

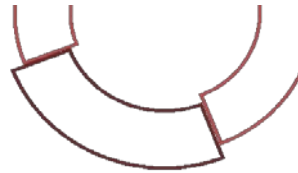
Investec plc silo financial information (excluding the results of Investec Limited)

Unaudited consolidated financial information for the six months ended 30 September 2010

IFRS - Pounds Sterling

Out of the Ordinary®

 **Investec**

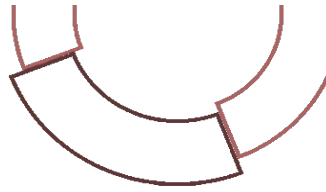


Overview of results

Unaudited

	30 Sept 2010	30 Sept 2009	% change	31 March 2010
Operating income (£'000)	483,253	429,626	12.5%	899,335
Operating expenses (£'000)	324,905	251,376	29.3%	564,942
Operating profit before amortisation of acquired intangibles, non-operating items, taxation, impairments and after minorities (£'000)	171,233	192,115	(10.9%)	357,627
Operating profit before amortisation of acquired intangibles, non-operating items, taxation and after minorities (£'000)	81,745	90,821	(10.0%)	141,887
Earnings attributable to ordinary shareholders (£'000)	135,434	85,984	57.5%	128,585
Cost to income ratio	67.2%	58.5%	-	62.8%
Total capital resources (including subordinated liabilities) (£'000)	2,601,953	2,271,558	14.5%	2,251,195
Total shareholders' equity (£'000)	2,040,951	1,610,278	26.7%	1,649,619
Total assets (£'000)*	22,510,856	19,305,908	16.6%	21,883,737
Net core loans and advances (£'000)	7,292,012	7,335,389	(0.60%)	7,253,321
Customer accounts (deposits) (£'000)	9,779,104	6,633,747	47.4%	9,059,074
Cash and near cash balances (£'000)	4,850,297	3,124,918	55.2%	4,755,196
Capital adequacy ratio	16.7%	15.5%	-	15.9%
Tier 1 ratio	12.1%	11.0%	-	11.3%
Default loans (net of impairments) as a % of core loans and advances	5.75%	5.34%	-	4.94%
Net defaults (after collateral and impairments) as a % of net core loans and advances	-	-	-	-
Annualised credit loss ratio (i.e. income statement charge as a % of average loans and advances)	1.59%	1.64%	-	1.72%
Total gearing/leverage ratio (i.e. total assets to equity)	11.0x	11.9x	-	13.3x
Core loans (excluding own originated securitised assets) as a % of customer deposits	69.5%	102.8%	-	74.3%

*The prior year balance sheet has been restated to adjust the values of derivative assets and liabilities where, whilst the legal right to settle net exists, it is not market practice to do so. This restatement had no impact on equity.



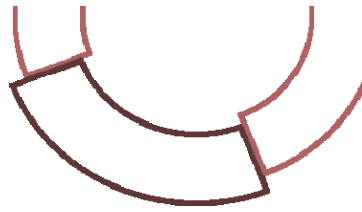
Investec plc (excluding Investec Limited) consolidated income statement

Unaudited

£'000	6 months to 30 Sept 2010	6 months to 30 Sept 2009	Year to 31 March 2010
Interest income	418,939	383,945	754,064
Interest expense	(260,746)	(217,247)	(445,580)
Net interest income	158,193	166,698	308,484
Fee and commission income	244,236	144,600	347,116
Fee and commission expense	(45,535)	(25,945)	(58,272)
Principal transactions	118,007	130,551	272,758
Operating income from associates	3,197	5,933	11,647
Other operating income/(loss)	5,155	7,789	17,602
Other income	325,060	262,928	590,851
Total operating income before impairment losses on loans and advances	483,253	429,626	899,335
Impairment losses on loans and advances	(89,488)	(101,294)	(215,740)
Operating income	393,765	328,332	683,595
Administrative expenses	(313,113)	(240,377)	(539,431)
Depreciation, amortisation and impairment of property, equipment and intangible assets	(11,792)	(10,999)	(25,511)
Operating profit before amortisation of acquired intangibles	68,860	76,956	118,653
Amortisation of acquired intangibles	(2,254)	-	-
Operating profit	66,606	76,956	118,653
Profit arising from associate converted to subsidiary	73,465	-	-
Write down of subsidiaries held for resale	(7,942)	-	-
Profit before taxation	132,129	76,959	118,653
Taxation	(13,189)	(4,837)	(13,302)
Profit after taxation	118,940	72,119	105,351
Operating losses attributable to minority interests	12,885	13,865	23,234
Write down of subsidiaries held for resale attributable to minorities	3,609	-	-
Earnings attributable to shareholders	135,434	85,984	128,585

Consolidated statement of comprehensive income

£'000	6 months to 30 Sept 2010	6 months to 30 Sept 2009	Year to 31 March 2010
Profit after taxation	118,940	72,119	105,351
Other comprehensive income:			
Fair value movements on cash flow hedges	2,431	10,242	12,584
Profit on realisation of available for sale assets recycled through income	(2,256)	(5,129)	(7,967)
Fair value movements on available for sale assets	10,758	23,018	19,205
Foreign currency movements	2,106	(4,333)	3,726
Pension fund actuarial losses	-	-	(8,180)
Total comprehensive income	131,979	95,917	124,719
Total comprehensive loss attributable to minority shareholders	(16,473)	(15,679)	(24,774)
Total comprehensive income attributable to ordinary shareholders	135,691	97,141	133,904
Total comprehensive income attributable to preferred securities and perpetual preference shareholders	12,761	14,455	15,589
Total comprehensive income	131,979	95,917	124,719

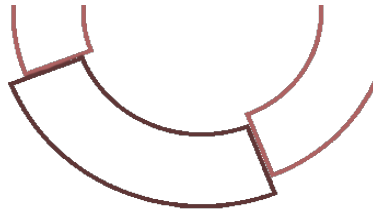


Investec plc (excluding Investec Limited) consolidated balance sheet

Unaudited

£'000	30 Sept 2010	31 March 2010	30 Sept 2009
Assets			
Cash and balances at central banks	1,208,040	2,008,762	1,182,789
Loans and advances to banks	1,309,282	1,493,967	1,101,546
Reverse repurchase agreements and cash collateral on securities borrowed	877,313	490,494	215,395
Trading securities	287,864	349,217	521,330
Derivative financial instruments	948,344	887,295	721,967
Investment securities	2,560,586	1,874,840	1,158,332
Loans and advances to customers	7,773,968	7,337,543	7,044,535
Loans and advances to customers - Kensington warehouse assets	1,683,586	1,776,525	1,873,778
Securitised assets	4,318,070	4,434,465	4,376,702
Interests in associated undertakings	18,480	99,243	93,953
Deferred taxation assets	98,308	98,051	89,495
Other assets	663,266	611,753	562,523
Property and equipment	39,850	144,370	144,170
Goodwill	443,534	249,270	236,593
Intangible assets	158,232	27,942	29,380
Non-current assets classified as held for resale	122,133	-	-
	22,510,856	21,883,737	19,082,488
Liabilities			
Deposits by banks	1,153,910	1,623,534	2,268,128
Deposits by banks - Kensington warehouse funding	1,082,431	1,213,042	1,354,737
Derivative financial instruments	682,758	553,452	467,067
Other trading liabilities	239,969	190,295	97,267
Repurchase agreements and cash collateral on securities lent	378,846	545,018	333,882
Customer accounts (deposits)	9,779,104	9,059,074	6,633,767
Debt securities in issue	1,824,476	1,815,034	1,072,781
Liabilities arising on securitisation	3,791,146	3,980,657	4,015,720
Current taxation liabilities	80,389	69,250	60,011
Deferred taxation liabilities	93,862	52,929	40,743
Other liabilities	698,060	528,972	465,893
Pension fund liabilities	487	1,285	934
Liabilities directly associated with non-current assets held for resale	103,465	-	-
	19,908,903	19,632,542	16,810,930
Subordinated liabilities	561,002	601,576	661,280
	20,469,905	20,234,118	17,472,210
Equity			
Called up share capital	161	148	148
Perpetual preference share capital	151	151	151
Share premium	1,239,292	931,924	921,962
Treasury shares	(7,591)	(3,099)	(8,053)
Other reserves	101,839	100,103	102,022
Profit and loss account	542,482	439,304	405,498
Shareholders' equity excluding minority interest	1,876,334	1,468,531	1,421,728
Minority interest	164,617	181,088	188,550
- Perpetual preferred securities issued by subsidiaries	173,330	178,307	182,933
- Minority interests in partially held subsidiaries	(8,713)	2,781	5,617
Total shareholders' equity	2,040,951	1,649,619	1,610,278
Total liabilities and equity	22,510,856	21,883,737	19,082,488

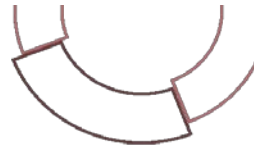
*The prior year balance sheet has been restated to adjust the values of derivative assets and liabilities where, whilst the legal right to settle net exists, it is not market practice to do so. This restatement had no impact on equity.



Investec plc (excluding Investec Limited) condensed consolidated statement of change in equity

Unaudited

£'000	6 months to 30 Sept 2010	Year to 31 March 2010	6 months to 30 Sept 2009
Balance at the beginning of the period	1,649,619	1,452,298	1,452,298
Profit after taxation	118,940	105,351	72,119
Fair value movement on cash flow hedges	2,431	12,584	10,242
Profit on realisation of available for sale assets recycled through income	(2,256)	(7,967)	(5,129)
Fair value movement on available for sale assets	10,758	19,205	23,018
Foreign currency movements	2,106	3,726	(4,333)
Pension fund actuarial losses	-	(8,180)	-
Total comprehensive income for the period	131,979	124,719	95,917
Share based payments adjustments	710	24,824	(12,630)
Dividends paid to ordinary shareholders	(21,731)	(34,532)	(10,877)
Dividends paid to perpetual preference shareholders	(1,128)	(3,552)	(2,418)
Dividends paid to perpetual preferred securities	(11,633)	(12,037)	(12,037)
Issue of ordinary shares	311,134	96,577	86,610
Issue of equity by subsidiaries	-	1,142	-
Minority arising on acquisition of subsidiaries	-	353	-
Share issue expense	(3,753)	(3,559)	(3,554)
Movement of treasury shares	(13,992)	3,522	16,969
Movement of capital reserve	(254)	-	-
Dividends paid to minorities	-	(136)	-
Balance at the end of the period	2,040,951	1,649,619	1,610,278



Investec plc (excluding Investec Limited) segmental information - business analysis

Unaudited

For the six months to 30 September 2010

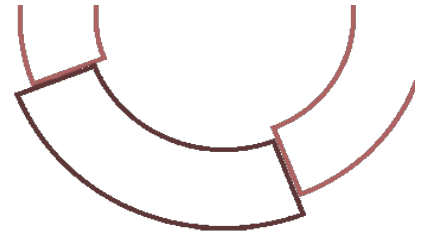
£'000	Asset Management	Wealth and Investment*	Property activities	Private Banking	Investment Banking	Capital Markets	Group Services and Other Activities	Total group
Net interest income	(481)	1,665	632	65,939	(2,493)	109,472	(16,541)	158,193
Fee and commission income	105,102	29,321	2,119	19,443	31,947	48,571	7,733	244,236
Fee and commission expense	(32,210)	(260)	(824)	(2,695)	(2,305)	(7,068)	(173)	(45,535)
Principal transactions	-	1,681	2,151	6,813	17,733	80,004	9,625	118,007
Operating income from associates	-	2,379	-	172	513	-	133	3,197
Other operating income	-	-	-	-	4,364	-	791	5,155
Other income	72,892	33,121	3,446	23,733	52,252	121,507	18,109	325,060
Total operating income before impairment losses on loans and advances	72,411	34,786	4,078	89,672	49,759	230,979	1,568	483,253
Impairment losses on loans and advances	-	-	-	(44,186)	-	(39,040)	(6,262)	(89,488)
Operating income	72,411	34,786	4,078	45,486	49,759	191,939	(4,694)	393,765
Administrative expenses	(53,467)	(24,870)	(2,209)	(62,119)	(47,504)	(96,133)	(26,811)	(313,113)
Depreciation, amortisation and impairment of property, equipment and software	(77)	(920)	(1)	(1,395)	(4,483)	(2,707)	(2,209)	(11,792)
Operating profit before amortisation of acquired intangibles	18,867	8,996	1,868	(18,028)	(2,228)	93,099	(33,714)	68,860
Operating loss/(profit) attributable to minorities	-	-	-	-	7,893	43	4,949	12,885
Operating profit/(loss) after minorities[^]	18,867	8,996	1,868	(18,028)	5,665	93,142	(28,765)	81,745
Cost to income ratio	73.9%	74.1%	54.2%	70.8%	104.5%	42.8%	1850.8%	67.2%
Total assets (£'mn)	203	416	75	6,405	556	12,763	2,093	22,511

For the six months to 30 September 2009

£'000	Asset Management	Wealth and Investment*	Property activities	Private Banking	Investment Banking	Capital Markets	Group Services and Other Activities	Total group
Net interest income	(346)	-	(265)	74,418	(8,353)	114,705	(13,461)	166,698
Fee and commission income	68,700	-	3,187	29,123	20,277	24,283	(970)	144,600
Fee and commission expense	(20,212)	-	(1,100)	(2,615)	(1,977)	(107)	-	(25,945)
Principal transactions	-	-	1,786	(83)	13,707	58,903	56,238	130,551
Operating income from associates	-	5,389	-	141	75	63	265	5,933
Other operating income/(loss)	-	-	-	-	6,970	-	819	7,789
Other income	48,488	5,389	3,873	26,566	39,118	83,142	56,352	262,928
Total operating income before impairment losses on loans and advances	48,142	5,389	3,608	100,984	30,765	197,847	42,891	429,626
Impairment losses on loans and advances	-	-	-	(35,599)	-	(65,695)	-	(101,294)
Operating income	48,142	5,389	3,608	65,385	30,765	132,152	42,891	328,332
Administrative expenses	(40,529)	-	(1,338)	(55,827)	(38,000)	(86,552)	(18,131)	(240,377)
Depreciation, amortisation and impairment of property, equipment and software	(99)	-	-	(1,130)	(5,572)	2,519	(1,679)	(10,999)
Operating profit before goodwill	7,514	5,389	2,270	8,428	(12,807)	43,081	23,081	76,956
Operating loss/(profit) before goodwill attributable to minorities	-	-	-	-	12,398	(141)	1,608	13,865
Operating profit/(loss) after minorities	7,514	5,389	2,270	8,428	(409)	42,940	24,689	90,821
Cost to income ratio	84.4%	0.0%	37.1%	56.4%	141.6%	45.0%	46.2%	58.5%
Total assets (£'mn)	157	76	22	5,716	510	12,358	467	19,306

*Previously Private Wealth.

[^]Excluding non-operating items.

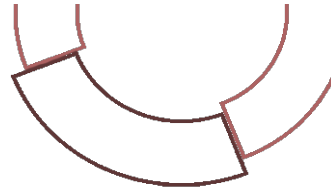


Investec plc (excluding Investec Limited) segmental analysis of operating profit before amortisation of acquired intangibles, non-operating items, taxation and minorities

Unaudited

£'000	6 months to 30 Sept 2010	6 months to 30 Sept 2009	% change
Asset Management	18,867	7,514	>100.0%
Wealth and Investment*	8,996	5,389	66.9%
Property activities	1,868	2,270	(17.7%)
Private Banking	(18,028)	8,428	(>100.0%)
Investment Banking			
Corporate Finance	2,720	(3,087)	>100.0%
Institutional Research Sales and Trading	(530)	1,943	(>100.0%)
Direct Investments	5,683	4,262	33.3%
Private Equity	(2,208)	(3,527)	65.7%
	5,665	(409)	>100.0%
Capital Markets	93,142	42,940	>100.0%
Group Services and Other Activities			
International Trade Finance	741	1,142	-35.1%
Central Funding	(7,594)	39,188	(>100.0%)
Central Services Costs	(21,912)	(15,641)	72.1%
	28,765	24,689	(>100.0%)
Total group	81,745	90,821	(10.0%)

*Previously Private Wealth.



Investec plc (excluding Investec Limited) segmental information - geographical analysis

Unaudited

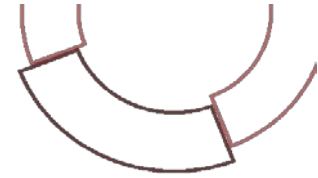
For the six months to 30 September 2010

£'000	UK and Europe	Australia	Total group
Net interest income	128,528	29,665	158,193
Fee and commission income	230,252	13,984	244,236
Fee and commission expense	(43,690)	(1,845)	(45,535)
Principal transactions	107,384	10,623	118,007
Operating income from associates	3,025	172	3,197
Other operating income/(loss)	6,730	(1,575)	5,155
Other income	303,701	21,359	325,060
Total operating income before impairment losses on loans and advances	432,229	51,024	483,253
Impairment losses on loans and advances	(77,616)	(11,872)	(89,488)
Operating income	354,613	39,152	393,765
Administrative expenses	(276,225)	(36,888)	(313,113)
Depreciation, amortisation and impairment of property, equipment and software	(10,964)	(828)	(11,792)
Operating profit before amortisation of acquired intangibles	67,424	1,436	68,860
Operating loss attributable to minorities	12,612	273	12,885
Operating profit after minorities[^]	80,036	1,709	81,745
Cost to income ratio	66.4%	73.9%	67.2%
Total assets (£m)	19,159	3,352	22,511

For the six months to 30 September 2009

£'000	UK and Europe	Australia	Total group
Net interest income	136,595	30,103	166,698
Fee and commission income	133,563	11,037	144,600
Fee and commission expense	(23,920)	(2,025)	(25,945)
Principal transactions	120,787	9,764	130,551
Operating income from associates	5,792	141	5,933
Other operating loss	11,181	(3,392)	7,789
Other income	247,403	15,525	262,928
Total operating income before impairment losses on loans and advances	383,998	45,628	429,626
Impairment losses on loans and advances	(88,493)	(12,801)	(101,294)
Operating income	295,505	32,827	328,332
Administrative expenses	(211,870)	(28,507)	(240,377)
Depreciation, amortisation and impairment of property, equipment and software	(10,401)	(598)	(11,000)
Operating profit before amortisation of acquired intangibles	73,234	3,722	76,956
Operating loss before goodwill attributable to minorities	13,490	375	13,865
Operating profit after minorities[^]	86,724	4,097	90,821
Cost to income ratio	57.9%	63.8%	58.5%
Total assets (£m)	16,751	2,555	19,306

[^]Excluding non-operating items.



Risk management

As per Basel II regulations, the following risk management and capital section will provide detail on the quantitative risk disclosures required on a semi-annual basis. For any additional qualitative disclosures, definitions and descriptions, please refer to our Annual Financial Statements for the year ended 31 March 2010.

Philosophy and approach

The Bank 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 Investec plc 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 divisions in other regions to promote sound risk management practices.

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

Group Risk Management continually seeks new ways to enhance its techniques.

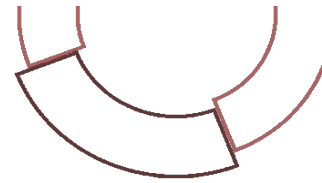
Group Risk Management objectives are to:

- 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.

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

Investec has continued to maintain a sound balance sheet with low leverage, and a diversified business model. This has been supported by the following key operating fundamentals:

- Intimate involvement of senior management ensuring stringent management of risk, liquidity and capital
- Strong risk and capital management culture embedded into our day-to-day activities and values. We seek to achieve an appropriate balance between risk and reward in our business, taking cognisance of all stakeholders' interests
- Reward programmes that align directors' and employees' interests with those of stakeholders, ensuring that these programmes promote effective risk management. Annual bonuses are closely linked to business performance, determined in the main by realised Economic Value Added profit performance against pre-determined targets above a risk and capital weighted return. This model has been consistently applied for in excess of ten years
- Credit and counterparty exposures to a select target market; our risk appetite continues to favour lower risk, income-based lending, with credit risk taken over a short to medium term. Exposure is taken against defined target clients displaying a profile of good character, sound financial strength and integrity, a core competency and a sound track record in the activity funded. We have, however, continued to experience an increase in defaults as a result of weak economic conditions. The credit loss ratio improved from 1.72% at 31 March 2010 to 1.59% at 30 September 2010
- Limited exposure to rated and unrated structured credit investments; representing 3% of total assets
- A low leverage (gearing) ratio of approximately 11 times
- Low equity (investment) risk exposure; within total investments comprising 1.1% 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 amount to 1.4% of total operating income for the six months to 30 September 2010
- A high level of readily available, high quality liquid assets; cash and near cash of approximately £4.9 billion, representing on average 20% to 35% of our liability base. We continue to maintain a low reliance on interbank wholesale funding to fund core lending asset growth
- An increase in retail customer deposits
- 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 during the period
- Geographical and operational diversity with a high level of recurring income which continues to support sustainability of operating profit.



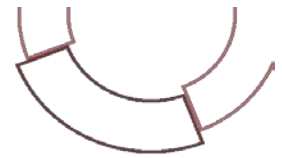
Salient information

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

	30 Sept 2010	31 March 2010
Net core loans and advances (£'million)	7 292	7 253
Gross defaults as a % of gross core loans and advances	7.58%	6.69%
Defaults (net of impairments) as a % of net core loans and advances	5.75%	4.94%
Credit loss ratio [^]	1.59%	1.72%
Structured credit investments as a % of total assets	3.0%	3.5%
Banking book investment and equity risk exposures as a % of total assets	1.1%	1.0%
Traded market risk: one-day value at risk (£'million)	1.7	1.8
Cash and near cash (£'million)	4 850	4 755
Customer accounts (deposits) (£'million)	9 779	9 059
Core loans to equity ratio	3.6x	4.4x
Total gearing/leverage ratio*	11.0x	13.3x
Core loans (excluding own originated assets which have been securitised) to customer deposits	69.5%	74.3%
Capital adequacy ratio	16.7%	15.9%
Tier 1 ratio	12.1%	11.3%

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

*Total assets to total equity.



Risk management

Credit and counterparty risk management

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

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

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

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

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

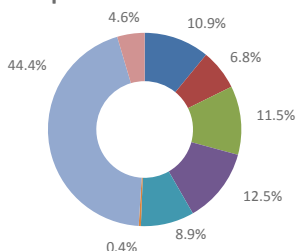
The tables that follow provide an analysis of our credit and counterparty risk exposures.

An analysis of gross credit and counterparty exposures

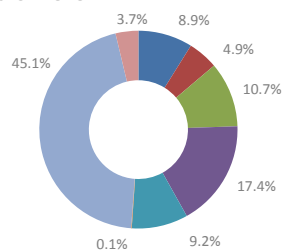
£'000	30 Sept 2010	31 March 2010	% change	Average*	30 Sept 2009
On-balance sheet exposures	15 969 021	15 776 520	1.2%	15 872 771	13 064 310
Securitisation exposures arising from securitisation/principal finance activities	1 832 084	1 456 785	25.8%	1 644 435	1 162 576
Rated instruments	596 783	384 955	55.0%	490 869	359 340
Unrated instruments	194 526	168 497	15.4%	181 512	231 576
Other	1 040 775	903 333	15.2%	972 054	571 660
Debt instruments - non sovereign (NCDs, bonds held, debentures)	1 132 433	807 625	40.2%	970 029	1 010 604
Bank placements	1 925 869	1 744 122	10.4%	1 834 996	1 111 023
Sovereign, government placements	2 089 273	2 854 100	(26.8%)	2 471 687	1 218 384
Trading exposures (positive fair value excluding potential future exposures)	1 493 404	1 507 367	(0.9%)	1 500 386	1 102 261
Other credit exposures	60 083	17 311	>100%	38 697	1 506
Gross core loans and advances to customers	7 435 875	7 389 210	0.6%	7 412 543	7 457 956
Off-balance sheet exposures	767 637	611 024	25.6%	689 331	535 730
Guarantees	53 136	50 393	5.4%	51 765	48 424
Contingent liabilities, committed facilities and other	714 501	560 631	27.4%	637 566	487 306
Total gross credit and counterparty exposures pre collateral or other credit enhancements	16 736 658	16 387 544	2.1%	16 562 101	13 600 040

*Where the average is based on a straight line average for the period 31 March 2010 to 30 September 2010

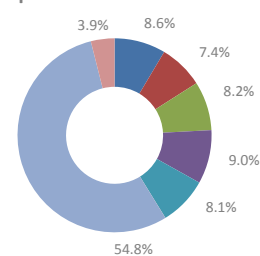
30 Sept 2010



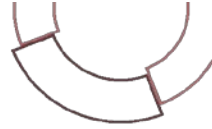
31 March 2010



30 Sept 2009



■ Securitisation exposures
■ Bank placements
■ Trading exposures
■ Gross core loans and advances to customers
■ Debt instruments - non sovereign
■ Sovereign, government placements
■ Other credit exposures
■ Off-balance sheet exposures

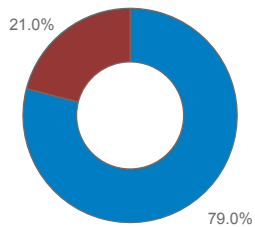


Risk management

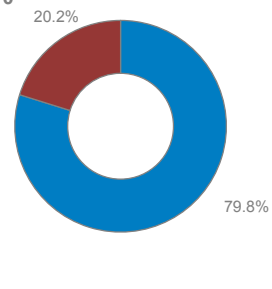
An analysis of gross credit and counterparty exposures by geography

£'000	UK and Europe		Australia		Total	
	30 Sept 2010	31 March 2010	30 Sept 2010	31 March 2010	30 Sept 2010	31 March 2010
On - balance sheet exposures	12 716 065	12 637 395	3 252 955	3 139 125	15 969 020	15 776 520
Securitisation exposures arising from securitisation/principal finance activities	1 775 388	1 387 876	56 696	68 909	1 832 084	1 456 785
Rated instruments	540 087	316 046	56 696	68 909	596 783	384 955
Unrated instruments	194 526	168 497	-	-	194 526	168 497
Other	1 040 775	903 333	-	-	1 040 775	903 333
Debt instruments - non sovereign (NCDs, bonds held, debentures)	182 189	205 834	950 244	601 791	1 132 433	807 625
Bank placements	1 834 764	1 674 189	91 105	69 933	1 925 869	1 744 122
Sovereign, government placements	1 970 104	2 348 319	119 169	505 781	2 089 273	2 854 100
Trading exposures (positive fair value excluding potential future exposures)	1 416 276	1 467 111	77 127	40 256	1 493 403	1 507 367
Other credit exposures	15 618	17 311	44 465	-	60 083	17 311
Gross core loans and advances to customers	5 521 726	5 536 755	1 914 149	1 852 455	7 435 875	7 389 210
Off - balance sheet exposures	511 493	442 115	256 145	168 909	767 638	611 024
Guarantees	9 991	9 947	43 145	40 446	53 136	50 393
Contingent liabilities, committed facilities and other	501 502	432 168	213 000	128 463	714 502	560 631
Total gross credit and counterparty exposures pre collateral or other credit enhancements	13 227 558	13 079 510	3 509 100	3 308 034	16 736 658	16 387 544

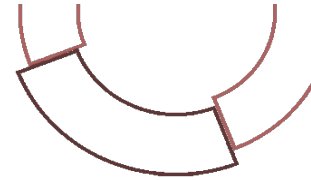
30 Sept 2010



31 March 2010



■ UK and Europe
■ Australia



Risk management

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

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

£'000	Securitisation exposures arising from securitisation/principal finance activities				Debt instruments - non sovereign (NCDs, bonds held, debentures)	Bank placements	Sovereign, government placements	Trading exposures (positive fair value excluding potential future exposures)	Other credit exposures	Gross core loans and advances to customers	Total credit and counterparty exposure	Assets that we deem to have no legal credit exposure	Note reference	Total balance sheet
	Total	Rated instruments	Unrated instruments	Other										
As at 30 September 2010														
Cash and balances at central banks	-	-	-	-	-	19	1 202 770	5 222	-	-	1 208 011	29	-	1 208 040
Loans and advances to banks	-	-	-	-	-	1 291 172	-	-	-	-	1 291 172	18 110	-	1 309 282
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-	300 091	-	504 570	-	-	804 661	72 652	-	877 313
Trading securities	19 676	14 758	4 918	-	-	-	-	227 593	-	-	247 269	40 595	1	287 864
Derivative financial instruments	16 860	-	-	16 860	-	-	-	707 407	-	-	724 267	224 077	1	948 344
Investment securities	57 165	57 165	-	-	1 132 433	302 159	886 503	173	-	-	2 378 433	182 153	1	2 560 586
Loans and advances to customers	872 824	412 825	22 354	437 645	-	-	-	-	44 465	6 939 435	7 856 724	(82 756)	2	7 773 968
Loans and advances to customers - Kensington warehouse assets	584 474	-	-	584 474	-	-	-	-	-	-	584 474	1 099 112	3	1 683 586
Securitised assets	279 289	112 035	167 254	-	-	-	-	-	-	496 440	775 729	3 542 341	4	4 318 070
Deferred taxation assets	-	-	-	-	-	-	-	-	-	-	-	98 308	-	98 308
Other assets	1 796	-	-	1 796	-	32 428	-	48 439	15 618	-	98 281	564 985	-	663 266
Interests in associated undertakings	-	-	-	-	-	-	-	-	-	-	-	18 480	-	18 480
Property and equipment	-	-	-	-	-	-	-	-	-	-	-	39 850	-	39 850
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-	-	-	-	-	-	443 534	-	443 534
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	158 232	-	158 232
Non-current assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	122 133	-	122 133
Total	1 832 084	596 783	194 526	1 040 775	1 132 433	1 925 869	2 089 273	1 493 404	60 083	7 435 875	15 969 021	6 541 835		22 510 856
As at 31 March 2010														
Cash and balances at central banks	-	-	-	-	-	52	2 008 668	-	-	-	2 008 720	42	-	2 008 762
Loans and advances to banks	-	-	-	-	-	1 464 924	-	-	-	-	1 464 924	29 043	-	1 493 967
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-	121 533	-	368 961	-	-	490 494	-	-	490 494
Trading securities	29 063	23 305	5 758	-	-	-	-	234 989	-	-	264 052	85 165	1	349 217
Derivative financial instruments	22 769	-	-	22 769	-	-	-	655 579	-	-	678 348	208 947	1	887 295
Investment securities	62 390	62 390	-	-	807 625	100 581	845 432	-	-	-	1 816 028	58 812	1	1 874 840
Loans and advances to customers	539 280	213 513	8 035	317 732	-	-	-	-	-	6 869 699	7 408 979	(71 436)	2	7 337 543
Loans and advances to customers - Kensington warehouse assets	555 307	-	-	555 307	-	-	-	-	-	-	555 307	1 221 218	3	1 776 525
Securitised assets	240 451	85 747	154 704	-	-	-	-	-	-	519 511	759 962	3 674 503	4	4 434 465
Interests in associated undertakings	-	-	-	-	-	-	-	-	-	-	-	99 243	-	99 243
Deferred taxation assets	-	-	-	-	-	-	-	-	-	-	-	98 051	-	98 051
Other assets	7 525	-	-	7 525	-	57 032	-	247 838	17 311	-	329 706	282 047	-	611 753
Property and equipment	-	-	-	-	-	-	-	-	-	-	-	144 370	-	144 370
Goodwill	-	-	-	-	-	-	-	-	-	-	-	249 270	-	249 270
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	27 942	-	27 942
Total	1 456 785	384 955	168 497	903 333	807 625	1 744 122	2 854 100	1 507 367	17 311	7 389 210	15 776 520	6 107 217		21 883 737

Notes:

1 Largely relates to exposures that are classified as equity risk in the banking book.

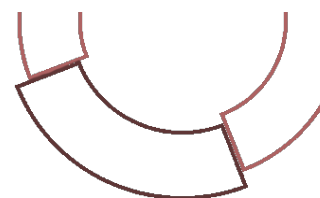
2 Largely relates to impairments and the impact of hedge accounting.

3 Whilst the group manages all risks (including credit risk) from a day to day operational perspective, these assets are within special purpose vehicles that ring fence the assets to specific credit providers and limits security to the assets in the vehicle. The table above reflects the net credit exposure in the vehicles that the group has reflected in the "total credit and counterparty exposure" with the maximum credit exposure referenced to credit providers external to the group in the column headed "assets that we do not hold legal credit risk or have no credit risk".

4 Largely relates to net investments in Kensington securitised vehicles to which Investec has no direct exposure.

Risk management

An analysis of gross credit and counterparty exposure by industry



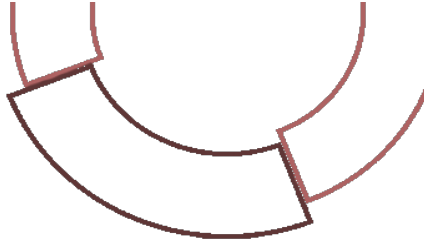
£'000	Gross core loans and advances		Other credit and counterparty exposures		Total	
	30 Sept 2010	31 March 2010	30 Sept 2010	31 March 2010	30 Sept 2010	31 March 2010
HNW and professional individuals	5 156 263	5 327 622	461 395	409 392	5 617 658	5 737 014
Agriculture	11 636	18 247	10 474	8 977	22 110	27 224
Electricity, gas and water (utility services)	222 779	184 517	111 559	8 484	334 338	193 001
Public and non-business services	99 995	85 933	2 104 373	2 859 061	2 204 368	2 944 994
Business service	141 371	145 210	14 161	13 524	155 532	158 734
Finance and insurance (including central banks)	254 410	157 608	4 983 054	4 310 898	5 237 464	4 468 506
Retailers and wholesalers	186 717	134 932	9 459	7 020	196 176	141 952
Manufacturing and commerce	428 699	382 241	90 968	61 108	519 667	443 349
Real estate	420 199	430 885	1 378 839	1 232 809	1 799 038	1 663 694
Mining and resources	101 344	86 723	111 529	74 920	212 873	161 643
Leisure, entertainment and tourism	111 539	122 163	9 925	8 650	121 464	130 813
Transport and communication	300 923	313 129	15 047	3 491	315 970	316 620
Total	7 435 875	7 389 210	9 300 783	8 998 334	16 736 658	16 387 544

Private Banking loans account for 69.3% of total core loans and advances, as represented by the industry classification 'HNW and professional individuals'. A more detailed analysis of the Private Banking loan portfolio is provided further on. The remainder of core loans and advances largely reside within our Capital Markets division and are evenly spread across industry sectors. A more detailed analysis of the Capital Markets loan portfolio is provided further on.

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 for our HNW and professional individual Private Banking clients.

£'000	HNW and professional individuals	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business service	Finance and insurance (including central banks)	Retailers and wholesalers	Manufacturing and commerce	Real estate	Mining and resources	Leisure, entertainment and tourism	Transport and communication	Total
As at 30 September 2010													
On-balance sheet exposures	5 156 558	11 639	226 358	2 189 268	155 532	5 214 269	191 290	449 818	1 799 038	145 514	114 897	314 840	15 969 021
Securitisation exposures arising from securitisation/principal finance activities	-	-	-	-	-	532 788	-	-	1 299 296	-	-	-	1 832 084
Rated instruments	-	-	-	-	-	468 596	-	-	128 187	-	-	-	596 783
Unrated instruments	-	-	-	-	-	48 582	-	-	145 944	-	-	-	194 526
Other	-	-	-	-	-	15 610	-	-	1 025 165	-	-	-	1 040 775
Debt instruments - non sovereign (NCDs, bonds held, debentures)	-	-	-	-	-	1 119 831	-	-	-	-	-	12 602	1 132 433
Bank placements	-	-	-	-	-	1 925 869	-	-	-	-	-	-	1 925 869
Sovereign, government placements	-	-	-	2 089 273	-	-	-	-	-	-	-	-	2 089 273
Trading exposures (positive fair value excluding potential future exposures)	295	3	3 579	-	14 161	1 379 247	4 573	7 625	35 078	44 170	3 358	1 315	1 493 404
Other credit exposures	-	-	-	-	-	2 124	-	13 494	44 465	-	-	-	60 083
Gross core loans and advances to customers	5 156 263	11 636	222 779	99 995	141 371	254 410	186 717	428 699	420 199	101 344	111 539	300 923	7 435 875
Off-balance sheet exposures	461 100	10 471	107 980	15 100	-	23 195	4 886	69 849	-	67 359	6 567	1 130	767 637
Guarantees	27 697	-	2 284	-	-	-	-	105	-	23 050	-	-	53 136
Contingent liabilities, committed facilities and other	433 403	10 471	105 696	15 100	-	23 195	4 886	69 744	-	44 309	6 567	1 130	714 501
Total gross credit and counterparty exposures pre collateral or other credit enhancements	5 617 658	22 110	334 338	2 204 368	155 532	5 237 464	196 176	519 667	1 799 038	212 873	121 464	315 970	16 736 658
As at 31 March 2010													
On-balance sheet exposures	5 331 195	18 247	184 846	2 940 033	158 696	4 395 290	137 469	387 319	1 663 694	121 963	123 319	314 449	15 776 520
Securitisation exposures arising from securitisation/principal finance activities	-	-	-	-	-	260 062	-	-	1 196 723	-	-	-	1 456 785
Rated instruments	-	-	-	-	-	230 298	-	-	154 657	-	-	-	384 955
Unrated instruments	-	-	-	-	-	13 793	-	-	154 704	-	-	-	168 497
Other	-	-	-	-	-	15 971	-	-	887 362	-	-	-	903 333
Debt instruments - non sovereign (NCDs, bonds held, debentures)	-	-	-	-	-	807 625	-	-	-	-	-	-	807 625
Bank placements	-	-	-	-	-	1 744 122	-	-	-	-	-	-	1 744 122
Sovereign, government placements	-	-	-	2 854 100	-	-	-	-	-	-	-	-	2 854 100
Trading exposures (positive fair value excluding potential future exposures)	536	-	329	-	13 486	1 412 076	2 537	5 078	35 609	35 240	1 156	1 320	1 507 367
Other credit exposures	3 037	-	-	-	-	13 797	-	-	477	-	-	-	17 311
Gross core loans and advances to customers	5 327 622	18 247	184 517	85 933	145 210	157 608	134 932	382 241	430 885	86 723	122 163	313 129	7 389 210
Off-balance sheet exposures	405 819	8 977	8 155	4 961	38	73 216	4 483	56 030	-	39 680	7 494	2 171	611 024
Guarantees	28 119	-	2 287	-	-	-	-	110	-	19 877	-	-	50 393
Contingent liabilities, committed facilities and other	377 700	8 977	5 868	4 961	38	73 216	4 483	55 920	-	19 803	7 494	2 171	560 631
Total gross credit and counterparty exposures pre collateral or other credit enhancements	5 737 014	27 224	193 001	2 944 994	158 734	4 468 506	141 952	443 349	1 663 694	161 643	130 813	316 620	16 387 544



Risk management

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

Core loans and advances to customers

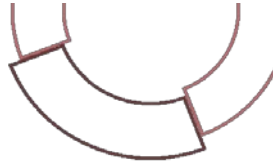
In order to assess and analyse the credit risk associated with loans and advances we believe that certain adjustments should be made to the category "loans and advances to customers" as reflected on the IFRS consolidated balance sheet. We believe that these adjustments are necessary in order to derive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

- Warehouse funding facilities and structured credit investments arising out of our securitisation and principal finance activities have been deducted
- Loans and advances which have been originated by us and securitised primarily to provide an alternative source of funding are added to loans and advances.

£'000	30 Sept 2010	31 March 2010	30 Sept 2009
Loans (pre-impairments and intercompany loans) as per balance sheet	7 856 724	7 408 979	7 172 707
Less: warehouse facilities and structured credit investments arising out of our securitisation, principal finance activities and other credit exposures (pre-impairments)	(917 289)	(539 280)	(229 601)
Add: own-originated securitised assets	496 440	519 511	514 310
Gross core loans and advances to customers (pre-impairments)	7 435 875	7 389 210	7 457 956

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

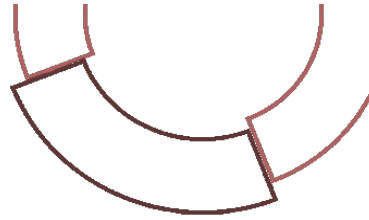
£'000	30 Sept 2010	31 March 2010	30 Sept 2009
Gross core loans and advances to customers	7 435 875	7 389 210	7 457 956
Total impairments	(143 863)	(135 889)	(122 567)
Portfolio impairments	(36 316)	(19 910)	(8 121)
Specific impairments	(107 547)	(115 979)	(114 446)
Net core loans and advances to customers	7 292 012	7 253 321	7 335 389
Average gross core loans and advances to customers	7 412 543	7 425 801	7 460 174
Current loans and advances to customers	6 468 051	6 589 778	6 611 471
Total gross non-current loans and advances to customers	967 824	799 432	846 485
Past due loans and advances to customers (1-60 days)	342 562	200 040	263 869
Special mention loans and advances to customers	61 915	105 396	68 472
Default loans and advances to customers	563 347	493 996	514 144
Gross core loans and advances to customers	7 435 875	7 389 210	7 457 956
Total gross non-current core loans and advances to customers	967 824	799 432	846 485
Default loans that are current and not impaired	4 527	4 985	3 073
Gross core loans and advances to customers that are past due but not impaired	644 556	485 453	531 539
Gross core loans and advances to customers that are impaired	318 741	308 994	311 873
Total income statement charge for core loans and advances	(64 837)	(134 360)	(61 312)
Gross default loans and advances to customers	563 347	493 996	514 144
Specific impairments	(107 547)	(115 979)	(144 446)
Portfolio impairments	(36 316)	(19 910)	(8 121)
Defaults net of impairments	419 484	358 107	391 577
Collateral and other credit enhancements	484 514	405 645	443 414
Net default loans and advances to customers (limited to zero)	-	-	-
Ratios:			
Total impairments as a % of gross core loans and advances to customers	1.93%	1.84%	1.64%
Total impairments as a % of gross default loans	25.54%	27.51%	23.84%
Gross defaults as a % of gross core loans and advances to customers	7.58%	6.69%	6.89%
Defaults (net of impairments) as a % of net core loans and advances to customers	5.75%	4.94%	5.34%
Net defaults as a % of core loans and advances to customers	-	-	-
Annualised credit loss ratio (i.e income statement charge as a % of average gross loans and advances)	1.59%	1.72%	1.64%



Risk management

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

£'000	UK and Europe		Australia		Total	
	30 Sept 2010	31 March 2010	30 Sept 2010	31 March 2010	30 Sept 2010	31 March 2010
Gross core loans and advances to customers	5 521 726	5 536 755	1 914 149	1 852 455	7 435 875	7 389 210
Total impairments	(115 411)	(99 974)	(28 452)	(35 915)	(143 863)	(135 889)
Portfolio impairments	(35 001)	(18 673)	(1 315)	(1 237)	(36 316)	(19 910)
Specific impairments	(80 410)	(81 301)	(27 137)	(34 678)	(107 547)	(115 979)
Net core loans and advances to customers	5 406 315	5 436 781	1 885 697	1 816 540	7 292 012	7 253 321
% of total	74.1%	75.0%	25.9%	25.0%	100%	100%
% change since 31 March 2010	(0.6%)		3.8%		0.5%	
Average gross core loans and advances to customers	5 529 241	5 787 671	1 883 302	1 638 130	7 412 543	7 425 801
Current loans and advances to customers	4 835 175	5 002 250	1 632 876	1 587 528	6 468 051	6 589 778
Total gross non-current loans and advances to customers	686 551	534 505	281 273	264 927	967 824	799 432
Past due loans and advances to customers (1-60 days)	311 656	165 540	30 906	34 500	342 562	200 040
Special mention loans and advances to customers	32 004	97 344	29 911	8 052	61 915	105 396
Default loans and advances to customers	342 891	271 621	220 456	222 375	563 347	493 996
Gross core loans and advances to customers	5 521 726	5 536 755	1 914 149	1 852 455	7 435 875	7 389 210
Total gross non-current loans and advances to customers	686 551	534 505	281 273	264 927	967 824	799 432
Default loans that are current and not impaired	4 527	4 985	-	-	4 527	4 985
Gross core loans and advances to customers that are past due but not impaired	444 644	327 925	199 912	157 528	644 556	485 453
Gross core loans and advances to customers that are impaired	237 380	201 595	81 361	107 399	318 741	308 994
Total income statement charge for impairments on core loans	(52 965)	(106 950)	(11 872)	(27 410)	(64 837)	(134 360)
Gross default loans and advances to customers	342 891	271 621	220 456	222 375	563 347	493 996
Specific impairments	(80 410)	(81 301)	(27 137)	(34 678)	(107 547)	(115 979)
Portfolio impairments	(35 001)	(18 673)	(1 315)	(1 237)	(36 316)	(19 910)
Defaults net of impairments	227 480	171 647	192 004	186 460	419 484	358 107
Collateral and other credit enhancements	258 139	192 491	226 375	213 154	484 514	405 645
Net default loans and advances to customers (limited to zero)	-	-	-	-	-	-
Total impairments as a % of gross core loans and advances to customers	2.09%	1.81%	1.49%	1.94%	1.93%	1.84%
Total impairments as a % of gross default loans	33.66%	36.81%	12.91%	16.15%	25.54%	27.51%
Gross defaults as a % of gross core loans and advances to customers	6.21%	4.91%	11.52%	12.00%	7.58%	6.69%
Defaults (net of impairments) as a % of net core loans and advances to customers	4.21%	3.16%	10.18%	10.26%	5.75%	4.94%
Net defaults as a % of core loans and advances to customers	-	-	-	-	-	-
Annualised credit loss ratio (i.e income statement charge as a % of average gross loans and advances)	1.70%	1.72%	1.25%	1.67%	1.59%	1.72%



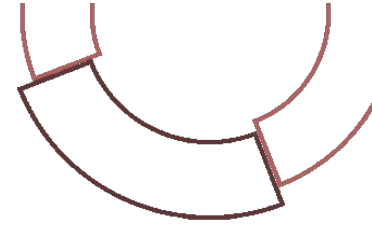
Risk management

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

As at 30 September 2010

£'000	Private Bank			Capital Markets			Other*			Total
	UK and Europe	Australia	Total	UK and Europe	Australia	Total	UK and Europe	Australia	Total	
Gross core loans and advances to customers	3 445 210	1 711 053	5 156 263	1 915 011	201 317	2 116 328	161 505	1 779	163 284	7 435 875
Total impairments	(81 722)	(23 757)	(105 479)	(17 890)	(4 694)	(22 584)	(15 800)	-	(15 800)	(143 863)
Portfolio impairments	(17 018)	(1 315)	(18 333)	(2 183)	-	(2 183)	(15 800)	-	(15 800)	(36 316)
Specific impairments	(64 704)	(22 442)	(87 146)	(15 707)	(4 694)	(20 401)	-	-	-	(107 547)
Net core loans and advances to customers	3 363 488	1 687 296	5 050 784	1 897 121	196 623	2 093 744	145 705	1 779	147 484	7 292 012
Average gross core loans and advances	3 546 409	1 695 534	5 241 943	1 846 255	186 005	2 032 260	136 577	1 764	138 341	7 412 543
Current loans and advances to customers	2880 549	1443 601	4324 150	1793 488	187 496	1980 984	161 138	1 779	162 917	6468 051
Total gross non-current loans and advances to customers	564 661	267 452	832 113	121 523	13 821	135 344	367	-	367	967 824
Past due loans and advances to customers (1-60 days)	284 691	30 906	315 597	26 598	-	26 598	367	-	367	342 562
Special mention loans and advances to customers	22 324	28 068	50 392	9 680	1 843	11 523	-	-	-	61 915
Default loans and advances to customers	257 646	208 478	466 124	85 245	11 978	97 223	-	-	-	563 347
Gross core loans and advances to customers	3 445 210	1 711 053	5 156 263	1 915 011	201 317	2 116 328	161 505	1 779	163 284	7 435 875
Total gross non-current loans and advances to customers	564 661	267 452	832 113	121 523	13 821	135 344	367	-	367	967 824
Default loans that are current and not impaired	4 527	-	4 527	-	-	-	-	-	-	4 527
Gross core loans and advances to customers that are past due but not impaired	374 546	194 556	569 102	69 731	5 356	75 087	367	-	367	644 556
Gross core loans and advances to customers that are impaired	185 588	72 896	258 484	51 792	8 465	60 257	-	-	-	318 741
Total income statement charge for impairments on core loans	(32 313)	(11 873)	(44 186)	(14 389)	-	(14 389)	(6 262)	-	(6 262)	(64 837)
Gross default loans and advances to customers	257 646	208 478	466 124	85 245	11 978	97 223	-	-	-	563 347
Specific impairments	(64 704)	(22 442)	(87 146)	(15 707)	(4 694)	(20 401)	-	-	-	(107 547)
Portfolio impairments	(17 018)	(1 315)	(18 333)	(2 183)	-	(2 183)	(15 800)	-	(15 800)	(36 316)
Defaults net of impairments	175 924	184 721	360 645	67 355	7 284	74 639	(15 800)	-	(15 800)	419 844
Collateral and other credit enhancements	190 693	219 091	409 784	67 446	7 284	74 730	-	-	-	484 514
Net default loans and advances to customers (limited to zero)	-	-	-	-	-	-	-	-	-	-
Total impairments as a % of gross core loans and advances to customers	2.37%	1.39%	2.05%	0.93%	2.33%	1.07%	9.78%	-	9.68%	1.93%
Total impairments as a % of gross default loans	31.72%	11.40%	22.63%	20.99%	39.19%	23.23%	-	-	-	25.54%
Gross defaults as a % of gross core loans and advances to customers	7.48%	12.18%	9.04%	4.45%	5.95%	4.59%	-	-	-	7.58%
Defaults (net of impairments) as a % of net core loans and advances to customers	5.23%	10.95%	7.14%	3.55%	3.70%	3.56%	-	-	-	5.75%
Net defaults as a % of core loans and advances to customers	-	-	-	-	-	-	-	-	-	-
Annualised credit loss ratio (i.e income statement charge as a % of average gross loans and advances)	1.82%	1.40%	1.69%	1.13%	-	1.04%	9.17%	-	9.05%	1.59%

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



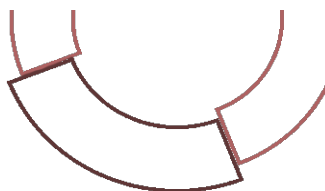
Risk management

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

As at 31 March 2010

£'000	Private Bank			Capital Markets			Other*			Total
	UK and Europe	Australia	Total	UK and Europe	Australia	Total	UK and Europe	Australia	Total	
Gross core loans and advances to customers	3 647 607	1 680 015	5 327 622	1 777 498	170 692	1 948 190	111 649	1 749	113 398	7 389 210
Total impairments	(62 621)	(31 048)	(93 669)	(24 853)	(4 867)	(29 720)	(12 500)	-	(12 500)	(135 889)
Portfolio impairments	(4 459)	(1 237)	(5 696)	(1 714)	-	(1 714)	(12 500)	-	(12 500)	(19 910)
Specific impairments	(58 162)	(29 811)	(87 973)	(23 139)	(4 867)	(28 006)	-	-	-	(115 979)
Net core loans and advances to customers	3 584 986	1 648 967	5 233 953	1 752 645	165 825	1 918 470	99 149	1 749	100 898	7 253 321
Average gross core loans and advances	3 665 184	1 466 415	5 131 599	2 028 407	170 220	2 198 627	94 079	1 496	95 575	7 425 801
Current loans and advances to customers	3 205 251	1 426 910	4 632 161	1 685 350	158 869	1 844 219	111 649	1 749	113 398	6 589 778
Total gross non-current loans and advances to customers	442 356	253 105	695 461	92 148	11 823	103 971	-	-	-	799 432
Past due loans and advances to customers (1-60 days)	146 705	34 500	181 205	18 835	-	18 835	-	-	-	200 040
Special mention loans and advances to customers	90 294	8 052	98 346	7 050	-	7 050	-	-	-	105 396
Default loans and advances to customers	205 357	210 553	415 910	66 263	11 823	78 086	-	-	-	493 996
Gross core loans and advances to customers	3 647 607	1 680 015	5 327 622	1 777 498	170 692	1 948 190	111 649	1 749	113 398	7 389 210
Total gross non-current loans and advances to customers	442 356	253 105	695 461	92 148	11 823	103 971	-	-	-	799 432
Default loans that are current and not impaired	4 985	-	4 985	-	-	-	-	-	-	4 985
Gross core loans and advances to customers that are past due but not impaired	277 180	155 275	432 455	50 744	2 254	52 998	-	-	-	485 453
Gross core loans and advances to customers that are impaired	160 191	97 830	258 021	41 404	9 569	50 973	-	-	-	308 994
Total income statement charge for impairments on core loans	(55 434)	(19 136)	(74 570)	(39 016)	(8 274)	(47 290)	(12 500)	-	(12 500)	(134 360)
Gross default loans and advances to customers	205 357	210 553	415 910	66 263	11 823	78 086	-	-	-	493 996
Specific impairments	(58 162)	(29 811)	(87 973)	(23 139)	(4 867)	(28 006)	-	-	-	(115 979)
Portfolio impairments	(4 459)	(1 237)	(5 696)	(1 714)	-	(1 714)	(12 500)	-	(12 500)	(19 910)
Defaults net of specific impairments	142 736	179 505	322 241	41 410	6 956	48 366	(12 500)	-	(12 500)	358 107
Collateral and other credit enhancements	148 862	206 198	355 060	43 629	6 956	50 585	-	-	-	405 645
Net default loans and advances to customers (limited to zero)	-	-	-	-	-	-	-	-	-	-
Total impairments as a % of gross core loans and advances to customers	1.72%	1.85%	1.76%	1.40%	2.85%	1.53%	11.20%	-	11.20%	1.84%
Total impairments as a % of gross default loans	30.49%	14.75%	22.52%	37.51%	41.17%	38.06%	-	-	-	27.51%
Gross defaults as a % of gross core loans and advances to customers	5.63%	12.53%	7.81%	3.73%	6.93%	4.01%	-	-	-	6.69%
Defaults (net of impairments) as a % of net core loans and advances to customers	3.98%	10.89%	6.16%	2.36%	4.19%	2.52%	-	-	-	4.94%
Net defaults as a % of core loans and advances to customers	-	-	-	-	-	-	-	-	-	-
Annualised credit loss ratio (i.e. income statement charge as a % of average gross loans and advances)	1.51%	1.30%	1.45%	1.65%	4.86%	1.85%	13.29%	-	13.08%	1.72%

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



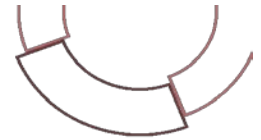
Risk management

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

£'000	30 Sept 2010	31 March 2010
Default loans that are current	12 458	13 435
31 - 60 days	346 982	203 844
61 - 90 days	61 369	106 743
91 - 180 days	306 744	163 465
181 - 365 days	12 265	91 870
>365 days	228 006	220 075
Total gross non-current loans and advances to customers (actual capital exposure)	967 824	799 432
1 - 60 days	11 502	7 925
61 - 90 days	3 488	4 510
91 - 180 days	66 801	6 366
181 - 365 days	7 802	84 473
>365 days	149 358	146 074
Total gross non-current loans and advances to customers (actual amount in arrears)	238 951	249 348

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

£'000	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
As at 30 September 2010							
Default loans that are current							
Total capital exposure	4 527	-	-	-	-	-	4 527
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	-	344 235	60 242	146 392	7 368	86 319	644 556
Amount in arrears	-	8 755	3 371	44 857	2 905	75 189	135 077
Gross core loans and advances to customers that are impaired							
Total capital exposure	7 931	2 747	1 127	160 352	4 897	141 687	318 741
Amount in arrears	-	2 747	117	21 944	4 897	74 169	103 874
As at 31 March 2010							
Default loans that are current							
Total capital exposure	4 985	-	-	-	-	-	4 985
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	-	200 122	105 314	52 336	51 517	76 164	485 453
Amount in arrears	-	4 321	4 094	2 489	45 220	59 558	115 682
Gross core loans and advances to customers that are impaired							
Total capital exposure	8 450	3 722	1 429	111 129	40 353	143 911	308 994
Amount in arrears	-	3 604	416	3 877	39 253	86 516	133 666



Risk management

An age analysis of gross non-current core loans and advances to customers as at 30 September 2010 (based on total capital exposure)

£'000	Current watchlist	loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	-	342 562	-	-	-	-	342 562
Special mention	-	-	1 673	60 242	-	-	-	61 915
Special mention (1 - 90 days)	-	-	1 673	476	-	-	-	2 149
Special mention (61 - 90 days and item well secured)	-	-	-	59 766	-	-	-	59 766
Default	12 458	-	2 747	1 127	306 744	12 265	228 006	563 347
Sub-standard	10 775	-	-	1 010	191 516	7 368	134 560	345 229
Doubtful	719	-	2 747	117	36 390	4 219	86 757	130 949
Loss	964	-	-	-	78 838	678	6 689	87 169
Total	12 458	-	346 982	61 369	306 744	12 265	228 006	967 824

An age analysis of gross non-current core loans and advances to customers as at 30 September 2010 (based on actual amount in arrears)

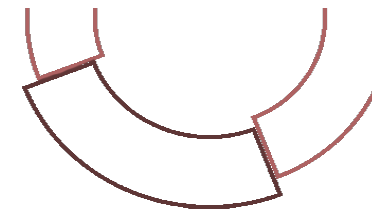
£'000	Current watchlist	loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	-	8 631	-	-	-	-	8 631
Special mention	-	-	124	3 371	-	-	-	3 495
Special mention (1 - 90 days)	-	-	124	107	-	-	-	231
Special mention (61 - 90 days and item well secured)	-	-	-	3 264	-	-	-	3 264
Default	-	-	2 747	117	66 801	7 802	149 358	226 825
Sub-standard	-	-	-	-	54 026	2 905	75 514	132 445
Doubtful	-	-	2 747	117	12 775	4 897	73 844	94 380
Loss	-	-	-	-	-	-	-	-
Total	-	-	11 502	3 488	66 801	7 802	149 358	238 951

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

£'000	Current watchlist	loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	-	200 040	-	-	-	-	200 040
Special mention	-	-	82	105 314	-	-	-	105 396
Special mention (1 - 90 days)	-	-	82	2 510	-	-	-	2 592
Special mention (61 - 90 days and item well secured)	-	-	-	102 804	-	-	-	102 804
Default	13 435	-	3 722	1 429	163 465	91 870	220 075	493 996
Sub-standard	11 218	-	-	1 013	88 223	51 517	117 405	269 376
Doubtful	1 674	-	3 722	416	18 784	39 457	102 314	166 367
Loss	543	-	-	-	56 458	896	356	58 253
Total	13 435	-	203 844	106 743	163 465	91 870	220 075	799 432

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

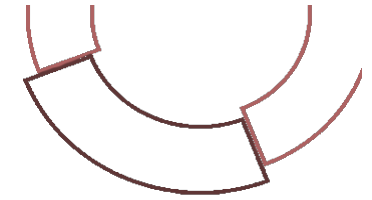
£'000	Current watchlist	loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	-	4 319	-	-	-	-	4 319
Special mention	-	-	2	4 094	-	-	-	4 096
Special mention (1 - 90 days)	-	-	2	2 191	-	-	-	2 193
Special mention (61 - 90 days and item well secured)	-	-	-	1 903	-	-	-	1 903
Default	-	-	3 604	416	6 366	84 473	146 074	240 933
Sub-standard	-	-	-	-	2 987	45 220	59 558	107 765
Doubtful	-	-	3 604	416	3 335	39 253	86 516	133 124
Loss	-	-	-	-	44	-	-	44
Total	-	-	7 925	4 510	6 366	84 473	146 074	249 348



Risk management

An analysis of core loans and advances to customers

	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 30 September 2010								
Current core loans and advances	6 468 051	-	-	6 468 051	-	(17 126)	6 450 925	-
Past due (1-60 days)	-	342 562	-	342 562	-	-	342 562	8 631
Special mention	-	61 915	-	61 915	-	-	61 915	3 495
Special mention (1 - 90 days)	-	2 149	-	2 149	-	-	2 149	231
Special mention (61 - 90 days and well secured)	-	59 766	-	59 766	-	-	59 766	3 264
Default	4 527	240 079	318 741	563 347	(107 547)	(19 190)	436 610	226 825
Sub-standard	4 119	240 079	101 031	345 229	(23 136)	(2 183)	319 910	132 445
Doubtful	-	-	130 949	130 949	(41 838)	-	89 111	94 380
Loss	408	-	86 761	87 169	(42 573)	(17 007)	27 589	-
Total	6 472 578	644 556	318 741	7 435 875	(107 547)	(36 316)	7 292 012	238 951
As at 31 March 2010								
Current core loans and advances	6 589 778	-	-	6 589 778	-	(16 689)	6 573 089	-
Past due (1-60 days)	-	200 040	-	200 040	-	-	200 040	4 319
Special mention	-	105 396	-	105 396	-	-	105 396	4 096
Special mention (1 - 90 days)	-	2 592	-	2 592	-	-	2 592	2 193
Special mention (61 - 90 days and item well secured)	-	102 804	-	102 804	-	-	102 804	1 903
Default	4 985	180 017	308 994	493 996	(115 979)	(3 221)	374 796	240 933
Sub-standard	4 985	177 935	86 456	269 376	(23 532)	(1 984)	243 860	107 765
Doubtful	-	-	166 367	166 367	(66 694)	(1 237)	98 436	133 124
Loss	-	2 082	56 171	58 253	(25 753)	-	32 500	44
Total	6 594 763	485 453	308 994	7 389 210	(115 979)	(19 910)	7 253 321	249 348



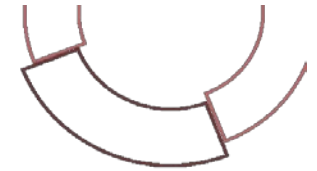
Risk management

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

	Current core loans and advances	Past due (1-60 days)	Special mention (1 - 90 days)	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
£'000											
As at 30 September 2010											
Private Banking professional and HNW individuals	4 318 502	315 597	2 149	50 086	294 241	95 886	79 802	5 156 263	(18 333)	(87 407)	(105 740)
Corporate sector	1 709 429	26 598	-	9 680	50 988	34 057	7 367	1 838 119	(2 183)	(19 435)	(21 618)
Banking, insurance, financial services (excluding sovereign)	254 080	-	-	-	-	330	-	254 410	(15 800)	(224)	(16 024)
Public and government sector (including central banks)	99 319	-	-	-	-	676	-	99 995	-	(481)	(481)
Trade finance and other	86 721	367	-	-	-	-	-	87 088	-	-	-
Total gross core loans and advances to customers	6 468 051	342 562	2 149	59 766	345 229	130 949	87 169	7 435 875	(36 316)	(107 547)	(143 863)
As at 31 March 2010											
Private Banking professional and HNW individuals	4 632 161	181 205	2 592	95 754	232 627	125 030	58 253	5 327 622	(5 696)	(87 974)	(93 670)
Corporate sector	1 631 111	18 835	-	7 050	36 749	39 924	-	1 733 669	(1 714)	(26 945)	(28 659)
Banking, insurance, financial services (excluding sovereign)	156 988	-	-	-	-	620	-	157 608	(12 500)	(507)	(13 007)
Public and government sector (including central banks)	85 140	-	-	-	-	793	-	85 933	-	(553)	(553)
Trade finance and other	84 378	-	-	-	-	-	-	84 378	-	-	-
Total gross core loans and advances to customers	6 589 778	200 040	2 592	102 804	269 376	166 367	58 253	7 389 210	(19 910)	(115 979)	(135 889)

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

	30 Sept 2010	31 March 2010
£'000		
Private Banking professional and HNW individuals	5 156 263	5 327 622
Corporate sector	1 838 119	1 733 669
Banking, insurance, financial services (excluding sovereign)	254 410	157 608
Public and government sector (including central banks)	99 995	85 933
Trade finance	87 088	84 378
Total gross core loans and advances to customers	7 435 875	7 389 210

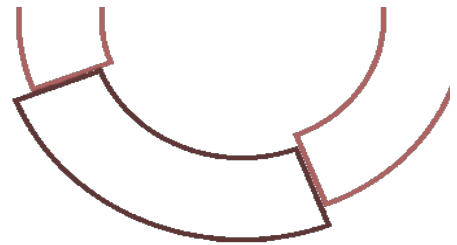


Risk management

An analysis of default core loans and advances as at 30 September 2010

£million	UK and Europe				Australia				Total			
	Gross core loans	Gross defaults	Collateral against defaults	Impairments	Gross core loans	Gross defaults	Collateral against defaults	Impairments	Gross core loans	Gross defaults	Collateral against defaults	Impairments
Private Bank												
Residential property investments	510	1	1	-	126	2	-	-	636	3	1	-
Residential mortgages - owner occupied	178	-	-	-	50	-	-	-	228	-	-	-
Residential property development	744	135	110	(51)	-	-	-	-	744	135	110	(51)
Residential estates	-	-	-	-	181	95	81	(20)	181	95	81	(20)
Commercial property investment	1 080	20	16	(4)	502	41	65	(1)	1 582	61	81	(5)
Commercial land	109	44	36	(16)	17	17	16	(2)	126	61	52	(18)
Commercial development	313	42	28	(6)	70	41	48	-	383	83	76	(6)
Cash and securities backed lending	173	-	-	-	25	-	-	-	198	-	-	-
Asset backed lending	177	2	-	(1)	579	5	5	(1)	756	7	5	(2)
Unlisted securities and general corporate lending	103	-	-	-	111	7	4	-	214	7	4	-
Unsecured lending	58	14	-	(4)	50	-	-	-	108	14	-	(4)
Total Private Bank	3 445	258	191	(82)	1 711	208	219	(24)	5 156	466	410	(106)
Capital Markets												
Acquisition finance	702	19	18	(2)	-	-	-	-	702	19	18	(2)
Small ticket asset finance	321	18	6	(12)	-	-	-	-	321	18	6	(12)
Principal finance	451	35	32	(3)	90	4	4	-	541	39	36	(3)
Project finance	218	-	-	-	62	-	-	-	280	-	-	-
Structured finance	156	13	11	(1)	9	-	-	-	165	13	11	(1)
Resource finance and commodities	67	-	-	-	40	8	3	(4)	107	8	3	(4)
Total Capital Markets	1 915	85	67	(18)	201	12	7	(4)	2 116	97	74	(22)
Other*	162	-	-	(16)	2	-	-	-	164	-	-	(16)
Total group	5 522	343	258	(116)	1 914	220	226	(28)	7 436	563	484	(144)

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



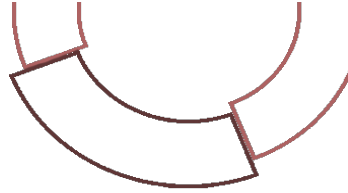
Risk management

Collateral

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

£'000	Collateral held against		Total
	Gross core loans and advances	Other credit and counterparty exposures *	
As at 30 September 2010			
Eligible financial collateral	248 406	73 504	321 910
Listed shares	116 496	25 985	142 481
Cash	131 910	47 519	179 429
Mortgage bonds	6 042 249	227 828	6 270 077
Residential mortgages	1 598 225	12 476	1 610 701
Residential development	1 332 967	34 770	1 367 737
Commercial property developments	706 445	26 394	732 839
Commercial property investments	2 404 612	154 188	2 558 800
Other collateral	4 195 748	12 782	4 208 530
Unlisted shares	456 049	8 147	464 196
Bonds other than mortgage bonds	64 699	-	64 699
Debtors, stock and other corporate assets	2 373 359	-	2 373 359
Guarantees	503 251	4 635	507 886
Credit derivatives	13 055	-	13 055
Other	785 335	-	785 335
Total collateral	10 486 403	314 114	10 800 517
As at 31 March 2010			
Eligible financial collateral	315 508	51 704	367 212
Listed shares	119 853	24 808	144 661
Cash	195 655	26 896	222 551
Debt securities issued by sovereigns	-	-	-
Mortgage bonds	6 451 387	24 273	6 475 660
Residential mortgages	1 472 205	789	1 472 994
Residential development	1 592 869	15 580	1 608 449
Commercial property developments	846 895	7 839	854 734
Commercial property investments	2 539 418	65	2 539 483
Other collateral	3 615 480	9 884	3 625 364
Unlisted shares	364 706	4 111	368 817
Bonds other than mortgage bonds	67 408	-	67 408
Debtors, stock and other corporate assets	2 054 324	5 773	2 060 097
Guarantees	390 812	-	390 812
Other	738 230	-	738 230
Total collateral	10 382 375	85 861	10 468 236

* 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.



Risk management

Equity and investment risk in the banking book

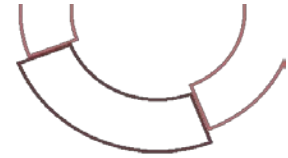
Equity and investment risk in the banking book arises primarily from the following activities conducted within the bank:

- 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
- 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.

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

Country/category £'000	Income (pre funding costs)			Total	Fair value through equity
	Unrealised	Realised	Dividends, net interest and other		
Six months to 30 September 2010					
Unlisted investments	7 890	13 079	(6 060)	14 909	(938)
UK and Europe	7 890	10 133	(6 105)	11 918	23
Australia	-	2 946	45	2 991	(961)
Listed equities	3 759	3 307	(5 978)	1 088	883
UK and Europe	3 759	(1)	(6 076)	(2 318)	48
Australia	-	3 308	98	3 406	835
Investment and trading properties	8	(60)	93	41	-
UK and Europe	8	(60)	93	41	-
Warrants, profit shares and other embedded derivatives	565	159	(2 948)	(2 224)	-
UK and Europe	565	159	(2 948)	(2 224)	-
Australia	-	-	-	-	-
Total	12 222	16 485	(14 893)	13 814	(55)
Year ended 31 March 2010					
Unlisted investments	(1 177)	12 052	(518)	10 357	(929)
UK and Europe	(1 177)	9 911	(1 278)	7 456	(1 689)
Australia	-	2 141	760	2 901	760
Listed equities	2 705	12 244	(15 453)	(504)	3 611
UK and Europe	2 705	9 919	(15 487)	(2 863)	(84)
Australia	-	2 325	34	2 359	3 695
Investment and trading properties	-	65	171	236	4
UK and Europe	-	65	171	236	4
Warrants, profit shares and other embedded derivatives	633	14 409	(1 745)	13 297	-
UK and Europe	980	14 409	(1 744)	13 645	-
Australia	(347)	-	(1)	(348)	-
Total	2 161	38 770	(17 545)	23 386	2 686

Unrealised revaluation gains are included in Tier 1 capital. Revaluations that are posted directly to equity are included in Tier 2 capital



Risk management

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

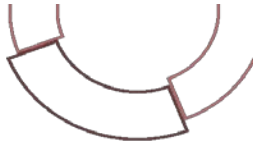
Country/category £'000	Balance sheet value of investments	Valuation change stress test*	Balance sheet value of investments	Valuation change stress test*
	30 Sept 2010	30 Sept 2010	31 March 2010	31 March 2010
Unlisted investments	168 672	25 301	147 613	22 142
UK and Europe	159 401	23 910	135 356	20 303
Australia	9 271	1 391	12 257	1 839
Listed equities	32 136	8 034	24 556	6 139
UK and Europe	30 451	7 613	16 472	4 118
Australia	1 685	421	8 084	2 021
Investment and trading properties	10 324	2 065	10 810	2 162
UK and Europe	10 324	2 065	10 810	2 162
Warrants, profit shares and other embedded derivatives	31 799	11 119	34 150	11 952
UK and Europe	31 799	11 119	34 150	11 952
Australia	-	-	-	-
Total	242 931	46 519	217 129	42 395

*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%

Based on the information as at 30 September 2010, as reflected above we could have a £47 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.



Risk management

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 £604 million to the assets originated, warehoused and securitised by Kensington.

Australia

Investec Bank (Australia) Limited acquired Experien in 2007. Assets originated by the business have been securitised. These amount to A\$807 million (31 March 2010: A\$860 million) and include leases and instalment debtors (A\$514 million), residential mortgages (A\$33 million), commercial mortgages (A\$149 million) and other loans, for example overdrafts (A\$111 million). These securitisation structures have all been rated by Standard and Poor's.

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 30 Sept 2010 £'mn	Exposure as at 31 March 2010 £'mn	Credit analysis internal risk classification	Asset quality - relevant comments for the period	Capital treatment
Structured credit investments *	1,140	783	On-balance sheet securitisation/principal finance exposure		Risk-weighted or supervisory deductions against primary and secondary capital
Rated	596	385			
Unrated	88	50			
Other	456	348			
Kensington - mortgage assets Net exposure (after impairments) to the securitised book (i.e. those assets that have been securitised)	91	104	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".	see further on	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)	513	486	On-balance sheet securitisation/principal finance exposure. Classified as 'other'. We are required to fully consolidate all assets acquired from Kensington. However, only those assets to which we are at risk are reflected in this analysis with the balance reflected under "no credit exposures".	see further on	Risk-weighted
Private Banking division assets which have been securitised	496	519	On-balance sheet exposure - reclassified from "accounting securitised assets" to core loans and advances for credit analysis purposes.	Analysed as part of the bank's overall asset quality on core loans and advances.	We apply securitisation rules: either risk-weighted or supervisory deductions against primary and secondary capital.

*Analysis of structured credit investments

£'million	Rated**	Unrated	Other	Total
US sub-prime	-	-	-	-
US corporate loans	24	5	-	29
US ABS	4	-	-	4
European ABS	3	7	-	10
European RMBS	395	65	444	904
European CMBS	87	-	-	87
European credit cards	26	-	-	26
European corporate loans	-	11	-	11
Australian RMBS	57	-	-	57
Other (credit default swaps)	-	-	12	12
Total	596	88	456	1,140

**Further analysis of rated structured credit investments

£'million	AAA	AA	A	BBB	BB	B	C and below	Total
US sub-prime	-	-	-	-	-	-	-	-
US corporate loans	-	-	-	-	4	5	15	24
US ABS	-	-	-	-	-	-	4	4
European ABS	-	-	-	3	-	-	-	3
European RMBS	80	35	14	209	21	1	35	395
European CMBS	3	17	36	18	8	-	5	87
European credit cards	10	3	2	-	11	-	-	26
European corporate loans	-	-	-	-	-	-	-	-
Australian RMBS	24	4	12	17	-	-	-	57
Total	117	59	64	247	44	6	59	596



Risk management

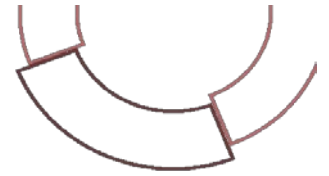
Kensington summary and statistics

As at 30 September 2010	Warehouse book	Securitized portfolio	Total	% of Total
Assets and business activity statistics				
Mortgage assets under management (£'million)	1,684	2,731	4,415	
IFRS adjustments	-44	77	33	
Mortgage assets under management (£'million)	1,728	2,654	4,382	
First charge % of total mortgage assets under management	93.7%	94.5%	94.2%	
Second charge % of total mortgage assets under management	6.3%	5.5%	5.8%	
Fixed rate loans % of total mortgage assets under management	12.6%	0.1%	5.0%	
Number of accounts	15,645	29,328	44,973	
Average loan balance (first charge)	141,375	109,058	119,827	
Largest loan balance	1,079,282	1,169,984	1,169,984	
Weighted average loan mature margin %	4.2%	4.6%	4.4%	
Product mix (pre-IFRS adjustments) (£'million)	1,728	2,654	4,382	100.0%
Prime	31	-	31	0.7%
Near prime	591	445	1,036	23.6%
Prime Buy to Let	2	-	2	-
Adverse	420	1,765	2,185	49.9%
Adverse Buy to Let and Right to Buy	72	130	202	4.6%
Start - Irish operations	612	314	926	21.2%
Geographic distribution (£'million)	1,728	2,654	4,382	100.0%
UK - North	347	754	1,101	25.1%
UK - South West	86	163	249	5.7%
UK - South East	252	487	739	16.9%
Outer London	167	291	458	10.5%
Inner London	78	169	247	5.6%
Midlands	186	476	662	15.1%
Start - Irish operations	612	314	926	21.1%
Spread of value of properties (%)	100.0%	100.0%	100.0%	
>£500,000	3.3%	1.5%	2.0%	
>£250,000 <=£500,000	23.3%	12.4%	16.2%	
>£200,000 <=£250,000	15.9%	11.9%	13.3%	
>£150,000 <=£200,000	20.8%	19.7%	20.1%	
>£100,000 <=£150,000	23.6%	28.5%	26.8%	
>£70,000 <=£100,000	11.5%	19.4%	16.7%	
>£50,000 <=£70,000	1.5%	5.3%	4.0%	
<£50,000	0.1%	1.3%	0.9%	
Asset quality statistics				
Weighted average current LTV of active portfolio (adjusted for house price deflation*)	80.7%	73.9%	76.6%	
LTV spread - % of book	100.0%	100.0%	100.0%	
<= 65%	22.0%	29.2%	26.4%	
>65% - <70%	4.9%	7.3%	6.4%	
>70% - <75%	6.2%	9.0%	7.9%	
>75% - <80%	7.3%	11.0%	9.6%	
>80% - <85%	8.7%	12.0%	10.7%	
>85% - <90%	10.2%	11.2%	10.8%	
>90% - <95%	12.6%	8.2%	9.9%	
>95% - <100%	11.3%	5.7%	7.9%	
> 100%	16.8%	6.4%	10.4%	
% of accounts > 90 days in arrears	28.9%	29.4%	29.2%	
number of accounts > 90 in arrears	4,469	8,612	13,081	
Total capital lent in arrears (£'million)	718	1,204	1,922	100.0%
Arrears 0 - 60 days	90	187	277	14.4%
Arrears 61 - 90 days	69	127	196	10.2%
Arrears >90 days	537	850	1,387	72.2%
Possession	22	40	62	3.2%
Debt to income ratio of clients %	19.8%	19.4%	19.5%	
Investec investment/exposure to assets reflected above (£'million)	584	130	714	
On balance sheet provision (£'million)	-71	-39	-110	
Investec net investment/exposure to assets reflected above (£'million)	513	91	604	

*Bad debt provision is based on house price index assumptions of:

UK: calendar year 2010: house price decline assumption of circa -1.5% for 2010 and -10% for 2011 and an additional -10% haircut to the price to reflect forced sale discount

Ireland: calendar year 2010: -9.4%, and -2.9% for 2011 and an additional -10% forced sale discount.



Risk management

Traded market risk management

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.

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.

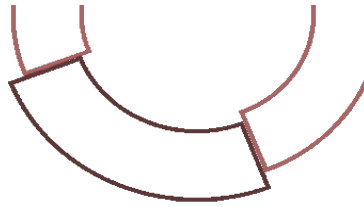
Measurement techniques used to quantify market risk arising from our trading activities include sensitivity analysis, Value at Risk (VaR), stressed VaR, Expected Tail Loss (ETL) and Extreme Value Theory (EVT). Stress testing and scenario analysis are also used to simulate extreme conditions to supplement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

VaR numbers are monitored at the 95%, 99% and 100% (maximum loss) confidence intervals with limits set at 95% confidence interval. ETLs are monitored 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 Executive Risk Review Forum (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.

	UK and Europe 95% (one-day)				Australia 95% (one-day)			
	Period end £'000	Average £'000	High £'000	Low £'000	Period end A\$'000	Average A\$'000	High A\$'000	Low A\$'000
30 September 2010								
Commodities	16	22	30	14	-	-	-	-
Equity derivatives	1 693	1 635	2 329	711	-	-	-	-
Foreign exchange	54	33	100	5	2	14	78	2
Interest rates	497	466	789	368	89	88	198	16
Consolidated*	1 723	1 737	2 285	984	90	91	202	15
31 March 2010								
Commodities	27	28	91	19	-	-	-	-
Equity derivatives	1 798	1 450	2 333	683	-	-	-	-
Foreign exchange	16	29	162	4	9	11	69	1
Interest rates	501	593	1 474	101	146	130	205	53
Consolidated*	1 791	1 607	2 598	995	154	141	230	69

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



Risk management

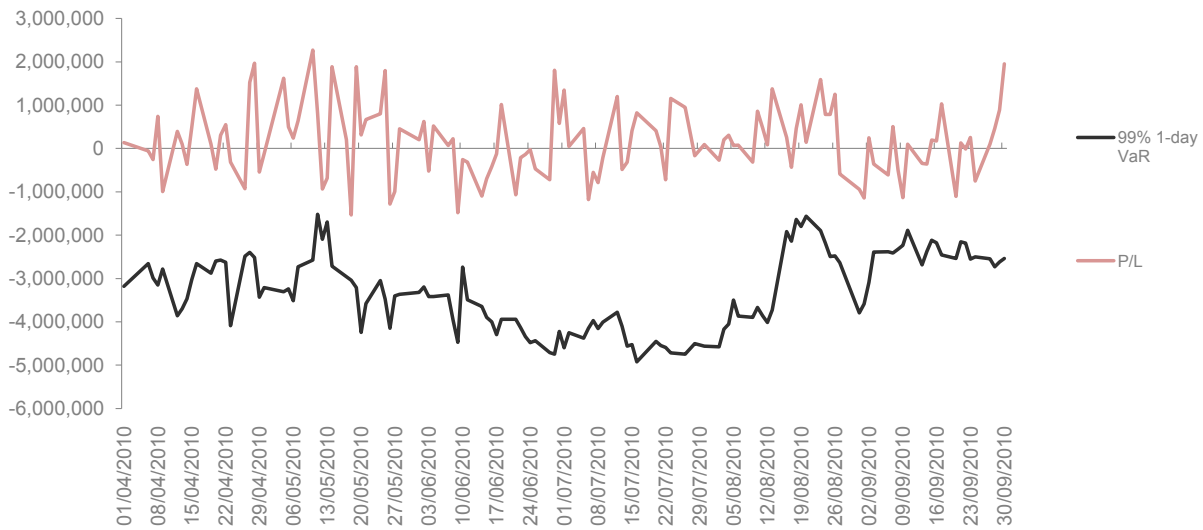
Traded market risk management

UK and Europe

The graphs below show total daily VaR and profit and loss figures for our trading activities over the reporting period. The values are for the 99% one-day VaR 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 fig

There have been no exceptions i.e where the losses were greater than the 99% 1-day VaR over the period ending 30 September 2010. This is less than expected and indicative of the low limit utilisation and low client flow experienced in the trading area.

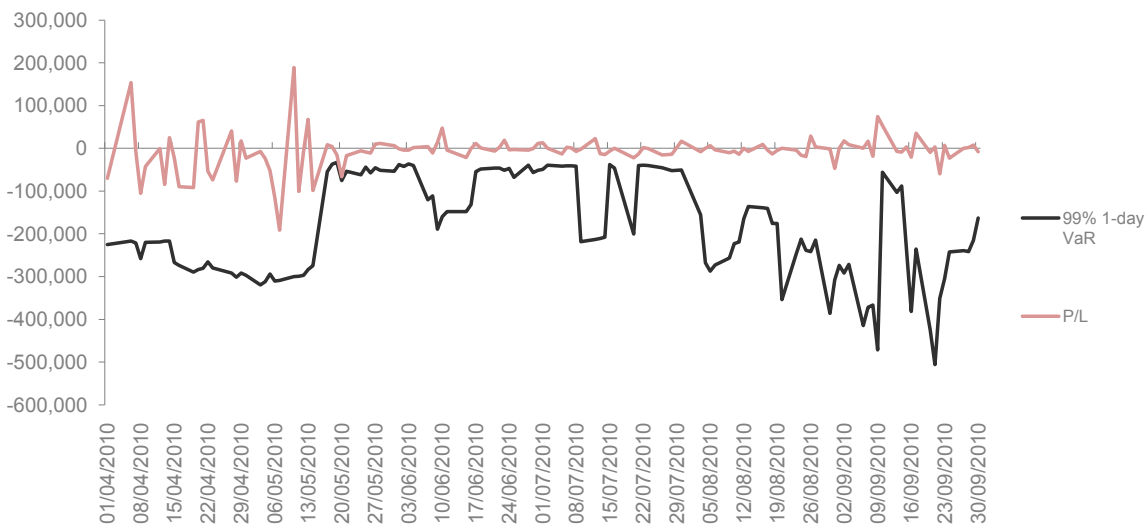
99% 1 - day VaR backtesting (GBP)

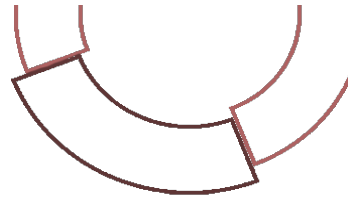


Australia

There have been no exceptions i.e where the losses were greater than the 99% 1-day VaR over the period ending 30 September 2010. This is less than expected and indicative of the low limit utilisation and low client flow experienced in the trading area.

99% 1 - day VaR backtesting (A\$)





Risk management

ETL

£'000	UK and Europe 95% (one-day) £'000	Australia 95% (one-day) A\$'000)
30 September 2010		
Commodities	26	-
Equity derivatives	2 534	-
Foreign exchange	68	3
Interest rates	795	182
Consolidated*	2 663	183
31 March 2010		
Commodities	43	n/a
Equity derivatives	2 648	n/a
Foreign exchange	24	n/a
Interest rates	783	n/a
Consolidated*	2 663	n/a

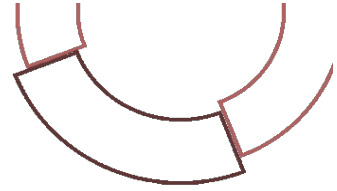
*The consolidated ETL for each desk and each entity is lower than the sum of the individual ETL's. This arises from the correlation offset between various

Stress testing

The table below shows the results of fitting Extreme Value Distributions to the tail of our historical profit and loss distribution that is used to calculate VaR. This methodology will estimate how the tail of the distribution should look, hence to a degree allows for "fat tails" and indicates a more realistic idea of the risk given an extreme event.

	UK and Europe 99% EVT £'000	Australia 99% EVT £'000
30 September 2010		
Commodities	53	-
Equity derivatives	6 672	-
Foreign exchange	123	4
Interest rates	2 311	1 138
Consolidated*	6 068	1 177
31 March 2010		
Commodities	207	-
Equity derivatives	13 760	-
Foreign exchange	122	50
Interest rates	3 834	846
Consolidated*	17 923	896

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

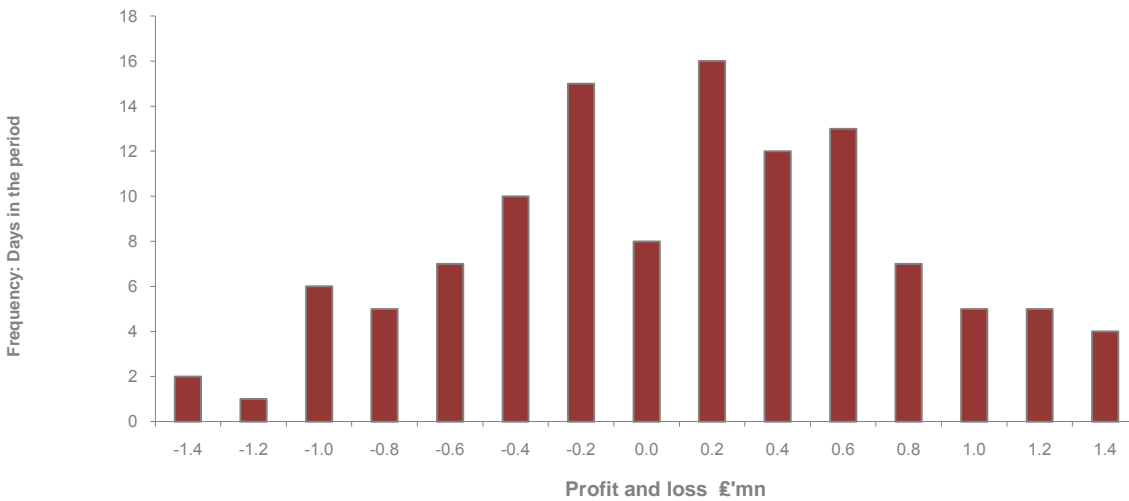


Risk management

Profit and loss histograms

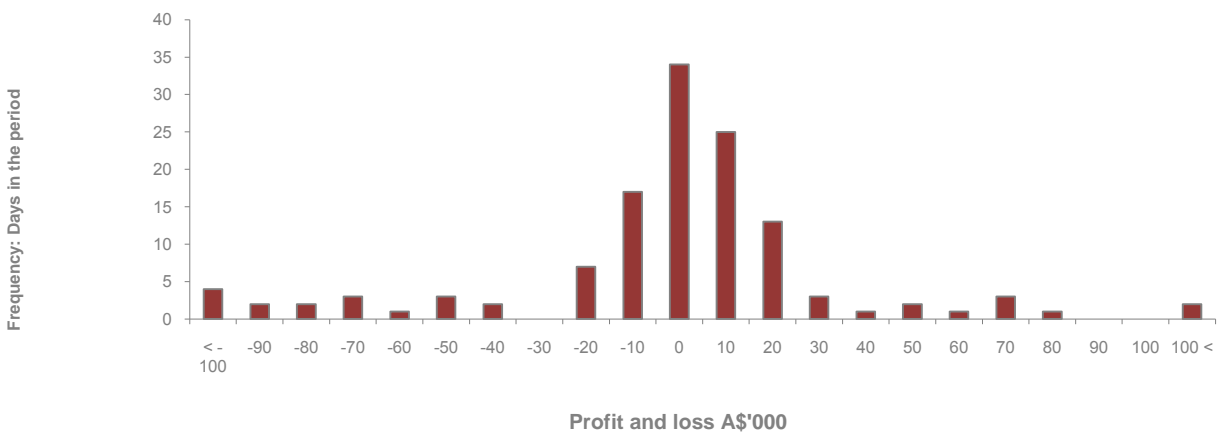
UK and Europe

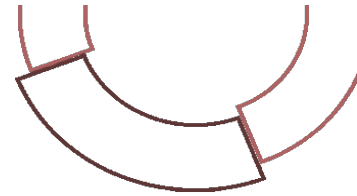
The histogram below illustrates the distribution in daily revenue during the period for our trading businesses. The distribution is skewed to the profit side and the graph shows that trading revenue was realised on 72 days out of a total of 126 days in the trading business. The average daily trading revenue generated for the six months ending 30 September 2010 was £148 643.



Australia

The histogram below illustrates the distribution in daily revenue during the period for our trading businesses. The graph shows that trading loss was realised on 85 days out of a total of 126 days in the trading business. The average daily trading loss generated for the six months ending 30 September 2010 was A\$ 6 594.





Risk management

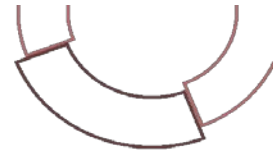
Balance sheet risk management

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

Non-trading interest rate risk description

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

Sources of banking-related risk exposures include potential adverse effect of volatility and changes in interest rate levels, the shape of the yield curves, basis risk spreads and the 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.



Risk management

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 30 September 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	1 956	-	2	-	-	20	1 978
Cash and short-term funds - non-banks	-	-	-	-	-	-	-
Investment/trading assets	1 808	18	2	44	300	230	2 402
Securitised assets	3 816	2	1	2	-	1	3 822
Advances	6 656	782	125	347	113	-	8 023
Other assets	-	-	-	-	-	1 382	1 382
Assets	14 236	802	130	393	413	1 633	17 607
Deposits - banks	(1 853)	(11)	(19)	(51)	-	-	(1 934)
Deposits - non-banks	(6 689)	(458)	(1 202)	(81)	(47)	(8)	(8 485)
Negotiable paper	(418)	(2)	(127)	(155)	(20)	-	(722)
Investment/trading liabilities	(219)	-	(10)	-	-	(93)	(322)
Securitised liabilities	(3 307)	-	-	-	-	-	(3 307)
Subordinated liabilities	(77)	-	(213)	-	(268)	-	(558)
Other liabilities	-	-	-	-	-	(963)	(963)
Liabilities	(12 563)	(471)	(1 571)	(287)	(335)	(1 064)	(16 291)
Intercompany loans	76	-	-	1	-	-	77
Shareholders' funds	-	-	-	-	-	(1 619)	(1 619)
Balance sheet	1 749	331	(1 441)	107	78	(1 050)	(226)
Off-balance sheet	(636)	110	1 144	(105)	(345)	(48)	120
Repricing gap	1 113	441	(297)	2	(267)	(1 098)	(106)
Cumulative repricing gap	1 113	1 554	1 257	1 259	991	106	-

Australia - interest rate sensitivity as at 30 September 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	351	-	-	-	-	-	351
Investment/trading assets	1 308	20	112	185	-	31	1 656
Securitised assets	201	62	124	415	4	-	806
Advances	2 011	29	64	193	12	26	2 334
Other assets	-	-	-	-	-	327	327
Assets	3 870	111	300	793	16	384	5 473
Deposits - banks	-	-	-	-	-	-	0
Deposits - non-banks	(1 479)	(310)	(149)	(89)	(8)	(21)	(2 056)
Negotiable paper	(895)	(23)	(9)	(845)	-	(13)	(1 784)
Investment/trading liabilities	-	-	-	-	-	-	0
Securitised liabilities	(785)	-	-	-	-	-	(785)
Subordinated liabilities	(73)	-	-	-	-	-	(73)
Other liabilities	-	-	-	-	-	(112)	(112)
Liabilities	(3 231)	(333)	(158)	(934)	(8)	(146)	4 809
Intercompany loans	(17)	-	-	(2)	-	34	15
Shareholders' funds	-	-	-	-	-	(678)	(678)
Balance sheet	622	(222)	142	(143)	8	(407)	-
Off-balance sheet	60	(61)	(43)	52	(9)	1	-
Repricing gap	682	(283)	99	(91)	(1)	(406)	-
Cumulative repricing gap	682	398	498	407	406	-	-

Economic value sensitivity

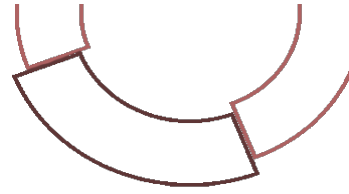
Our preference for monitoring and measuring non-trading interest rate risk is economic value sensitivity. The tables below reflect our economic value sensitivity to a 2% parallel shift in interest rates assuming no management intervention. The numbers represent the change to mainly net interest income should such a hypothetical scenario arise. The sensitivity effect does not have a significant direct impact to equity.

UK and Europe

' million	Sensitivity to the following interest rates (expressed in original currencies)				All (GBP)
	GBP	USD	EUR	Other (GBP)	
200bp Down	(28.0)	(1.0)	3.0	0.3	(25.7)
200bp Up	28.0	1.0	(3.0)	(0.3)	25.7

Australia

' million	AUD
200bp Down	(1.35)
200bp Up	1.35



Risk management

Balance sheet risk management

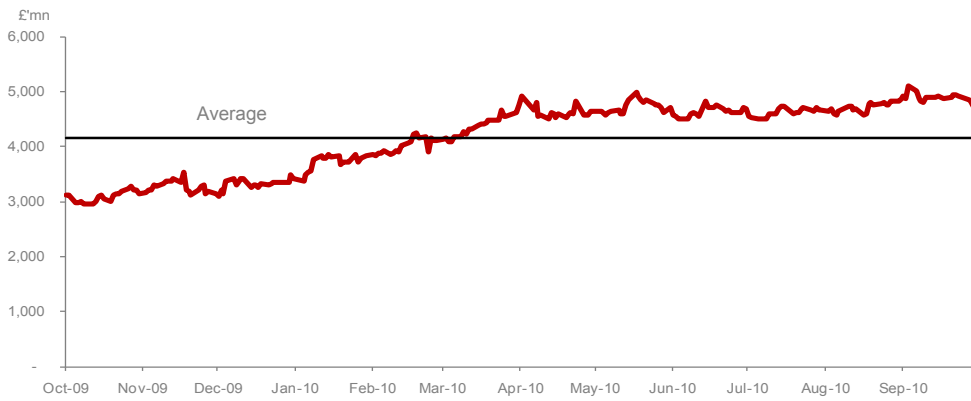
Liquidity risk description

Liquidity risk is the risk that we have insufficient capacity to fund increases in assets, or are unable to meet our payment obligations as they fall due, 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 marketwide events.

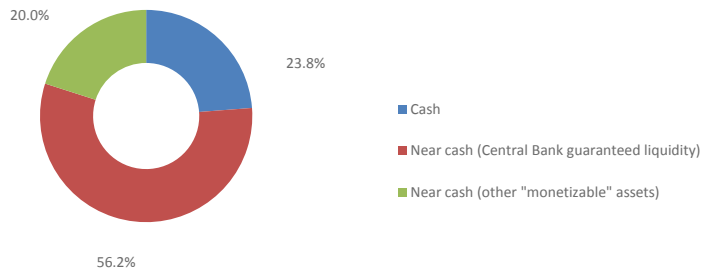
Risk management has become more sophisticated with liquidity risk being no exception and we consider both funding liquidity risk and market liquidity risk.

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

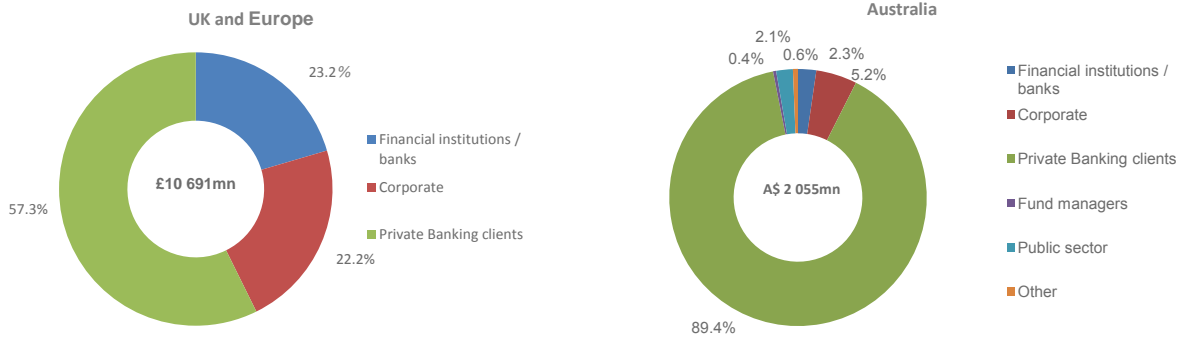
Investec plc cash and near cash trend

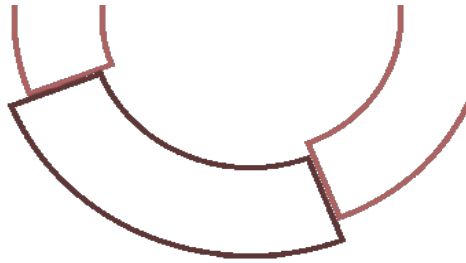


An analysis of cash and near cash as at 30 September 2010 (£4,850 million)



Bank and non-bank depositor concentration by type





Risk management

Balance sheet risk management

Liquidity mismatch

The tables that follow show our liquidity mismatch.

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 expected 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.

Risk management

UK and Europe

Contractual liquidity as at 30 September 2010

£'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Cash and short-term funds - banks	1 652	545	85	-	2	-	-	2 284
Cash and short-term funds - non-banks	-	-	-	-	-	-	-	-
Investment/trading assets	1 110	908	450	44	43	384	588	3 527
Securitised assets	60	-	-	1	1	20	3 739	3 821
Advances	-	717	521	420	677	2 275	3 413	8 023
Other assets	124	476	61	-	1	96	625	1 383
Assets	2 946	2 646	1 117	465	724	2 775	8 365	19 038
Deposits - banks	(215) [^]	(377)	(52)	(123)	(255)	(519)	(646)	(2 187)
Deposits - non-banks	(511)	(2 008)	(1 863)	(2 663)	(361)	(1 016)	(82)	(8 504)
Negotiable paper	(8)	(18)	(16)	(2)	(5)	(506)	(172)	(727)
Securitised liabilities	-	-	-	-	-	-	(3 307)	(3 307)
Investment/trading liabilities	(607)	(60)	(494)	(10)	(4)	(59)	(3)	(1 237)
Subordinated liabilities	-	-	-	-	(213)	-	(344)	(557)
Other liabilities	(185)	(393)	(70)	(8)	(202)	(25)	(82)	(965)
Liabilities	(1 526)	(2 856)	(2 495)	(2 806)	(1 040)	(2 125)	(4 636)	(17 484)
Intercompany loans	40	(18)	(8)	-	-	62	(11)	65
Shareholders' funds	-	-	-	-	-	-	(1 619)	(1 619)
Contractual liquidity gap	1 460	(228)	(1 386)	(2 341)	(316)	712	2 099	-
Cumulative liquidity gap	1 460	1 232	(154)	(2 495)	(2 811)	(2 099)	-	-

Behavioural liquidity

£'million	Next day	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 3 years	> 5 years	Total
Behavioural liquidity gap	2 206	(229)	(951)	(977)	(314)	(1 530)	1 794	-
Cumulative	2 206	1 977	1 026	50	(2 685)	1 794	-	-

[^]The deposits shown in the demand column reflect cash margin deposits held.

Australia

Contractual liquidity as at 30 September 2010

A\$'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Cash and short-term funds - banks	351	-	-	-	-	-	-	351
Investment/trading assets*	1 463	18	5	8	39	191	51	1 776
Securitised assets	1	29	54	87	177	451	7	806
Advances**	8	102	325	251	612	946	90	2 334
Other assets	-	-	-	-	-	-	207	207
Assets	1 822	150	384	347	829	1 588	355	5 473
Deposits - banks	-	-	-	-	-	-	-	-
Deposits - non banks	(611) ^{^^}	(201)	(638)	(331)	(178)	(89)	(8)	(2 055)
Negotiable paper	-	(83)	(115)	(26)	(48)	(1 513)	-	(1 784)
Securitised liabilities	(1)	(25)	(44)	(498)	(218)	-	-	(785)
Investment/trading liabilities	-	(2)	(22)	(6)	(6)	(37)	(21)	(94)
Subordinated liabilities	-	-	-	-	-	(73)	-	(73)
Other liabilities	-	-	-	-	-	-	(19)	(19)
Liabilities	(611)	(311)	(819)	(861)	(449)	(1 712)	(47)	(4 809)
Intercompany loans	30	-	-	-	(1)	(18)	4	15
Shareholders' funds	-	-	-	-	-	-	(678)	(678)
Contractual liquidity gap	1 240	(161)	(435)	(515)	379	(141)	(367)	-
Cumulative liquidity gap	1 240	1 079	644	129	508	367	0	-

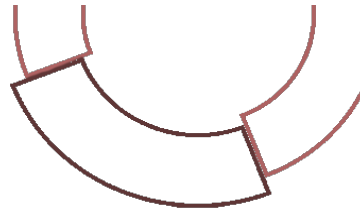
Note: contractual liquidity adjustments

A\$'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
*Investment/trading assets	15	209	313	47	169	952	69	1 776
**Advances	430	81	283	138	387	925	90	2 334

Behavioural liquidity

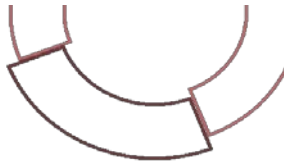
A\$'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Behavioural Liquidity Gap	1 770	(249)	(671)	(627)	285	(141)	(367)	-
Cumulative	1 770	1 521	850	223	508	367	0	-

^{^^} Includes call deposits of A\$589 million and the balance reflects term deposits which have finally reached/are reaching contractual maturity.



Capital adequacy and capital structure

£'million	30 Sept 2010	31 March 2010	30 Sept 2009
Regulatory capital			
Tier 1			
Share premium	1 239	932	922
Retained income	490	419	380
Treasury shares	(7)	(3)	(8)
Other reserves	109	111	106
Minority interests in subsidiaries	163	168	174
Goodwill	(550)	(319)	(305)
Total Tier 1	1 444	1 308	1 269
Less: deductions	(32)	(33)	(66)
	1 412	1 275	1 203
Tier 2			
Aggregate amount	623	623	605
Less: deductions	(32)	(33)	(66)
	591	590	539
Other deductions from Tier 1 and Tier 2	(59)	(72)	(69)
Total capital	1 944	1 793	1 683
Risk-weighted assets (banking and trading)	11 665	11 266	10 887
Credit risk - prescribed standardised exposure classes	9 285	9 057	8 461
Corporates	2 352	2 923	2 758
Secured on real estate property	3 691	2 962	3 058
Counterparty risk on trading positions	286	248	232
Short term claims on institutions and corporates	409	416	313
Retail	580	550	354
Institutions	187	131	163
Other exposure classes	1 780	1 827	1 583
Securitised exposures	351	247	174
Equity risk - standardised approach	234	207	222
Listed equities	32	28	38
Unlisted equities	200	179	184
Market risk - portfolios subject to internal models approach	325	285	653
Interest rate	149	149	153
Foreign Exchange	11	11	9
Equities	165	125	491
Operational risk - standardised approach	1 470	1 470	1 377
Capital requirements	933	901	872
Credit risk - prescribed standardised exposure classes	742	724	678
Corporates	188	234	221
Secured on real estate property	295	237	245
Counterparty risk on trading positions	23	20	19
Short term claims on institutions and corporates	33	33	25
Retail	46	44	28
Institutions	15	10	13
Other exposure classes	142	146	127
Securitised exposures	28	20	14
Equity risk - standardised approach	19	16	18
Listed equities	3	2	3
Unlisted equities	16	14	15
Market risk - portfolios subject to internal models approach	26	23	52
Interest rate	12	12	12
Foreign Exchange	1	1	1
Equities	13	10	39
Operational risk - standardised approach	118	118	110
Capital adequacy ratio	16.7%	15.9%	15.5%
Tier 1 ratio	12.1%	11.3%	11.0%
Capital adequacy ratio - pre operational risk	19.1%	18.3%	17.7%
Tier 1 ratio - pre operational risk	13.8%	13.0%	12.6%



Credit quality steps

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

Credit quality step	Risk weight	30 September 2010		31 March 2010	
		Exposure £'mn	Exposure after Credit Risk Mitigation £'mn	Exposure £'mn	Exposure after Credit Risk Mitigation £'mn
Central Banks and Sovereigns					
1	-	3 148	3 148	3 058	3 058
2	20%	-	-	-	-
3	50%	-	-	-	-
4	100%	-	-	-	-
5	100%	-	-	-	-
6	150%	-	-	-	-
Institutions original effective maturity of more than three months					
1	20%	347	347	665	665
2	50%	156	156	98	98
3	50%	2	2	8	8
4	100%	-	-	-	-
5	100%	-	-	-	-
6	150%	-	-	-	-
Short term claims on institutions					
1	20%	491	491	595	595
2	20%	477	477	886	886
3	20%	22	22	49	49
4	50%	-	-	-	-
5	50%	-	-	-	-
6	150%	-	-	-	-
Counterparty Credit Risk- effective original maturity of more than three months*					
1	20%	290	244	283	246
2	50%	115	75	99	55
3	50%	51	20	52	12
4	100%	-	-	-	-
5	100%	-	-	-	-
6	150%	-	-	-	-
Counterparty Credit Risk- effective original maturity of less than three months*					
1	20%	563	173	215	63
2	20%	33	33	7	7
3	20%	301	24	206	5
4	50%	-	-	-	-
5	50%	-	-	-	-
6	150%	-	-	-	-
Corporates					
1	20%	123	123	42	42
2	50%	-	-	17	17
3	100%	20	20	-	-
4	100%	39	39	5	5
5	150%	10	10	-	-
6	150%	-	-	-	-
Securitisation positions					
1	20%	108	108	109	109
2	50%	59	59	18	18
3	100%	34	34	18	18
4	350%	28	28	21	21
5	1250%	10	10	10	10
Total rated counterparty exposure		6 427	5 643	6 461	5 987

* The capital requirement disclosed as held against credit risk as at 30 September 2010 included a small amount of capital held against counterparty credit risk, mainly within the graps trading business.