subordinated step-up notes	208 575	212 063
Guaranteed undated subordinated callable step-up notes	269 983	391 195
Issued by Investec Bank plc		
Zero coupon bonds	–	10 241
Issued by Investec Australia Limited		
Guaranteed subordinated medium-term notes	15 206	48 887
Subordinated floating rate medium-term notes	4 280	–
Issued by Global Ethanol Holdings Limited		
Subordinated loan notes	20 300	13 882
Issued by Kensington Group plc		
Callable subordinated notes	71 204	90 046
Issued by Investec Bank Limited		
– A wholly owned subsidiary of Investec Limited		
IV01 16% subordinated bonds 2012 issued in South African Rands	16 204	13 296
IV03 16% subordinated bonds 2017 issued in South African Rands	135 765	111 086
IV04 10.75% subordinated unsecured callable bonds	185 642	151 896
IV07 subordinated unsecured callable bonds	84 718	69 318
IV08 13.735% subordinated unsecured callable bonds	18 006	14 733
IV09 subordinated unsecured callable bonds	18 006	14 733
IV12 subordinated unsecured callable bonds	22 547	–
	1 070 436	1 141 376
All subordinated debt issued by Investec Limited and its subsidiaries is denominated in South African Rand		
Remaining maturity:		
In one year or less, or on demand	–	10 241
In more than one year, but not more than two years	36 504	13 296
In more than two years, but not more than five years	328 919	124 968
In more than five years	705 013	992 871
	1 070 436	1 141 376

The only event of default in relation to the subordinated debt is the non-payment of principal or interest. The only remedy available to the holders of the subordinated debt in the event of default is to petition for the winding up of the company. In a winding up no amount will be paid in respect of the subordinated debt until all other creditors have been paid in full.

Guaranteed subordinated step-up notes

On 1 March 2004 Investec Finance plc issued £200 000 000 of 7.75% guaranteed subordinated step-up notes due 2016 at a discount. Interest is paid annually. The notes are guaranteed by Investec Bank plc and are listed on the Luxembourg Stock Exchange. The step-up notes may be redeemed by the issuer, at par, at any time after 1 March 2011, subject to the prior consent of the Financial Services Authority. On 1 March 2011 the interest rate will be reset to become the aggregate of 3.5% and the gross redemption yield of the relevant benchmark gilt.

33. Subordinated liabilities (continued)

Guaranteed undated subordinated callable step-up notes

On 23 January 2007 Investec Finance plc issued £350 000 000 of 6.25% guaranteed undated subordinated step-up notes callable 2017 at a discount. Interest is paid semi-annually. The notes are guaranteed by Investec Bank plc and are listed on the Luxembourg Stock Exchange. The step-up notes may be redeemed by the issuer at par at any time after 23 January 2017 subject to the prior consent of the Financial Services Authority. On 23 January 2017 the interest rate will be reset to become three month LIBOR plus 2.11% payable quarterly in arrears. On 25 September 2009 £50 032 000 of the notes representing approximately 14.3% of the total issued principal amount were cancelled. A further £55 177 000 of the notes representing approximately 15.8% of the original total issued principal amount were cancelled on 8 December 2009. As at the year-end 31 March 2010 the principal amount in issue was £244 971 000.

Zero coupon bonds

On 31 July 2006 Investec Bank plc issued 10 000 zero coupon bonds of US$1 000 each at an effective yield of 4.48%. The bonds matured on the 31 July 2009.

On 16 November 2004 Investec Bank plc issued 10 434 zero coupon bonds of £1 000 each at an effective yield of 6.948%. The bonds matured on the 16 November 2009.

Medium term notes

As a result of the acquisition of NM Rothschild in July 2006, Investec Bank (Australia) Limited has the following subordinated debt instruments in issue:

- A$25 000 000 of floating rate MTN issued on 10 August 2005 at 3 month BBSW plus 0.90%. The maturity date is 10 August 2015. Interest is payable quarterly up to and excluding the early redemption date 10 August 2010. After this date if the issuers call is not exercised the interest will be the aggregate of 3-month BBSW plus 1.40% payable quarterly in arrears.
- A$7 000 000 of floating rate MTN issued on 12 February 2010 at a 3-month Bank Bills Swap Rate (BBSW) plus 5 per cent. The maturity date is 12 February 2020. Interest is payable quarterly up to and excluding the early redemption date 12 February 2015. After this date if the issuers call is not exercised the interest will be the aggregate of 3-month BBSW plus 7.5% payable quarterly in arrears.

Subordinated loan notes

Global Ethanol Holdings Limited has issued loan notes which are redeemable on a date determined by the board of the company at its absolute discretion. The loan notes will be redeemed on the earlier of: (i) the sale of all or substantially all of their business or assets of the company and its subsidiaries; (ii) the quotation of the company's shares on the Australian Stock Exchange or other stock exchange; (iii) a date on which 50% or more of the shares or more of the shares on issue are sold to any one party; or (iv) on 31 December 2011 the redemption date. The shareholders may agree with the company the interest (if any) which will accrue on the loan notes. They are currently non interest bearing.

Callable subordinated notes

On 21 November 2005 Kensington Group plc issued £75 000 000 of 9% callable subordinated notes due 2015. Interest is payable at the rate of 9% annually in arrears up to but excluding 21 December 2010. From and including 21 December 2010 interest on the notes is payable at the Reset Rate annually in arrears. The issuer may at its option redeem all but not some only of the notes on 21 December 2010 at par. Also the issuer may, at its option, redeem all but not some only of the notes at any time at par plus accrued interest in the event of certain tax changes. The notes mature on 21 December 2015. On 31 August 2006 Kensington Group plc issued £50 000 000 of 9% callable subordinated notes due 2015 (to be consolidated and form a single series and to be fungible with the £75 000 000 9% callable subordinated notes due 2015 issued on 21 November 2005).

A total of £36 878 000 of the notes representing approximately 29.5% of the total issued principal amount were cancelled on 29 March 2009. A total of £18 355 000 of the notes representing approximately 20.8% of the revised total issued principal amount were cancelled on 21 September 2009. As at 31 March 2010 the principal amount in issue was £69 797 000. A total of £18 355 000 of the notes representing approximately 20.8% of the revised total issued principal amount were cancelled on 21 September 2009.

IV01 16% subordinated bonds

R180 million (2009: R180 million) Investec Bank Limited locally registered unsecured subordinated bonds due in 2012. Interest is paid six monthly in arrears on 31 March and 30 September at a rate of 16% per annum. The settlement date of the bonds is 31 March 2012.

33. Subordinated liabilities (continued)

IV03 16% subordinated bonds

R1 508 million (2009: R1 508 million) Investec Bank Limited locally registered unsecured subordinated bonds due in 2017. Interest is paid six monthly in arrears on 31 March and 30 September at a rate of 16% per annum until 31 March 2012 whereafter the interest rate will change to a floating rate of 3-month JIBAR plus 200 basis points until maturity. The settlement date of the bonds is 31 March 2017.

IV04 10.75% subordinated unsecured callable bonds

R2 062 million (2009: R2 026 million) Investec Bank Limited locally registered unsecured subordinated bonds due in 2018. Interest is paid six monthly in arrears on 30 September and 31 March at a rate of 10.75% per annum until 31 March 2013. The settlement date is 31 March 2018 but the company has the option to call the bonds from 31 March 2013. If not called the bonds will switch to a floating rate of 3-month JIBAR plus 200 basis points payable quarterly in arrears until maturity.

IV07 subordinated unsecured callable bonds

R941 million (2009: R941 million) Investec Bank Limited locally registered unsecured subordinated callable bonds due in 2018. Interest is paid at 3-month JIBAR plus 140 basis points until 31 March 2013. Interest is payable quarterly in arrears. The maturity date is 31 March 2018 but the company has the option to call the bonds from 31 March 2013. If not called the bonds will switch to a 3-month JIBAR plus 200 basis points.

IV08 13.735% subordinated unsecured callable bonds

IV08 13.735% subordinated unsecured callable bonds R200 million (2009: R200 million) Investec Bank Limited locally registered unsecured subordinated bonds without a maturity date. Interest is paid six monthly in arrears on 31 October and 30 April at a rate of 13.735% per annum until 30 April 2018. The company has the option to call the bonds from 30 April 2013 or on any interest payment date falling after 30 April 2018. If not called by 30 April 2018 the bonds will switch to a floating rate of 3-month JIBAR plus 562.5 basis points payable quarterly in arrears until called.

IV09 subordinated unsecured callable bonds

R200 million (2009: R200 million) Investec Bank Limited locally registered unsecured subordinated bonds without a maturity date. Interest is paid quarterly in arrears on 31 July, 31 October, 31 January and 30 April at a rate equal to JIBAR plus 375 basis points until 30 April 2018. The company has the option to call the bonds from 30 April 2013 or on any interest payment date falling after 30 April 2018. If not called by 30 April 2018 the bonds will pay interest of 562.5 basis points above JIBAR payable quarterly in arrears until called.

IV012 subordinated unsecured callable bonds

R250 million (2009: Rnil) Investec Bank Limited IV012 locally registered unsecured subordinated callable bonds due in November 2019. Interest is paid at 3-month JIBAR plus 325 basis points until 26 November 2014. Interest is payable quarterly in arrears. The maturity date is 25 November 2019 but the company has the option to call the bonds from 26 November 2014. If not called the bonds will switch to a 3-month JIBAR plus 450 basis points.

At 31 March	2010	2009
34. Called up share capital		
Investec plc		
Authorised		
The authorised share capital of Investec plc is £1 240 000 (2009: £1 182 000) comprising: 700 000 000 (2009: 560 000 000) ordinary shares of £0.0002 each, 450 000 000 (2009: 300 000 000), special converting shares of £0.0002 each, 1 (2009: 1) special voting share of £0.001 each, 1 (2009:1) UK DAN share of £0.001 and 1 (2009: 1) UK DAS share of £0.001 each, 1 000 000 (2009: 1 000 000) non-cumulative perpetual preference shares of €0.01 each, 100 000 000 (2009: 100 000 000) non-redeemable, non-cumulative, non-participating preference shares of £0.01 each.		
During the year the authorised share capital was increased by £28 000 by the creation of 140 000 000 ordinary shares of £0.0002 each and by £30 000 by the creation of 150 000 000 special converting shares of £0.0002 each.		
Issued allotted and fully paid		
Number of ordinary shares	Number	Number
At beginning of year	444 937 238	423 319 499
Issued during the year	26 175 826	21 617 739
At end of year	471 113 064	444 937 238
Nominal value of ordinary shares	£'000	£'000
At beginning of year	89	84
Issued during the year	5	5
At end of year	94	89
Number of special converting shares	Number	Number
At beginning of year	268 335 257	234 311 314
Issued during the year	1 431 675	34 023 943
At end of year	269 766 932	268 335 257
Nominal value of special converting shares	£'000	£'000
At beginning of year	53	46
Issued during the year	1	7
At end of year	54	53
Number of UK DAN shares	Number	Number
At beginning and end of year	1	1
Nominal value of UK DAN share	£'000	£'000
At beginning and end of year	*	*
Number of UK DAS shares	Number	Number
At beginning and end of year	1	1
Nominal value of UK DAS share	£'000	£'000
At beginning and end of year	*	*
Number of special voting shares	Number	Number
At beginning and end of year	1	1
Nominal value of special voting share	£'000	£'000
At beginning and end of year	*	*

**Less than £1 000.*

At 31 March	2010	2009
34. Called up share capital (continued)		
Investec Limited		
Authorised		
The authorised share capital of Investec Limited is R1 268 002 (2009: R1 210 002), comprising 450 000 000 (2009: 300 000 000) ordinary shares of R0.0002 each, 40 000 000 (2009: 40 000 000) Class "A" variable rate compulsorily convertible non-cumulative preference shares of R0.0002 each, 50 000 (2009: 50 000) variable rate cumulative redeemable preference shares of R0.60 cents each, 100 000 000 (2009: 100 000 000) non-redeemable non-cumulative non-participating preference shares of R0.01 each, 1 (2009: 1) Dividend Access (South African Resident) redeemable preference share of R1, 1 (2009: 1) Dividend Access (Non-South African Resident) redeemable preference share of R1, 700 000 000 (2009: 560 000 000) convertible redeemable preference shares of R0.0002 each (special converting shares)		
Issued, allotted and fully paid		
Number of ordinary shares	Number	Number
At beginning of year	268 335 257	234 311 314
Issued during the year	1 431 675	34 023 943
At end of year	269 766 932	268 335 257
Nominal value of ordinary shares	£'000	£'000
At beginning of year	46	46
Issued during the year	*	*
At end of year	46	46
Number of special converting shares	Number	Number
At beginning of year	444 937 238	423 319 499
Issued during the year	26 175 826	21 617 739
At end of year	471 113 064	444 937 238
Nominal value of special converting shares	£'000	£'000
At beginning of year	5	5
Issued during the year	*	*
At end of year	5	5
Number of SA DAN shares	Number	Number
At beginning and end of year	1	1
Nominal value of SA DAN share	£'000	£'000
At beginning and end of year	*	*
Number of SA DAS shares	Number	Number
At beginning and end of year	1	1
Nominal value of SA DAS share – GBP	£'000	£'000
At beginning and end of year	*	*
Nominal value of issued allotted and fully paid called up share capital of Investec plc and Investec Limited		
Total called up share capital	199	194
Less: held by Investec Limited	–	–
Less: held by Investec plc	(4)	(4)
Total called up share capital	195	190

**Less than £1 000.*

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At 31 March	2010 Number	2009 Number
34. Called up share capital (continued)		
The Investec Limited shares were issued in South African Rand. The amounts recorded above were calculated by reference to historic Pounds Sterling/Rand exchange rates.		
In terms of the DLC structure shareholders have common economic and voting rights as if Investec Limited and Investec plc were a single company. These include equivalent dividends on a per share basis, joint electorate and class right variations.		
The UK DAS share, UK DAN share, SA DAS share the SA DAN share and the special converting shares have been issued to achieve this.		
The unissued shares are under the control of the directors until the next annual general meeting.		
Staff Share scheme		
The group operates a share option and a share purchase scheme for employees. The number of ordinary shares conditionally allocated to employees are disclosed in note 6.		
Movements in the number of share options issued to (each option is in respect of one share) employees are as follows:		
For the year to 31 March		
Outstanding at 1 April	62 289 193	57 222 077
Issued during the year	26 051 330	11 749 731
Exercised	(17 745 558)	(4 283 218)
Lapsed	(3 562 406)	(2 399 397)
Outstanding at 31 March	**67 032 559**	**62 289 193**

The purpose of the Staff Share scheme is to promote an "esprit de corps" within the organisation, create an awareness of Investec's performance and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group.

The group makes awards available to staff members via the underlying share trusts. The particular instrument used varies from time to time depending on taxation legislation and factors affecting the group structure. Nevertheless, whatever the instrument chosen, its underlying value depends solely on the performance of the groups' share price.

At present, the practice of the group is to give all permanent staff members a share allocation based on their annual package after completing six months of employment. In line with the objective of providing a long-term incentive for staff these share awards vest over periods varying from five to eight years.

After the initial allocation referred to above, additional allocations are made to staff members at the discretion of group management and depending on the individual performance and contribution made by the respective staff members. The extent of the director's and staff interest in the incentive schemes is detailed on page 248.

At 31 March £'000	2010	2009
35. Perpetual preference shares of holding company		
Perpetual preference share capital	152	151
Perpetual preference share premium (refer to note 36)	378 099	299 458
	378 251	**299 609**
Issued by Investec Limited		
27 411 396 (2009: 22 182 000) non-redeemable, non-cumulative, non-participating preference shares of one cent each, issued at a premium within a range of R85.73 – R104.49 per share:		
– Preference share capital	1	*
– Preference share premium	248 692	170 051
Preference shareholders will be entitled to receive dividends if declared at a rate of 70% of the prime interest rate on R100 being the deemed value of the issue price of the preference share held. Preference shareholders receive dividends in priority to any payment of dividends to the holder of any other class of shares in the capital of the company not ranking prior or pari passu with the preference shares.		
An ordinary dividend will not be declared by Investec Limited unless the preference dividend has been declared. If declared preference dividends are payable semi-annually at least seven business days prior to the date on which Investec Limited pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.		
**Less than £1 000.*		
Issued by Investec plc		
9 381 149 (2009: 9 381 149) non-redeemable, non-cumulative, non-participating preference shares of £0.01 each issued at a premium of £8.58 per share.		
– Preference share capital	94	94
– Preference share premium	79 490	79 490
5 700 000 (2009: 5 700 000) non-redeemable, non-cumulative, non-participating preference shares of £0.01 each issued at a premium of £8.86 per share.		
– Preference share capital	57	57
– Preference share premium	49 917	49 917
Preference shareholders will receive an annual dividend if declared based on the coupon rate (being equivalent to the base rate plus 1%) multiplied by the deemed value on a daily basis and payable in two semi-annual instalments.		
An ordinary dividend will not be declared by Investec plc unless the preference dividend has been declared.		
If declared preference dividends are payable semi-annually at least seven business days prior to the date on which Investec plc pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.		
	378 251	**299 609**

At 31 March £'000	2010	2009
36. Share premium		
Share premium account Investec plc	796 192	721 400
Share premium account Investec Limited	754 005	748 182
Perpetual preference share premium	378 099	299 458
	1 928 296	1 769 040

At 31 March	2010	2009
37. Treasury shares		
	£'000	£'000
Treasury shares held by subsidiaries of Investec Limited and Investec plc	66 439	173 068
	Number	Number
Investec plc ordinary shares held by subsidiaries	4 433 900	22 706 079
Investec Limited ordinary shares held by subsidiaries	28 849 349	43 840 281
Investec plc and Investec Limited shares held by subsidiaries	33 283 249	66 546 360
Reconciliation of treasury shares:	Number	Number
At beginning of year	66 546 360	30 526 102
Purchase of own shares by subsidiary companies	15 866 025	59 071 490
Shares disposed of by subsidiaries	(49 129 136)	(23 051 232)
At end of year	33 283 249	66 546 360
Market value of treasury shares:	£'000	£'000
Investec plc	23 899	66 302
Investec Limited	155 498	125 497
	179 397	191 799

At 31 March £'000	2010	2009
38. Minority interests		
Minority interest in partially held subsidiaries	21 935	28 502
Perpetual preferred securities issued by subsidiaries	314 944	295 084
	336 879	323 586
Perpetual preferred securities issued by subsidiaries		
Issued by Investec plc subsidiaries		
€200 000 000 (2009: €200 000 000) fixed/floating rate guaranteed non-voting non-cumulative perpetual preferred securities (Preferred securities) were issued by Investec Tier 1 (UK) LP (a limited partnership organised under the laws of England and Wales) on 24 June 2005. The preferred securities which are guaranteed by Investec plc are callable at the option of the issuer subject to the approval of the Financial Services Authority on the tenth anniversary of the issue and if not called are subject to a step up in coupon of one and a half times the initial credit spread above the 3-month euro-zone interbank offered rate. Until the tenth anniversary of the issue the dividend on the preferred securities will be at 7.075%.	178 307	185 251
The issuer has the option not to pay a distribution when it falls due but this would then prevent the payment of ordinary dividends by the company.		
Under the terms of the issue there are provisions for the preferred securities to be substituted for preference shares issued by the company if Investec plc's capital ratios fall below the minimum level permitted by the regulator.		
Issued by Investec Limited subsidiary		
15 276 630 (2009: 15 000 000) non-redeemable, non-cumulative, non-participating preference shares of one cent each issued at a premium within a range of R96.46 – R99.99 per share.	136 637	109 833
Preference shareholders will be entitled to receive dividends at a rate of 75% of the South African prime interest rate of the face value of the preference shares held. Preference shareholders receive dividends in priority to any payment of dividends to the holder of any other class of shares in the capital of the company not ranking prior or pari passu with the preference shares.		
An ordinary dividend will not be declared by Investec Bank Limited unless the preference dividend has been declared.		
If declared preference dividends are payable semi-annually at least seven business days prior to the date on which Investec Bank Limited pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.		
	314 944	295 084

	2010		2009	
At 31 March £'000	Total future minimum payments	Present value	Total future minimum payments	Present value
39. Finance lease disclosures				
Finance lease receivables included in loans and advances to customers				
Lease receivables due in:				
Less than 1 year	259 931	220 412	157 326	124 257
1 – 5 years	728 344	623 761	358 702	307 466
Later than 5 years	29 755	22 988	16 880	13 248
	1 018 030	867 161	532 908	444 971
Unearned finance income	150 806		87 938	

At 31 March 2010, unguaranteed residual values accruing to the benefit of Investec were £38.3 million (2009: £33.7 million). Finance leases in the group mainly relate to leases on property.

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For the year ended 31 March £'000	2010	2009
40. Cash flow reconciliations		
Reconciliation of operating profit to net operating cash flows:		
Profit before taxation	409 930	368 342
Adjustment for non-cash items included in operating profit:		
Profit on disposal of group operations	–	(721)
Impairment of goodwill	3 526	32 467
Depreciation and impairment of property, equipment and intangibles	36 457	30 102
Impairment of loans and advances	286 581	256 173
Operating income from associates	(11 595)	(12 438)
Dividends received from associates	5 690	5 349
Share based payment charges	56 668	47 299
Reconciliation of operating profit to net operating cash flows	787 257	726 573

At 31 March £'000	2010	2009
41. Commitments		
Undrawn facilities	2 446 967	2 259 941
Other commitments	153 665	34 131
	2 600 632	2 294 072
The group has entered into forward foreign exchange contracts and loan commitments in the normal course of its banking business for which the fair value is recorded on balance sheet.		
Operating lease commitments		
Future minimum lease payments under non-cancellable operating leases:		
Less than 1 year	43 925	38 703
1 – 5 years	195 712	131 563
Later than 5 years	274 233	261 642
	513 870	431 908
At 31 March 2010 Investec was obligated under a number of operating leases for properties, computer equipment and office equipment for which the future minimum lease payments extend over a number of years. The annual escalation clauses range between 8% and 13.5% per annum. The majority of the leases have renewal options.		
Operating lease receivables		
Future minimum lease receivables under non-cancellable operating leases:		
Less than 1 year	59 487	8 373
1 – 5 years	83 816	16 684
Later than 5 years	90	958
	143 393	26 015

Investec leases assets to third parties under operating and finance lease arrangements including transport assets, machinery, and property. The term of the leases range between three and five years with no annual escalation clauses. The majority of the leases have renewal options.

At 31 March £'000	Carrying amount 2010	2009	Related liability 2010	2009
41. Commitments (continued)				
Pledged assets				
Loans and advances to customers	229 323	857 733	229 323	517 812
Loans and advances to bank	214 164	–	210 964	–
Investment securities	226 745	268 824	187 727	178 674
Reverse repurchase agreements and cash collateral on securities borrowed	295 353	–	295 353	–
Trading securities	444 340	233 955	166 308	213 365
	1 409 925	1 360 512	1 089 675	909 851

The assets pledged by the group are strictly for the purpose of providing collateral for the counterparty. To the extent that the counterparty is permitted to sell and/or repledge the assets, they are classified on the balance sheet as reverse repurchase agreements and cash collateral on securities borrowed.

At 31 March £'000	2010	2009
42. Contingent liabilities		
Guarantees and assets pledged as collateral security:		
– Guarantees and irrevocable letters of credit	670 999	579 983
	670 999	579 983

The amounts shown above are intended only to provide an indication of the volume of business outstanding at the balance sheet date. Guarantees are issued by Investec plc and Investec Limited on behalf of third parties and other group companies. The guarantees are issued as part of the banking business.

Financial Services Compensation Scheme

The UK Financial Services Compensation Scheme (FSCS) provides compensation to customers of UK authorised financial institutions in the event that an institution which is a participating member of the FSCS is unable, or is likely to be unable, to pay claims against it. The FSCS raises annual levies from participating members to meet its management expenses and compensation costs. Individual participating members make payments based on their level of participation (in the case of deposits, the proportion that their protected deposits represent of total protected deposits) at 31 December each year. If an institution is a participating member on this date it is obligated to pay a levy imposed in the immediately following levy period which runs from 1 April to 31 March. The FSCS has borrowed from HM Treasury to fund the compensation costs associated with Bradford & Bingley, Heritable Bank, Kaupthing Singer & Friedlander, Landsbanki 'Icesave' and London Scottish Bank plc. These borrowings are on an interest-only basis until September 2011.

Investec Bank plc is a participating member of the FSCS and the bank has accrued £2 million for its share of levies that will be raised by the FSCS, including the interest on the loan from HM Treasury, in respect of the two levy years to 31 March 2011. The accrual is based on estimates for the interest the FSCS will pay on the loan and estimates of the level of the bank's market participation in the relevant periods. Interest will continue to accrue to the FSCS on the HM Treasury loan and will form part of future FSCS levies.

If the remaining available assets of the defaulting institutions are insufficient to allow the FSCS to repay the HM Treasury loan when due, the FSCS will agree a schedule of repayments of any remaining principal outstanding with HM Treasury, which will be recouped from the industry in the form of additional levies.

At the date of these financial statements, it is not possible to estimate whether there will ultimately be additional levies on the industry, the level of Investec's market participation or other factors that may affect the amounts or timing of amounts that may ultimately become payable, nor the effect that such levies may have upon operating results in any particular financial period.

Legal proceedings

Investec operates in a legal and regulatory environment that exposes it to litigation risks. As a result, Investec is involved in disputes and legal proceedings which arise in the ordinary course of business. Investec does not expect the ultimate resolution of any of the proceedings to which Investec is party to have a significant adverse effect on the financial position of the group. These claims, if any, cannot be reasonably estimated at this time.

For the year to 31 March £'000	2010	2009
43. Related party transactions		
Transactions, arrangements and agreements involving directors and others		
Particulars of transactions, arrangements and agreements entered into by the group with directors and connected persons and companies controlled by them and with officers of the company were as follows:		
Directors, key management and connected persons and companies controlled by them		
Loans		
At beginning of year	19 908	22 792
Increase in loans	10 106	4 797
Repayment of loans	(13 691)	(7 681)
At end of year	16 323	19 908
Guarantees		
At beginning of year	1 993	592
Additional guarantees granted	495	1 429
Guarantees cancelled	(1 993)	(28)
At end of year	495	1 993
Deposits		
At beginning of year	(31 186)	(22 742)
Increase in deposits	(27 816)	(14 045)
Decrease in deposits	19 002	5 601
At end of year	(40 000)	(31 186)
The above transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and security as for comparable transactions with persons of a similar standing or where applicable, with other employees. The transactions did not involve more than the normal risk of repayment. None of these loans have been impaired.		
Transactions with other related parties		
Various members of key management personnel are members of the boards of directors of other companies. At 31 March, Investec Limited group had the following loans outstanding from these related parties	8 456	12 969
Amounts due from associates	46 555	52 794
Fees and commission income from associates	321	152

The above outstanding balances arose from the ordinary course of business and on substantially the same terms including interest rates and security, as for comparable transactions with third party counterparties.

Significant transactions between the group and Rensburg Sheppards plc are disclosed in note 20, Interest in associated undertakings.

44. Post balance sheet events

Proposed acquisition of Rensburg Sheppards plc (Rensburg Sheppards)

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 (the 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.

44. Post balance sheet events (continued)

Proposed acquisition of Rensburg Sheppards plc (Rensburg Sheppards) (continued)

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.

Background to the offer

- As a specialist bank and asset manager, Investec has focused on developing a balanced and diversified portfolio of businesses serving the needs of select market niches where it can compete effectively
- The group's wealth and asset management activities have developed strongly over the past few years and are important and core components of its business model
- Investec seeks to maintain an appropriate balance between revenue earned from operational risk businesses and revenue earned from financial risk businesses. This ensures that the group is not over reliant on any one part of its business to sustain its activities and that it has a large recurring revenue base that the directors of Investec believe enable it to better navigate through varying cycles and to support it's long-term growth objectives
- The group's current strategic objectives include increasing the proportion of its non-lending revenue base and moving the organisation onto the front foot thereby capitalising on opportunities within the dislocated financial system
- Against this background, Investec intends to continue to strengthen and develop its wealth and asset management and private client platforms
- In its current form Rensburg Sheppards plc came about on 6 May 2005 through the reverse merger of Investec's Carr Sheppards Crosthwaite Limited's business with the then Rensburg plc. Following that merger, Investec retained a major shareholding and currently has approximately 47% interest in Rensburg Sheppards' issued share capital
- During the five year period that Investec has been a major shareholder of Rensburg Sheppards the company has made strong progress in developing and growing its business and has been successful in its business strategy. As a shareholder, Investec has benefited from the business development, solid price performance and consistent dividend stream that have been delivered
- Investec believes that Rensburg Sheppards' business is a core component of the Investec group and this has been indicated by Investec's continued shareholding level and support
- Investec intends to retain Rensburg Sheppards' brand for the business acquired in order to maximise the opportunity in the UK onshore market and is enthusiastic about supporting Rensburg Sheppards' continued business development including any future consolidation strategy
- Investec believes that this combination of Investec's existing wealth management businesses with that of Rensburg Sheppards will create a strong wealth management platform allowing it to significantly enhance its strategic position and that there is great potential to generate longer term value and a more stable future for the combined business and its employees following completion of this transaction.

Salient features of the offer

- Under the terms of the offer, Rensburg Sheppards shareholders will receive 1.63 fully paid newly issued Investec shares in exchange for each fully paid Rensburg Sheppards share currently held
- The offer values each Rensburg Sheppards share at 916 pence based on the closing price of Investec of 562 pence on 29 March 2010 (being the last business day prior to the date of the announcement and start of the offer period)
- The value of 916 pence for each Rensburg Sheppards share represents a premium of approximately 48% to the closing mid-market price per Rensburg Sheppards share, of 620 pence, on 29 March 2010.
- The new Investec shares to be issued under the scheme are expected to represent approximately 7.8% of the issued share capital of Investec plc and 5.1% of the combined issued share capital of Investec plc and Investec Limited.
- Investec's current plans for Rensburg Sheppards do not involve any material change in its executive management team, operating structure or commercial offering. There is limited overlap between Investec and Rensburg Sheppards operations ensuring continuity for clients and employees.
- Upon or shortly after the scheme becoming effective, the London Stock Exchange will be requested to cancel trading in Rensburg Sheppards shares on the London Stock Exchange's market for listed securities and the UK Listing Authority will be requested to cancel the listing of the Rensburg Sheppards shares from the Official List.

45. Hedges

The group uses derivatives for the management of financial risks relating to its asset and liability portfolios, mainly associated with non-trading interest rate risks and exposures to foreign currency risk. Most non-trading interest rate risk is transferred from the originating business to the central Treasury in the Capital Markets business. Once aggregated and netted Treasury as the sole interface to the wholesale market for cash and derivative transactions, actively manages, the liquidity mismatch and non-trading interest rate risk from our asset and liability portfolios. In this regard, Treasury is required to exercise tight control of funding, liquidity, concentration and non-trading interest rate risk within defined parameters.

The accounting treatment of accounting hedges is dependant on the classification between fair value hedges and cash flow hedges and in particular accounting hedges require the identification of a direct relationship between a hedged item and hedging instrument. This relationship is established in limited circumstances based on the manner in which the group manages its risk exposure. Below is a description of each category of accounting hedges achieved by the group.

Fair value hedges

Fair value hedges are entered into mainly to hedge the exposure of changes in fair value of fixed rate financial instruments attributable to interest rates.

At 31 March £'000	Description of financial instrument designated as hedging instrument	Fair value of hedging instrument	Cumulative gains or losses on hedging instrument	Current year gains or losses on hedging instrument	Cumulative gains or losses on hedged item	Current year gains or losses on hedged item
2010						
Assets	Interest rate swap	8 013	3 866	4 697	(5 784)	(5 730)
	Calendar swap	124	(936)	820	937	(821)
	Cross currency swap	325 920	419 720	(133 364)	(419 721)	133 380
Liabilities	Interest rate swap	(49 156)	(71 756)	11 366	78 155	(14 280)
	Fx currency swap	(16 488)	(16 488)	1 483	16 174	(1 502)
		268 413	334 406	(114 998)	(330 239)	111 047
2009						
Assets	Interest rate swap	(59 511)	(82 134)	(38 574)	73 399	52 454
	Fx currency swap	9 523	(9 523)	(6 978)	8 535	7 422
	Cross currency swap	459 054	552 854	222 127	(552 854)	(222 127)
Liabilities	Interest rate swap	24 435	33 965	19 121	(16 458)	(21 679)
	Cross currency swap	9 681	13 980	11 423	(13 033)	(10 429)
	Calender swap	1 757	1 757	1 757	(1 757)	(1 757)
		444 939	510 899	208 876	(502 168)	(196 116)

45. Hedges (continued)

Cash flow hedges

The group is exposed to variability in cash flows on future liabilities arising from changes in base interest rates. The aggregate expected cash flows are hedged based on cash flow forecasts with reference to terms and conditions present in the affected contractual arrangements. Changes in fair value are initially recognised in equity and transferred to the income statement when the cash flow occurs. The nominal expected future cash flows that are subject to cash flow hedges are:

At 31 March £'000	Description of financial instrument designated as hedging instrument	Fair value of hedging instrument	Period cash flows are expected to occur
2010			
Assets	Interest rate swap	504	1 to 5 Years
	USD and EUR floating rate debt	–	–
	Cross currency swap	14 966	1 to 5 years
Liabilities	Interest rate swap Var. interest on notes	(5 395)	1 to 5 Years
	Basis rate swap	(427)	3 months
		9 648	
2009			
Assets	Interest rate swap	297	1 to 5 Years
	USD and EUR floating rate debt	22 795	3 months
Liabilities	Interest rate swap Var. interest on notes	(21 192)	1 to 5 Years
	Basis rate swap	(425)	3 months
		1 475	

There was no ineffective portion recognised in the income statement.

Hedges of net investments in foreign operations

The group has entered into foreign exchange contracts to hedge the exposure of the Investec plc group balance sheet to its net investment in Australian Dollars in the Australian operations of the group.

At 31 March £'000	Hedging instrument negative fair value
2010	1 581
2009	7 033

There was no ineffective portion recognised in the income statement.

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46. Liquidity analysis of financial liabilities based on undiscounted cash flows

At 31 March £'000	Demand	Up to one month
2010		
Liabilities		
Deposits by banks	311 610	444 929
Deposits by banks – Kensington warehouse funding	8 555	21 054
Derivative financial instruments	806 113	17 659
Derivative financial instruments – held for trading	802 324	–
Derivative financial instruments – held for hedging risk	3 789	17 659
Repurchase agreements and cash collateral on securities lent	517 919	314 982
Customer accounts (deposits)	5 033 205	4 166 914
Debt securities in issue	–	123 340
Liabilities arising on securitisation	1 229	91 290
Other liabilities including other trading liabilities	766 884	228 597
	7 445 515	5 408 765
Subordinated liabilities	–	–
Total on balance sheet liabilities	**7 445 515**	**5 408 765**
Off balance sheet	1 166 119	85 953
Total liabilities	**8 611 634**	**5 494 718**
2009		
Liabilities		
Deposits by banks	511 491	775 175
Deposits by banks – Kensington warehouse funding	7 966	18 485
Derivative financial instruments	1 361 329	–
Derivative financial instruments – held for trading	1 163 955	–
Derivative financial instruments – held for hedging risk	197 374	–
Repurchase agreements and cash collateral on securities lent	915 223	–
Customer accounts (deposits)	3 839 705	3 570 239
Debt securities in issue	–	100 361
Liabilities arising on securitisation	9 655	135 358
Other liabilities including other trading liabilities	567 414	74 453
	7 212 783	4 674 071
Subordinated liabilities	–	–
Total on balance sheet liabilities	**7 212 783**	**4 674 071**
Off balance sheet	502 161	26 128
Total liabilities	**7 714 944**	**4 700 199**

The balances in the above table will not agree directly to the balances in the consolidated balance sheet as the table incorporates all cash flow on an undiscounted basis relating to both principal and those associated with all future coupon payments (except for trading liabilities and trading derivatives). Furthermore loan commitments are generally not recognised on the balance sheet. Trading liabilities and trading derivatives have been included in the "Demand" time bucket and not by contractual maturity because trading liabilities are typically held for short periods of time. For an unaudited analysis based on discounted cash flows please refer to pages 168 to 170.

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	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
	165 699	137 678	857 305	522 360	9 329	2 448 910
	173 861	71 372	104 858	925 784	136 274	1 441 758
	39 116	32 475	64 253	183 303	427 855	1 570 774
	–	–	–	–	–	802 324
	39 116	32 475	64 253	183 303	427 855	768 450
	15 351	234 149	45 036	–	–	1 127 437
	5 163 768	3 644 825	2 124 059	1 902 014	193 254	22 228 039
	148 615	82 190	120 743	1 653 577	189 351	2 317 816
	383 692	193 681	574 842	2 198 111	1 810 510	5 253 355
	317 708	180 689	241 252	122 238	27 068	1 884 436
	6 407 810	4 577 059	4 132 348	7 507 387	2 793 641	38 272 525
	458	23 345	224 331	719 897	307 852	1 275 883
	6 408 268	4 600 404	4 356 679	8 227 284	3 101 493	39 548 408
	96 509	228 300	550 563	316 084	212 998	2 656 526
	6 504 777	4 828 704	4 907 242	8 543 368	3 314 491	42 204 934
	201 437	293 495	876 812	1 160 713	–	3 819 123
	33 010	48 910	237 112	987 431	352 863	1 685 777
	68	21 216	180	11 101	63 324	1 457 218
	–	–	–	–	–	1 163 955
	68	21 216	180	11 101	63 324	293 263
	2	2	4	–	627	915 858
	3 771 117	1 583 242	1 285 292	458 401	123 886	14 631 882
	277 207	46 582	48 969	624 315	7 031	1 104 465
	390 966	404 571	607 672	3 310 630	1 010 024	5 868 876
	217 375	448 571	25 558	146 883	39 936	1 520 190
	4 891 182	2 846 589	3 081 599	6 699 474	1 597 691	31 003 389
	753	11 308	80 075	468 230	810 449	1 370 815
	4 891 935	2 857 897	3 161 674	7 167 704	2 408 140	32 374 204
	365 442	290 582	572 271	624 634	698 509	3 079 727
	5 257 377	3 148 479	3 733 945	7 792 338	3 106 649	35 453 931

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At 31 March	Principal activity	Country of incorporation	Interest % 2010	Interest % 2009
47. Principal subsidiaries and associated companies – Investec plc				
Direct subsidiaries of Investec plc				
Investec 1 Limited	Investment holding	England and Wales	100	100
Investec Holding Company Limited	Investment holding	England and Wales	100	100
Indirect subsidiaries of Investec plc				
Investec Bank (Australia) Limited	Banking institution	Australia	100	100
Investec Holdings (UK) Limited	Holding company	England and Wales	100	100
Investec Bank plc (formerly Investec Bank (UK) Limited)	Banking institution	England and Wales	100	100
Investec Group (UK) PLC	Holding company	England and Wales	100	100
Investec Asset Finance PLC	Leasing company	England and Wales	100	100
Leasedirect Finance Limited	Finance broker	England and Wales	75	–
Investec Finance plc	Debt issuer	England and Wales	100	100
Investec Group Investments (UK) Limited	Investment holding	England and Wales	100	100
Investec Bank (Channel Islands) Limited	Banking institution	Guernsey	100	100
Investec Bank (Switzerland) AG	Banking institution	Switzerland	100	100
Investec Trust Holdings AG (formerly Investec Investment Holdings AG)	Investment holding	Switzerland	100	100
Investec Trust (Guernsey) Limited	Trust company	Guernsey	100	100
Investec Trust (Switzerland) S.A.	Trust company	Switzerland	100	100
Investec Trust (Jersey) Limited	Trust company	Jersey	100	100
Investec Asset Management Limited	Asset management	England and Wales	100	100
Investec Ireland Limited	Financial services	Ireland	100	100
Investec Securities (US) LLC	Financial services	USA	100	100
Kensington Group plc	Financial services	England and Wales	100	100
Kensington Mortgages Limited	Financial services	England and Wales	100	100
Newbury Park Mortgage Funding Limited	Financial services	England and Wales	100	100
St James's Park Mortgage Funding Limited	Financial services	England and Wales	100	100
Start Mortgages Limited	Financial services	Ireland	66.4	65.1
Investec Experien Pty Limited	Financial services	Australia	100	100
Guinness Mahon & Co Limited	Investment holding	England and Wales	100	100
Global Ethanol Holdings Limited*	Holding company	Australia	68.3	68.3
Global Ethanol LLC (formerly Midwest Grain Processors LLC)	Production and marketing of Ethanol	USA	41.0	41.0
Ida Tech plc	Development of fuel cell technology	USA	69.2	73.1
All of the above subsidiary undertakings are included in the consolidated accounts				
Principal associated companies				
Rensburg Sheppards plc	Stockbroking and portfolio management	England and Wales	47.1	47.3
Hargreave Hale Limited	Stockbroking and portfolio management	England and Wales	35.0	35.0

**23.9% owned by Investec Bank (Mauritius) Ltd.*

47. Principal subsidiaries and associated companies – Investec plc (continued)

At 31 March 2010, Investec plc has no equity interest in the following special purpose vehicles which are consolidated on the basis of the group sharing in the risks and rewards associated with the entities:

Residential Mortgage Securities 16 plc
Residential Mortgage Securities 17 plc
Residential Mortgage Securities 18 plc
Residential Mortgage Securities 19 plc
Residential Mortgage Securities 20 plc
Residential Mortgage Securities 21 plc
Residential Mortgage Securities 22 plc
Kensington Mortgage Securities plc
Money Partners Securities 1 plc
Money Partners Securities 2 plc
Money Partners Securities 3 plc
Money Partners Securities 4 plc
Lansdowne Mortgage Securities No. 1 plc
Lansdowne Mortgage Securities No. 2 plc
Landmark Mortgage Securities No. 2 plc
Tamarin Securities Limited
Zebra Capital II Limited

At 31 March	Principal activity	Country of incorporation	Interest % 2010	Interest % 2009
47. Principal subsidiaries and associated companies – Investec Limited (continued)				
Direct subsidiaries of Investec Limited				
Investec Asset Management Holdings (Pty) Ltd	Investment holding	South Africa	100	100
Investec Assurance Ltd	Insurance company	South Africa	100	100
Investec Bank Ltd	Registered bank	South Africa	100	100
Investec Employee Benefits Holdings (Pty) Ltd	Investment holding	South Africa	100	100
Investec Int. Holdings (Gibraltar) Ltd	Investment holding	Gibraltar	100	100
Investec Securities Ltd	Registered stock broker	South Africa	100	100
Fedsure International Ltd	Investment holding	South Africa	100	100
Investec Property Group Holdings Ltd	Investment holding	South Africa	100	100
Indirect subsidiaries of Investec Limited				
Investec Asset Management (Pty) Ltd	Asset management	South Africa	100	100
Investec Insurance Brokers (Pty) Ltd	Insurance broking	South Africa	100	100
Investec International Holdings (Pty) Ltd	Investment holding	South Africa	100	100
Investec Fund Managers SA Ltd	Unit trust management	South Africa	100	100
Investec Bank (Mauritius) Ltd	Banking institution	Mauritius	100	100
Investec Property Ltd	Property trading	South Africa	100	100
Reichmans Holdings Ltd	Trade financing	South Africa	100	100
Investec Employee Benefits Ltd	Long-term Insurance	South Africa	100	100
All of the above subsidiary undertakings are included in the consolidated accounts.				
At 31 March 2010, Investec Limited has no equity interest in the following special purpose vehicles which are consolidated on the basis of the group sharing in the majority of the risks and rewards associated with the entities.				
Securitisation entities:				
Private Mortgages 1 (Pty) Ltd		South Africa		
Private Mortgages 2 (Pty) Ltd		South Africa		
Private Mortgages 3 (Pty) Ltd		South Africa		
Private Residential Mortgages (Pty) Ltd		South Africa		
Private Commercial Mortgages (Pty) Ltd		South Africa		
Grayston Conduit 1 (Pty) Ltd		South Africa		
Corporate Finance Solutions Receivables (Pty) Ltd		South Africa		

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Balance sheet

At 31 March £'000	Notes	2010	2009
Fixed assets			
Investments in subsidiaries	b	1 302 646	1 234 571
Current assets			
Cash at bank and in hand:			
– Balances with subsidiary undertaking		71 574	105 538
– Balances with other banks		1 047	876
Amounts owed by group undertakings		501 381	494 739
Tax		17 437	13 376
Other debtors		20	20
Prepayments and accrued income		445	–
Total assets		1 894 550	1 849 120
Liabilities			
Bank loans	c	178 392	185 372
Amounts owed to group undertakings		780 175	814 322
Other liabilities		1 132	971
Accruals and deferred income		2 125	3 251
		961 824	1 003 916
Capital and reserves			
Called up share capital	d	148	143
Share premium account	d	931 923	838 911
Perpetual preference shares	d	151	151
Capital redemption reserve	d	50	50
Profit and loss account	d	454	5 949
Total capital and reserves		932 726	845 204
Total capital and liabilities		1 894 550	1 849 120

a. Accounting policies

Basis of preparation

The parent accounts of Investec plc are prepared under the historical cost convention and in accordance with UK accounting standards.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Pounds Sterling at exchange rates ruling at the balance sheet date. All foreign currency transactions are translated into Pounds Sterling at the exchange rate ruling at the time of the transaction. Forward foreign exchange contracts are revalued at the market rates ruling at the date applicable to their respective maturities. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit or loss account.

Investments

Investments are stated at cost less any impairment in value.

Income

Dividends from subsidiaries are recognised when paid. Interest is recognised on an accrual basis.

Taxation

Corporate tax is provided on taxable profits at the current rate.

Company's own profit and loss account

The company has taken advantage of the exemption in section 408 of the Companies Act 2006 to not present its own profit and loss account.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard 1 to not present its own cash flow statement. A cash flow statement, prepared under International Financial Reporting Standards, is included in the consolidated financial statements of the bank.

Financial instruments: Disclosures

The company has taken advantage of the exemption in Financial Reporting Standard 29 to not present its own disclosures in respect of financial instruments as disclosures prepared in accordance with International Reporting Standards are included in the consolidated financial statements of the group.

Related party transactions

Transactions, arrangements and agreements involving directors and others are disclosed in note 43 to the group financial statements.

£'000	2010	2009
b. Investments in subsidiaries		
At beginning of year	1 234 571	1 110 533
Additions	104 000	124 038
Disposals	(35 925)	–
At end of year	1 302 646	1 234 571

On 23 July 2009 Investec Finance (Jersey) Limited redeemed the company's holding of 10 million preference shares of £2.6825 each.

On 31 July 2009 Investec Finance (Jersey) Limited issued to the company 22 million preference shares of £3.90 each.

On 26 February 2010 the company issued 1 973 114 shares at 461.2 pence in consideration for the purchase of Leasedirect Finance Limited at a cost of £9.1 million.

On 2 March 2010 the company sold Leasedirect Finance Limited to Investec 1 Limited for £9.1 million settled with an issue of 910 000. Investec 1 Limited's ordinary shares of 0.1 pence each at a cost of £10 per share.

c. Bank loans

The company drew down on two Schuldschein loans of €100 million on 8 and 9 March 2006. These loans each bear interest at 90 basis points above three month EURIBOR and are repayable on 8 and 9 of March 2011.

£'000	Ordinary share capital	Perpetual preference share capital	Share premium	Capital redemption reserve	Profit and loss account	Total equity
d. Statement of changes in shareholders' equity						
At 1 April 2009	143	151	838 911	50	5 949	845 204
Issue expenses	–	–	(3 559)	–	–	(3 559)
Issue of ordinary shares	5	–	96 571	–	–	96 576
Share based payment adjustment	–	–	–	–	1 367	1 367
Profit for the year	–	–	–	–	31 085	31 085
Dividends paid to preference shareholders	–	–	–	–	(3 552)	(3 552)
Dividends paid to ordinary shareholders	–	–	–	–	(34 395)	(34 395)
At 31 March 2010	148	151	931 923	50	454	932 726

Parent company profit and loss account

The company's profit for the year determined in accordance with the Act was £31 085 000 (2009: £46 558 000).

e. Treasury shares

	2010	2009
Treasury shares held by Investec plc		
Number of Investec plc ordinary shares held by Investec plc	Number	Number
At 1 April	500 000	1 124 995
Disposal of own shares by Investec plc	–	(624 995)
At 31 March	500 000	500 000
Reconciliation of treasury shares	£'000	£'000
At 1 April	–	3 549
Disposal of own shares by Investec plc	–	(3 549)
At 31 March	–	–
Market value of treasury shares	2 693	1 460

Treasury shares are being held in an employee benefit trust in relation to the Investec Share Matching Plan 2005.

Dividends on treasury shares have not been included in the profit and loss account.

Income statement

For the year to 31 March R'million	2010	2009
Interest receivable	46	109
Interest payable	(31)	(50)
Net interest income	15	59
Principal transactions	1 390	1 747
Other income	1 390	1 747
Administrative expenses	(12)	(68)
Profit before taxation	1 393	1 738
Taxation	(14)	(32)
Profit after taxation	**1 379**	**1 706**

Statement of comprehensive income

For the year to 31 March R'million	2010	2009
Profit after taxation	1 379	1 706
Total comprehensive income	**1 379**	**1 706**

Balance sheet

At 31 March R'million	Notes	2010	2009
Assets			
Loans and advances to banks		27	29
Trading securities		288	250
Loans and advances to customers		1	1
Deferred taxation assets		18	
Other assets		1	1
Investment in subsidiaries	b	10 747	9 883
		11 082	10 164
Liabilities			
Current taxation liabilities		186	154
Other liabilities		472	467
		658	621
Subordinated liabilities (including convertible debt)		–	–
Equity			
Ordinary share capital	c	1	1
Share premium		8 942	8 480
Perpetual preference shares	d	*	*
Other reserves		62	62
Retained income		1 419	1 000
Total equity		**10 424**	**9 543**
Total liabilities and shareholders' equity		**11 082**	**10 164**

**Less than R1 million.*

Cash flow statements

For the year to 31 March R'million	2010	2009
Cash flows from operating activities		
Cash generated by operating activities	1 404	1 806
Net cash inflow from operating activities	**1 404**	**1 806**
Cash flows from banking activities		
Increase/(decrease) in operating liabilities	5	(14)
(Decrease)/increase in income earning assets	(25)	33
Net cash (outflow)/inflow from banking activities	**(20)**	**19**
Cash flows from financing activities		
Issue of shares	462	916
Repayment of subordinated liabilities	–	(379)
Dividends paid	(984)	(1 715)
Net decrease in subsidiaries and loans to group companies	(864)	(648)
Net cash outflow from financing activities	**(1 386)**	**(1 826)**
Net decrease in cash and cash equivalents	**(2)**	**(1)**
Cash and cash equivalents at beginning of year	29	30
Cash and cash equivalents at end of year	**27**	**29**
Cash and cash equivalents is defined as including:		
On demand loans and advances to banks	27	29
Cash and cash equivalents at the end of the year	**27**	**29**

Cash and cash equivalents have a maturity profile of less than three months.

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Statement of changes in equity

For the year to 31 March R'million	Share capital Investec Limited	Share premium account Investec Limited	Capital reserve account	Profit and loss account	Total shareholders' equity
At 1 April 2008	1	7 563	62	658	8 284
Total comprehensive income for the year	–	–	–	1 706	1 706
Share based payments	–	–	–	351	351
Dividends accrued to ordinary shareholders	–	–	–	(1 485)	(1 485)
Dividends accrued to perpetual preference shareholders	–	–	–	(230)	(230)
Issue of shares	–	917	–	–	917
	1	8 480	62	1 000	9 543
At 1 April 2009					
Total comprehensive income for the year	–	–	–	1 379	1 379
Issue of ordinary shares	–	8	–	–	8
Issue of perpetual preference shares	–	454	–	–	454
Share based payments	–	–	–	24	24
Dividends accrued to ordinary shareholders	–	–	–	(780)	(780)
Dividends accrued to perpetual preference shareholders	–	–	–	(204)	(204)
At 31 March 2010	1	8 942	62	1 419	10 424

a. Accounting policies

Basis of presentation

The parent company accounts of Investec Limited are prepared in accordance with International Financial Reporting Standards and in a manner consistent with the policies disclosed on pages 294 to 305 for the group accounts except as noted below:

Foreign currencies

The presentational and functional currency for Investec Limited parent company is South African Rand. All foreign currency transactions are initially recorded and translated to the functional currency at the rate applicable at the time of the transaction.

Investment in subsidiaries

Investment in subsidiaries are stated at cost less any impairment in value.

R'million	2010	2009
b. Investment in subsidiaries		
At beginning of year	9 883	9 235
Increase in investment in subsidiary	1 450	783
Decrease in loans to subsidiaries	(586)	(135)
At end of year	10 747	9 883

At list of the companies principal subsidiaries is detailed in note 47 of the group accounts on page 372.

c. The company's called up share capital is detailed in note 34 of the group accounts on pages 357 to 358.

d. The company's perpetual preference shares is detailed in note 35 of the group accounts on page 359.

A separate annual report has been published for the Investec Limited group. Refer to it for extensive disclosures particularly IFRS 7 disclosures.

Adjusted shareholders' equity	Refer to calculation on page 43
Cost to income ratio	Administrative expenses and depreciation divided by operating income
Core loans and advances	Refer to calculation on pages 128 and 129
Dividend cover	Adjusted earnings per ordinary share before goodwill and non-operating items divided by dividends per ordinary share
Earnings attributable to ordinary shareholders before goodwill and non-operating items	Refer to pages 320 and 321
Adjusted earnings per ordinary share before goodwill and non-operating items	Refer to pages 320 and 321
Effective operational tax rate	Tax on profit on ordinary activities (excluding exceptional items) divided by operating profit (excluding profit from associates)
Market capitalisation	Total number of shares in issue (including Investec plc and Investec Limited) multiplied by the closing share price of Investec plc on the London Stock Exchange
Net tangible asset value per share	Refer to calculation on page 42
Non-operating items	Reflects profits and/or losses on termination or disposal of group operations
Operating profit	Operating income less administrative expenses, impairments for bad and doubtful debts and depreciation of tangible fixed assets. This amount is before goodwill and non-operating items
Operating profit per employee	Refer to calculation on page 47
Recurring income	Net interest income plus net annuity fees and commissions expressed as a percentage of total operating income net of insurance claims
Return on average adjusted shareholders' equity	Refer to calculation on page 43
Return on average adjusted tangible shareholders' equity	Refer to calculation on page 43
Staff compensation to operating income ratio	All employee related costs expressed as a percentage of operating income
Third party assets under administration	Includes third party assets under administration managed by the Private Wealth, Asset Management and Property businesses
Total capital resources	Includes shareholders' equity, subordinated liabilities and minority interests
Total equity	Total shareholders' equity including minority interests
Weighted number of ordinary shares in issue	The number of ordinary shares in issue at the beginning of the year increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group less treasury shares. Refer to calculation on page 320

Investec plc
(Incorporated in England and Wales)
(Registration number 3633621)
Share code: INVP ISIN: GB00B17BBQ50

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, you are recommended to obtain your own personal financial advice immediately from your stockbroker, bank manager, accountant or other independent professional adviser authorised under Part VI of the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your ordinary shares in Investec plc, please send this document together with the accompanying Form of Proxy at once to the relevant transferee or to the stockbroker, bank or other person through whom the sale or transfer was effected, for transmission to the relevant transferee.

Notice is hereby given that the Annual General Meeting of Investec plc will be held at 11:00 (UK time) on Thursday, 12 August 2010, at the registered office of Investec plc at 2 Gresham Street, London EC2V 7QP, to transact the following business:

Common business: Investec plc and Investec Limited

To consider and if deemed fit, to pass, with or without modification, the following ordinary resolutions of Investec plc and Investec Limited:

1. To re-elect Samuel Ellis Abrahams as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
2. To re-elect George Francis Onslow Alford as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
3. To re-elect Glynn Robert Burger as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
4. To re-elect Hugh Sidney Herman as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
5. To re-elect Ian Robert Kantor as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
6. To re-elect Peter Richard Suter Thomas as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
7. To re-elect Alan Tapnack as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
8. To re-elect Fani Titi as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
9. To re-elect Bradley Fried, whose appointment as a director terminates at the end of the Annual General Meetings of Investec plc and Investec Limited convened for 12 August 2010, as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
10. To re-elect Peregrine Kenneth Oughton Crosthwaite, whose appointment as a director terminates at the end of the Annual General Meetings of Investec plc and Investec Limited convened for 12 August 2010, as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.

For brief biographical details of the directors to be re-elected, please refer to pages 260 to 262 of the Annual Report of Investec plc/Investec Limited.

In accordance with corporate governance best practice, all non-executive directors who have served on the board for nine years or more are required to seek re-election on an annual basis. This requirement is entrenched in the Articles of Association of both Investec plc and Investec Limited.

11. Directors' authority to take action in respect of the resolutions

Resolved that:

- any director or the company secretaries of Investec plc and Investec Limited, be and they are hereby authorised to do all things and sign all documents which may be necessary to carry into effect the resolutions contained in this notice to the extent the same have been passed and, where applicable, registered.

12. To approve the Dual Listed Companies (DLC) Remuneration report for the year ended 31 March 2010.
13. To approve the Dual Listed Companies (DLC) Audit Committee report for the year ended 31 March 2010.

Ordinary business: Investec Limited

To consider and if deemed fit, to pass, with or without modification, the following ordinary resolutions of Investec Limited:

14. To receive and adopt the audited financial statements of Investec Limited for the year ended 31 March 2010, together with the reports of the directors of Investec Limited and of the auditors of Investec Limited.
15. To sanction the interim dividend paid by Investec Limited on the ordinary shares in Investec Limited for the 6 (six) month period ended 30 September 2009.
16. To sanction the interim dividend paid by Investec Limited on the dividend access (South African Resident) redeemable preference share ("SA DAS share") for the 6 (six) month period ended 30 September 2009.
17. Subject to the passing of resolution no. 33 to declare a final dividend on the ordinary shares and the dividend access (South African Resident) redeemable preference share ("SA DAS share") in Investec Limited for the year ended 31 March 2010 of an amount equal to that recommended by the directors of Investec Limited.
18. To re-appoint Ernst & Young Inc. of Ernst & Young House, Wanderers Office Park, 52 Corlett Drive, Illovo, 2196 South Africa (Private Bag X14, Northlands, 2116 South Africa) as joint auditors of Investec Limited to hold office until the conclusion of the Annual General Meeting of Investec Limited to be held in 2011 and to authorise the directors of Investec Limited to fix their remuneration.
19. To re-appoint KPMG Inc. of 85 Empire Road, Parktown, 2193 South Africa (Private Bag 9, Parkview, 2122 South Africa) as joint auditors of Investec Limited to hold office until the conclusion of the Annual General Meeting of Investec Limited to be held in 2011 and to authorise the directors of Investec Limited to fix their remuneration.

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Special business: Investec Limited

To consider and if deemed fit, to pass, with or without modification, the following ordinary and special resolutions of Investec Limited:

20. Ordinary resolution: Investec Limited: Placing 5% of the unissued ordinary shares under the control of the directors

Resolved that:

- with reference to the authority granted to directors in terms of Article 12 of the Articles of Association of Investec Limited, a total of 9 006 261 (nine million six thousand two hundred and sixty one) ordinary shares of R0.0002 each being 5% (five per cent) of the unissued ordinary shares in the authorised share capital of Investec Limited be and are hereby placed under the control of the directors of Investec Limited as a general authority in terms of Section 221 of the South African Companies Act, No. 61 of 1973, as amended, (the "SA Act") who are authorised to allot and issue the same at their discretion until the next Annual General Meeting of Investec Limited to be held in 2011, subject to the provisions of the SA Act, the South African Banks Act, No. 94 of 1990, as amended, and the Listings Requirements of the JSE Limited.

21. Ordinary resolution: Investec Limited: Placing 5% of the unissued class "A" variable rate compulsorily convertible non-cumulative preference shares under the control of the directors

Resolved that:

- with reference to the authority granted to directors in terms of Article 12 of the Articles of Association of Investec Limited, a total of 2 000 000 (two million) class "A" variable rate compulsorily convertible non-cumulative preference shares ("class "A" preference shares") of R0.0002 each, being 5% (five per cent) of the unissued class "A" preference shares in the authorised share capital of Investec Limited, be and are hereby placed under the control of the directors of Investec Limited as a general authority in terms of Section 221 of the South African Companies Act, No. 61 of 1973, as amended, (the "SA Act") who are authorised to allot and issue the same at their discretion until the next Annual General Meeting of Investec Limited to be held in 2011, subject to the provisions of the SA Act, the South African Banks Act, No. 94 of 1990, as amended, and the Listings Requirements of the JSE Limited.

22. Ordinary resolution: Investec Limited: Placing the remaining unissued shares, being the variable rate cumulative redeemable preference shares, the non-redeemable, non-cumulative, non-participating preference shares and the special convertible redeemable preference shares under the control of the directors

    Resolved that:

    - with reference to the authority granted to directors in terms of Article 12 of the Articles of Association of Investec Limited, all the unissued shares in the authorised share capital of Investec Limited, excluding the ordinary shares and the class "A" variable rate compulsorily convertible non-cumulative preference shares, be and are hereby placed under the control of the directors of Investec Limited as a general authority in terms of Section 221 of the South African Companies Act, No. 61 of 1973, as amended, (the "SA Act") who are authorised to allot and issue the same at their discretion until the next Annual General Meeting of Investec Limited to be held in 2011, subject to the provisions of the SA Act, the South African Banks Act, No. 94 of 1990, as amended, and the Listings Requirements of the JSE Limited.

    These preference shares, if issued, are non-dilutive to ordinary shareholders.

23. Ordinary resolution with a 75% majority: Investec Limited: Directors' authority to allot and issue ordinary shares for cash in respect of 5% of the unissued ordinary shares

    Resolved that:

    - subject to the passing of resolution no. 20, the Listings Requirements of the JSE Limited ("JSE Listings Requirements"), the South African Banks Act, No. 94 of 1990, as amended, and the South African Companies Act, No. 61 of 1973, as amended, the directors of Investec Limited be and they are hereby authorised to allot and issue 9 006 261 (nine million six thousand two hundred and sixty one) ordinary shares of R0.0002 each for cash as and when suitable situations arise, subject to the following specific limitations as required by the JSE Listings Requirements:
        (i) this authority shall not extend beyond the later of the date of the next Annual General Meeting of Investec Limited to be held in 2011 or the date of the expiry of 15 (fifteen) months from the date of the Annual General Meeting of Investec Limited convened for 12 August 2010, whichever period is shorter
        (ii) a paid press announcement giving full details including the impact on net asset value and earnings per ordinary share, will be published at the time of an issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of ordinary shares in issue prior to such issue
        (iii) the issue in the aggregate in any 1 (one) financial year will not exceed 15% (fifteen per cent) of the number of ordinary shares in issue, including instruments which are compulsorily convertible
        (iv) in determining the price at which an allotment and issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price of the ordinary shares in question as determined over the 30 (thirty) days prior to the date that the price of the issue is determined or agreed by the directors of Investec Limited and
        (v) the ordinary shares must be issued to public shareholders, as defined in the JSE Listings Requirements, and not to related parties.

    The directors are seeking an authority to allot up to 5% (five per cent) of the number of unissued ordinary shares for cash which represents 3.34% (three point three four per cent) of the number of issued ordinary shares which is significantly lower than the 15% (fifteen per cent) permitted in terms of the JSE Listings Requirements.

    If resolution no. 23 and special resolution no. 6 are both passed and, subject to the limits specified in those respective resolutions, the directors will have authority to allot up to 5% (five per cent) of the total issued ordinary share capital of Investec plc and up to 5% (five per cent) of the total unissued ordinary share capital of Investec Limited for cash other than by way of rights issue. This complies with the limits set out in the relevant Association of British Insurers guidelines.

    In terms of the JSE Listings Requirements, in order for resolution no. 23 to be given effect, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec plc and Investec Limited must be cast in favour of resolution no. 23.

24. Ordinary resolution with a 75% majority: Investec Limited: Directors' authority to allot and issue class "A" variable rate compulsorily convertible non-cumulative preference shares for cash in respect of 5% of the unissued class "A" variable rate compulsorily convertible non-cumulative preference shares

    Resolved that:

    - subject to the passing of resolution no. 21, the Listings Requirements of the JSE Limited ("JSE Listing Requirements"), the South African Banks Act, No. 94 of 1990, as amended, and the South African Companies Act, No. 61 of 1973, as amended, the directors of Investec Limited be and they are hereby authorised to allot and issue 2 000 000 (two million) class "A" variable rate compulsorily convertible non-cumulative preference shares ("class "A" preference shares") of R0.0002 each being 5% (five per cent) of the unissued class "A" preference shares in the authorised share capital of Investec Limited for cash as and when suitable situations arise, subject to the following specific limitations as required by the JSE Listings Requirements:

(i) this authority shall not extend beyond the later of the date of the next Annual General Meeting of Investec Limited to be held in 2011 or the date of the expiry of 15 (fifteen) months from the date of the Annual General Meeting of Investec Limited convened for 12 August 2010, whichever period is shorter

(ii) a paid press announcement giving full details including the impact on net asset value and earnings per class "A" preference share, will be published at the time of an issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of class "A" preference shares in issue prior to such issue

(iii) the issue in the aggregate in any 1 (one) financial year will not exceed 15% (fifteen per cent) of the number of class "A" preference shares in issue

(iv) in determining the price at which an allotment and issue of class "A" preference shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price of the class "A" preference shares in question as determined over the 30 (thirty) days prior to the date that the price of the issue is determined or agreed by the directors of Investec Limited and

(v) the class "A" preference shares must be issued to public shareholders, as defined in the JSE Listings Requirements, and not to related parties.

If resolution no. 24 is passed, the directors will have authority to allot up to 2 000 000 (two million) class "A" preference shares for cash other than by way of rights issue in respect of Investec Limited, being equivalent to 5% (five per cent) of the unissued class "A" preference shares.

In terms of the JSE Listings Requirements, in order for resolution no. 24 to be given effect, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec plc and Investec Limited must be cast in favour of resolution no. 24.

25. Special resolution no. 1: Investec Limited: Directors' authority to acquire ordinary shares and perpetual preference shares

Resolved that:

- in terms of Article 9 of the Articles of Association of Investec Limited and with effect from 12 August 2010, Investec Limited hereby approves, as a general approval contemplated in Sections 85 to 89 (both inclusive) of the South African Companies Act, No. 61 of 1973, as amended, (the "SA Act"), the acquisition by Investec Limited or any of its subsidiaries from time to time of the issued ordinary shares and non-redeemable, non-cumulative, non-participating preference shares (the "perpetual preference shares") of Investec Limited, upon such terms and conditions and in such amounts as the directors of Investec Limited or its subsidiaries may from time to time decide, but subject to the provisions of the South African Banks Act, No. 94 of 1990, as amended, the SA Act and the Listings Requirements of the JSE Limited (the "JSE" and the "JSE Listings Requirements"), being, inter alia, that:

(i) any such acquisition of ordinary shares or perpetual preference shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement

(ii) this general authority shall be valid until Investec Limited's next Annual General Meeting to be held in 2011, or for 15 (fifteen) months from the date of the passing of this special resolution no. 1, whichever is the shorter period

(iii) an announcement containing full details of such acquisitions will be published as soon as Investec Limited or any of its subsidiaries has acquired ordinary shares or perpetual preference shares constituting, on a cumulative basis, 3% (three per cent) of the number of ordinary shares or perpetual preference shares in issue, as the case may be, prior to the acquisition pursuant to which the aforesaid 3% (three per cent) threshold is reached and for each 3% (three per cent) in aggregate acquired thereafter

(iv) acquisitions of shares in aggregate in any 1 (one) financial year may not exceed 20% (twenty per cent) of Investec Limited's issued ordinary share capital or Investec Limited's issued perpetual preference share capital as at the date of passing of this special resolution no. 1

(v) in determining the price at which ordinary shares or perpetual preference shares issued by Investec Limited are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such ordinary shares or perpetual preference shares, as the case may be, may be acquired will be 10% (ten per cent) of the weighted average of the market value at which such ordinary shares or perpetual preference shares, as the case may be, are traded on the JSE as determined over the 5 (five) business days immediately preceding the date of acquisition of such ordinary shares or perpetual preference shares, as the case may be, by Investec Limited or any of its subsidiaries

(vi) at any point in time, Investec Limited may only appoint 1 (one) agent to effect any acquisition on Investec Limited's behalf

(vii) Investec Limited remaining in compliance with the minimum shareholder spread requirements of the JSE Listings Requirements and

(viii) Investec Limited and/or its subsidiaries not acquiring any shares during a prohibited period as defined by the JSE Listings Requirements.

The reason for and effect of special resolution no. 1 is to grant a renewable general authority to Investec Limited, or a subsidiary of Investec Limited, to acquire ordinary shares and perpetual preference shares of Investec Limited which are in issue from time to time in terms of the SA Act and the JSE Listings Requirements.

The directors of Investec Limited have no present intention of making any acquisition but believe that Investec Limited should retain the flexibility to take action if future acquisitions are considered desirable and in the best interests of shareholders. The directors of Investec Limited are of the opinion that, after considering the effect of such acquisition of ordinary shares and perpetual preference shares, if implemented and on the assumption that the maximum of 20% (twenty per cent) of the current issued ordinary share capital or perpetual preference share capital of Investec Limited will be acquired, using the mechanism of the general authority at the maximum price at which the acquisition may take place (a 10% (ten per cent) premium above the weighted average of the market value for the securities for the 5 (five) business days immediately preceding the date of the acquisition) and having regard to the price of the ordinary shares or perpetual preference shares of Investec Limited on the JSE at the last practical date prior to the date of the notice of Annual General Meeting of Investec Limited convened for 12 August 2010 that:

- Investec Limited and its subsidiaries will be able, in the ordinary course of business, to pay its debt for a period of 12 (twelve) months after the date of the notice of Annual General Meeting of Investec Limited convened for 12 August 2010
- the consolidated assets of Investec Limited and its subsidiaries, fairly valued in accordance with General Accepted Accounting Practice, will be in excess of the consolidated liabilities of Investec Limited and its subsidiaries for a period of 12 (twelve) months after the date of the notice of Annual General Meeting of Investec Limited convened for 12 August 2010
- Investec Limited and its subsidiaries will have adequate capital and reserves for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of Annual General Meeting of Investec Limited convened for 12 August 2010 and
- the working capital of Investec Limited and its subsidiaries will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of Annual General Meeting of Investec Limited convened for 12 August 2010.

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names appear on pages 260 to 262 of the 2010 Annual Report, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on Investec Limited and its subsidiaries' financial position, other than disclosed in the notes to the financial statements.

Directors' responsibility statement

The directors, whose names appear on pages 260 to 262 of the 2010 Annual Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information.

Material changes

Other than the facts and developments reported on in the 2010 Annual Report, there have been no material changes in the affairs or financial position of Investec Limited and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

The following additional information, some of which may appear elsewhere in the 2010 Annual Report, is provided in terms of the JSE Listings Requirements for purposes of the general authority:

- Directors and management – Annual Report pages 260 to 265.
- Major beneficial shareholders – Annual Report page 257.
- Directors' interests in ordinary shares – Annual Report page 248.
- Share capital of Investec Limited – Annual Report pages 357 and 358.

26. Special resolution no. 2: Investec Limited: Amendment to Articles of Association: Closure of Register

Resolved that:

- with effect from 12 August 2010, the Articles of Association of Investec Limited be amended by the deletion of the current Article 40 in its entirety.

The reason for and effect of special resolution no. 2 is to align the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Companies agreements, by removing the power permitting its directors to close the Register of Members and suspend the registration of transfers.

27. Special resolution no. 3: Investec Limited: Amendment to Articles of Association: Lack of Quorum

Resolved that:

- with effect from 12 August 2010, the Articles of Association of Investec Limited be amended by the deletion of the current Article 53 and the substitution thereof with the following new Article 53:

  "53 If within five minutes from the time appointed for a General Meeting or such longer interval not exceeding one hundred and twenty minutes as the chairman of the meeting may think fit to allow a quorum is not present, or if during the meeting a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved and in any other case it shall stand adjourned to such day, time and place being at least 10 days after the original meeting date; as may have been specified for the purpose in the notice convening the meeting or, if not so specified, as the chairman of the meeting may determine, subject to the provisions of Article 54. The adjourned meeting shall be dissolved if a quorum is not present within one hundred and twenty minutes after the time appointed for the holding of the meeting."

The reason for and effect of special resolution no. 3 is to align the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Companies agreements, by providing that general meetings adjourned for lack of quorum must be held at least 10 (ten) days after the original meeting.

28. Special resolution no. 4: Investec Limited: Amendment to Articles of Association: Chairman's casting vote

Resolved that:

- with effect from 12 August 2010, the Articles of Association of Investec Limited be amended by the deletion of the current Article 65 in its entirety.

The reason for and effect of special resolution no. 4 is to align the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Companies agreements, by removing the provision giving the chairman a casting vote in the event of an equality of votes.

29. Ordinary resolution: Investec Limited: Amendments to the rules of The Investec Limited Security Purchase and Option Scheme Trust Deed

Resolved that:

- in terms of clause 16 of the trust deed relating to The Investec Limited Security Purchase and Option Scheme (the "Trust Deed") and in order to give effect to the amended Schedule 14 to the JSE Limited's Listings Requirements ("JSE Listings Requirements"), the resolutions set out below, be and are hereby approved, for the reasons and purpose described below:
  - that clause 2.3.1 of Appendix 1 to the Trust Deed (being the Rules Applicable to the Purchase Scheme) be replaced in its entirety with the following new provision:

    "the purchase scheme may make such arrangements as the directors consider appropriate in respect of the purchase scheme's obligations to provide scheme securities in satisfaction of offers made, provided that the purchase scheme, taken together with the option scheme, shall only be authorised to subscribe for an aggregate of 5 000 000 (five million) new ordinary shares in Investec Limited, commencing from the date of the annual general meeting to be held in 2010, being 12 August 2010."
  - that clause 2.3.1 of Appendix 2 to the Trust Deed (being the Rules Applicable to the Option Scheme) be replaced in its entirety with the following new provision:

    "the option scheme may make such arrangements as the directors consider appropriate in respect of the option scheme's obligations to provide option scheme securities in satisfaction of offers made, provided that the option scheme, together with the purchase scheme, shall only be authorised to subscribe for an aggregate number of 5 000 000 (five million) new ordinary shares in Investec Limited, commencing from the date of the annual general meeting to be held in 2010, being 12 August 2010, or such other number of new ordinary shares in Investec Limited as may be approved by its shareholders in general meeting (subject to the requirements of any stock exchange from time to time and for the time being)."

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– that clause 2.3.1 of Appendix 3 to the Trust Deed (being the Rules Applicable to the Purchase Scheme Two) be replaced in its entirety with the following new provision:

"the purchase scheme may make such arrangements as the directors consider appropriate in respect of the purchase scheme's obligations to provide scheme securities in satisfaction of offers made, provided that the purchase scheme, taken together with the option scheme, shall only be authorised to subscribe for an aggregate of 5 000 000 (five million) new ordinary shares in Investec Limited, commencing from the date of the annual general meeting to be held in 2010, being 12 August 2010, or such other number of new ordinary shares in Investec Limited as may be approved by its shareholders in general meeting (subject to the requirements of any stock exchange from time to time and for the time being)."

– that clause 2.3.1 of Appendix 4 to the Trust Deed (being the Rules Applicable to the Option Scheme Two) be replaced in its entirety with the following new provision:

"the option scheme may make such arrangements as the directors consider appropriate in respect of the option scheme's obligations to provide option scheme securities in satisfaction of offers made, provided that the option scheme, together with the purchase scheme, shall only be authorised to subscribe for an aggregate number of 5 000 000 (five million) new ordinary shares in Investec Limited, commencing from the date of the annual general meeting to be held in 2010, being 12 August 2010, or such other number of new ordinary shares in Investec Limited as may be approved by its shareholders in general meeting (subject to the requirements of any stock exchange from time to time and for the time being)."

The purpose of ordinary resolution no. 29, is to bring the provisions of the relevant schemes being operated under the Trust Deed in line with paragraph 14(1)(b) of Schedule 14 to the JSE Limited Listings Requirements.

30. Ordinary resolution: Investec Limited: Amendments to the rules of The Investec Limited Security Purchase and Option Scheme 2002 Trust

Resolved that:

- in terms of clause 15 of the trust deed relating to The Investec Limited Security Purchase and Option Scheme 2002 (the "Trust Deed") and in order to give effect to the amended Schedule 14 to the JSE Limited's Listings Requirements ("JSE Listings Requirements"), the resolutions set out below, be and are hereby approved, for the reasons and purpose described below:

– that clause 2.3.1 of Appendix 1 to the Trust Deed (being the Rules Applicable to the Purchase Scheme) be replaced in its entirety with the following new provision:

"the Purchase Scheme may make such arrangements as the Directors consider appropriate in respect of the Purchase Scheme's obligations to provide Scheme Securities in satisfaction of Offers made, provided that the Purchase Scheme, taken together with the Option Scheme, shall only be authorised to subscribe for an aggregate of 40 000 000 (forty million) new ordinary shares in Investec Limited, commencing from the date of the annual general meeting to be held in 2010, being 12 August 2010."

– that clause 2.3.1 of Appendix 2 to the Trust Deed (being the Rules Applicable to the Option Scheme) be replaced in its entirety with the following new provision:

"the Option Scheme may make such arrangements as the Directors consider appropriate in respect of the Option Scheme's obligations to provide Scheme Securities in satisfaction of offers made, provided that the Option Scheme, together with the Purchase Scheme, shall only be authorised to subscribe for an aggregate number of 40 000 000 (forty million) new ordinary shares in Investec Limited, commencing from the date of the annual general meeting to be held in 2010, being 12 August 2010."

The purpose of ordinary resolution no. 30, is to bring the provisions of the relevant schemes being operated under the Trust Deed in line with paragraph 14(1)(b) of Schedule 14 to the JSE Limited Listings Requirements.

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Ordinary business: Investec plc

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions of Investec plc:

31. To receive and adopt the audited financial statements of Investec plc for the year ended 31 March 2010, together with the reports of the directors of Investec plc and of the auditors of Investec plc.

32. To sanction the interim dividend paid by Investec plc on the ordinary shares in Investec plc for the 6 (six) month period ended 30 September 2009.

33. Subject to the passing of resolution no. 17 to declare a final dividend on the ordinary shares in Investec plc for the year ended 31 March 2010 of an amount equal to that recommended by the directors of Investec plc.

34. To re-appoint Ernst & Young LLP of 1 More London Place, London, SE1 2AF, as auditors of Investec plc to hold office until the conclusion of the Annual General Meeting of Investec plc to be held in 2011 and to authorise the directors of Investec plc to fix their remuneration.

Special business: Investec plc

To consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions of Investec plc:

35. Special resolution no. 5: Investec plc: Adoption of amended Articles of Association

Resolved that:

- with effect from 12 August 2010, the amended Articles of Association of Investec plc, as tabled at the meeting and initialled by the chairman for the purposes of identification marked as the "New Articles" (the "New Articles") be adopted as the Articles of Association of Investec plc, in substitution for and to the exclusion of all existing Articles of Association.

The reason for and effect of special resolution no. 5 is to adopt the New Articles as the Articles of Association of Investec plc, primarily to take account of the implementation of the last parts of the Companies Act 2006 and also account for provisions enacted by the Companies (Shareholders' Rights) Regulations 2009 (the "Shareholders' Rights Regulations"). The Articles of Association of Investec plc and Investec Limited are broadly identical, the differences being due to variances in applicable law in South Africa and the UK. The principal changes introduced in the New Articles are summarised below:

Article 3: Amount of share capital

The current Article 3 states the total amount of the authorised share capital of Investec plc for the purposes of the Companies Act 1985. As the concept of "authorised share capital" has been abolished following implementation of the Companies Act 2006, this provision has been removed in the New Articles.

Article 11: Rights attaching to shares on issue

The current Article 11 provides for the terms on which shares in Investec plc may be issued. Technical amendments have been made to this Article to clarify the circumstances in which the Directors may determine the rights attaching to such shares.

Article 12: Directors' power to allot

The current Article 12 has been updated so that the pertinent authorities are defined under the correct section numbers of the Companies Act 2006 in the New Articles and are consistent with the relevant Companies Act 2006 provisions.

Article 40: Closure of Register

The current Article 40 permits the directors to close the Register of Members and suspend the registration of transfers. This power has been removed in the New Articles.

Article 53: Lack of quorum

Under the Companies Act 2006, as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 days after the original meeting. The New Articles have been amended to reflect this requirement.

Article 65: Chairman's casting vote

The New Articles remove the provision giving the chairman a casting vote in the event of an equality of votes as this is no longer permitted under the Companies Act 2006.

In order for special resolution no. 5 to be given effect, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec plc and Investec Limited must be cast in favour of special resolution no. 5.

36. Ordinary resolution: Investec plc: Directors' authority to allot shares and other securities

Resolved that:

- the authority conferred on the directors of Investec plc by paragraph 12.2 of Article 12 of Investec plc's Articles of Association be renewed for the period ending on the date of the Annual General Meeting of Investec plc to be held in 2011 and for such period the Section 551 Amount (or, if the New Articles have not been adopted pursuant to special resolution no. 5, the Section 80 Amount) shall be the aggregate of:
  - (i) £31 459 in respect of Ordinary shares
  - (ii) £36 025 in respect of Special Converting shares and
  - (iii) £1 000 000 in respect of preference shares.

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The Articles of Association of Investec plc permit the directors of Investec plc to allot shares and other securities in accordance with Section 551 of the Companies Act 2006, up to an amount authorised by the shareholders in general meeting. The authority conferred on the directors at Investec plc's Annual General Meeting held on 13 August 2009 expires on the date of the forthcoming Annual General Meeting of Investec plc convened for 12 August 2010 and the directors of Investec plc recommend that this authority be renewed.

Resolution no. 36 will, if passed, authorise the directors of Investec plc to allot Investec plc shares up to a maximum nominal amount of £1 067 484 (one million sixty seven thousand four hundred and eighty four Pounds Sterling) as set out in the table below:

	Number of shares	Relative part of Section 551 Amount	Total
Ordinary shares[1]	157 296 726	£31 459	–
Special converting shares[2]	180 125 220	£36 025	£1 067 484[4]
Preference shares[3]	100 000 000	£1 000 000	–

1. *One third of the issued ordinary share capital in line with that normally adopted by UK companies.*
2. *The special converting shares are required by the Dual Listed Companies structure and agreements to reflect the number of ordinary shares issued by Investec Limited at any time and from time to time.*
3. *The issue of preference shares is non-dilutive to ordinary shareholders. Preference shares may be issued with such rights or subject to such restrictions as the directors may determine.*
4. *This amount is higher than the one third of issued ordinary share capital limit normally adopted by UK companies at their Annual General Meetings only due to the inclusion of the special converting shares and preference shares as noted in nos. 2 and 3 above, neither of which are dilutive to ordinary shareholders. While the authority to allot shares to the value shown is given in respect of all of the shares of Investec plc as required by the Companies Act 2006, the directors of Investec plc would ensure that the shares of each class listed in the above table allotted by them would not be in excess of the amount listed in the column entitled "Relative part of Section 551 Amount" for each such class of shares.*
5. *As of 09 June 2010 (the latest practicable date prior to publication of this notice), Investec plc holds 0 (zero) treasury shares.*

37. Special resolution no. 6: Investec plc: Directors' authority to allot ordinary shares for cash

Resolved that:

- subject to the passing of resolution no. 36, the power conferred on the directors of Investec plc by paragraph 12.4 of Article 12 of Investec plc's Articles of Association be renewed for the period referred to in resolution no. 36 and for such period the Section 571 Amount (or, if the New Articles have not been adopted pursuant to special resolution 5, the Section 89 Amount) shall be £4 719 (four thousand seven hundred and nineteen Pounds Sterling).

The purpose of special resolution no. 6 is to renew the authority of the directors of Investec plc to allot equity securities for cash otherwise than to shareholders in proportion to existing holdings. In the case of allotments other than rights issues, the authority is limited to equity securities up to an aggregate nominal value of £4 719 (four thousand seven hundred and nineteen Pounds Sterling) which represents approximately 5% (five per cent) of the total issued ordinary share capital of Investec plc as at 09 June 2010 (being the last practicable date prior to publication of this notice). The authority will expire at the end of the next Annual General Meeting of Investec plc to be held in 2011 or, if earlier, 15 (fifteen) months after the passing of this special resolution no. 6.

If resolution no. 23 and special resolution no. 6 are both passed and, subject to the limits specified in those respective resolutions, the directors will have authority to allot up to 5% (five per cent) of the total issued ordinary share capital of Investec plc and up to 5% (five per cent) of the total unissued ordinary share capital of Investec Limited for cash other than by way of rights issue. This complies with the limits set out in the relevant Association of British Insurers guidelines.

The directors also confirm that pursuant to the Dual Listed Companies structure, the exercise of any such authority would be subject to the following specific limitations as required by the Listings Requirements of the JSE Limited ("JSE Listings Requirements"):

(i) this authority shall not extend beyond the later of the date of the next Annual General Meeting of Investec plc or the date of the expiry of 15 (fifteen) months from the date of the Annual General Meeting of Investec plc convened for 12 August 2010, whichever period is shorter

(ii) a paid press announcement giving full details including the impact on net asset value and earnings per ordinary share, will be published at the time of an issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of ordinary shares in issue prior to such issue

(iii) the issue in the aggregate in any 1 (one) financial year will not exceed 15% (fifteen per cent) of the number of ordinary shares in issue, including instruments which are compulsorily convertible

(iv) in determining the price at which an allotment and issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price of the ordinary shares in question as determined over the 30 (thirty) days prior to the date that the price of the issue is determined or agreed by the directors of Investec plc and

(v) the equity securities/shares must be issued to public shareholders and not to related parties.

In order for special resolution no. 6 to be given effect, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec plc and Investec Limited must be cast in favour of special resolution no. 6.

38. Special resolution no. 7: Investec plc: Directors' authority to purchase ordinary shares

Resolved that:

- Investec plc be and is hereby unconditionally and generally authorised for the purpose of Section 701 of the Companies Act 2006 to make market purchases (as defined in Section 693 of the Companies Act 2006) of ordinary shares in the capital of Investec plc provided that:
  (i) the maximum aggregate number of ordinary shares which may be purchased is 47 189 018 (forty seven million one hundred and eighty nine thousand and eighteen) ordinary shares of £0.0002 each
  (ii) the minimum price which may be paid for each ordinary share is its nominal value of such share at the time of purchase
  (iii) the maximum price which may be paid for any ordinary share is an amount equal to 105% (one hundred and five per cent) of the average of the middle market quotations of the ordinary shares of Investec plc as derived from the London Stock Exchange Daily Official List for the 5 (five) business days immediately preceding the day on which such share is contracted to be purchased and
  (iv) this authority shall expire at the conclusion of the Annual General Meeting of Investec plc to be held in 2011, or if earlier, 15 (fifteen) months from the date on which this resolution is passed (except in relation to the purchase of ordinary shares, the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry) unless such authority is renewed prior to that time.

The directors of Investec plc consider it may, in certain circumstances, be in the best interests of shareholders generally for Investec plc to purchase its own ordinary shares. Accordingly, the purpose and effect of special resolution no. 7 is to grant a general authority, subject to the specified limits, to Investec plc to acquire ordinary shares of Investec plc.

As of 09 June 2010 (the latest practicable date prior to publication of this notice), there were options outstanding over 34 262 083 (thirty four million two hundred and sixty two thousand and eighty three) ordinary shares, representing 7.26% (seven point two six per cent) of Investec plc's issued ordinary share capital at that date. If the authority to buy back shares under this special resolution no. 7 was exercised in full, the total number of options to subscribe for ordinary shares would represent 8.07% (eight point zero seven per cent) of Investec plc's issued ordinary share capital.

The Companies Act 2006 permits Investec plc to purchase its own ordinary shares to be held in treasury, with a view to possible resale at a future date.

The directors of Investec plc have no present intention of making any purchases, but believe that Investec plc should retain the flexibility to take further action if future purchases were considered desirable and in the best interest of shareholders. If Investec plc were to purchase shares under the Companies Act 2006 they will be cancelled or, to the extent determined by the directors of Investec plc, held in treasury. The authority will be exercised only if the directors of Investec plc believe that to do so would result in an increase of earnings per ordinary share and would be in the interests of shareholders generally or, in the case of the creation of treasury shares, that to do so would be in the best interests of shareholders generally.

In order for special resolution no. 7 to be given effect, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec plc and Investec Limited must be cast in favour of special resolution no. 7.

39. Special resolution no. 8: Investec plc: Directors' authority to purchase preference shares

Resolved that:

- Investec plc be and is hereby unconditionally and generally authorised for the purpose of Section 701 of the Companies Act 2006 to make market purchases (as defined in Section 693 of the Companies Act 2006) of preference shares in the capital of Investec plc provided that:
  - (i) the maximum aggregate number of preference shares which may be purchased is 1 508 115 (one million five hundred and eight thousand one hundred and fifteen) preference shares of £0.01 each
  - (ii) the minimum price which may be paid for each preference share is its nominal value of such share at the time of purchase
  - (iii) the maximum price which may be paid for any preference share is an amount equal to 105% (one hundred and five per cent) of the average of the middle market quotations of the preference shares of Investec plc as derived from the London Stock Exchange Daily Official List for the 5 (five) business days immediately preceding the day on which such share is contracted to be purchased and
  - (iv) this authority shall expire at the conclusion of the Annual General Meeting of Investec plc to be held in 2011, or if earlier, 15 (fifteen) months from the date on which this resolution is passed (except in relation to the purchase of preference shares, the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry) unless such authority is renewed prior to that time.

The directors of Investec plc consider it may, in certain circumstances, be in the best interests of shareholders generally for Investec plc to purchase its own preference shares. Accordingly, the purpose and effect of special resolution no. 8 is to grant a general authority, subject to the specified limits, to Investec plc to acquire preference shares of Investec plc.

The Companies Act 2006 permits Investec plc to purchase its own preference shares to be held in treasury, with a view to possible resale at a future date.

The directors of Investec plc have no present intention of making any purchases, but believe that Investec plc should retain the flexibility to take further action if future purchases were considered desirable and in the best interest of shareholders. If Investec plc were to purchase preference shares under the Companies Act 2006 they will be cancelled or, to the extent determined by the directors of Investec plc, held in treasury. The authority will be exercised only if the directors of Investec plc believe that to do so would be in the interests of shareholders generally or, in the case of the creation of treasury shares, that to do so would be in the best interests of shareholders generally.

In order for special resolution no. 8 to be given effect, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec plc and Investec Limited must be cast in favour of special resolution no. 8.

40. Ordinary resolution: Investec plc: Political donations

Resolved that:

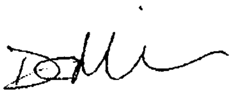
- in accordance with section 366 of the Companies Act 2006, Investec plc and any company which, at any time during the period for which this resolution has effect, is a subsidiary of Investec plc, be and are hereby authorised to:
  - (i) make donations to political organisations not exceeding £25 000 (twenty five thousand Pounds Sterling) in total and
  - (ii) incur political expenditure not exceeding £75 000 (seventy five thousand Pounds Sterling) in total,

  in each case during the period commencing on the date of this resolution and ending on the date of the Annual General Meeting of Investec plc to be held in 2011, provided that the maximum amounts referred to in (i) and (ii) may consist of sums in any currency converted into Pounds Sterling at such rate as Investec plc may in its absolute discretion determine. For the purposes of this resolution, the terms "political donations", "political organisations" and "political expenditure" shall have the meanings given to them in Sections 363 to 365 of the Companies Act 2006.

The reason for ordinary resolution no. 40 is that the Companies Act 2006 requires companies to obtain shareholder approval before they can make donations to EU political organisations or incur EU political expenditure. Investec plc does not give any money for political purposes in the UK nor does it make any donations to EU political organisations or incur EU political expenditure. However, the definitions of political donations and political expenditure used in the Companies Act 2006 are very wide. The authority is a precautionary measure to ensure that Investec plc does not inadvertently breach the relevant provisions of the Companies Act 2006.

The directors of Investec plc consider that the proposed resolutions in the notice of the Annual General Meeting are in the best interests of Investec plc and its shareholders and recommends that you vote in favour as the directors of Investec plc intend to do in respect of their own beneficial holdings.

By order of the board



David Miller
Company Secretary

15 June 2010

Registered No: 3633621

Registered Office:
2 Gresham Street
London
EC2V 7QP

Notes:

1. All of the above resolutions are Joint Electorate Actions under the Articles of Association of Investec plc and, accordingly, both the holders of ordinary shares in Investec plc and the holder of the special voting share in Investec plc are entitled to vote. Voting will be on a poll which will remain open for sufficient time to allow the Investec Limited Annual General Meeting to be held and for the votes of the holder of the Investec plc special voting share to be ascertained and cast on a poll.
2. On the poll:
   (a) each fully paid ordinary share in Investec plc (other than those subject to voting restrictions) will have 1 (one) vote
   (b) the holder of the Investec plc special voting share will cast the same number of votes as were validly cast for and against the equivalent resolution by Investec Limited shareholders on the poll at the Investec Limited Annual General Meeting
   (c) the holder of the Investec plc special voting share will be obliged to cast these votes for and against the relevant resolutions in accordance with the votes cast for and against the equivalent resolution by Investec Limited shareholders on the poll at the Investec Limited Annual General Meeting
   (d) through this mechanism, the votes of the Investec Limited ordinary shareholders at the Investec Limited Annual General Meeting will be reflected at Investec plc's Annual General Meeting in respect of each Joint Electorate Action and
   (e) the results of the Joint Electorate Action will be announced after both polls have closed.
3. Subject to the provisions under section 319A of the Companies Act 2006, any member attending the meeting has the right to ask questions. A member who is entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more persons as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting, provided that, if more than one proxy is appointed by a member, each proxy is appointed to exercise the rights attached to different shares held by that shareholder. A proxy need not be a member of Investec plc or Investec Limited.
4. A form of proxy is enclosed. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from Investec plc in accordance with section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
5. To be effective, the instrument appointing a proxy and any power of attorney or other authority under which it was executed (or a duly certified copy of any such power or authority) must be returned so as to reach Investec plc's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not less than 48 (forty eight) hours before the time for holding the meeting or adjourned meeting.
6. Entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to Investec plc's register of members at 11am (UK time) on 10 August 2010 or, if the meeting is adjourned, 48 (forty eight) hours before the time fixed for the adjourned meeting, as the case may be.
7. Copies of Investec plc's new Articles of Association are available for inspection at Investec plc and Investec Limited's registered offices during business hours on any weekday (Saturdays, Sundays and any public holidays excluded) from the date of this notice until the close of Investec plc and Investec Limited's Annual General Meeting to be convened on 12 August 2010 and will also be available for inspection at the place of the meeting for 15 (fifteen) minutes before and during the meeting.
8. Copies of the non-executive directors' terms and conditions of appointment are available for inspection at Investec plc and Investec Limited's registered offices during business hours on any weekday (Saturdays, Sundays and any public holidays excluded) from the date of this notice until the close of Investec plc and Investec Limited's Annual General Meeting to be convened on 12 August 2010 and will also be available for inspection at the place of the meeting for 15 (fifteen) minutes before and during the meeting.
9. As of 09 June 2010 (the latest practicable date prior to publication of this notice) Investec plc's issued capital consists of 471 890 178 (four hundred and seventy one million eight hundred and ninety thousand one hundred and seventy eight) ordinary shares of £0.0002 each. Investec plc holds 0 (zero) ordinary shares in treasury and therefore the total number of voting rights in Investec plc is 471 890 178 (four hundred and seventy one million eight hundred and ninety thousand one hundred and seventy eight).
10. As of 09 June 2010 (the latest practicable date prior to publication of this notice) Investec Limited's issued capital consists of 269 874 780 (two hundred and sixty nine million eight hundred and seventy four thousand seven hundred and eighty) ordinary shares of R0.0002 each. Investec Limited holds 18 046 516 (eighteen million forty six thousand five hundred and sixteen) ordinary shares in treasury and therefore the total number of voting rights in Investec Limited is 251 828 264 (two hundred and fifty one million eight hundred and twenty eight thousand two hundred and sixty four).

11. Investec plc has issued 1 (one) special voting share and Investec Limited has issued special convertible redeemable preference shares to facilitate joint voting by shareholders of Investec plc and Investec Limited on joint electorate actions. As of 09 June 2010 (the latest practicable date prior to publication of this notice) the combined total number of voting rights of Investec plc and Investec Limited is 723 718 442 (seven hundred and twenty three million seven hundred and eighteen thousand four hundred and forty two).
12. CREST members who wish to appoint a proxy or proxies to attend and vote at the Investec plc meeting through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
13. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare Investor Services plc (ID 3RA50) by 11am (UK time) on 10 August 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which Computershare Investor Services plc is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
14. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this respect, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
15. Investec plc may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
16. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
17. Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require Investec plc to publish on a website a statement setting out any matter relating to: (i) the audit of Investec plc's financial statements (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of Investec plc ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. Investec plc may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where Investec plc is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to its auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that Investec plc has been required under section 527 of the Companies Act 2006 to publish on a website.
18. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at www.investec.com.

Limited

Investec Limited

(Registration number 1925/002833/06)

Share code: INL ISIN: ZAE000081949

Notice is hereby given that the Annual General Meeting of Investec Limited will be held at 12:00 (South African time) on Thursday, 12 August 2010, at the registered office of Investec Limited at 100 Grayston Drive, Sandown, Sandton, 2196, to transact the following business:

Common business: Investec plc and Investec Limited

To consider and if deemed fit, to pass, with or without modification, the following ordinary resolutions of Investec plc and Investec Limited:

1. To re-elect Samuel Ellis Abrahams as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
2. To re-elect George Francis Onslow Alford as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
3. To re-elect Glynn Robert Burger as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
4. To re-elect Hugh Sidney Herman as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
5. To re-elect Ian Robert Kantor as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
6. To re-elect Peter Richard Suter Thomas as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
7. To re-elect Alan Tapnack as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
8. To re-elect Fani Titi as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
9. To re-elect Bradley Fried, whose appointment as a director terminates at the end of the Annual General Meetings of Investec plc and Investec Limited convened for 12 August 2010, as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.
10. To re-elect Peregrine Kenneth Oughton Crosthwaite, whose appointment as a director terminates at the end of the Annual General Meetings of Investec plc and Investec Limited convened for 12 August 2010, as a director of Investec plc and Investec Limited in accordance with the provisions of the Articles of Association of Investec plc and Investec Limited.

    For brief biographical details of the directors to be re-elected, please refer to pages 260 to 262 of the Annual Report of Investec plc/Investec Limited.

    In accordance with corporate governance best practice, all non-executive directors who have served on the board for nine years or more are required to seek re-election on an annual basis. This requirement is entrenched in the Articles of Association of both Investec plc and Investec Limited.

11. Directors' authority to take action in respect of the resolutions

    Resolved that:

    - any director or the company secretaries of Investec plc and Investec Limited, be and they are hereby authorised to do all things and sign all documents which may be necessary to carry into effect the resolutions contained in this notice to the extent the same have been passed and, where applicable, registered.

12. To approve the Dual Listed Companies (DLC) Remuneration report for the year ended 31 March 2010.
13. To approve the Dual Listed Companies (DLC) Audit Committee report for the year ended 31 March 2010.

Ordinary business: Investec Limited

To consider and if deemed fit, to pass, with or without modification, the following ordinary resolutions of Investec Limited:

14. To receive and adopt the audited financial statements of Investec Limited for the year ended 31 March 2010, together with the reports of the directors of Investec Limited and of the auditors of Investec Limited.
15. To sanction the interim dividend paid by Investec Limited on the ordinary shares in Investec Limited for the 6 (six) month period ended 30 September 2009.
16. To sanction the interim dividend paid by Investec Limited on the dividend access (South African Resident) redeemable preference share ("SA DAS share") for the 6 (six) month period ended 30 September 2009.
17. Subject to the passing of resolution no. 33 to declare a final dividend on the ordinary shares and the dividend access (South African Resident) redeemable preference share ("SA DAS share") in Investec Limited for the year ended 31 March 2010 of an amount equal to that recommended by the directors of Investec Limited.
18. To re-appoint Ernst & Young Inc. of Ernst & Young House, Wanderers Office Park, 52 Corlett Drive, Illovo, 2196 South Africa (Private Bag X14, Northlands, 2116 South Africa) as joint auditors of Investec Limited to hold office until the conclusion of the Annual General Meeting of Investec Limited to be held in 2011 and to authorise the directors of Investec Limited to fix their remuneration.
19. To re-appoint KPMG Inc. of 85 Empire Road, Parktown, 2193 South Africa (Private Bag 9, Parkview, 2122 South Africa) as joint auditors of Investec Limited to hold office until the conclusion of the Annual General Meeting of Investec Limited to be held in 2011 and to authorise the directors of Investec Limited to fix their remuneration.

Special business: Investec Limited

To consider and if deemed fit, to pass, with or without modification, the following ordinary and special resolutions of Investec Limited:

20. Ordinary resolution: Investec Limited: Placing 5% of the unissued ordinary shares under the control of the directors

    Resolved that:

    - with reference to the authority granted to directors in terms of Article 12 of the Articles of Association of Investec Limited, a total of 9 006 261 (nine million six thousand two hundred and sixty one) ordinary shares of R0.0002 each being 5% (five per cent) of the unissued ordinary shares in the authorised share capital of Investec Limited be and are hereby placed under the control of the directors of Investec Limited as a general authority in terms of Section 221 of the South African Companies Act, No. 61 of 1973, as amended, (the "SA Act") who are authorised to allot and issue the same at their discretion until the next Annual General Meeting of Investec Limited to be held in 2011, subject to the provisions of the SA Act, the South African Banks Act, No. 94 of 1990, as amended, and the Listings Requirements of the JSE Limited.

21. Ordinary resolution: Investec Limited: Placing 5% of the unissued class "A" variable rate compulsorily convertible non-cumulative preference shares under the control of the directors

    Resolved that:

    - with reference to the authority granted to directors in terms of Article 12 of the Articles of Association of Investec Limited, a total of 2 000 000 (two million) class "A" variable rate compulsorily convertible non-cumulative preference shares ("class "A" preference shares") of R0.0002 each, being 5% (five per cent) of the unissued class "A" preference shares in the authorised share capital of Investec Limited, be and are hereby placed under the control of the directors of Investec Limited as a general authority in terms of Section 221 of the South African Companies Act, No. 61 of 1973, as amended, (the "SA Act") who are authorised to allot and issue the same at their discretion until the next Annual General Meeting of Investec Limited to be held in 2011, subject to the provisions of the SA Act, the South African Banks Act, No. 94 of 1990, as amended, and the Listings Requirements of the JSE Limited.

22. Ordinary resolution: Investec Limited: Placing the remaining unissued shares, being the variable rate cumulative redeemable preference shares, the non-redeemable, non-cumulative, non-participating preference shares and the special convertible redeemable preference shares under the control of the directors

    Resolved that:

    - with reference to the authority granted to directors in terms of Article 12 of the Articles of Association of Investec Limited, all the unissued shares in the authorised share capital of Investec Limited, excluding the ordinary shares and the class "A" variable rate compulsorily convertible non-cumulative preference shares, be and are hereby placed under the control of the directors of Investec Limited as a general authority in terms of Section 221 of the South African Companies Act, No. 61 of 1973, as amended, (the "SA Act") who are authorised to allot and issue the same at their discretion until the next Annual General Meeting of Investec Limited to

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be held in 2011, subject to the provisions of the SA Act, the South African Banks Act, No. 94 of 1990, as amended, and the Listings Requirements of the JSE Limited.

These preference shares, if issued, are non-dilutive to ordinary shareholders.

23. Ordinary resolution with a 75% majority: Investec Limited: Directors' authority to allot and issue ordinary shares for cash in respect of 5% of the unissued ordinary shares

Resolved that:

- subject to the passing of resolution no. 20, the Listings Requirements of the JSE Limited ("JSE Listings Requirements"), the South African Banks Act, No. 94 of 1990, as amended, and the South African Companies Act, No. 61 of 1973, as amended, the directors of Investec Limited be and they are hereby authorised to allot and issue 9 006 261 (nine million six thousand two hundred and sixty one) ordinary shares of R0.0002 each for cash as and when suitable situations arise, subject to the following specific limitations as required by the JSE Listings Requirements:
  - (i) this authority shall not extend beyond the later of the date of the next Annual General Meeting of Investec Limited to be held in 2011 or the date of the expiry of 15 (fifteen) months from the date of the Annual General Meeting of Investec Limited convened for 12 August 2010, whichever period is shorter
  - (ii) a paid press announcement giving full details including the impact on net asset value and earnings per ordinary share, will be published at the time of an issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of ordinary shares in issue prior to such issue
  - (iii) the issue in the aggregate in any 1 (one) financial year will not exceed 15% (fifteen per cent) of the number of ordinary shares in issue, including instruments which are compulsorily convertible
  - (iv) in determining the price at which an allotment and issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price of the ordinary shares in question as determined over the 30 (thirty) days prior to the date that the price of the issue is determined or agreed by the directors of Investec Limited and
  - (v) the ordinary shares must be issued to public shareholders, as defined in the JSE Listings Requirements, and not to related parties.

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The directors are seeking an authority to allot up to 5% (five per cent) of the number of unissued ordinary shares for cash which represents 3.34% (three point three four per cent) of the number of issued ordinary shares which is significantly lower than the 15% (fifteen per cent) permitted in terms of the JSE Listings Requirements.

If resolution no. 23 and resolution no. 37 are both passed and, subject to the limits specified in those respective resolutions, the directors will have authority to allot up to 5% (five per cent) of the total issued ordinary share capital of Investec plc and up to 5% (five per cent) of the total unissued ordinary share capital of Investec Limited for cash other than by way of rights issue. This complies with the limits set out in the relevant Association of British Insurers guidelines.

In terms of the JSE Listings Requirements, in order for resolution no. 23 to be given effect, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec plc and Investec Limited must be cast in favour of resolution no. 23.

24. Ordinary resolution with a 75% majority: Investec Limited: Directors' authority to allot and issue class "A" variable rate compulsorily convertible non-cumulative preference shares for cash in respect of 5% of the unissued class "A" variable rate compulsorily non-cumulative preference shares

Resolved that:

- subject to the passing of resolution no. 21, the Listings Requirements of the JSE Limited ("JSE Listings Requirements"), the South African Banks Act, No. 94 of 1990, as amended, and the South African Companies Act, No. 61 of 1973, as amended, the directors of Investec Limited be and they are hereby authorised to allot and issue 2 000 000 (two million) class "A" variable rate compulsorily convertible non-cumulative preference shares ("class "A" preference shares") of R0.0002 each being 5% (five per cent) of the unissued class "A" preference shares in the authorised share capital of Investec Limited for cash as and when suitable situations arise, subject to the following specific limitations as required by the JSE Listings Requirements:
  - (i) this authority shall not extend beyond the later of the date of the next Annual General Meeting of Investec Limited to be held in 2011 or the date of the expiry of 15 (fifteen) months from the date of the Annual General Meeting of Investec Limited convened for 12 August 2010, whichever period is shorter
  - (ii) a paid press announcement giving full details including the impact on net asset value and earnings per class "A" preference share, will be published at the time of an issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of class "A" preference shares in issue prior to such issue

(iii) the issue in the aggregate in any 1 (one) financial year will not exceed 15% (fifteen per cent) of the number of class "A" preference shares in issue

(iv) in determining the price at which an allotment and issue of class "A" preference shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price of the class "A" preference shares in question as determined over the 30 (thirty) days prior to the date that the price of the issue is determined or agreed by the directors of Investec Limited and

(v) the class "A" preference shares must be issued to public shareholders, as defined in the JSE Listings Requirements, and not to related parties.

If resolution no. 24 is passed, the directors will have authority to allot up to 2 000 000 (two million) class "A" preference shares for cash other than by way of rights issue in respect of Investec Limited, being equivalent to 5% (five per cent) of the unissued class "A" preference shares.

In terms of the JSE Listings Requirements, in order for resolution no. 24 to be given effect, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec plc and Investec Limited must be cast in favour of resolution no. 24.

25. Special resolution no. 1: Investec Limited: Directors' authority to acquire ordinary shares and perpetual preference shares

Resolved that:

- in terms of Article 9 of the Articles of Association of Investec Limited and with effect from 12 August 2010, Investec Limited hereby approves, as a general approval contemplated in Sections 85 to 89 (both inclusive) of the South African Companies Act, No. 61 of 1973, as amended, (the "SA Act"), the acquisition by Investec Limited or any of its subsidiaries from time to time of the issued ordinary shares and non-redeemable, non-cumulative, non-participating preference shares (the "perpetual preference shares") of Investec Limited, upon such terms and conditions and in such amounts as the directors of Investec Limited or its subsidiaries may from time to time decide, but subject to the provisions of the South African Banks Act, No. 94 of 1990, as amended, the SA Act and the Listings Requirements of the JSE Limited (the "JSE" and the "JSE Listings Requirements"), being, inter alia, that:

(i) any such acquisition of ordinary shares or perpetual preference shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement

(ii) this general authority shall be valid until Investec Limited's next Annual General Meeting to be held in 2011, or for 15 (fifteen) months from the date of the passing of this special resolution no. 1, whichever is the shorter period

(iii) an announcement containing full details of such acquisitions will be published as soon as Investec Limited or any of its subsidiaries has acquired ordinary shares or perpetual preference shares constituting, on a cumulative basis, 3% (three per cent) of the number of ordinary shares or perpetual preference shares in issue, as the case may be, prior to the acquisition pursuant to which the aforesaid 3% (three per cent) threshold is reached and for each 3% (three per cent) in aggregate acquired thereafter

(iv) acquisitions of shares in aggregate in any 1 (one) financial year may not exceed 20% (twenty per cent) of Investec Limited's issued ordinary share capital or Investec Limited's issued perpetual preference share capital as at the date of passing of this special resolution no. 1

(v) in determining the price at which ordinary shares or perpetual preference shares issued by Investec Limited are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such ordinary shares or perpetual preference shares, as the case may be, may be acquired will be 10% (ten per cent) of the weighted average of the market value at which such ordinary shares or perpetual preference shares, as the case may be, are traded on the JSE as determined over the 5 (five) business days immediately preceding the date of acquisition of such ordinary shares or perpetual preference shares, as the case may be, by Investec Limited or any of its subsidiaries

(vi) at any point in time, Investec Limited may only appoint 1 (one) agent to effect any acquisition on Investec Limited's behalf

(vii) Investec Limited remaining in compliance with the minimum shareholder spread requirements of the JSE Listings Requirements and

(viii) Investec Limited and/or its subsidiaries not acquiring any shares during a prohibited period as defined by the JSE Listings Requirements.

The reason for and effect of special resolution no. 1 is to grant a renewable general authority to Investec Limited, or a subsidiary of Investec Limited, to acquire ordinary shares and perpetual preference shares of Investec Limited which are in issue from time to time in terms of the SA Act and the JSE Listings Requirements.

The directors of Investec Limited have no present intention of making any acquisition but believe that Investec Limited should retain the flexibility to take action if future acquisitions are considered desirable and in the best interests of shareholders. The directors of Investec Limited are of the opinion that, after considering the effect of such acquisition of ordinary shares and perpetual preference shares, if implemented and on the assumption that the maximum of 20% (twenty per cent) of the current issued ordinary share capital or perpetual preference share capital of Investec Limited will be acquired, using the mechanism of the general authority at the maximum price at which the acquisition may take place (a 10% (ten per cent) premium above the weighted average of the market value for the securities for the 5 (five) business days immediately preceding the date of the acquisition) and having regard to the price of the ordinary shares or perpetual preference shares of Investec Limited on the JSE at the last practical date prior to the date of the notice of Annual General Meeting of Investec Limited convened for 12 August 2010 that:

- Investec Limited and its subsidiaries will be able, in the ordinary course of business, to pay its debt for a period of 12 (twelve) months after the date of the notice of Annual General Meeting of Investec Limited convened for 12 August 2010
- the consolidated assets of Investec Limited and its subsidiaries, fairly valued in accordance with General Accepted Accounting Practice, will be in excess of the consolidated liabilities of Investec Limited and its subsidiaries for a period of 12 (twelve) months after the date of the notice of Annual General Meeting of Investec Limited convened for 12 August 2010
- Investec Limited and its subsidiaries will have adequate capital and reserves for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of Annual General Meeting of Investec Limited convened for 12 August 2010 and
- the working capital of Investec Limited and its subsidiaries will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of Annual General Meeting of Investec Limited convened for 12 August 2010.

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names appear on pages 260 to 262 of the 2010 Annual Report, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on Investec Limited and its subsidiaries' financial position, other than disclosed in the notes to the financial statements.

Directors' responsibility statement

The directors, whose names appear on pages 260 to 262 of the 2010 Annual Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information.

Material changes

Other than the facts and developments reported on in the 2010 Annual Report, there have been no material changes in the affairs or financial position of Investec Limited and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

The following additional information, some of which may appear elsewhere in the 2010 Annual Report, is provided in terms of the JSE Listings Requirements for purposes of the general authority:

- Directors and management – Annual Report pages 260 to 265.
- Major beneficial shareholders – Annual Report page 257.
- Directors' interests in ordinary shares – Annual Report page 248.
- Share capital of Investec Limited – Annual Report pages 357 and 358.

26. Special resolution no. 2: Investec Limited: Amendment to Articles of Association: Closure of Register

Resolved that:

- with effect from 12 August 2010, the Articles of Association of Investec Limited be amended by the deletion of the current Article 40 in its entirety.

The reason for and effect of special resolution no. 2 is to align the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Companies agreements, by removing the power permitting its directors to close the Register of Members and suspend the registration of transfers.

27. Special resolution no. 3: Investec Limited: Amendment to Articles of Association: Lack of Quorum

Resolved that:

- with effect from 12 August 2010, the Articles of Association of Investec Limited be amended by the deletion of the current Article 53 and the substitution thereof with the following new Article 53:

  "53. If within five minutes from the time appointed for a General Meeting or such longer interval not exceeding one hundred and twenty minutes as the chairman of the meeting may think fit to allow a quorum is not present, or if during the meeting a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved and in any other case it shall stand adjourned to such day, time and place being at least 10 days after the original meeting date; as may have been specified for the purpose in the notice convening the meeting or, if not so specified, as the chairman of the meeting may determine, subject to the provisions of Article 54. The adjourned meeting shall be dissolved if a quorum is not present within one hundred and twenty minutes after the time appointed for the holding of the meeting."

The reason for and effect of special resolution no. 3 is to align the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Companies agreements, by providing that general meetings adjourned for lack of quorum must be held at least 10 (ten) days after the original meeting.

28. Special resolution no. 4: Investec Limited: Amendment to Articles of Association: Chairman's casting vote

Resolved that:

- with effect from 12 August 2010, the Articles of Association of Investec Limited be amended by the deletion of the current Article 65 in its entirety.

The reason for and effect of special resolution no. 4 is to align the Articles of Association of Investec Limited to those of Investec plc, in accordance with the Dual Listed Companies agreements, by removing the provision giving the chairman a casting vote in the event of an equality of votes.

29. Ordinary resolution: Investec Limited: Amendments to the rules of The Investec Limited Security Purchase and Option Scheme Trust Deed

Resolved that:

- in terms of clause 16 of the trust deed relating to The Investec Limited Security Purchase and Option Scheme (the "Trust Deed") and in order to give effect to the amended Schedule 14 to the JSE Limited's Listings Requirements ("JSE Listings Requirements"), the resolutions set out below, be and are hereby approved, for the reasons and purpose described below:
  - that clause 2.3.1 of Appendix 1 to the Trust Deed (being the Rules Applicable to the Purchase Scheme) be replaced in its entirety with the following new provision:
    "the purchase scheme may make such arrangements as the directors consider appropriate in respect of the purchase scheme's obligations to provide scheme securities in satisfaction of offers made, provided that the purchase scheme, taken together with the option scheme, shall only be authorised to subscribe for an aggregate of 5 000 000 (five million) new ordinary shares in Investec Limited, commencing from the date of the annual general meeting to be held in 2010, being 12 August 2010."
  - that clause 2.3.1 of Appendix 2 to the Trust Deed (being the Rules Applicable to the Option Scheme) be replaced in its entirety with the following new provision:
    "the option scheme may make such arrangements as the directors consider appropriate in respect of the option scheme's obligations to provide option scheme securities in satisfaction of offers made, provided that the option scheme, together with the purchase scheme, shall only be authorised to subscribe for an aggregate number of 5 000 000 (five million) new ordinary shares in Investec Limited, commencing from the date of the annual general meeting to be held in 2010, being 12 August 2010, or such other number of new ordinary shares in Investec Limited as may be approved by its shareholders in general meeting (subject to the requirements of any stock exchange from time to time and for the time being)."

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– that clause 2.3.1 of Appendix 3 to the Trust Deed (being the Rules Applicable to the Purchase Scheme Two) be replaced in its entirety with the following new provision:

"the purchase scheme may make such arrangements as the directors consider appropriate in respect of the purchase scheme's obligations to provide scheme securities in satisfaction of offers made, provided that the purchase scheme, taken together with the option scheme, shall only be authorised to subscribe for an aggregate of 5 000 000 (five million) new ordinary shares in Investec Limited, commencing from the date of the annual general meeting to be held in 2010, being 12 August 2010, or such other number of new ordinary shares in Investec Limited as may be approved by its shareholders in general meeting (subject to the requirements of any stock exchange from time to time and for the time being)."

– that clause 2.3.1 of Appendix 4 to the Trust Deed (being the Rules Applicable to the Option Scheme Two) be replaced in its entirety with the following new provision:

"the option scheme may make such arrangements as the directors consider appropriate in respect of the option scheme's obligations to provide option scheme securities in satisfaction of offers made, provided that the option scheme, together with the purchase scheme, shall only be authorised to subscribe for an aggregate number of 5 000 000 (five million) new ordinary shares in Investec Limited, commencing from the date of the annual general meeting to be held in 2010, being 12 August 2010, or such other number of new ordinary shares in Investec Limited as may be approved by its shareholders in general meeting (subject to the requirements of any stock exchange from time to time and for the time being)."

The purpose of ordinary resolution no. 29, is to bring the provisions of the relevant schemes being operated under the Trust Deed in line with paragraph 14(1)(b) of Schedule 14 to the JSE Limited Listings Requirements.

30. Ordinary resolution: Investec Limited: Amendments to the rules of The Investec Limited Security Purchase and Option Scheme 2002 Trust

Resolved that:

- in terms of clause 15 of the trust deed relating to The Investec Limited Security Purchase and Option Scheme 2002 (the "Trust Deed") and in order to give effect to the amended Schedule 14 to the JSE Limited's Listings Requirements ("JSE Listings Requirements"), the resolutions set out below, be and are hereby approved, for the reasons and purpose described below:

– that clause 2.3.1 of Appendix 1 to the Trust Deed (being the Rules Applicable to the Purchase Scheme) be replaced in its entirety with the following new provision:

"the Purchase Scheme may make such arrangements as the Directors consider appropriate in respect of the Purchase Scheme's obligations to provide Scheme Securities in satisfaction of Offers made, provided that the Purchase Scheme, taken together with the Option Scheme, shall only be authorised to subscribe for an aggregate of 40 000 000 (forty million) new ordinary shares in Investec Limited, commencing from the date of the annual general meeting to be held in 2010, being 12 August 2010."

– that clause 2.3.1 of Appendix 2 to the Trust Deed (being the Rules Applicable to the Option Scheme) be replaced in its entirety with the following new provision:

"the Option Scheme may make such arrangements as the Directors consider appropriate in respect of the Option Scheme's obligations to provide Scheme Securities in satisfaction of offers made, provided that the Option Scheme, together with the Purchase Scheme, shall only be authorised to subscribe for an aggregate number of 40 000 000 (forty million) new ordinary shares in Investec Limited, commencing from the date of the annual general meeting to be held in 2010, being 12 August 2010."

The purpose of ordinary resolution no. 30, is to bring the provisions of the relevant schemes being operated under the Trust Deed in line with paragraph 14(1)(b) of Schedule 14 to the JSE Limited Listings Requirements.

Ordinary business: Investec plc

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions of Investec plc:

31. To receive and adopt the audited financial statements of Investec plc for the year ended 31 March 2010, together with the reports of the directors of Investec plc and of the auditors of Investec plc.

32. To sanction the interim dividend paid by Investec plc on the ordinary shares in Investec plc for the 6 (six) month period ended 30 September 2009.

33. Subject to the passing of resolution no. 17 to declare a final dividend on the ordinary shares in Investec plc for the year ended 31 March 2010 of an amount equal to that recommended by the directors of Investec plc.

34. To re-appoint Ernst & Young LLP of 1 More London Place, London SE1 2AF, as auditors of Investec plc to hold office until the conclusion of the Annual General Meeting of Investec plc to be held in 2011 and to authorise the directors of Investec plc to fix their remuneration.

Special business: Investec plc

To consider and, if deemed fit, to pass, with or without modification, the following resolutions of Investec plc:

35. Ordinary resolution with a 75% majority: Investec plc: Adoption of amended Articles of Association

Resolved that:

- with effect from 12 August 2010, the amended Articles of Association of Investec plc, as tabled at the meeting and initialled by the chairman for the purposes of identification marked as the "New Articles" (the "New Articles") be adopted as the Articles of Association of Investec plc, in substitution for and to the exclusion of all existing Articles of Association.

The reason for and effect of ordinary resolution no. 35 is to adopt the New Articles as the Articles of Association of Investec plc, primarily to take account of the implementation of the last parts of the Companies Act 2006 and also account for provisions enacted by the Companies (Shareholders' Rights) Regulations 2009 (the "Shareholders' Rights Regulations"). The Articles of Association of Investec plc and Investec Limited are broadly identical, the differences being due to variances in applicable law in South Africa and the UK. The principal changes introduced in the New Articles are summarised below:

Article 3: Amount of share capital

The current Article 3 states the total amount of the authorised share capital of Investec plc for the purposes of the Companies Act 1985. As the concept of "authorised share capital" has been abolished following implementation of the Companies Act 2006, this provision has been removed in the New Articles.

Article 11: Rights attaching to shares on issue

The current Article 11 provides for the terms on which shares in Investec plc may be issued. Technical amendments have been made to this Article to clarify the circumstances in which the Directors may determine the rights attaching to such shares.

Article 12: Directors' power to allot

The current Article 12 has been updated so that the pertinent authorities are defined under the correct section numbers of the Companies Act 2006 in the New Articles and are consistent with the relevant Companies Act 2006 provisions.

Article 40: Closure of Register

The current Article 40 permits the directors to close the Register of Members and suspend the registration of transfers. This power has been removed in the New Articles.

Article 53: Lack of quorum

Under the Companies Act 2006, as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 days after the original meeting. The New Articles have been amended to reflect this requirement.

Article 65: Chairman's casting vote

The New Articles remove the provision giving the chairman a casting vote in the event of an equality of votes as this is no longer permitted under the Companies Act 2006.

In order for ordinary resolution no. 35 to be given effect, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec plc and Investec Limited must be cast in favour of ordinary resolution no. 35.

36. Ordinary resolution: Investec plc: Directors' authority to allot shares and other securities

Resolved that:

- the authority conferred on the directors of Investec plc by paragraph 12.2 of Article 12 of Investec plc's Articles of Association be renewed for the period ending on the date of the Annual General Meeting of Investec plc to be held in 2011 and for such period the

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Section 551 Amount (or, if the New Articles have not been adopted pursuant to special resolution no. 5 as contained in the notice of Annual General Meeting of Investec plc convened for 12 August 2010, the Section 80 Amount) shall be the aggregate of:

(i) £31 459 in respect of Ordinary shares

(ii) £36 025 in respect of Special Converting shares and

(iii) £1 000 000 in respect of preference shares.

The Articles of Association of Investec plc permit the directors of Investec plc to allot shares and other securities in accordance with Section 551 of the Companies Act 2006, up to an amount authorised by the shareholders in general meeting. The authority conferred on the directors at Investec plc's Annual General Meeting held on 13 August 2009 expires on the date of the forthcoming Annual General Meeting of Investec plc convened for 12 August 2010 and the directors of Investec plc recommend that this authority be renewed.

Resolution no. 36 will, if passed, authorise the directors of Investec plc to allot Investec plc shares up to a maximum nominal amount of £1 067 484 (one million sixty seven thousand four hundred and eighty four Pounds Sterling) as set out in the table below:

	Number of shares	Relative part of Section 551 Amount	Total
Ordinary shares[1]	157 296 726	£31 459	–
Special converting shares[2]	180 125 220	£36 025	£1 067 484[4]
Preference shares[3]	100 000 000	£1 000 000	–

1. *One third of the issued ordinary share capital in line with that normally adopted by UK companies.*
2. *The special converting shares are required by the Dual Listed Companies structure and agreements to reflect the number of ordinary shares issued by Investec Limited at any time and from time to time.*
3. *The issue of preference shares is non-dilutive to ordinary shareholders. Preference shares may be issued with such rights or subject to such restrictions as the directors may determine.*
4. *This amount is higher than the one third of issued ordinary share capital limit normally adopted by UK companies at their Annual General Meetings only due to the inclusion of the special converting shares and preference shares as noted in nos. 2 and 3 above, neither of which are dilutive to ordinary shareholders. While the authority to allot shares to the value shown is given in respect of all of the shares of Investec plc as required by the Companies Act 2006, the directors of Investec plc would ensure that the shares of each class listed in the above table allotted by them would not be in excess of the amount listed in the column entitled "Relative part of Section 551 Amount" for each such class of shares.*
5. *As of 09 June 2010 (the latest practicable date prior to publication of this notice), Investec plc holds 0 (zero) treasury shares.*

37. Ordinary resolution with a 75% majority: Investec plc: Directors' authority to allot ordinary shares for cash

Resolved that:

- subject to the passing of resolution no. 36, the power conferred on the directors of Investec plc by paragraph 12.4 of Article 12 of Investec plc's Articles of Association be renewed for the period referred to in resolution no. 36 and for such period the Section 571 Amount (or, if the New Articles have not been adopted pursuant to special resolution 5, as contained in the notice of Annual General Meeting of Investec plc convened for 12 August 2010, the Section 89 Amount) shall be £4 719 (four thousand seven hundred and nineteen Pounds Sterling).

The purpose of resolution no. 37 is to renew the authority of the directors of Investec plc to allot equity securities for cash otherwise than to shareholders in proportion to existing holdings. In the case of allotments other than rights issues, the authority is limited to equity securities up to an aggregate nominal value of £4 719 (four thousand seven hundred and nineteen Pounds Sterling) which represents approximately 5% (five per cent) of the total issued ordinary share capital of Investec plc as at 09 June 2010 (being the last practicable date prior to publication of this notice). The authority will expire at the end of the next Annual General Meeting of Investec plc to be held in 2011 or, if earlier, 15 (fifteen) months after the passing of this resolution no. 37.

If resolution no. 23 and resolution no. 37 are both passed and, subject to the limits specified in those respective resolutions, the directors will have authority to allot up to 5% (five per cent) of the total issued ordinary share capital of Investec plc and up to 5% (five per cent) of the total unissued ordinary share capital of Investec Limited for cash other than by way of rights issue. This complies with the limits set out in the relevant Association of British Insurers guidelines.

The directors also confirm that pursuant to the Dual Listed Companies structure, the exercise of any such authority would be subject to the following specific limitations as required by the Listings Requirements of the JSE Limited ("JSE Listings Requirements"):

(i) this authority shall not extend beyond the later of the date of the next Annual General Meeting of Investec plc or the date of the expiry of 15 (fifteen) months from the date of the Annual General Meeting of Investec plc convened for 12 August 2010, whichever period is shorter

(ii) a paid press announcement giving full details including the impact on net asset value and earnings per ordinary share, will be published at the time of an issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of ordinary shares in issue prior to such issue

(iii) the issue in the aggregate in any 1 (one) financial year will not exceed 15% (fifteen per cent) of the number of ordinary shares in issue, including instruments which are compulsorily convertible

(iv) in determining the price at which an allotment and issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price of the ordinary shares in question as determined over the 30 (thirty) days prior to the date that the price of the issue is determined or agreed by the directors of Investec plc and

(v) the equity securities/shares must be issued to public shareholders and not to related parties.

In order for resolution no. 37 to be given effect, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec plc and Investec Limited must be cast in favour of resolution no. 37.

38. Ordinary resolution with a 75% majority: Investec plc: Directors' authority to purchase ordinary shares

Resolved that:

- Investec plc be and is hereby unconditionally and generally authorised for the purpose of Section 701 of the Companies Act 2006 to make market purchases (as defined in Section 693 of the Companies Act 2006) of ordinary shares in the capital of Investec plc provided that:
  - (i) the maximum aggregate number of ordinary shares which may be purchased is 47 189 018 (forty seven million one hundred and eighty nine thousand and eighteen) ordinary shares of £0.0002 each
  - (ii) the minimum price which may be paid for each ordinary share is its nominal value of such share at the time of purchase
  - (iii) the maximum price which may be paid for any ordinary share is an amount equal to 105% (one hundred and five per cent) of the average of the middle market quotations of the ordinary shares of Investec plc as derived from the London Stock Exchange Daily Official List for the 5 (five) business days immediately preceding the day on which such share is contracted to be purchased and
  - (iv) this authority shall expire at the conclusion of the Annual General Meeting of Investec plc to be held in 2011, or if earlier, 15 (fifteen) months from the date on which this resolution is passed (except in relation to the purchase of ordinary shares, the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry) unless such authority is renewed prior to that time.

The directors of Investec plc consider it may, in certain circumstances, be in the best interests of shareholders generally for Investec plc to purchase its own ordinary shares. Accordingly, the purpose and effect of resolution no. 38 is to grant a general authority, subject to the specified limits, to Investec plc to acquire ordinary shares of Investec plc.

As of 9 June 2010 (the latest practicable date prior to publication of this notice), there were options outstanding over 34 262 083 (thirty four million two hundred and sixty two thousand and eighty three) ordinary shares, representing 7.26% (seven point two six per cent) of Investec plc's issued ordinary share capital at that date. If the authority to buy back shares under this ordinary resolution no. 38 was exercised in full, the total number of options to subscribe for ordinary shares would represent 8.07% (eight point zero seven per cent) of Investec plc's issued ordinary share capital.

The Companies Act 2006 permits Investec plc to purchase its own ordinary shares to be held in treasury, with a view to possible resale at a future date.

The directors of Investec plc have no present intention of making any purchases, but believe that Investec plc should retain the flexibility to take further action if future purchases were considered desirable and in the best interest of shareholders. If Investec plc were to purchase shares under the Companies Act 2006 they will be cancelled or, to the extent determined by the directors of Investec plc, held in treasury. The authority will be exercised only if the directors of Investec plc believe that to do so would result in an increase of earnings per ordinary share and would be in the interests of shareholders generally or, in the case of the creation of treasury shares, that to do so would be in the best interests of shareholders generally.

In order for resolution no. 38 to be given effect, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec plc and Investec Limited must be cast in favour of resolution no. 38.

39. Ordinary resolution with a 75% majority: Investec plc: Directors' authority to purchase preference shares

Resolved that:

- Investec plc be and is hereby unconditionally and generally authorised for the purpose of Section 701 of the Companies Act 2006 to make market purchases (as defined in Section 693 of the Companies Act 2006) of preference shares in the capital of Investec plc provided that:
  - (i) the maximum aggregate number of preference shares which may be purchased is 1 508 115 (one million five hundred and eight thousand one hundred and fifteen) preference shares of £0.01 each
  - (ii) the minimum price which may be paid for each preference share is its nominal value of such share at the time of purchase
  - (iii) the maximum price which may be paid for any preference share is an amount equal to 105% (one hundred and five per cent) of the average of the middle market quotations of the preference shares of Investec plc as derived from the London Stock Exchange Daily Official List for the 5 (five) business days immediately preceding the day on which such share is contracted to be purchased and
  - (iv) this authority shall expire at the conclusion of the Annual General Meeting of Investec plc to be held in 2011, or if earlier, 15 (fifteen) months from the date on which this resolution is passed (except in relation to the purchase of preference shares, the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry) unless such authority is renewed prior to that time.

The directors of Investec plc consider it may, in certain circumstances, be in the best interests of shareholders generally for Investec plc to purchase its own preference shares. Accordingly, the purpose and effect of ordinary resolution no. 38 is to grant a general authority, subject to the specified limits, to Investec plc to acquire preference shares of Investec plc.

The Companies Act 2006 permits Investec plc to purchase its own preference shares to be held in treasury, with a view to possible resale at a future date.

The directors of Investec plc have no present intention of making any purchases, but believe that Investec plc should retain the flexibility to take further action if future purchases were considered desirable and in the best interest of shareholders. If Investec plc were to purchase preference shares under the Companies Act 2006 they will be cancelled or, to the extent determined by the directors of Investec plc, held in treasury. The authority will be exercised only if the directors of Investec plc believe that to do so would be in the interests of shareholders generally or, in the case of the creation of treasury shares, that to do so would be in the best interests of shareholders generally.

In order for ordinary resolution no. 39 to be given effect, a 75% (seventy five per cent) majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec plc and Investec Limited must be cast in favour of ordinary resolution no. 39.

40. Ordinary resolution: Investec plc: Political donations

Resolved that:

- in accordance with Section 366 of the Companies Act 2006, Investec plc and any company which, at any time during the period for which this resolution has effect, is a subsidiary of Investec plc, be and are hereby authorised to:
  - (i) make donations to political organisations not exceeding £25 000 (twenty five thousand Pounds Sterling) in total and
  - (ii) incur political expenditure not exceeding £75 000 (seventy five thousand Pounds Sterling) in total,

  in each case during the period commencing on the date of this resolution and ending on the date of the Annual General Meeting of Investec plc to be held in 2011, provided that the maximum amounts referred to in (i) and (ii) may consist of sums in any currency converted into Pounds Sterling at such rate as Investec plc may in its absolute discretion determine. For the purposes of this resolution, the terms "political donations", "political organisations" and "political expenditure" shall have the meanings given to them in Sections 363 to 365 of the Companies Act 2006.

The reason for ordinary resolution no. 40 is that the Companies Act 2006 requires companies to obtain shareholder approval before they can make donations to EU political organisations or incur EU political expenditure. Investec plc does not give any money for political purposes in the UK nor does it make any donations to EU political organisations or incur EU political expenditure. However, the definitions of political donations and political expenditure used in the Companies Act 2006 are very wide. The authority is a precautionary measure to ensure that Investec plc does not inadvertently breach the relevant provisions of the Companies Act 2006.

The directors of Investec Limited consider that the proposed resolutions in the notice of the Annual General Meeting are in the best interests of Investec Limited and its shareholders and recommend that you vote in favour as the directors of Investec Limited intend to do in respect of their own beneficial holdings.

By order of the board

Benita Coetsee
Company Secretary

15 June 2010

Registration No: 1925/002833/06

Registered Office:
c/o Company Secretarial
Investec Limited
100 Grayston Drive
Sandown
Sandton 2196
(PO Box 785700, Sandton 2146)

Notes:

1. All of the above resolutions are Joint Electorate Actions under the Articles of Association of Investec Limited and accordingly, both the holders of ordinary shares in Investec Limited and the holders of the special convertible redeemable preference shares in Investec Limited are entitled to vote. Voting will be on a poll which will remain open for sufficient time to allow the Investec plc Annual General Meeting to be held and for the vote of the holder of the Investec Limited special convertible redeemable preference shares to be ascertained and cast on a poll.
2. On the poll:
   (a) each ordinary share in Investec Limited (other than those subject to voting restrictions) will have 1 (one) vote
   (b) the holder of the Investec Limited special convertible redeemable preference shares will cast the same number of votes as were validly cast for and against the equivalent resolution at the Investec plc Annual General Meeting
   (c) the holder of the Investec Limited special convertible redeemable preference shares will be obliged to cast these votes for and against the relevant resolution in accordance with the votes cast for and against the equivalent resolution by Investec plc shareholders on the poll at the Investec plc Annual General Meeting
   (d) through this mechanism, the votes of the Investec plc ordinary shareholders at the Investec plc Annual General Meeting will be reflected at Investec Limited's Annual General Meeting in respect of each Joint Electorate Action and
   (e) the results of the Joint Electorate Actions will be announced after both polls have closed.
3. A member who is entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more persons as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting, provided that, if more than one proxy is appointed by a member, each proxy is appointed to exercise the rights attached to different shares held by that shareholder. A proxy need not be a member of Investec plc or Investec Limited.
4. A form of proxy is enclosed. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person.
5. To be effective, the instrument appointing a proxy and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be deposited at the transfer secretary's office at 70 Marshall Street, Johannesburg, 2001, not less than 48 (forty eight) hours before the time for holding the meeting or adjourned meeting
6. Entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to Investec Limited's register of members at 12:00 (South African time) on 10 August 2010 or, if the meeting is adjourned, 48 (forty eight) hours before the time fixed for the adjourned meeting, as the case may be.
7. Any corporation which is a member can appoint one or more representatives who exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
8. Copies of Investec plc's new Articles of Association are available for inspection at Investec plc and Investec Limited's registered office during business hours on any weekday (Saturdays, Sundays and any public holidays excluded) from the date of this notice until the close of Investec plc and Investec Limited's Annual General Meeting to be convened on 12 August 2010 and will also be available for inspection at the place of the meeting for 15 (fifteen) minutes before and during the meeting.
9. Copies of the non-executive directors' terms and conditions of appointment are available for inspection at Investec plc and Investec Limited's registered office during business hours on any weekday (Saturdays, Sundays and any public holidays excluded) from the date of this notice until the close of Investec plc and Investec Limited's Annual General Meeting to be convened on 12 August 2010 and will also be available for inspection at the place of the meeting for 15 (fifteen) minutes before and during the meeting.
10. As of 9 June 2010 (the latest practicable date prior to publication of this notice) Investec plc's issued capital consists of 471 890 178 (four hundred and seventy one million eight hundred and ninety thousand one hundred and seventy eight) ordinary shares of £0.0002 each. Investec plc holds 0 (zero) ordinary shares in treasury and therefore the total number of voting rights in Investec plc is 471 890 178 (four hundred and seventy one million eight hundred and ninety thousand one hundred and seventy eight).
11. As of 9 June 2010 (the latest practicable date prior to publication of this notice) Investec Limited's issued capital consists of 269 874 780 (two hundred and sixty nine million eight hundred and seventy four thousand seven hundred and eighty) ordinary shares of R0.0002 each. Investec Limited holds 18 046 516 (eighteen million forty six thousand five hundred and sixteeen) ordinary shares in treasury and therefore the total number of voting rights in Investec Limited is 251 828 264 (two hundred and fifty one million eight hundred and twenty eight thousand two hundred and sixty four).
12. Investec plc has issued 1 (one) special converting share and Investec Limited has issued special convertible redeemable preference shares to facilitate joint voting by shareholders of Investec plc and Investec Limited on joint electorate actions. As of 09 June 2010 (the latest practicable date prior to publication of this notice) the combined total number of voting rights of Investec plc and Investec Limited is 723 718 442 (seven hundred and twenty three million seven hundred and eighteen thousand four hundred and forty two).
13. A copy of this notice can be found at www.investec.com

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Registration number

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Investec Limited
Reg. No. 1925/002833/06

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Ernst & Young Inc.

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Directorate

Executive directors

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

Non-executive directors

Hugh S Herman (Non-executive Chairman)
Sam E Abrahams
George FO Alford
Cheryl C Carolus
PKO Crosthwaite (appointed 18 June 2010)
Bradley Fried (appointed 1 April 2010)
Haruko Fukuda OBE
Geoffrey MT Howe
Ian R Kantor
Sir Chips Keswick (Senior Independent NED)
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Refer to pages 407 and 408

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