

Out of the Ordinary®



Specialist Bank and
Asset Manager

Results presentation
for the year ended 31|03|11



Corporate information

Investec plc and Investec Limited

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

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Directorate

Executive directors

Stephen Koseff (chief executive officer)
Bernard Kantor (managing director)
Glynn R Burger (group risk and finance director)
Hendrik du Toit (CEO Investec Asset Management)

Non-executive directors

Hugh S Herman (non-executive chairman)
Sam E Abrahams
George FO Alford
Cheryl C Carolus
Olivia C Dickson
Perry KO Crosthwaite
Bradley Fried
Haruko Fukuda OBE
Ian R Kantor
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Overview of results

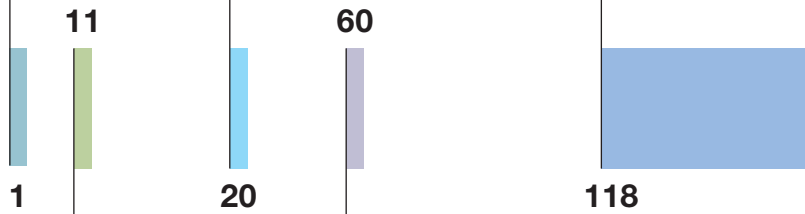
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Overview of results



Overview of the Investec group

Who we are

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

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

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

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

What we do

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

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

Mission statement

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

Values

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

Distinctive Performance

Client Focus

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

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

Dedicated Partnership

Cast-iron Integrity

- Moral strength
- Risk consciousness
- Highest ethical standards

Philosophies

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

The Investec distinction

Client focused approach

- Clients are at the core of our business
- We strive to build business depth by deepening existing client relationships
- Distinction lies in our ability to be nimble, flexible and innovative, and to give clients a high level of service.

Specialised and focused strategy

- Not all things to all people
- Serve select market niches as a focused provider of tailored structured solutions
- Strategy is to enhance our existing position in principal businesses and geographies.

Sustainable business model

- Build a sustainable business model by balancing operational risk businesses with financial risk businesses
- Organic growth and select bolt-on acquisitions
- Contain costs and strictly manage risk, capital and liquidity
- Committed to creating value for shareholders.

Depth of leadership and entrepreneurial environment

- Passionate people are key to ensuring distinction
- Integrated international business platform with an effective global management structure demonstrating our depth of leadership
- Focus on developing and empowering people who are committed to the organisation
- Entrepreneurial environment that attracts talented people and encourages creativity and innovation.

Risk awareness entrenched in our culture

- Intimate involvement of senior management underpins effective risk management which is critical to our success
- Culture of risk awareness is embedded into our reward programmes, values and day-to-day activities
- Shareholder and employee interests are aligned, with executives and employees owning approximately 15% of our issued share capital.

Doing the right thing

- Doing the right thing for clients, employees and communities is integral to our way of doing business
- Focus on projects that are educational, entrepreneurial and sustainable.

Presentation of financial information

Introduction

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

In terms of the contracts constituting the DLC structure, Investec plc and Investec Limited effectively form a single economic enterprise in which the economic and voting rights of ordinary shareholders of the companies are maintained in equilibrium relative to each other. The directors of the two companies consider that for financial reporting purposes, the fairest presentation is achieved by combining the results and financial position of both companies.

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

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

Exchange rates

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

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

Currency per £1.00	31 March 2011		31 March 2010	
	Period end	Average	Period end	Average
South African Rand	10.88	11.16	11.11	12.38
Australian Dollar	1.55	1.65	1.66	1.88
Euro	1.13	1.17	1.12	1.13
US Dollar	1.60	1.55	1.52	1.59

Exchange rates between local currencies and Pounds Sterling have fluctuated over the period. The most significant impact arises from the volatility of the Rand. The average Rand: Pounds Sterling exchange rate over the period has appreciated by 9.9% and the closing rate has appreciated by 2.1% since 31 March 2010.

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

	Results reported at 31 March 2011	Currency neutral results reported at 31 March 2011**
Southern African operating profit (£'000)*	300 564	270 194
Southern African profit after tax and non-controlling interests (£'000)*	264 717	237 474
Total group operating profit before tax (£'000)*	423 444	393 074
Total group adjusted earnings attributable to ordinary shareholders (£'000)*	327 897	303 349
Adjusted EPS (pence)*	43.2	39.9
Total assets (£'million)	50 941	50 350
Total shareholders' equity (£'million)	3 961	3 920

* Before goodwill, acquired intangibles and non-operating items.

** For balance sheet items we have assumed that the Rand: Pounds Sterling closing exchange rate has remained neutral since 31 March 2010. For income statement items we have used the average Rand: Pounds Sterling exchange rate that was applied in the prior year, i.e. 12.38.

Operating environment

Key macro-economic data pertaining to the group's three principal geographies: the UK, South Africa and Australia is set out below.

	Period ended 31 March 2011	Period ended 31 March 2010	% change	Average over the period: 1 April 2010 to 31 March 2011
Market indicators				
FTSE All share	3 068	2 910	5.4%	3 067
JSE All share	32 204	28 748	12.0%	29 667
Australia All ords	4 929	4 893	0.7%	4 698
S&P 500	1 326	1 169	13.4%	1 184
Nikkei	9 755	11 090	(12.0%)	9 956
Dow Jones	12 320	10 857	13.5%	11 048
Exchange rates				
Rand/Pounds Sterling	10.88	11.11	(2.1%)	11.16
Rand/Dollar	6.77	7.28	(7.0%)	7.19
US Dollar/Euro	1.42	1.35	5.2%	1.32
Euro/Pounds Sterling	1.13	1.12	0.9%	1.17
Australian Dollar/Pounds Sterling	1.55	1.66	(6.6%)	1.65
US Dollar/Pounds Sterling	1.60	1.52	5.3%	1.55
Rates				
UK overnight	0.45%	0.40%		0.49%
UK 10 year	3.69%	3.94%		3.44%
UK clearing banks base rate	0.50%	0.50%		0.50%
LIBOR - 3 month	0.82%	0.65%		0.74%
SA R157 (2015)	7.82%	7.95%		7.60%
Rand overnight	5.23%	6.28%		5.76%
SA prime overdraft rate	9.00%	10.00%		9.54%
JIBAR - 3 month	5.58%	6.67%		6.09%
Reserve Bank of Australia cash target rate	4.75%	4.00%		4.58%
US 10 year	3.47%	3.83%		3.13%
Commodities				
Gold	USD1 432/oz	USD1 113/oz	28.7%	USD1 295/oz
Gas Oil	USD993/mt	USD684/mt	45.2%	USD736/mt
Platinum	USD1 768/oz	USD1 644/oz	7.5%	USD1 669/oz
Macro-economic				
UK GDP (% change over the period)	1.90%	(3.70%)		–
UK per capita GDP	23 362	22 578	3.5%	–
South Africa GDP (% real growth over the calendar year)	2.80%	4.60%		–
South Africa per capita GDP (real value)	36 591	35 997	1.7%	–
Australia GDP (% change over the period)	2.70%	1.80%		–
Per capita GDP (A\$)	60 178	57 609	4.5%	–

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

Overview of results

	31 March 2011	31 March 2010	% change
Income statement and selected returns			
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests (£'000)	434 406	432 258	0.5%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests: Southern Africa (% of total)	69.1%	67.2%	
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests: UK, Europe, Australia and Other (% of total)	30.9%	32.8%	
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	327 897	309 710	5.9%
Headline earnings (£'000)	286 659	275 131	4.2%
Cost to income ratio	61.7%	57.8%	
Staff compensation to operating income ratio	40.7%	36.1%	
Return on average adjusted shareholders' equity (post tax)	11.2%	13.5%	
Return on average adjusted tangible shareholders' equity (post tax)	13.2%	15.4%	
Operating profit per employee (£'000)	64.4	69.7	(7.6%)
Net interest income as a % of operating income net of insurance claims	34.9%	37.0%	
Non-interest income as a % of operating income net of insurance claims	65.1%	63.0%	
Recurring income as a % of operating income net of insurance claims	62.3%	60.4%	
Effective operational tax rate	15.5%	20.6%	
Balance sheet			
Total capital resources (including subordinated liabilities) (£'million)	5 249	4 362	20.3%
Total shareholders' equity (including preference shares and non-controlling interests) (£'million)	3 961	3 292	20.3%
Shareholders' equity (excluding non-controlling interests) (£'million)	3 648	2 955	23.5%
Total assets (£'million)	50 941	46 572	9.4%
Net core loans and advances to customers (including own originated securitised assets) (£'million)	18 758	17 891	4.8%
Core loans and advances to customers as a % of total assets	36.8%	38.4%	
Cash and near cash balances (£'million)	9 319	9 117	2.2%
Customer accounts (deposits) (£'million)	24 441	21 934	11.4%
Third party assets under management (£'million)	88 878	74 081	20.0%
Capital adequacy ratio: Investec plc	16.8%	15.9%	
Capital adequacy ratio: Investec Limited	15.9%	15.6%	
Credit loss ratio (core income statement impairment charge as a % of average advances)	1.27%	1.16%	
Defaults (net of impairments and before collateral) as a % of net core loans and advances to customers	4.66%	3.98%	
Gearing/leverage ratio (assets excluding assurance assets to total equity)	11.3x	12.5x	
Core loans to equity ratio	4.7x	5.4x	
Core loans (excluding own originated securitised assets) to customer deposits	72.4%	76.2%	
Other salient financial features and key statistics			
Adjusted earnings per share (pence)	43.2	45.1	(4.2%)
Headline earnings per share (pence)	37.7	40.1	(6.0%)
Basic earnings per share (pence)	49.7	44.0	13.0%
Diluted earnings per share (pence)	46.7	41.5	12.5%
Dividends per share (pence)	17.0	16.0	6.3%
Dividend cover (times)	2.5	2.8	(10.7%)
Net tangible asset value per share (pence)	343.8	324.1	6.1%
Weighted number of ordinary shares in issue (million)	759.8	686.3	10.7%
Total number of shares in issue (million)	810.0	741.0	9.3%
Closing share price (pence)	478	539	(11.3%)
Market capitalisation (£'million)	3 872	3 993	(3.0%)
Number of employees in the group (including temps and contractors)	7 237	6 123	18.2%
Closing ZAR/£ exchange rate	10.88	11.11	(2.1%)
Average ZAR/£ exchange rate	11.16	12.38	(9.9%)

Notes:

Refer to definitions and calculations on page 119.

Commentary

Overall group performance

The group has delivered a sound operational performance underpinned by a strong recurring income base with five of its six core businesses recording increased earnings. The group's non-capital intensive asset management and wealth management businesses reported a strong increase in their contribution to group earnings as a result of the acquisition of Rensburg Sheppards plc and significant net inflows. Whilst some of the group's banking businesses have performed well, notably Capital Markets, overall group results have been constrained by lower levels of transactional activity and the slow recovery of non-performing loans in the Private Bank. The balance sheet remains strong, with an increase in capital and liquidity over the year.

Against this backdrop the main features of the year under review are:

- Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after non-controlling interests (operating profit) increased 0.5% to £434.4 million (2010: £432.3 million)
- Impairments on loans and advances increased 11.0% to £318.2 million (2010: £286.6 million)
- Adjusted earnings attributable to shareholders before goodwill, acquired intangibles and non-operating items increased 5.9% to £327.9 million (2010: £309.7 million)
- Adjusted earnings per share (EPS) before goodwill, acquired intangibles and non-operating items decreased 4.2% from 45.1 pence to 43.2 pence, largely as a result of an increase in the number of shares in issue
- Third party assets under management increased 20.0% to £88.9 billion (2010: £74.1 billion)
- Customer accounts (deposits) increased 11.4% to £24.4 billion (2010: £21.9 billion)
- Core loans and advances increased 4.8% to £18.8 billion (2010: £17.9 billion)
- Net asset value per share increased 14.3% to 416.0 pence and net tangible asset value per share (which excludes goodwill and intangible assets) increased by 6.1% to 343.8 pence
- The board proposes a final dividend of 9.0 pence per ordinary share equating to a full year dividend of 17.0 pence (2010: 16.0 pence) resulting in a dividend cover based on the group's adjusted EPS before goodwill and non-operating items of 2.5 times (2010: 2.8 times), consistent with the group's dividend policy.

Strategic review

The group has realigned its business model towards less capital intensive activities by building strong asset management and wealth management businesses thereby growing its annuity net fee and commission income. This strategy has been successful, resulting in a substantial rise in funds under management and an increase in operating profit from these businesses of 53.5% to £167.7 million (2010: £109.3 million). This has resulted in a change in the proportion of the group's earnings, with the asset management and wealth management businesses accounting for 38.6% of the group's operating profit during the last year, compared to 25.3% in 2010.

The banking environment remains fluid as regulators continue their review and adjustment of the regulatory framework in an attempt to strengthen the system and avoid future crises. The group has, as a consequence, continued to maintain high levels of liquidity and capital as it adjusts to a system where higher levels of liquidity and capital will become the norm.

Operational review

Liquidity and funding

Diversifying Investec's funding sources has been a key element in improving the quality of the group's balance sheet and reducing its reliance on wholesale funding. The group continues to benefit from its growing retail franchise recording an increase in customer deposits in all three core geographies. Cash and near cash balances amount to £9.3 billion (2010: £9.1 billion).

Capital adequacy

The group targets a minimum tier one capital ratio of 11% and a total capital adequacy ratio range of 14% to 17% on a consolidated basis for each of Investec plc and Investec Limited. Capital adequacy ratios are strong in Investec plc and Investec Limited.

The group has conducted a review of the proposed Basel III requirements and believes that its current capital structure and capital ratios exceed the minimum capital requirements for 2013.

Further information is available on pages 35 to 39.

Asset quality

The bulk of Investec's credit and counterparty risk arises through its private banking and capital markets activities. The Private Bank lends mainly to high net worth and high income individuals, whilst Capital Markets primarily transacts with mid to large sized corporates, public sector bodies and institutions. Defaults on core loans and advances have increased but are fully collateralised. Investec continues to focus on improving the quality of its loan portfolio in all geographies.

Further information is available on pages 46 to 57.

Business unit review

Asset Management

Asset Management increased operating profit 52.6% to £127.3 million (2010: £83.4 million) benefiting from substantially higher funds under management and a solid investment performance. The division recorded strong net inflows of £7.4 billion contributing to an increase in assets under management of 26.7% from £46.4 billion to £58.8 billion.

Wealth and Investment

Wealth and Investment increased operating profit 56.2% to £40.4 million (2010: £25.9 million). The business has benefited from higher funds under management and the acquisition of Rensburg Sheppards plc (refer to page 9). Total funds under management increased by 8.5% from £27.1 billion to £29.4 billion.

Property Activities

Property Activities generated an increase in operating profit of 42.5% to £47.7 million (2010: £33.5 million). The results of the division were largely supported by a good performance from the investment property portfolio in South Africa.

Private Banking

Private Banking posted a loss of £91.4 million (2010: profit of £37.1 million) as a result of low activity levels, increased impairments and write offs. The private client core lending book increased by 3.1% from £12.9 billion to £13.3 billion and the deposit book increased by 5.9% from £11.8 billion to £12.5 billion.

Investment Banking

Investment Banking increased operating profit 62.1% to £67.4 million (2010: £41.6 million). The Principal Investments division recorded a robust result, primarily driven by an improved performance from certain investments held in the UK and South African portfolio. The agency divisions benefited from a good deal pipeline, however, trading conditions in the Institutional Stockbroking business remain difficult.

Capital Markets

Capital Markets reported an increase in operating profit of 35.1% to £242.0 million (2010: £179.1 million). The division benefited from satisfactory levels of activity across the advisory and structuring businesses, notably within the Principal Finance, Structured Finance and Structured Equity Finance teams. Core loans and advances increased 7.2% from £4.5 billion to £4.8 billion.

Group Services and Other Activities

Group Services and Other Activities posted a profit of £1.0 million (2010: profit of £31.7 million). Central Funding's results were impacted by lower levels of interest rates and a weaker performance from equity investments held within the South African portfolio. Central Services incurred an increase in personnel and marketing costs.


Financial statement analysis

A detailed financial statement analysis can be found on pages 21 to 57.

Outlook

Over the past two years, we have re-positioned the group as a "specialist bank and asset manager" and made substantial progress in realigning our business model in response to the challenging and uncertain regulatory landscape. Whilst our performance remains sensitive to the global economy, our current assessment of the environment is for an improvement in impairments and growth in the overall business for the year ahead.

On behalf of the boards of Investec plc and Investec Limited



Hugh Herman

Chairman



Stephen Koseff

Chief Executive Officer



Bernard Kantor

Managing Director

Notes to the commentary section above

Acquisition of Rensburg Sheppards plc

On 30 March 2010, it was announced that Investec and Rensburg Sheppards plc had reached agreement on the terms of a recommended all share offer under which Investec would acquire the entire issued and to be issued ordinary share capital of Rensburg Sheppards plc not already owned by it. Following shareholder and regulatory approvals the acquisition became effective on 25 June 2010. Prior to this date Investec's 47.1% interest in Rensburg Sheppards plc was accounted for as an associate. As a result of requirements under new accounting rules, the group was required to fair value its existing 47.1% holding in Rensburg Sheppards plc at the point it acquired the remaining 52.9%. This has resulted in an exceptional gain of £73.5 million (net of acquisition costs). The group issued 37.9 million shares to acquire the remaining shares in Rensburg Sheppards plc for a consideration of £180.4 million. This consideration combined with the existing fair valued holding resulted in the recognition of goodwill and intangibles of £198.5 million and £133.4 million, respectively.

Accounting policies and disclosures

The accounting policies applied in the preparation of the results for the year ended 31 March 2011 are consistent with those adopted in the financial statements for the year ended 31 March 2010, except for the adoption of the revised IFRS 3 – Business Combinations. This standard is applicable to all business combinations effective from 1 April 2010 in the group accounts. The main change arising from the adoption is that acquisition related costs are expensed in the period in which the costs are incurred and the services rendered, except for costs related to the issue of debt (recognised as part of the effective interest rate) and the cost of issue of equity (recognised directly in shareholders' equity).

These unaudited condensed summarised combined consolidated financial statements have been prepared in terms of the recognition and measurement criteria of International Financial Reporting Standards, and the presentation and disclosure requirements of IAS 34, Interim Financial Reporting.

Restatements and presentation of information

Offsetting of intergroup interest received and interest paid

On review, it was detected that the gross interest income and expense, as reported at 31 March 2010, had not appropriately netted certain intergroup interest income and expense between the two line items. Whilst net interest income was correctly reported, the restatement to interest received and paid is noted on the following page.

Commentary (continued)

£'000	31 March 2010
Restated	
Interest income	2 041 153
Interest expense	(1 428 067)
Net interest income	613 086
As previously reported	
Interest income	2 726 011
Interest expense	(2 112 925)
Net interest income	613 086
Changes to previously reported	
Interest income	(684 858)
Interest expense	684 858
Net interest income	-

The above change had no impact on the income statement (other than as noted above), balance sheet or cash flow statement.

Redeemable preference shares

The group had previously included cumulative redeemable preference shares as a component of other liabilities. The presentation has been amended to include the cumulative redeemable preference shares as a component of debt securities in issue.

£'000	31 March 2010	31 March 2009
Restated		
Debt securities in issue	2 187 040	1 275 615
Other liabilities	1 177 589	1 003 400
As previously reported		
Debt securities in issue	1 791 869	1 014 871
Other liabilities	1 572 760	1 264 144
Changes to previously reported		
Debt securities in issue	395 171	260 744
Other liabilities	(395 171)	(260 744)

The above change had no impact on the income statement, balance sheet (other than as noted above) or cash flow statement.

Proviso

- Please note that matters discussed in this announcement may contain forward looking statements which are subject to various risks and uncertainties and other factors, including, but not limited to:
 - the further development of standards and interpretations under International Financial Reporting Standards (IFRS) applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS
 - domestic and global economic and business conditions
 - market related risks.
- A number of these factors are beyond the group's control
- These factors may cause the group's actual future results, performance or achievements in the markets in which it operates to differ from those expressed or implied
- Any forward looking statements made are based on the knowledge of the group at 18 May 2011
- The information in the announcement for the year ended 31 March 2011, which was approved by the board of directors on 18 May 2011, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006
- The financial statements for the year ended 31 March 2011 have not been delivered to the registrar and an auditors report has not yet been signed on the financial statements for the year ended 31 March 2011.

02

Unaudited Financial
results (Investec plc and
Investec Limited)



Combined consolidated income statement

£'000	Year to 31 March 2011	Year to 31 March 2010*
Interest income	2 238 783	2 041 153
Interest expense	(1 557 314)	(1 428 067)
Net interest income	681 469	613 086
Fee and commission income	896 300	612 574
Fee and commission expense	(108 642)	(67 497)
Principal transactions	418 686	457 759
Investment income on assurance activities	64 834	94 914
Premiums and reinsurance recoveries on insurance contracts	6 110	31 938
Other operating income	54 003	34 332
Other income	1 331 291	1 164 020
Claims and reinsurance premiums on insurance business	(57 774)	(119 918)
Total operating income net of insurance claims	1 954 986	1 657 188
Impairment losses on loans and advances	(318 230)	(286 581)
Operating income	1 636 756	1 370 607
Operating costs	(1 196 865)	(957 151)
Depreciation on operating leased assets	(16 447)	–
Operating profit before goodwill and acquired intangibles	423 444	413 456
Impairment of goodwill	(6 888)	(3 526)
Amortisation of acquired intangibles	(6 341)	–
Operating profit	410 215	409 930
Profit arising from associate converted to subsidiary	73 465	–
Net loss on sale of subsidiaries	(17 302)	–
Profit before taxation	466 378	409 930
Taxation on operating profit before goodwill	(65 075)	(82 599)
Taxation on intangibles and sale of subsidiaries	6 610	–
Profit after taxation	407 913	327 331
Operating losses attributable to non-controlling interests	10 962	18 802
Loss on subsidiaries attributable to non-controlling interests	1 641	–
Earnings attributable to shareholders	420 516	346 133
Earnings per share (pence)		
– basic	49.7	44.0
– diluted	46.7	41.5
Adjusted earnings per share (pence)		
– basic	43.2	45.1
– diluted	40.6	42.5

* As restated for the reclassifications detailed in the commentary section to this report.

Summarised combined consolidated statement of comprehensive income

£'000	Year to 31 March 2011	Year to 31 March 2010
Profit after taxation	407 913	327 331
Other comprehensive income:		
Fair value movements on cash flow hedges*	9 929	14 202
Gains on realisation of available-for-sale assets recycled through the income statement*	(4 845)	(8 887)
Fair value movements on available-for-sale assets*	27 631	20 370
Foreign currency adjustments on translating foreign operations	39 588	239 789
Pension fund actuarial gains/(losses)	10 157	(8 180)
Total comprehensive income	490 373	584 625
Total comprehensive income attributable to non-controlling interests	(10 710)	9 918
Total comprehensive income attributable to ordinary shareholders	458 064	493 073
Total comprehensive income attributable to perpetual preferred securities	43 019	81 634
Total comprehensive income	490 373	584 625

* Net of taxation of £5.7 million (2010: £10.0 million).

Summarised combined consolidated cash flow statement

£'000	Year to 31 March 2011	Year to 31 March 2010
Cash inflows from operations	779 885	731 000
Increase in operating assets	(4 071 957)	(3 336 695)
Increase in operating liabilities	2 689 207	4 115 640
Net cash (outflow)/ inflow from operating activities	(602 865)	1 509 945
Net cash outflow from investing activities	(189 974)	(19 368)
Net cash inflow/(outflow) from financing activities	156 748	(127 794)
Effects of exchange rate changes on cash and cash equivalents	101 032	274 915
Net (decrease)/increase in cash and cash equivalents	(535 059)	1 637 698
Cash and cash equivalents at the beginning of the year	3 922 047	2 284 349
Cash and cash equivalents at the end of the year	3 386 988	3 922 047

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

Combined consolidated balance sheet

£'000	31 March 2011	31 March 2010*
Assets		
Cash and balances at central banks	1 769 078	2 338 234
Loans and advances to banks	1 468 705	2 781 630
Cash equivalent advances to customers	535 983	581 117
Reverse repurchase agreements and cash collateral on securities borrowed	2 467 775	911 432
Trading securities	5 114 322	4 221 645
Derivative financial instruments	1 799 204	1 591 841
Investment securities	3 328 609	1 996 073
Loans and advances to customers	18 758 524	17 414 691
Loans and advances to customers - Kensington warehouse assets	1 612 181	1 776 525
Securitised assets	4 924 293	5 334 453
Interests in associated undertakings	23 481	104 059
Deferred taxation assets	114 838	134 355
Other assets	1 410 593	1 240 624
Property and equipment	279 801	161 255
Investment properties	379 527	273 038
Goodwill	456 608	274 417
Intangible assets	136 452	36 620
	44 579 974	41 172 009
Other financial instruments at fair value through profit or loss in respect of		
– Liabilities to customers	6 361 296	5 397 014
– Assets related to reinsurance contracts	–	2 842
	50 941 270	46 571 865
Liabilities		
Deposits by banks	1 858 893	2 439 670
Deposits by banks - Kensington warehouse funding	975 542	1 213 042
Derivative financial instruments	1 486 419	1 193 421
Other trading liabilities	716 556	504 618
Repurchase agreements and cash collateral on securities lent	1 599 646	1 110 508
Customer accounts (deposits)	24 441 260	21 934 044
Debt securities in issue	2 145 213	2 187 040
Liabilities arising on securitisation	4 340 864	4 714 556
Current taxation liabilities	206 957	196 965
Deferred taxation liabilities	148 750	136 974
Other liabilities	1 411 137	1 177 589
Pension fund liabilities	–	1 285
	39 331 237	36 809 712
Liabilities to customers under investment contracts	6 358 732	5 392 662
Insurance liabilities, including unit-linked liabilities	2 564	4 352
Reinsured liabilities	–	2 842
	45 692 533	42 209 568
Subordinated liabilities	1 287 635	1 070 436
	46 980 168	43 280 004
Equity		
Ordinary share capital	208	195
Perpetual preference share capital	153	152
Share premium	2 242 067	1 928 296
Treasury shares	(42 713)	(66 439)
Other reserves	315 878	246 718
Retained income	1 131 980	846 060
Shareholders' equity excluding non-controlling interests	3 647 573	2 954 982
Non-controlling interests	313 529	336 879
– Perpetual preferred securities issued by subsidiaries	317 997	314 944
– Non-controlling interests in partially held subsidiaries	(4 468)	21 935
Total equity	3 961 102	3 291 861
Total liabilities and equity	50 941 270	46 571 865

* As restated for the reclassifications detailed in the commentary section of this report.

Combined consolidated statements of changes in equity

£'000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
At 1 April 2009	190	151	1 769 040	(173 068)
Movement in reserves 1 April 2009 - 31 March 2010				
Retained profit for the year	-	-	-	-
Fair value movements on cash flow hedges	-	-	-	-
Gains on realisation of available-for-sale assets recycled through the income statement	-	-	-	-
Fair value movements on available-for-sale assets	-	-	-	-
Foreign currency adjustments on translating foreign operations	-	-	37 774	-
Pension fund actuarial losses	-	-	-	-
Total comprehensive income for the year	-	-	37 774	-
Share based payments adjustments	-	-	-	-
Dividends paid to ordinary shareholders	-	-	-	-
Dividends declared to perpetual preference shareholders	-	-	-	-
Dividends paid to perpetual preference shareholders included in non-controlling interests	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-
Issue of ordinary shares	5	-	84 173	-
Issue of perpetual preference shares	-	1	40 868	-
Share issue expenses	-	-	(3 559)	-
Issue of equity by subsidiaries	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-
Movement of treasury shares	-	-	-	40 974
Transfer to capital reserve account	-	-	-	-
Transfer to regulatory general risk reserve	-	-	-	-
Transfer from share based payment reserve to treasury shares	-	-	-	65 655
At 31 March 2010	195	152	1 928 296	(66 439)
Movement in reserves 1 April 2010 - 31 March 2011				
Retained profit for the year	-	-	-	-
Fair value movements on cash flow hedges	-	-	-	-
Gains on realisation of available-for-sale assets	-	-	-	-
Fair value movements on available-for-sale assets	-	-	-	-
Foreign currency adjustments on translating foreign operations	-	-	-	-
Pension fund actuarial gains	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Share based payments adjustments	-	-	-	-
Dividends paid to ordinary shareholders	-	-	-	-
Dividends declared to perpetual preference shareholders	-	-	-	-
Dividends paid to perpetual preference shareholders included in non-controlling interests	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-
Issue of ordinary shares	13	-	325 873	-
Issue of perpetual preference shares	-	1	16 137	-
Share issue expenses	-	-	(3 632)	-
Issue of equity by subsidiaries	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-
Non-controlling interest relating to disposal of subsidiaries	-	-	-	-
Movement of treasury shares	-	-	(24 607)	(20 854)
Transfer from capital reserve account	-	-	-	-
Transfer from regulatory general risk reserve	-	-	-	-
Transfer from share based payment reserve to treasury shares	-	-	-	44 580
At 31 March 2011	208	153	2 242 067	(42 713)

Capital reserve account	Available-for-sale reserves	Other reserves			Retained income	Shareholders' equity excluding non-controlling interests	Non-controlling interests	Total equity
		Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves				
11 882	(12 488)	23 487	(16 293)	35 921	658 129	2 296 951	323 586	2 620 537
-	-	-	-	-	346 133	346 133	(18 802)	327 331
-	-	-	14 202	-	-	14 202	-	14 202
-	(8 887)	-	-	-	-	(8 887)	-	(8 887)
-	20 370	-	-	-	-	20 370	-	20 370
-	(349)	4 067	(3 893)	172 444	1 026	211 069	28 720	239 789
-	-	-	-	-	(8 180)	(8 180)	-	(8 180)
-	11 134	4 067	10 309	172 444	338 979	574 707	9 918	584 625
-	-	-	-	-	56 668	56 668	274	56 942
-	-	-	-	-	(91 946)	(91 946)	-	(91 946)
-	-	-	-	-	(43 860)	(43 860)	23 997	(19 863)
-	-	-	-	-	-	-	(23 997)	(23 997)
-	-	-	-	-	-	-	(578)	(578)
-	-	-	-	-	-	84 178	-	84 178
-	-	-	-	-	-	40 869	-	40 869
-	-	-	-	-	-	(3 559)	-	(3 559)
-	-	-	-	-	-	-	3 547	3 547
-	-	-	-	-	-	-	132	132
-	-	-	-	-	-	40 974	-	40 974
42	-	-	-	-	(42)	-	-	-
-	-	6 213	-	-	(6 213)	-	-	-
-	-	-	-	-	(65 655)	-	-	-
11 924	(1 354)	33 767	(5 984)	208 365	846 060	2 954 982	336 879	3 291 861
-	-	-	-	-	420 516	420 516	(12 603)	407 913
-	-	-	9 929	-	-	9 929	-	9 929
-	(4 845)	-	-	-	-	(4 845)	-	(4 845)
-	27 631	-	-	-	-	27 631	-	27 631
-	434	1 295	(428)	36 394	-	37 695	1 893	39 588
-	-	-	-	-	10 157	10 157	-	10 157
-	23 220	1 295	9 501	36 394	430 673	501 083	(10 710)	490 373
-	-	-	-	-	69 518	69 518	-	69 518
-	-	-	-	-	(123 630)	(123 630)	-	(123 630)
-	-	-	-	-	(43 019)	(43 019)	22 332	(20 687)
-	-	-	-	-	-	-	(22 332)	(22 332)
-	-	-	-	-	-	-	(356)	(356)
-	-	-	-	-	-	325 886	-	325 886
-	-	-	-	-	-	16 138	-	16 138
-	-	-	-	-	-	(3 632)	-	(3 632)
-	-	-	-	-	-	-	1 493	1 493
-	-	-	-	-	(4 292)	(4 292)	322	(3 970)
-	-	-	-	-	-	-	(14 099)	(14 099)
-	-	-	-	-	-	(45 461)	-	(45 461)
(635)	-	-	-	-	635	-	-	-
-	-	(615)	-	-	615	-	-	-
-	-	-	-	-	(44 580)	-	-	-
11 289	21 866	34 447	3 517	244 759	1 131 980	3 647 573	313 529	3 961 102

Dividends and earnings per share

	31 March 2011	31 March 2010
Ordinary dividends - pence per share		
Interim	8.0	8.0
Final	9.0	8.0
Total	17.0	16.0
Earnings	£'000	£'000
Earnings attributable to shareholders	420 516	346 133
Preference dividends paid	(43 019)	(43 860)
Earnings attributable to ordinary shareholders	377 497	302 273
Earnings resulting from future dilutive instruments	–	–
Diluted earnings attributable to ordinary shareholders	377 497	302 273
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	791 147 632	730 746 132
Weighted average number of treasury shares	(31 307 382)	(44 430 118)
Weighted average number of shares in issue during the year	759 840 250	686 316 014
Weighted average number of shares resulting from future dilutive potential shares	48 050 814	41 613 322
Adjusted weighted number of shares potentially in issue	807 891 064	727 929 336
Earnings per share - pence		
Basic earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders in Investec plc and Investec Limited by the weighted average number of ordinary shares in issue during the year.	49.7	44.0
Diluted earnings per share - pence		
Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the year plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the year.	46.7	41.5
Adjusted earnings per share - pence		
Adjusted earnings per share is calculated by dividing the earnings before goodwill, acquired intangibles and non-operating items attributable to the ordinary shareholders and after taking into account earnings attributable to perpetual preference shareholders, by the weighted average number of ordinary shares in issue during the year.	43.2	45.1
	£'000	£'000
Earnings attributable to shareholders	420 516	346 133
Impairment of goodwill	6 888	3 526
Amortisation of acquired intangibles, net of taxation	3 509	–
Loss on subsidiaries attributable to non-controlling interests	(1 641)	–
Profit arising from associate converted to subsidiary	(73 465)	–
Net loss on sale of subsidiaries, net of taxation	13 524	–
Preference dividends paid	(43 019)	(43 860)
Additional earnings attributable to other equity holders*	1 585	3 911
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	327 897	309 710

* In accordance with IFRS, dividends attributable to equity holders is accounted for when a constructive liability arises, i.e. on declaration by the board of directors and approval by the shareholders, where required. Investec is of the view that EPS is best reflected by adjusting for earnings that are attributed to equity instruments (other than ordinary shares) on an accrual basis and therefore adjusts the paid dividend on such instruments to accrued in arriving at adjusted EPS.

	31 March 2011	31 March 2010
Headline earnings per share - pence		
Headline earnings per share has been calculated in accordance with the definition in the Institute of Investment Management Research Statement of Investment Practice No. 1 "The Definition of Headline Earnings" and is disclosed in accordance with the JSE listing requirements and in terms of circular 3/2009 issued by the South African Institute of Chartered Accountants.	37.7	40.1
	£'000	£'000
Earnings attributable to shareholders	420 516	346 133
Impairment of goodwill	6 888	3 526
Loss on subsidiaries attributable to non-controlling interests	(1 641)	–
Profit arising from associate converted to subsidiary	(73 465)	–
Net loss on sale of subsidiaries, net of taxation	13 524	–
Preference dividends paid	(43 019)	(43 860)
Additional earnings attributable to other equity holders	1 585	3 911
Other headline adjustments**	(37 729)	(34 579)
Headline earnings attributable to ordinary shareholders	286 659	275 131

** Other headline adjustments include the fair value of investment properties and realised gains/losses on available-for-sale instruments as well as impairments recognised against available-for-sale instruments. Taxation on headline earnings adjustments amounted to £14.8 million (2010: £11.0 million) with no impact on earnings attributable to non-controlling interests.

03

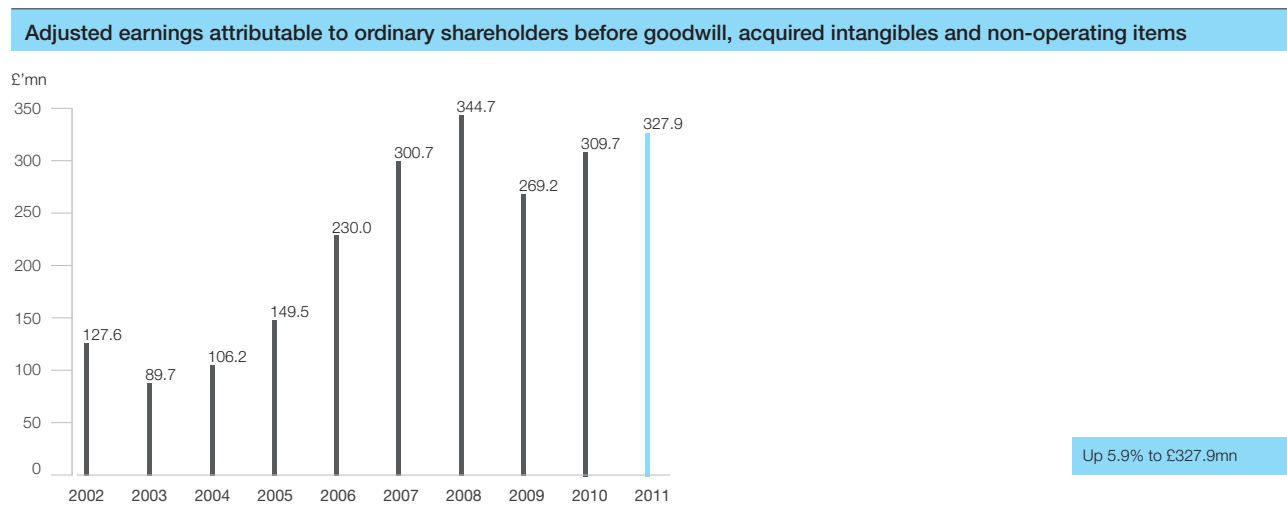
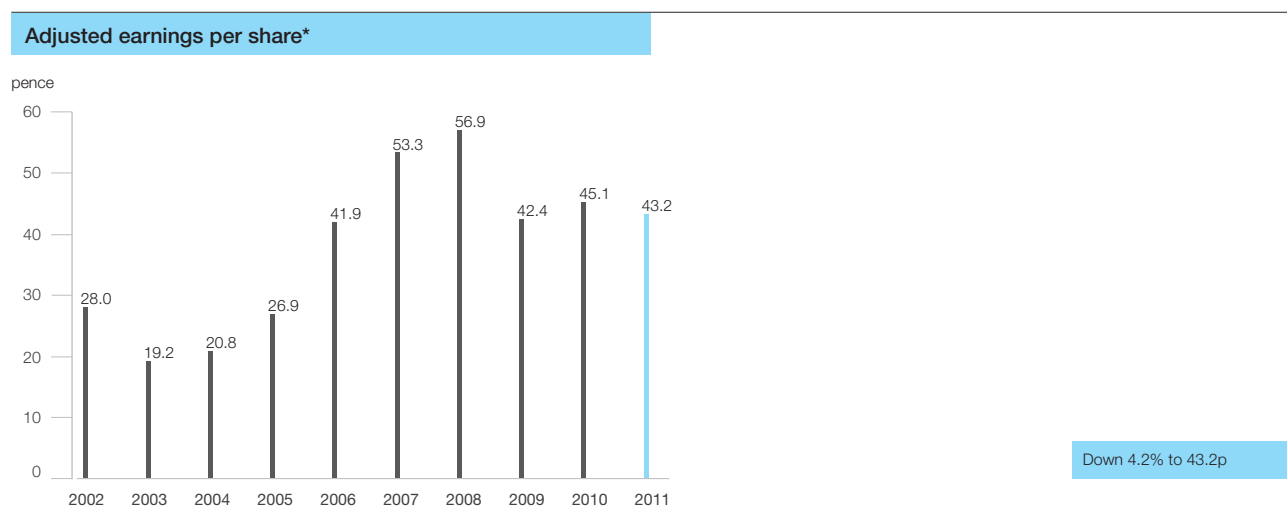
Financial review and additional information



Financial review

This commentary and analysis of our financial results for the year ended 31 March 2011 provides an overview of our financial performance relative to the group's results for the year ended 31 March 2010. Further detail on the performance of our business divisions is provided in the divisional review section of this report. The commentary and analysis are based on our consolidated financial results presented in accordance with IFRS and denominated in Pounds Sterling. The financial information discussed below is based on the year under review, and may not necessarily reflect the financial condition or results of the operations of the group going forward.

Track record



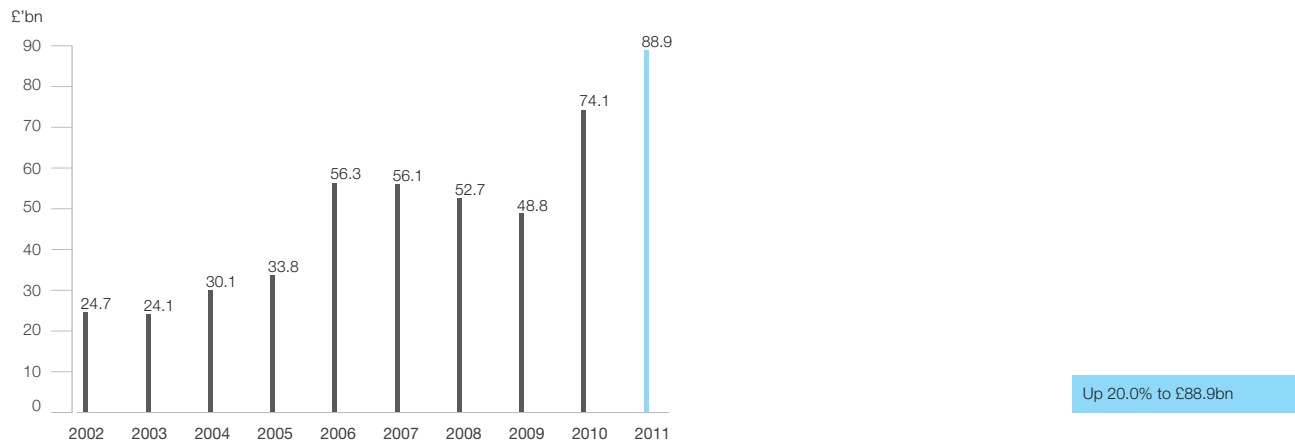
Note:

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

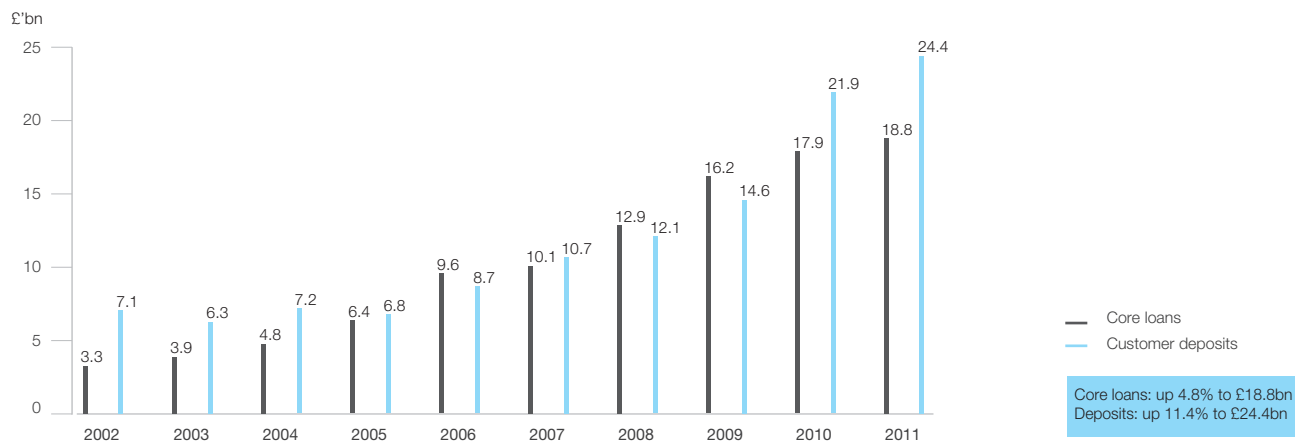
* Historical EPS numbers have been adjusted for the 5:1 share split that took place on 4 September 2006.

Track record (continued)

Third party assets under management



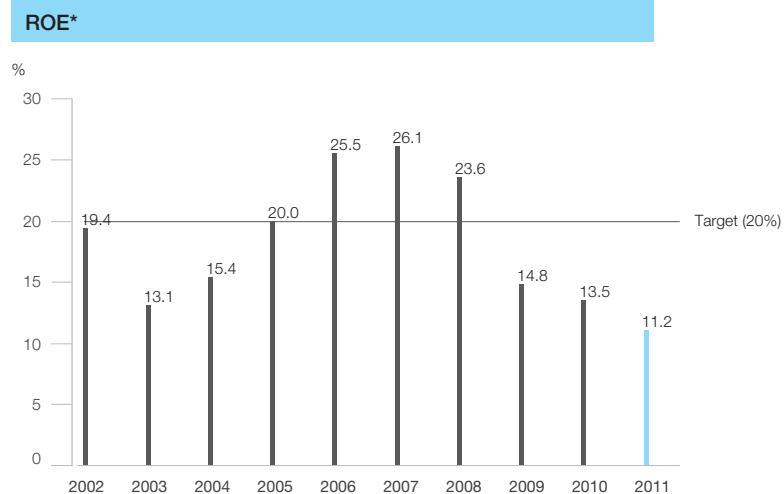
Core loans and customer deposits



Note:

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

Financial objectives

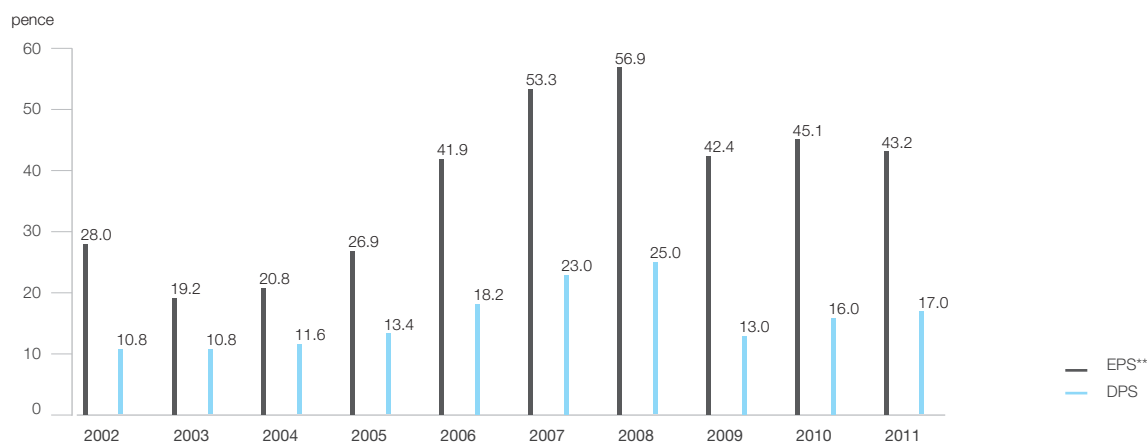


* ROE is post-tax return on adjusted average shareholders' equity as calculated on page 40.

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

- Group ROE: greater than 20% in Pounds Sterling

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



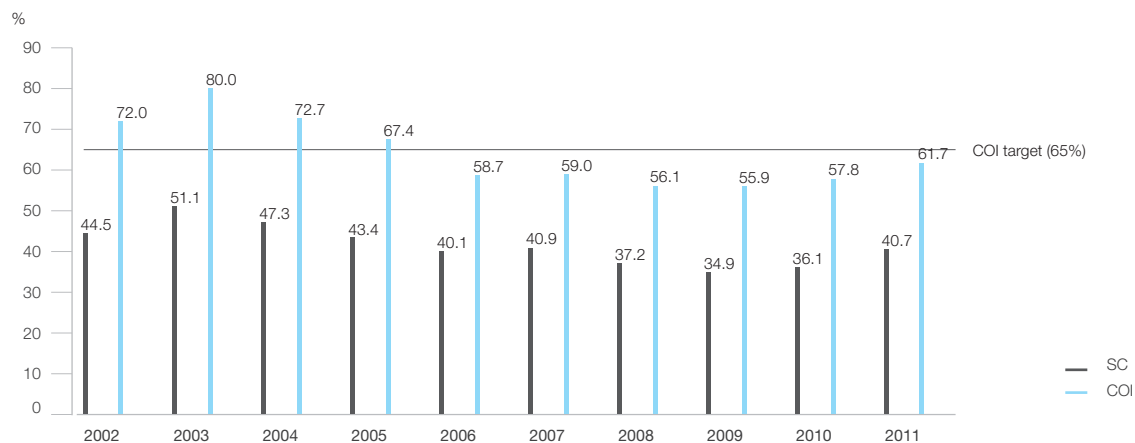
** Adjusted EPS before goodwill, acquired intangibles and non-operating items as defined on page 18. The numbers have been adjusted for the 5:1 share split that took place on 4 September 2006.

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

Refer to note on page 24.

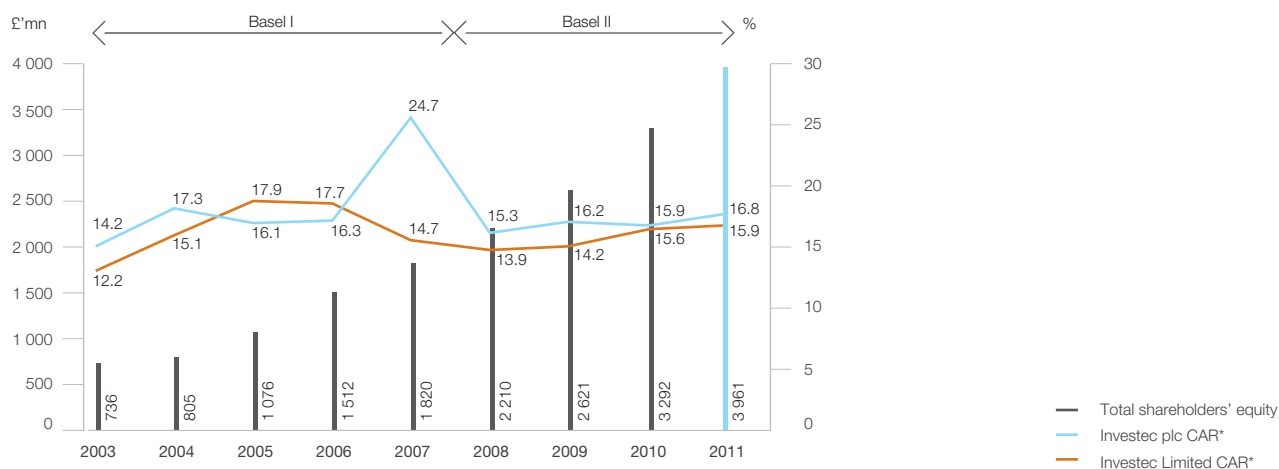
Financial objectives (continued)

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



We have set the following target over the medium to long term:
Group COI ratio: less than 65% in Pounds Sterling

Total shareholders' equity and capital adequacy ratios (CAR)



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

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

Note:

The numbers shown in the financial objectives graphs on pages 23 and 24 are for the years ended 31 March. The numbers prior to 2005 are reported in terms of UK GAAP.

An overview of our key income drivers

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

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

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

Business activity	Key income drivers	Income impacted primarily by	Income statement - reflected as
Asset Management			
	<ul style="list-style-type: none"> Fixed fees as a percentage of assets under management Variable performance fees 	<ul style="list-style-type: none"> Movements in the value of the assets underlying client portfolios Performance of portfolios against set benchmarks Net sales 	<ul style="list-style-type: none"> Fees and commissions
Wealth and Investment			
	<ul style="list-style-type: none"> Investment management fees levied as a percentage of assets under management Commissions earned for executing transactions for clients 	<ul style="list-style-type: none"> Movement in the value of assets underlying client portfolios The level of investment activity undertaken on behalf of clients, which, in turn, is affected by, among other things, the performance of the global stock markets (which drives investment opportunities), the equity investment risk appetite of our clients, tax considerations and market liquidity 	<ul style="list-style-type: none"> Fees and commissions
Property Activities			
	<ul style="list-style-type: none"> Fees levied as a percentage of assets under management Performance fees Capital and debt raising fees Asset acquisition fees Property development fees Trading and development activities 	<ul style="list-style-type: none"> Movements in the value of assets underlying client portfolios Movements in the value of property assets Macro- and micro- economic market conditions Availability of profitable exit routes Whether appropriate market conditions exist to maximise gains on sale 	<ul style="list-style-type: none"> Fees and commissions Principal transactions
Private Banking			
	<ul style="list-style-type: none"> Interest earned in connection with the bank's lending and funding activities Fees earned for banking and lending services Income earned in respect of growth and acquisition finance activities 	<ul style="list-style-type: none"> Size of loan portfolio Interest rate environment Levels of activity Quality of transactions and deal flow 	<ul style="list-style-type: none"> Net interest income Net interest income and fees and commissions Fees and commissions and principal transactions

An overview of our key income drivers (continued)

Business activity	Key income drivers	Income impacted primarily by	Income statement - reflected as
Investment Banking			
Corporate Finance	<ul style="list-style-type: none"> Fees resulting from the provision of capital raising and financial advisory work 	<ul style="list-style-type: none"> Macro- and micro- economic fundamentals Industry-specific trends Underlying stock market activity particularly in our primary markets Idea generation 	<ul style="list-style-type: none"> Fees and commissions
Institutional Research, Sales and Trading	<ul style="list-style-type: none"> Brokerage commissions Trading and market making activities 	<ul style="list-style-type: none"> Stock market trading volume and volatility Client allocation of broking transactions Our ability to source securities and execute trades on behalf of our clients 	<ul style="list-style-type: none"> Fees and commissions and principal transactions
Principal Investments	<ul style="list-style-type: none"> Sale of investments and revaluation of trading investments Dividends 	<ul style="list-style-type: none"> Macro- and micro- economic market conditions Availability of profitable exit routes Whether appropriate market conditions exist to maximise gains on sale Attractive investment opportunities 	<ul style="list-style-type: none"> Principal transactions
Capital Markets			
	<ul style="list-style-type: none"> Asset creation 	<ul style="list-style-type: none"> Rate environment Size of loan portfolio Credit spreads Clients' capital and infrastructural investments Client activity 	<ul style="list-style-type: none"> Net interest income Principal transactions Other operating income
	<ul style="list-style-type: none"> Structuring, management and distribution 	<ul style="list-style-type: none"> Rate environment Ability to originate appropriate assets Credit spreads Clients' capital and infrastructural investments Market conditions in the relevant exit markets 	<ul style="list-style-type: none"> Fees and commissions Principal transactions
	<ul style="list-style-type: none"> Derivative, sales, trading and hedging 	<ul style="list-style-type: none"> Client activity Market conditions Asset and liability creation Product innovation Market risk factors, primarily volatility and liquidity 	<ul style="list-style-type: none"> Principal transactions Fees and commissions
	<ul style="list-style-type: none"> Deposit and product structuring and distribution 	<ul style="list-style-type: none"> The level of clients' investment activity, which, in turn, is affected by among other things, the performance of the global markets and the investment risk appetite of our clients Distribution channels Ability to create innovative products Regulatory requirements 	<ul style="list-style-type: none"> Net interest income Principal transactions Fees and commissions
	<ul style="list-style-type: none"> Advisory 	<ul style="list-style-type: none"> The demand for our specialised advisory services, which, in turn is affected by applicable tax, regulatory and other economic factors e.g. project activity in the relevant markets 	<ul style="list-style-type: none"> Fees and commissions

Business activity	Key income drivers	Income impacted primarily by	Income statement - reflected as
Group Services and Other Activities			
<ul style="list-style-type: none"> International Trade Finance Central Funding 	<ul style="list-style-type: none"> These businesses earn a variety of management and banking fees, brokerage commissions As this division holds the group's capital resources, income generated from these net assets is offset by the cost of group funding 	<ul style="list-style-type: none"> A variety of factors including: Interest rate environment Rand/Dollar exchange rate in the case of the International Trade Finance operations Level of client activity 	<ul style="list-style-type: none"> All categories of income other than net operating income from assurance activities

Income statement analysis

The overview that follows will highlight the main reasons for the variance in the major category line items on the face of the income statement during the year under review. Further details on the key income drivers and significant variances in the various components of our operating income, expenses and profit can be found in the description of our principal businesses on pages 61 to 109.

Total operating income

Total operating income net of insurance claims increased by 18.0% to £1 955.0 million (2010: £1 657.2 million). The various components of total operating income are analysed below.

£'000	31 March 2011	% of total income	31 March 2010	% of total income	% change
Net interest income	681 469	34.9%	613 086	37.0%	11.2%
Other income	1 273 517	65.1%	1 044 102	63.0%	22.0%
Net fee and commission income	787 658	40.3%	545 077	32.9%	44.5%
Principal transactions	418 686	21.4%	457 759	27.6%	(8.5%)
Net income on assurance activities	13 170	0.7%	6 934	0.4%	89.9%
Other operating income	54 003	2.7%	34 332	2.1%	57.3%
Total operating income net of insurance claims	1 954 986	100.0%	1 657 188	100.0%	18.0%

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

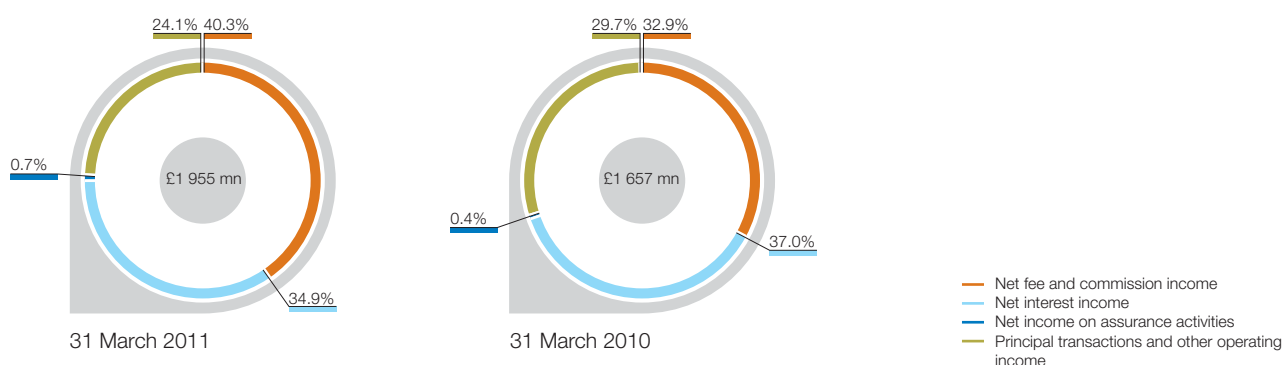
£'000	31 March 2011	% of total income	31 March 2010	% of total income	% change
UK and Europe	989 661	50.6%	782 655	47.2%	26.4%
Southern Africa	849 115	43.4%	757 851	45.7%	12.0%
Australia	116 210	6.0%	116 682	7.1%	(0.4%)
Total operating income net of insurance claims	1 954 986	100.0%	1 657 188	100.0%	18.0%

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

£'000	31 March 2011	% of total income	31 March 2010	% of total income	% change
Asset Management	344 590	17.6%	250 785	15.2%	37.4%
Wealth and Investment	156 239	8.0%	51 901	3.1%	>100.0%
Property Activities	73 598	3.8%	53 461	3.2%	37.7%
Private Banking	399 587	20.4%	390 545	23.6%	2.3%
Investment Banking	201 135	10.3%	161 046	9.7%	24.9%
Capital Markets	669 112	34.2%	599 982	36.2%	11.5%
Group Services and Other Activities	110 725	5.7%	149 468	9.0%	(25.9%)
Total operating income net of insurance claims	1 954 986	100.0%	1 657 188	100.0%	18.0%

Financial review (continued)

% of total operating income net of insurance claims



Net interest income

Net interest income increased by 11.2% to £681.5 million (2010: £613.1 million) largely as a result of improved margins within the South African Private Bank and a sound performance from the group's fixed income portfolios.

£'000	31 March 2011	31 March 2010	Variance	% change
Asset Management	2 989	1 977	1 012	51.2%
Wealth and Investment	7 281	2 392	4 889	>100.0%
Property Activities	(1 595)	(7 513)	5 918	78.8%
Private Banking	295 249	287 121	8 128	2.8%
Investment Banking	(338)	(7 265)	6 927	95.3%
Capital Markets	330 603	309 878	20 725	6.7%
Group Services and Other Activities	47 280	26 496	20 784	78.4%
Net interest income	681 469	613 086	68 383	11.2%

Net fee and commission income

Net fee and commission income increased by 44.5% to £787.7 million (2010: £545.1 million). Funds under management have grown substantially, supported by improved market indices and strong net inflows. The banking businesses recorded an increase in net fees and commissions, although transactional activity levels remain mixed.

£'000	31 March 2011	31 March 2010	Variance	% change
Asset Management	339 104	243 599	95 505	39.2%
Wealth and Investment	147 641	36 852	110 789	>100.0%
Property Activities	22 808	15 375	7 433	48.3%
Private Banking	70 963	91 344	(20 381)	(22.3%)
Investment Banking	79 089	71 088	8 001	11.3%
Capital Markets	120 327	93 180	27 147	29.1%
Group Services and Other Activities	7 726	(6 361)	14 087	>100.0%
Net fee and commission income	787 658	545 077	242 581	44.5%

£'000	31 March 2011	31 March 2010	Variance	% change
Annuity fees (net of fees payable)	535 856	386 910	148 946	38.5%
Deal fees	251 802	158 167	93 635	59.2%
Net fee and commission income	787 658	545 077	242 581	44.5%

Principal transactions

Income from principal transactions decreased by 8.5% to £418.7 million (2010: £457.8 million). The group has benefited from a solid performance from its investment banking, fixed income and property investment portfolios. This was offset by a weaker performance from some of the equity investments held within the South African central funding portfolio.

£'000	31 March 2011	31 March 2010	Variance	% change
Asset Management	(40)	191	(231)	(>100.0%)
Wealth and Investment	(1 334)	1 023	(2 357)	(>100.0%)
Property Activities	50 623	45 918	4 705	10.2%
Private Banking	33 027	12 578	20 449	>100.0%
Investment Banking	114 117	80 985	33 132	40.9%
Capital Markets	181 761	196 845	(15 084)	(7.7%)
Group Services and Other Activities	40 532	120 219	(79 687)	(66.3%)
Principal transactions	418 686	457 759	(39 073)	(8.5%)

Other operating income

Other operating income includes the operating results of certain investments which were consolidated; associate income, and income earned on operating leases acquired during the year.

Impairment losses on loans and advances

The uncertain pace of economic recovery has slowed the improvement in the level of non-performing loans and defaults have continued to increase. Impairment losses on loans and advances have increased from £205.4 million to £248.3 million (excluding Kensington). The credit loss charge as a percentage of average gross loans and advances has increased from 1.16% to 1.27%. The group expects this ratio to decrease during the forthcoming financial year. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances has increased from 4.0% to 4.7%. The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.36 times (2010: 1.33 times). Further information is provided on page 46.

Impairment losses on loans and advances relating to the Kensington business amount to £69.9 million (2010: £81.2 million). The Kensington book has reduced from £4.7 billion to £4.2 billion.

£'000	31 March 2011	31 March 2010	Variance	% change
Asset Management	29	5	24	>100.0%
Private Banking	(244 976)	(115 195)	(129 781)	(>100.0%)
Investment Banking	223	(2 566)	2 789	>100.0%
Capital Markets	(87 981)	(137 854)	49 873	36.2%
Group Services and Other Activities	14 475	(30 971)	45 446	>100.0%
Impairment losses on loans and advances	(318 230)	(286 581)	(31 649)	11.0%

£'000	31 March 2011	31 March 2010	Variance	% change
UK	(112 567)	(138 732)	26 165	(18.9%)
Ireland	(97 918)	(49 598)	(48 320)	97.4%
Southern Africa	(77 538)	(70 841)	(6 697)	9.5%
Australia	(30 207)	(27 410)	(2 797)	10.2%
Impairment losses on loans and advances	(318 230)	(286 581)	(31 649)	11.0%
Impairment losses on loans and advances in home currency				
Southern Africa (R'mn)	(860)	(863)	3	(0.3%)
Australia (A\$m)	(49.5)	(51.3)	1.8	(3.5%)

Financial review (continued)

Total expenses

The ratio of total operating expenses to total operating income amounts to 61.7% (2010: 57.8%).

Total expenses grew by 26.8% to £1 213.3 million (2009: £957.2 million) largely as a result of the appreciation of the Rand and Australian Dollar; the acquisitions of Rensburg Sheppards plc, Masterlease UK and Lease Direct Finance Limited; an increase in variable remuneration in certain divisions given improved profitability; an increase in headcount in certain divisions; and increased spending on brand development. An analysis of the increase in costs is provided in the tables below.

£'000	31 March 2011	% of total expenses	31 March 2010	% of total expenses	% change
Staff costs	(795 592)	65.6%	(598 076)	62.5%	33.0%
– fixed	(532 138)	43.9%	(416 663)	43.5%	27.7%
– variable	(263 454)	21.7%	(181 413)	19.0%	45.2%
Business expenses	(197 453)	16.3%	(175 855)	18.4%	12.3%
Equipment (excluding depreciation)	(54 324)	4.5%	(48 827)	5.1%	11.3%
Premises (excluding depreciation)	(70 394)	5.8%	(59 124)	6.2%	19.1%
Marketing expenses	(48 943)	4.0%	(38 812)	4.1%	26.1%
Depreciation	(30 159)	2.4%	(36 457)	3.7%	(17.3%)
Depreciation on operating leased assets	(16 447)	1.4%	–	–	100.0%
Total expenses	(1 213 312)	100.0%	(957 151)	100.0%	26.8%

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

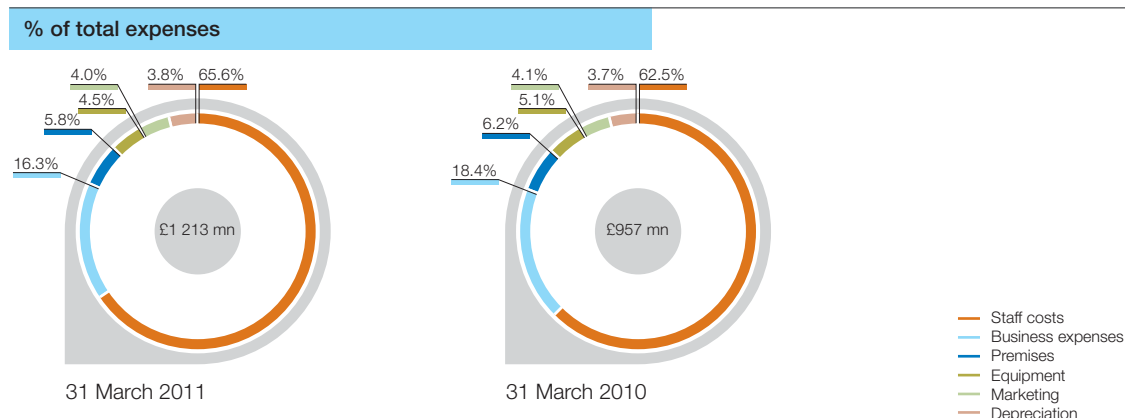
£'000	31 March 2011	% of total expenses	31 March 2010	% of total expenses	% change
UK and Europe	(656 729)	54.1%	(493 204)	51.5%	33.2%
Southern Africa	(471 013)	38.8%	(392 211)	41.0%	20.1%
Australia	(85 570)	7.1%	(71 736)	7.5%	19.3%
Total expenses	(1 213 312)	100.0%	(957 151)	100.0%	26.8%

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

£'000	31 March 2011	% of total expenses	31 March 2010	% of total expenses	% change
Asset Management	(216 947)	17.9%	(166 943)	17.4%	30.0%
Wealth and Investment	(115 813)	9.5%	(26 014)	2.7%	>100.0%
Property Activities	(25 890)	2.1%	(19 982)	2.1%	29.6%
Private Banking	(246 052)	20.3%	(238 298)	24.9%	3.3%
Investment Banking	(146 155)	12.0%	(133 035)	13.9%	9.9%
Capital Markets	(339 825)	28.0%	(282 952)	29.6%	20.1%
Group Services and Other Activities	(122 630)	10.2%	(89 927)	9.4%	36.4%
Total expenses	(1 213 312)	100.0%	(957 151)	100.0%	26.8%

The increase in expenses of £256.2 million can further be analysed as follows:

	£'million	% change
Currency adjustments	56.9	5.9%
Acquisitions of Rensburg Sheppards plc, Masterlease UK and Lease Direct Finance Limited	93.5	9.8%
Variable remuneration: an increase in certain divisions given their increase in profitability	53.6	5.6%
Staff costs: an increase in headcount in certain divisions and base salary increases	52.6	5.5%
Marketing expenses	5.8	0.6%
Other expenses	(6.2)	(0.6%)
Total increase in expenses	256.2	26.8%



Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests

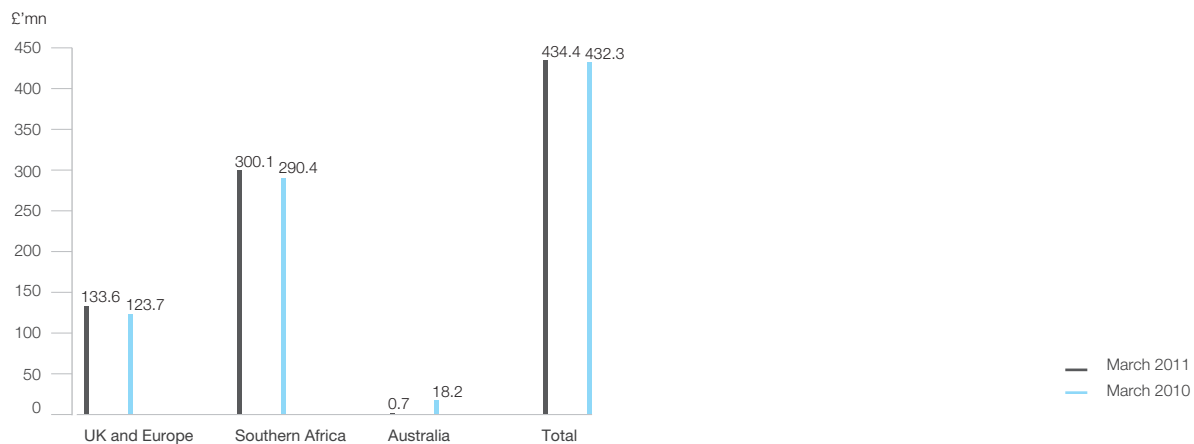
As a result of the foregoing factors, our operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests increased by 0.5% from £432.3 million to £434.4 million.

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

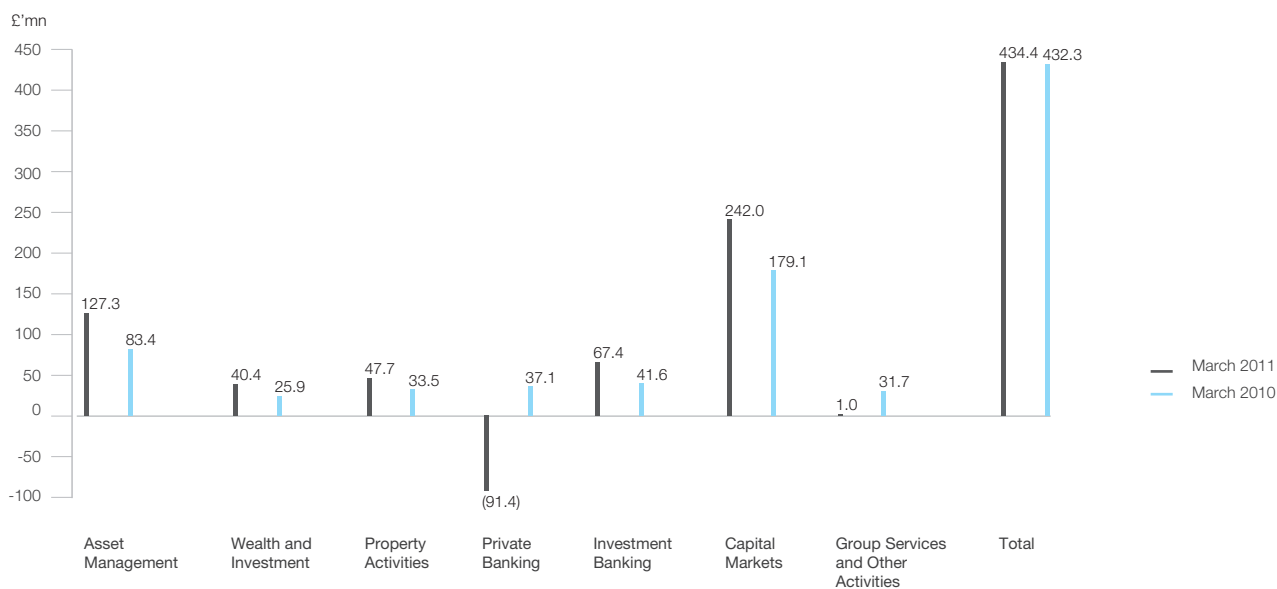
For the year ended 31 March 2011 £'000	UK and Europe	Southern Africa	Australia	Total group	% change	% of total
Asset Management	53 002	74 306	–	127 308	52.6%	29.3%
Wealth and Investment	25 008	15 418	–	40 426	56.2%	9.3%
Property Activities	375	40 178	7 155	47 708	42.5%	11.0%
Private Banking	(84 041)	2 990	(10 390)	(91 441)	(>100.0%)	(21.0%)
Investment Banking	8 887	65 191	(6 716)	67 362	62.1%	15.5%
Capital Markets	139 978	92 211	9 860	242 049	35.1%	55.7%
Group Services and Other Activities	(9 583)	9 780	797	994	(96.9%)	0.2%
Total group	133 626	300 074	706	434 406	0.5%	100.0%
Non-controlling interest - equity				(10 962)		
Operating profit				423 444		
% change	8.0%	3.3%	(96.1%)	0.5%		
% of total	30.8%	69.0%	0.2%	100.0%		

For the year ended 31 March 2010 £'000	UK and Europe	Southern Africa	Australia	Total group	% of total
Asset Management	25 335	58 077	–	83 412	19.3%
Wealth and Investment	11 637	14 250	–	25 887	6.0%
Property Activities	825	31 582	1 072	33 479	7.8%
Private Banking	6 545	29 330	1 177	37 052	8.6%
Investment Banking	(4 399)	45 694	273	41 568	9.6%
Capital Markets	93 163	70 572	15 404	179 139	41.4%
Group Services and Other Activities	(9 407)	40 862	266	31 721	7.3%
Total group	123 699	290 367	18 192	432 258	100.0%
Non-controlling interest - equity				(18 802)	
Operating profit				413 456	
% of total	28.6%	67.2%	4.2%	100.0%	

Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests by geography



Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests by line of business



Goodwill

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

Goodwill and intangible assets analysis - balance sheet information

£'000	31 March 2011	31 March 2010
UK and Europe	393 417	207 892
Asset Management	88 045	88 045
Wealth and Investment	197 119	–
Private Banking	19 005	18 695
Investment Banking	6 086	17 951
Capital Markets	83 162	83 201
South Africa	18 655	25 147
Asset Management	14 930	21 498
Wealth and Investment	3 320	3 253
Property Activities	405	396
Australia	44 536	41 378
Private Banking	22 541	22 213
Investment Banking	21 995	19 165
Intangibles	136 452	36 620
Total group	593 060	311 037

Amortisation of intangibles

The current period amortisation of intangibles relates to the acquisition of Rensburg Sheppards plc and mainly comprises amortisation of amounts attributable to client relationships.

Profit arising from associate converted to a subsidiary

A net gain of £73.5 million has arisen on the acquisition of Rensburg Sheppards plc, refer to page 9.

Net loss on sale of subsidiaries

The net loss on sale of subsidiaries of £17.3 million includes a loss of £35.5 million on the sale and deconsolidation of investments previously consolidated as subsidiaries, partially offset by a gain of £18.2 million on the sale of Rensburg Fund Management Limited.

Taxation

The operational effective tax rate (excluding taxation on intangibles and sale of subsidiaries) of the group decreased from 20.6% to 15.5%, due to the resolution of matters for which a provision was previously held.

For the year ended 31 March	Effective operational tax rates		2011 £'000	2010 £'000	Variance £'000	% change
	2011	2010				
UK and Europe	24.6%	10.6%	(29 228)	(9 426)	(19 802)	(>100.0%)
Southern Africa	11.8%	23.5%	(35 357)	(69 297)	33 940	49.0%
Australia	284.9%	21.4%	(490)	(3 876)	3 386	87.4%
Tax	15.5%	20.6%	(65 075)	(82 599)	17 524	21.2%

Financial review (continued)

Losses attributable to non-controlling interests

Losses attributable to non-controlling interests of £11.0 million largely comprise:

- £9.2 million relating to investments consolidated in the Private Equity division
- £1.4 million relating to Euro denominated preferred securities issued by a subsidiary of Investec plc which are reflected on the balance sheet as part of non-controlling interests (the transaction is hedged and a forex transaction loss arising on the hedge is reflected in operating profit before goodwill with the equal and opposite impact reflected in earnings attributable to non-controlling interests).

Earnings attributable to shareholders

As a result of the foregoing factors, earnings attributable to shareholders increased from £346.1 million to £420.5 million.

Dividends and earnings per share

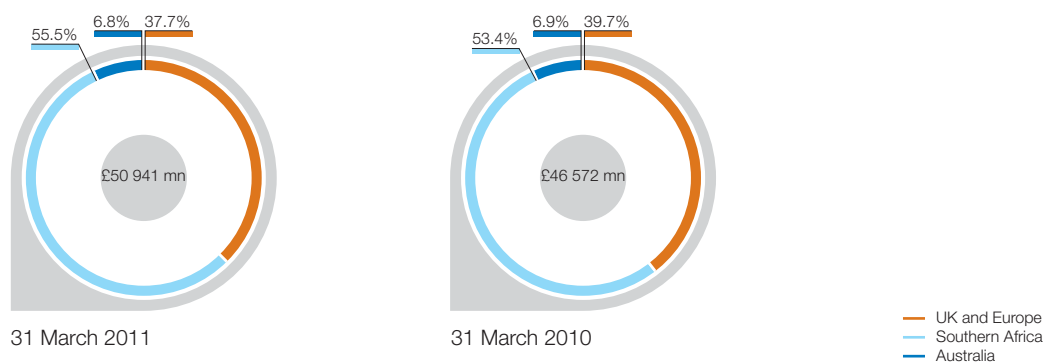
Information with respect to dividends and earnings per share is provided on page 18 and pages 120 to 124.

Balance sheet analysis

Since 31 March 2010:

- Total shareholders' equity (including non-controlling interests) increased by 20.3% to £4.0 billion largely as a result of retained earnings and the issue of shares
- Total assets increased from £46.6 billion to £50.9 billion largely as a result of increased cash and near cash balances and advances, as well as an increase in goodwill and intangibles associated with the acquisition of Rensburg Sheppards plc
- Core loans and advances (excluding own originated securitised assets) as a percentage of customer deposits improved from 76.2% to 72.4%
- The return on adjusted average shareholders' equity declined from 13.5% to 11.2%
- The group's gearing ratios remain low with core loans and advances to equity at 4.7 times (2010:5.4 times) and total assets (excluding assurance assets) to equity at 11.3 times (2010:12.5 times).

Assets by geography



Net tangible asset value per share

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

£'000	31 March 2011	31 March 2010
Shareholders' equity	3 647 573	2 954 982
Less: perpetual preference shares issued by holding companies	(394 207)	(378 071)
Less: goodwill and intangible assets (excluding software)	(564 726)	(282 264)
Net tangible asset value	2 688 640	2 294 647
Number of shares in issue (million)	810.0	741.0
Treasury shares (million)	(28.0)	(33.0)
Number of shares in issue in this calculation (million)	782.0	708.0
Net tangible asset value per share (pence)	343.8	324.1

Capital management and allocation

Although Investec plc (and its subsidiaries) and Investec Limited (and its subsidiaries) are managed independently, the approach to capital management is consistent across the two groups. The DLC structure requires the two groups to be considered independent from a capital perspective and hence capital is managed on this basis. This approach is exercised through the board risk and capital committee (via the Investec DLC capital committee) which is a board sub-committee with ultimate responsibility for the capital sufficiency of both Investec plc and Investec Limited.

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

Investec plc is regulated by the FSA in the UK and Investec Limited is regulated by the SARB. In addition, a number of subsidiaries are subject to the capital regulations of the regulators for the jurisdictions in which they operate.

Capital structure

As at 31 March 2011	Investec plc £'mn	IBP* £'mn	IBAL* A\$'mn	Investec Limited R'mn	IBL* R'mn
Regulatory capital					
Tier 1					
Called up share capital	–	1 026	292	–	27
Share premium	1 239	219	–	10 719	11 845
Retained income	491	314	364	10 903	7 067
Treasury shares	(11)	–	–	(807)	–
Other reserves	98	82	(5)	389	250
Minority interests in subsidiaries	170	(7)	–	–	–
Goodwill and intangible assets	(542)	(410)	(90)	(314)	(108)
Total tier 1	1 445	1 224	561	20 890	19 081
Less: deductions	(24)	(22)	(63)	(297)	(297)
	1 421	1 202	498	20 593	18 784
Tier 2 capital					
Aggregate amount	702	577	104	7 039	7 039
Less: deductions	(24)	(22)	(6)	(297)	(297)
	678	555	98	6 742	6 742
Other deductions from tier 1 and tier 2	(31)	(27)	–	–	–
Total capital	2 068	1 730	596	27 335	25 526

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

Capital management and allocation (continued)

Capital structure (continued)

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

Capital requirements

As at 31 March 2011	Investec plc £'mn	IBP* £'mn	IBAL* A\$'mn	Investec Limited R'mn	IBL* R'mn
Capital requirements	983	872	442	16 377	15 537
Credit risk - prescribed standardised exposure classes	769	707	385	11 869	11 662
Corporates	225	219	295	7 541	7 369
Secured on real estate property	268	259	6	1 166	1 166
Counterparty risk on trading positions	18	17	9	395	364
Short term claims on institutions and corporates	20	19	3	1 553	1 553
Retail	53	53	11	291	291
Institutions	20	20	12	845	841
Other exposure classes	165	120	49	78	78
Securitisation exposures	23	23	–	450	450
Equity risk - standardised approach	21	21	8	2 160	2 109
Listed equities	2	2	3	346	295
Unlisted equities	19	19	5	1 814	1 814
Market risk - portfolios subject to internal models approach	52	50	2	129	90
Interest rate	14	14	1	40	40
Foreign Exchange	20	20	–	21	21
Commodities	–	–	1	1	1
Equities	18	16	–	67	28
Operational risk - standardised approach	118	71	47	1 769	1 226

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

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

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

Capital management and allocation (continued)

Capital adequacy

As at 31 March 2011	Investec plc £'mn	IBP* £'mn	IBAL* A\$'mn	Investec Limited R'mn	IBL* R'mn
Primary capital (tier 1)	1 445	1 224	561	20 890	19 081
Less: deductions	(24)	(22)	(63)	(297)	(297)
	1 421	1 202	498	20 593	18 784
Tier 2 capital					
Aggregate amount	702	577	104	7 039	7 039
Less: deductions	(24)	(22)	(6)	(297)	(297)
	678	555	98	6 742	6 742
Other deductions from tier 1 and tier 2	(31)	(27)	–	–	–
Total capital	2 068	1 730	596	27 335	25 526
Risk-weighted assets (banking and trading)	12 292	10 911	3 390	172 370	163 537
Credit risk - prescribed standardised exposure classes	9 623	8 851	2 958	124 918	122 751
Corporates	2 807	2 743	2 266	79 376	77 573
Secured on real estate property	3 354	3 232	45	12 270	12 270
Counterparty risk on trading positions	219	218	66	4 153	3 829
Short term claims on institutions and corporates	256	236	23	16 342	16 342
Retail	668	668	88	3 067	3 067
Institutions	253	253	95	8 892	8 852
Other exposure classes	2 066	1 501	375	818	818
Securitisation exposures	284	284	–	4 737	4 737
Equity risk - standardised approach	266	264	58	22 740	22 204
Listed equities	31	30	20	3 646	3 110
Unlisted equities	235	234	38	19 094	19 094
Market risk - portfolios subject to internal models approach	649	626	15	1 358	943
Interest rate	174	174	9	420	420
Foreign Exchange	256	246	1	221	221
Commodities	–	–	5	9	9
Equities	219	206	–	708	293
Operational risk - standardised approach	1 470	886	359	18 617	12 902
Capital adequacy ratio	16.8%	15.9%	17.6%	15.9%	15.6%
Tier 1 ratio	11.6%	11.0%	14.7%	11.9%	11.5%
Capital adequacy ratio - pre-operational risk	19.1%	17.3%	19.7%	17.8%	16.9%
Tier 1 ratio - pre-operational risk	13.1%	12.0%	16.4%	13.4%	12.5%

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

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

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

The above tables are prepared based on local jurisdictional requirements and adjusted for current year profits and losses.

ROE - assessment of economic capital utilised

Return on capital by segment

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

- A notional return on capital (net of the costs of subordinated debt) which is managed and borne in the centre is allocated from Group Services and Other Activities (GSO) to the business segments based on their total capital utilisation.

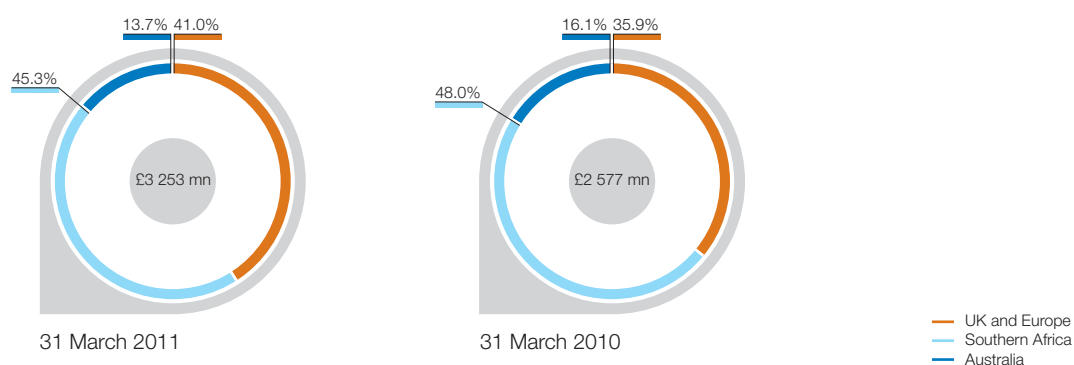
£'000	31 March 2011	31 March 2010	Average	31 March 2009	Average
Calculation of average ordinary shareholders' equity					
Ordinary shareholders' equity	3 253 213	2 576 759	2 914 986	1 997 342	2 287 051
Goodwill and intangible assets (excluding software)	(564 726)	(282 264)	(423 495)	(274 998)	(278 631)
Ordinary tangible shareholders' equity	2 688 487	2 294 495	2 491 491	1 722 344	2 008 420

£'000	31 March 2011	31 March 2010
Operating profit before goodwill impairment and non-operational items	423 444	413 456
Operating losses attributable to non-controlling interests	10 962	18 802
Preference dividends paid	(41 434)	(39 949)
Operating profit	392 972	392 309
Tax on ordinary activities	(65 075)	(82 599)
Operating profit after tax	327 897	309 710
Pre-tax return on average ordinary shareholders' equity	13.5%	17.2%
Post-tax return on average ordinary shareholders' equity	11.2%	13.5%
Pre-tax return on average ordinary tangible shareholders' equity	15.8%	19.5%
Post-tax return on average ordinary tangible shareholders' equity	13.2%	15.4%

ROE by geography

£'000	UK and Europe	Southern Africa	Australia	Total group
Total operating profit	122 447	300 564	433	423 444
Tax on profit on ordinary activities	(29 228)	(35 357)	(490)	(65 075)
Non-controlling interests	11 179	(490)	273	10 962
Preference dividends paid	(14 319)	(27 115)	–	(41 434)
Profit on ordinary activities after taxation - 31 March 2011	90 079	237 602	216	327 897
Profit on ordinary activities after taxation - 31 March 2010	99 461	195 933	14 316	309 710
Ordinary shareholders' equity - 31 March 2011	1 333 460	1 472 732	447 021	3 253 213
Goodwill and intangible assets (excluding software)	(500 585)	(18 654)	(45 487)	(564 726)
Tangible ordinary shareholders' equity - 31 March 2011	832 875	1 454 078	401 534	2 688 487
Ordinary shareholders' equity - 31 March 2010	926 184	1 237 783	412 792	2 576 759
Goodwill and intangible assets (excluding software)	(214 278)	(25 214)	(42 772)	(282 264)
Tangible ordinary shareholders' equity - 31 March 2010	711 906	1 212 569	370 020	2 294 495
Average ordinary shareholders' equity - 31 March 2011	1 129 822	1 355 258	429 906	2 914 986
Average ordinary shareholders' equity - 31 March 2010	872 460	1 058 307	356 284	2 287 051
Adjusted average tangible shareholders' equity - 31 March 2011	772 391	1 333 323	385 777	2 491 491
Adjusted average tangible shareholders' equity - 31 March 2010	656 915	1 034 399	317 106	2 008 420
Post-tax return on average ordinary shareholders' equity - 31 March 2011	8.0%	17.5%	0.1%	11.2%
Post-tax return on average ordinary shareholders' equity - 31 March 2010	11.4%	18.5%	4.0%	13.5%
Post-tax return on average adjusted tangible shareholders' equity - 31 March 2011	11.7%	17.8%	0.1%	13.2%
Post-tax return on average adjusted tangible shareholders' equity - 31 March 2010	15.1%	18.9%	4.5%	15.4%

Adjusted shareholders' equity by geography



ROE by division

£'000	AM*	WI*	PA*	PB*	IB*	CM*	GSO*	Total group
Total operating profit, after non-controlling interests	127 308	40 426	47 708	(91 441)	67 362	242 049	994	434 406
Notional return on regulatory capital	1 316	1 101	6 928	54 535	13 590	43 876	(121 346)	–
Notional cost of statutory capital	(10 096)	(2 443)	(6 374)	(133)	–	(21 792)	40 838	–
Cost of subordinated debt	(780)	(674)	(3 915)	(28 572)	(7 716)	(24 472)	66 129	–
Cost of preference shares	(362)	(343)	(1 684)	(13 041)	(3 509)	(12 001)	(10 494)	(41 434)
Absorption of additional residual costs**	(7 929)	(5 663)	(5 357)	(18 458)	(18 891)	(26 241)	82 539	–
Adjusted earnings/(losses) – 31 March 2011	109 457	32 404	37 306	(97 110)	50 836	201 419	58 660	392 972
Adjusted earnings – 31 March 2010	68 342	19 142	25 499	44 795	38 167	163 924	32 440	392 309
Ordinary shareholders' equity - 31 March 2011	141 608	373 166	112 775	1 099 642	285 909	1 078 395	161 718	3 253 213
Goodwill and intangible assets (excluding software)	(102 975)	(307 607)	(405)	(41 548)	(28 081)	(83 162)	(948)	(564 726)
Tangible ordinary shareholders' equity - 31 March 2011	38 633	65 559	112 370	1 058 094	257 828	995 233	160 770	2 688 487
Ordinary shareholders' equity - 31 March 2010	137 308	20 094	75 615	1 008 371	256 666	958 173	120 532	2 576 759
Goodwill and intangible assets (excluding software)	(109 543)	(3 253)	(396)	(40 908)	(44 963)	(83 201)	–	(282 264)
Tangible ordinary shareholders' equity - 31 March 2010	27 765	16 841	75 219	967 463	211 703	874 972	120 532	2 294 495
Average ordinary shareholders' equity - 31 March 2011	139 458	196 630	94 195	1 054 007	271 288	1 018 284	141 124	2 914 986
Average ordinary shareholders' equity - 31 March 2010	128 865	18 857	62 265	852 517	223 661	888 250	112 636	2 287 051
Adjusted average tangible shareholders' equity - 31 March 2011	33 199	41 200	93 795	1 012 779	234 766	935 103	140 649	2 491 491
Adjusted average tangible shareholders' equity - 31 March 2010	20 263	15 900	61 905	813 011	175 501	809 205	112 635	2 008 420
Pre-tax return on average ordinary shareholders' equity – 31 March 2011	78.5%	16.5%	39.6%	(9.2%)	18.7%	19.8%	41.6%	13.5%
Pre-tax return on average ordinary shareholders' equity – 31 March 2010	53.0%	101.5%	41.0%	5.3%	17.1%	18.5%	28.8%	17.2%
Pre-tax return on average adjusted tangible shareholders' equity – 31 March 2011	329.7%	78.7%	39.8%	(9.6%)	21.7%	21.5%	41.7%	15.8%
Pre-tax return on average adjusted tangible shareholders' equity – 31 March 2010	337.3%	120.4%	41.2%	5.5%	21.7%	20.3%	28.8%	19.5%

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

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

Total third party assets under management and operating income earned

	Third party assets under management (£'million)		Operating income earned from third party assets under management (£'000) for year ended 31 March 2011
	31 March 2011	31 March 2010	
Wealth and Investment*	29 448	27 139	156 239
Rensburg Sheppards plc and other international businesses	14 852	15 086	102 229
South Africa	14 596	12 053	54 010
Property Activities	292	261	3 896
UK and Europe	80	73	1 578
Southern Africa	46	61	640
Australia	166	127	1 678
Investec Asset Management	58 802	46 403	344 590
UK and international	30 765	21 666	179 010
Southern Africa	28 037	24 737	165 580
Australia Private Equity and Capital Markets	336	278	2 782
Total	88 878	74 081	507 507

A further analysis of third party assets under management

31 March 2011 £'million	UK, Europe and Other	Southern Africa	Australia	Total
Wealth and Investment*	14 852	14 596	-	29 448
- Discretionary	9 571	2 076	-	11 647
- Non-discretionary	5 281	12 520	-	17 801
- Other	-	-	-	-
Investec Asset Management	30 765	28 037	-	58 802
- Institutional	15 363	18 571	-	33 934
- Retail	15 402	9 466	-	24 868
Property Activities	80	46	166	292
Australia Private Equity and Capital Markets	-	-	336	336
Total third party assets under management	45 697	42 679	502	88 878

31 March 2010 £'million	UK, Europe and Other	Southern Africa	Australia	Total
Wealth and Investment*	14 709	12 053	377	27 139
- Discretionary	8 517	1 776	-	10 293
- Non-discretionary	3 082	10 277	-	13 359
- Other	3 110	-	377	3 487
Investec Asset Management	21 666	24 737	-	46 403
- Institutional	10 602	16 980	-	27 582
- Retail	11 064	7 757	-	18 821
Property Activities	73	61	127	261
Australia Private Equity and Capital Markets	-	-	278	278
Total third party assets under management	36 448	36 851	782	74 081

* Now incorporates funds under advice as previously reported within the Private Bank. Historic numbers have been restated accordingly.

Operating profit (before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests) per employee

By division	AM*	WI*	PA*	PB*	IB*	CM*	GSO*	Total group
Number of employees – 31 March 2011	1 071	976	81	2 096	390	1 334	1 289	7 237
Number of employees – 31 March 2010	968	211	77	2 232	371	1 089	1 175	6 123
Number of employees – 31 March 2009	925	208	78	2 200	366	1 060	1 114	5 951
Average employees – 12 months to 31 March 2011	1 020	594	79	2 164	381	1 212	1 232	6 682
Average employees – 12 months to 31 March 2010	947	210	77	2 216	369	1 075	1 144	6 038
Operating profit [^] – Year to 31 March 2011 (£'000)	127 308	37 775	47 651	(91 702)	66 623	242 049	760	430 464
Operating profit [^] – Year to 31 March 2010 (£'000)	83 412	14 253	33 479	37 656	41 387	179 060	31 416	420 663
Operating profit per employee ^{^^} – 31 March 2011 (£'000)	124.8	63.6	603.2	(42.4)	174.9	199.7	0.6	64.4
Operating profit per employee ^{^^} – 31 March 2010 (£'000)	88.1	67.9	434.8	17.0	112.2	166.6	27.5	69.7

By geography	UK and Europe	Southern Africa	Australia	Total group
Number of employees – 31 March 2011	2 709	4 101	427	7 237
Number of employees – 31 March 2010	1 862	3 883	378	6 123
Number of employees – 31 March 2009	1 803	3 794	354	5 951
Average employees – 12 months to 31 March 2011	2 286	3 993	403	6 682
Average employees – 12 months to 31 March 2010	1 833	3 839	366	6 038
Operating profit [^] – Year to 31 March 2011 (£'000)	129 890	300 129	445	430 464
Operating profit [^] – Year to 31 March 2010 (£'000)	111 448	290 419	18 796	420 663
Operating profit per employee ^{^^} – 31 March 2011 (£'000)	56.8	75.2	1.1	64.4
Operating profit per employee ^{^^} – 31 March 2010 (£'000)	60.8	75.6	51.4	69.7

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

[^] Excluding operating income from associates.

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

Number of employees

By division - permanent employees	31 March 2011	31 March 2010
Asset Management		
UK, Europe and Other	314	272
Southern Africa	672	627
Total	986	899
Wealth and Investment		
UK and Europe	663	–
Southern Africa	256	200
Total	919	200
Property Activities		
UK and Europe	3	5
Southern Africa	57	57
Australia	11	8
Total	71	70
Private Banking		
UK and Europe	404	502
Southern Africa	1 355	1 382
Australia	176	179
Total	1 935	2 063
Investment Banking		
UK, Europe and Hong Kong	169	164
Southern Africa	139	145
Australia	47	41
USA	15	13
Total	370	363
Capital Markets		
UK and Europe	798	587
Southern Africa	452	431
Australia	69	43
Total	1 319	1 061
Group Services and Other Activities		
UK and Europe	272	245
Southern Africa	749	700
Australia	95	83
Total	1 116	1 028
Total number of permanent employees	6 716	5 684

Number of employees (continued)

By geography	31 March 2011	31 March 2010	31 March 2009	31 March 2008	31 March 2007
UK and Europe	2 606	1 763	1 706	1 812	1 294
SA and Other	3 680	3 542	3 541	3 666	3 476
Australia	401	356	354	424	235
USA	29	23	22	12	5
Temporary employees and contractors	521	439	328	419	420
Total number of employees	7 237	6 123	5 951	6 333	5 430

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 “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 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	31 March 2011	31 March 2010
Loans (pre-impairments) as per balance sheet	19 343 475	17 724 810
Less: warehouse facilities and structured credit investments arising out of our securitisation and principal finance activities and other credit exposures (pre-impairments)	(1 341 276)	(800 389)
Add: own-originated securitised assets	1 067 409	1 172 717
Gross core loans and advances to customers (pre-impairments)	19 069 608	18 097 138

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

£'000	31 March 2011	31 March 2010
Gross core loans and advances to customers	19 069 608	18 097 138
Total impairments	(311 470)	(206 341)
Portfolio impairments	(30 844)	(48 942)
Specific impairments	(280 626)	(157 399)
Net core loans and advances to customers	18 758 138	17 890 797
Average gross core loans and advances to customers	18 583 373	17 245 171
Current loans and advances to customers	17 438 856	16 643 441
Total watchlist and default core loans and advances to customers	1 630 752	1 453 697
Past due loans and advances to customers (1-60 days)	356 756	381 539
Special mention loans and advances to customers	87 541	154 589
Default loans and advances to customers	1 186 455	917 569
Gross core loans and advances to customers	19 069 608	18 097 138
Total watchlist and default core loans and advances to customers	1 630 752	1 453 697
Default loans that are current and not impaired	6 746	39 605
Gross core loans and advances to customers that are past due but not impaired	803 813	952 813
Gross core loans and advances to customers that are impaired	820 193	461 279
Total income statement charge for core loans and advances	(248 343)	(205 201)
Gross default loans and advances to customers	1 186 455	917 569
Specific impairments	(280 626)	(157 399)
Portfolio impairments	(30 844)	(48 942)
Defaults net of impairments	874 985	711 228
Collateral and other credit enhancements	1 210 061	947 192
Net default loans and advances to customers (limited to zero)	–	–
Ratios:		
Total impairments as a % of gross core loans and advances to customers	1.63%	1.14%
Total impairments as a % of gross default loans	26.25%	22.49%
Gross defaults as a % of gross core loans and advances to customers	6.22%	5.07%
Defaults (net of impairments) as a % of net core loans and advances to customers	4.66%	3.98%
Net defaults as a % of gross core loans and advances to customers	–	–
Credit loss ratio (i.e income statement charge as a % of average gross loans and advances)	1.27%	1.16%

Asset quality and impairments (continued)

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

£'000	UK and Europe		Southern Africa		Australia		Total	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Gross core loans and advances to customers	5 731 767	5 536 755	11 234 172	10 707 928	2 103 669	1 852 455	19 069 608	18 097 138
Total impairments	(155 515)	(99 974)	(127 727)	(70 452)	(28 228)	(35 915)	(311 470)	(206 341)
Portfolio impairments	–	(18 672)	(29 326)	(29 033)	(1 518)	(1 237)	(30 844)	(48 942)
Specific impairments	(155 515)	(81 302)	(98 401)	(41 419)	(26 710)	(34 678)	(280 626)	(157 399)
Net core loans and advances to customers	5 576 252	5 436 781	11 106 445	10 637 476	2 075 441	1 816 540	18 758 138	17 890 797
% of total	29.7%	30.4%	59.2%	59.4%	11.1%	10.2%	100.0%	100.0%
% change since 31 March 2010	2.6%		4.4%		14.3%		4.8%	
Average gross core loans and advances to customers	5 634 261	5 787 671	10 971 050	9 819 370	1 978 062	1 638 130	18 583 373	17 245 171
Current loans and advances to customers	5 094 608	5 002 250	10 504 773	10 053 663	1 839 475	1 587 528	17 438 856	16 643 441
Total watchlist and default core loans and advances to customers	637 159	534 505	729 399	654 265	264 194	264 927	1 630 752	1 453 697
Past due loans and advances to customers (1-60 days)	232 866	165 540	99 738	181 499	24 152	34 500	356 756	381 539
Special mention loans and advances to customers	13 161	97 344	60 489	49 193	13 891	8 052	87 541	154 589
Default loans and advances to customers	391 132	271 621	569 172	423 573	226 151	222 375	1 186 455	917 569
Gross core loans and advances to customers	5 731 767	5 536 755	11 234 172	10 707 928	2 103 669	1 852 455	19 069 608	18 097 138
Total watchlist and default core loans and advances to customers	637 159	534 505	729 399	654 265	264 194	264 927	1 630 752	1 453 697
Default loans that are current and not impaired	–	4 985	6 746	34 620	–	–	6 746	39 605
Gross core loans and advances to customers that are past due but not impaired	300 874	327 925	362 600	467 360	140 339	157 528	803 813	952 813
Gross core loans and advances to customers that are impaired	336 285	201 595	360 053	152 285	123 855	107 399	820 193	461 279
Total income statement charge for impairments on core loans	(140 598)	(106 950)	(77 538)	(70 841)	(30 207)	(27 410)	(248 343)	(205 201)
Gross default loans and advances to customers	391 132	271 621	569 172	423 573	226 151	222 375	1 186 455	917 569
Specific impairments	(155 515)	(81 302)	(98 401)	(41 419)	(26 710)	(34 678)	(280 626)	(157 399)
Portfolio impairments	–	(18 672)	(29 326)	(29 033)	(1 518)	(1 237)	(30 844)	(48 942)
Defaults net of impairments	235 617	171 647	441 445	353 121	197 923	186 460	874 985	711 228
Collateral and other credit enhancements	336 740	192 490	658 781	541 548	214 540	213 154	1 210 061	947 192
Net default loans and advances to customers (limited to zero)	–	–	–	–	–	–	–	–

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

	UK and Europe		Southern Africa		Australia		Total	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Total impairments as a % of gross core loans and advances to customers	2.71%	1.81%	1.14%	0.66%	1.34%	1.94%	1.63%	1.14%
Total impairments as a % of gross default loans	39.76%	36.81%	22.44%	16.63%	12.48%	16.15%	26.25%	22.49%
Gross defaults as a % of gross core loans and advances to customers	6.82%	4.91%	5.07%	3.96%	10.75%	12.00%	6.22%	5.07%
Defaults (net of impairments) as a % of net core loans and advances to customers	4.23%	3.16%	3.97%	3.32%	9.54%	10.26%	4.66%	3.98%
Net defaults as a % of gross core loans and advances to customers	–	–	–	–	–	–	–	–
Credit loss ratio (i.e. income statement charge as a % of average gross loans and advances)	2.19%	1.72%	0.71%	0.71%	1.53%	1.67%	1.27%	1.16%

Asset quality and impairments (continued)

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

As at 31 March 2011 £'000	Private Bank**			Total
	UK and Europe	Southern Africa	Australia	
Gross core loans and advances to customers	3 519 886	8 225 970	1 848 436	13 594 292
Total impairments	(141 673)	(99 822)	(27 986)	(269 481)
Portfolio impairments	–	(14 476)	(1 518)	(15 994)
Specific impairments	(141 673)	(85 346)	(26 468)	(253 487)
Net core loans and advances to customers	3 378 213	8 126 148	1 820 450	13 324 811
Average gross core loans and advances	3 583 746	7 980 565	1 764 225	13 328 536
Current loans and advances to customers	2 971 055	7 537 610	1 589 647	12 098 312
Total watchlist and default core loans and advances to customers	548 831	688 360	258 789	1 495 980
Past due loans and advances to customers (1 - 60 days)	204 866	86 358	24 152	315 376
Special mention loans and advances to customers	12 674	52 108	12 628	77 410
Default loans and advances to customers	331 291	549 894	222 009	1 103 194
Gross core loans and advances to customers	3 519 886	8 225 970	1 848 436	13 594 292
Total watchlist and default core loans and advances to customers	548 831	688 360	258 789	1 495 980
Default loans that are current and not impaired	–	6 746	–	6 746
Gross core loans and advances to customers that are past due but not impaired	272 151	340 839	135 205	748 195
Gross core loans and advances to customers that are impaired	276 680	340 775	123 584	741 039
Total income statement charge for impairments on core loans	(123 891)	(94 223)	(26 862)	(244 976)
Gross default loans and advances to customers	331 291	549 894	222 009	1 103 194
Specific impairments	(141 673)	(85 346)	(26 468)	(253 487)
Portfolio impairments	–	(14 476)	(1 518)	(15 994)
Defaults net of impairments	189 618	450 072	194 023	833 713
Collateral and other credit enhancements	290 759	651 391	210 637	1 152 787
Net default loans and advances to customers (limited to zero)	–	–	–	–
Total impairments as a % of gross core loans and advances to customers	4.02%	1.21%	1.51%	1.98%
Total impairments as a % of gross default loans	42.76%	18.15%	12.61%	24.43%
Gross defaults as a % of gross core loans and advances to customers	9.41%	6.68%	12.01%	8.12%
Defaults (net of impairments) as a % of net core loans and advances to customers	5.61%	5.54%	10.66%	6.26%
Net defaults as a % of gross core loans and advances to customers	–	–	–	–
Credit loss ratio (i.e. income statement charge as a % of average gross loans and advances)	3.46%	1.18%	1.52%	1.84%

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

** A further analyses of our Private Bank and Capital Markets loan portfolios, broken down by type of loan is provided on pages 86 and 104.

	Capital Markets**				Other*				Group total
	UK and Europe	Southern Africa	Australia	Total	UK and Europe	Southern Africa	Australia	Total	
	2 036 660	2 559 305	253 366	4 849 331	175 222	448 897	1 866	625 985	19 069 608
	(13 842)	(2 574)	(241)	(16 657)	–	(25 332)	–	(25 332)	(311 470)
	–	(1 654)	–	(1 654)	–	(13 196)	–	(13 196)	(30 844)
	(13 842)	(920)	(241)	(15 003)	–	(12 136)	–	(12 136)	(280 626)
	2 022 818	2 556 731	253 125	4 832 674	175 222	423 565	1 866	600 653	18 758 138
	1 907 079	2 575 797	212 029	4 694 905	143 436	414 688	1 808	559 932	18 583 373
	1 948 588	2 547 067	247 960	4 743 615	174 966	420 097	1 866	596 929	17 438 856
	88 072	12 238	5 406	105 716	256	28 800	–	29 056	1 630 752
	27 761	1 555	–	29 316	239	11 825	–	12 064	356 756
	487	6 786	1 263	8 536	–	1 595	–	1 595	87 541
	59 824	3 897	4 143	67 864	17	15 380	–	15 397	1 186 455
	2 036 660	2 559 305	253 366	4 849 331	175 222	448 897	1 866	625 985	19 069 608
	88 072	12 238	5 406	105 716	256	28 800	–	29 056	1 630 752
	–	–	–	–	–	–	–	–	6 746
	28 483	8 341	5 135	41 959	239	13 420	–	13 659	803 813
	59 589	3 897	271	63 757	17	15 380	–	15 397	820 193
	(28 411)	13 662	(3 345)	(18 094)	11 704	3 023	–	14 727	(248 343)
	59 824	3 897	4 143	67 864	17	15 380	–	15 397	1 186 455
	(13 842)	(920)	(241)	(15 003)	–	(12 136)	–	(12 136)	(280 626)
	–	(1 654)	–	(1 654)	–	(13 196)	–	(13 196)	(30 844)
	45 982	1 323	3 902	51 207	17	(9 952)	–	(9 935)	874 985
	45 983	2 977	3 902	52 862	–	4 412	–	4 412	1 210 061
	–	–	–	–	17	–	–	–	–
	0.68%	0.10%	0.10%	0.34%	–	5.64%	–	4.05%	1.63%
	23.14%	66.05%	5.82%	24.54%	–	164.71%	–	164.53%	26.25%
	2.94%	0.15%	1.64%	1.40%	0.01%	3.43%	–	2.46%	6.22%
	2.27%	0.05%	1.54%	1.06%	0.01%	(2.35%)	–	(1.65%)	4.66%
	–	–	–	–	0.01%	–	–	–	–
	1.07%	(0.49%)	1.58%	0.32%	(8.16%)	(0.73%)	–	(2.63%)	1.27%

Asset quality and impairments (continued)

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

As at 31 March 2010 £'000	Private Bank**			Total
	UK and Europe	Southern Africa	Australia	
Gross core loans and advances to customers	3 647 608	7 735 161	1 680 015	13 062 784
Total impairments	(62 621)	(37 586)	(31 048)	(131 255)
Portfolio impairments	(4 458)	(10 193)	(1 237)	(15 888)
Specific impairments	(58 163)	(27 393)	(29 811)	(115 367)
Net core loans and advances to customers	3 584 987	7 697 575	1 648 967	12 931 529
Average gross core loans and advances	3 665 185	6 982 042	1 466 415	12 113 642
Current loans and advances to customers	3 205 251	7 127 430	1 426 910	11 759 591
Total watchlist and default core loans and advances to customers	442 357	607 731	253 105	1 303 193
Past due loans and advances to customers (1 - 60 days)	146 705	159 918	34 500	341 123
Special mention loans and advances to customers	90 294	48 794	8 052	147 140
Default loans and advances to customers	205 358	399 019	210 553	814 930
Gross core loans and advances to customers	3 647 608	7 735 161	1 680 015	13 062 784
Total watchlist and default core loans and advances to customers	442 357	607 731	253 105	1 303 193
Default loans that are current and not impaired	4 985	34 620	-	39 605
Gross core loans and advances to customers that are past due impaired but not	277 180	438 990	155 275	871 445
Gross core loans and advances to customers that are impaired	160 192	134 121	97 830	392 143
Total income statement charge for impairments on core loans	(55 433)	(40 626)	(19 136)	(115 195)
Gross default loans and advances to customers	205 358	399 019	210 553	814 930
Specific impairments	(58 163)	(27 393)	(29 811)	(115 367)
Portfolio impairments	(4 458)	(10 193)	(1 237)	(15 888)
Defaults net of impairments	142 737	361 433	179 505	683 675
Collateral and other credit enhancements	148 861	521 227	206 198	876 286
Net default loans and advances to customers (limited to zero)	-	-	-	-
Total impairments as a % of gross core loans and advances to customers	1.72%	0.49%	1.85%	1.00%
Total impairments as a % of gross default loans	30.49%	9.42%	14.75%	16.11%
Gross defaults as a % of gross core loans and advances to customers	5.63%	5.16%	12.53%	6.24%
Defaults (net of impairments) as a % of net core loans and advances to customers	3.98%	4.70%	10.89%	5.29%
Net defaults as a % of gross core loans and advances to customers	-	-	-	-
Credit loss ratio (i.e. income statement charge as a % of average gross loans and advances)	1.51%	0.58%	1.30%	0.95%

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

** A further analyses of our Private Bank and Capital Markets loan portfolios, broken down by type of loan is provided on pages 86 and 104.

	Capital Markets**				Other*				Group total
	UK and Europe	Southern Africa	Australia	Total	UK and Europe	Southern Africa	Australia	Total	
	1 777 498	2 592 288	170 692	4 540 478	111 649	380 478	1 749	493 876	18 097 138
	(24 853)	(1 459)	(4 867)	(31 179)	(12 500)	(31 407)	–	(43 907)	(206 341)
	(1 714)	(1 444)	–	(3 158)	(12 500)	(17 396)	–	(29 896)	(48 942)
	(23 139)	(15)	(4 867)	(28 021)	–	(14 011)	–	(14 011)	(157 399)
	1 752 645	2 590 829	165 825	4 509 299	99 149	349 071	1 749	449 969	17 890 797
	2 028 407	2 505 170	170 220	4 703 797	94 079	332 158	1 496	427 733	17 245 172
	1 685 350	2 571 935	158 869	4 416 154	111 649	354 298	1 749	467 696	16 643 441
	92 148	20 353	11 823	124 324	–	26 180	–	26 180	1 453 697
	18 835	13 963	–	32 798	–	7 618	–	7 618	381 539
	7 050	–	–	7 050	–	399	–	399	154 589
	66 263	6 390	11 823	84 476	–	18 163	–	18 163	917 569
	1 777 498	2 592 288	170 692	4 540 478	111 649	380 478	1 749	493 876	18 097 138
	92 148	20 353	11 823	124 324	–	26 180	–	26 180	1 453 697
	–	–	–	–	–	–	–	–	39 605
	50 744	20 353	2 254	73 351	–	8 017	–	8 017	952 813
	41 404	–	9 569	50 973	–	18 163	–	18 163	461 279
	(39 210)	(9 184)	(8 274)	(56 668)	(12 500)	(20 838)	–	(33 338)	(205 201)
	66 263	6 390	11 823	84 476	–	18 163	–	18 163	917 569
	(23 139)	(15)	(4 867)	(28 021)	–	(14 011)	–	(14 011)	(157 399)
	(1 714)	(1 444)	–	(3 158)	(12 500)	(17 396)	–	(29 896)	(48 942)
	41 410	4 931	6 956	53 297	(12 500)	(13 244)	–	(25 744)	711 228
	43 629	14 012	6 956	64 597	–	6 309	–	6 309	947 192
	–	–	–	–	–	–	–	–	–
	1.40%	0.06%	2.85%	0.69%	11.20%	8.25%	–	8.89%	1.14%
	37.51%	22.83%	41.17%	36.91%	–	172.92%	–	241.74%	22.49%
	3.73%	0.25%	6.93%	1.86%	–	4.77%	–	3.68%	5.07%
	2.36%	0.19%	4.19%	1.18%	–	–	–	–	3.98%
	–	–	–	–	–	–	–	–	–
	1.65%	0.36%	4.86%	1.20%	13.29%	6.33%	–	7.84%	1.16%

Asset quality and impairments (continued)

Kensington group plc – salient features

As at 31 March 2011	Warehouse book	Securitised portfolio	Total	% of total
Assets and business activity statistics				
Mortgage assets under management (£'million)	1 613	2 605	4 218	
IFRS adjustments (£'million)	(34)	63	29	
Mortgage assets under management (£'million)	1 647	2 542	4 189	
First charge % of total mortgage assets under management	93.8%	94.6%	94.3%	
Second charge % of total mortgage assets under management	6.2%	5.4%	5.7%	
Fixed rate loans % of total mortgage assets under management	0.7%	–	0.3%	
Number of accounts	14 753	28 073	42 826	
Average loan balance (first charge) (£)	143 689	109 232	120 542	
Largest loan balance (£)	1 106 793	1 211 581	1 211 581	
Weighted average loan mature margin	4.1%	4.6%	4.4%	
Product mix (pre-IFRS adjustments) (£'million)	1 647	2 542	4 189	100.0%
Prime	5	–	5	0.1%
Near prime	553	418	971	23.2%
Prime buy to let	1	–	1	–
Adverse	396	1 682	2 078	49.7%
Adverse buy to let and right to buy	66	124	190	4.5%
Start - Irish operations	626	318	944	22.5%
Geographic distribution (£'million)	1 647	2 542	4 189	100.0%
UK - North	315	711	1 026	24.5%
UK - South West	79	156	235	5.6%
UK - South East	228	462	690	16.5%
Outer London	155	280	435	10.4%
Inner London	73	162	235	5.6%
Midlands	171	453	624	14.9%
Start - Irish operations	626	318	944	22.5%
Spread of value of properties	100.0%	100.0%	100.0%	
>£500 000	3.5%	1.4%	2.2%	
>£250 000 - <=£500 000	23.8%	12.5%	16.4%	
>£200 000 - <=£250 000	16.0%	12.1%	13.4%	
>£150 000 - <=£200 000	20.5%	19.8%	20.0%	
>£100 000 - <=£150 000	23.2%	28.4%	26.6%	
>£70 000 - <=£100 000	11.4%	19.3%	16.6%	
>£50 000 - <=£70 000	1.5%	5.2%	3.9%	
<£50 000	0.1%	1.3%	0.9%	
Asset quality statistics				
Weighted average current LTV of active portfolio (adjusted for house price deflation*)	93.7%	80.5%	85.8%	

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

UK: calendar year 2011: house price decline assumption of circa -12.5% for 2011 and flat thereafter, and an additional -10% haircut to the price to reflect forced sale discount.

Ireland: calendar year 2011: house price decline assumption of -4.9%, and house price growth assumption of 1% for 2012 to 2015.

As at 31 March 2011	Warehouse book	Securitized portfolio	Total	% of total
LTV spread - % of book	100.0%	100.0%	100.0%	
<= 65%	14.2%	23.6%	20.1%	
>65% - <70%	3.6%	6.1%	5.2%	
>70% - <75%	4.2%	7.4%	6.3%	
>75% - <80%	5.0%	9.1%	7.6%	
>80% - <85%	6.2%	10.6%	8.9%	
>85% - <90%	7.1%	11.3%	9.7%	
>90% - <95%	8.8%	9.5%	9.2%	
>95% - <100%	10.5%	7.4%	8.6%	
> 100%	40.4%	15.0%	24.4%	
% of accounts > 90 days in arrears	30.9%	31.0%	31.0%	
Number of accounts > 90 in arrears	4 566	8 694	13 260	
Total capital lent in arrears (£'million)	745	1 197	1 942	100.0%
Arrears 0 - 60 days	90	171	261	13.4%
Arrears 61 - 90 days	58	110	168	8.7%
Arrears >90 days	558	859	1 417	73.0%
Possession	39	57	96	4.9%
Debt to income ratio of clients %	19.5%	19.3%	19.3%	
Investec investment/exposure to assets reflected above (£'million)	619	113	732	
On balance sheet provision (£'million)	(84)	(48)	(132)	
Investec net investment/exposure to assets reflected above (£'million)	535	65	600	

Asset quality and impairments (continued)

Kensington group plc – salient financial information (continued)

As at 31 March 2010	Warehouse book	Securitised portfolio	Total	% of total
Assets and business activity statistics				
Mortgage assets under management (£'million)	1 776	2 874	4 650	
IFRS adjustments (£'million)	(10)	81	71	
Mortgage assets under management (£)	1 786	2 793	4 579	
First charge % of total mortgage assets under management	93.5%	94.4%	94.0%	
Second charge % of total mortgage assets under management	6.5%	5.6%	6.0%	
Fixed rate loans % of total mortgage assets under management	38.1%	0.7%	15.3%	
Number of accounts	16 155	30 723	46 878	
Average loan balance (first charge) (£)	142 214	109 831	120 489	
Largest loan balance (£)	1 126 641	1 194 619	1 194 619	
Weighted average loan mature margin	4.1%	4.6%	4.4%	
Product mix (pre-IFRS adjustments) (£'million)	1 786	2 793	4 579	100.0%
Prime	9	–	9	0.2%
Near prime	626	468	1 094	23.9%
Prime buy to Let	1	–	1	–
Adverse	443	1 861	2 304	50.3%
Adverse buy to let and right to buy	76	138	214	4.7%
Start – Irish operations	631	326	957	20.9%
Geographic distribution (£'million)	1 786	2 793	4 579	100.0%
UK – North	359	796	1 155	25.2%
UK – South West	90	173	263	5.7%
UK – South East	259	513	772	16.9%
Outer London	171	304	475	10.4%
Inner London	86	180	266	5.8%
Midlands	191	501	692	15.1%
Start – Irish operations	630	326	956	20.9%
Spread of value of properties	100.0%	100.0%	100.0%	
>£500 000	3.9%	1.5%	2.3%	
>£250 000 – <=£500 000	24.1%	12.6%	16.4%	
>£200 000 – <=£250 000	15.6%	11.7%	13.0%	
>£150 000 – <=£200 000	19.9%	19.4%	19.5%	
>£100 000 – <=£150 000	23.4%	28.6%	26.9%	
>£70 000 – <=£100 000	11.6%	19.6%	17.0%	
>£50 000 – <=£70 000	1.4%	5.3%	4.0%	
<£50 000	0.1%	1.3%	0.9%	
Asset quality statistics				
Weighted average current LTV of active portfolio (adjusted for house price indexation)*	89.1%	77.6%	82.1%	

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

As at 31 March 2010	Warehouse book	Securitized portfolio	Total	% of total
LTV spread – % of book	100.0%	100.0%	100.0%	
<= 65%	16.9%	24.9%	21.8%	
>65% – <70%	4.0%	6.2%	5.4%	
>70% – <75%	5.1%	7.8%	6.8%	
>75% – <80%	5.1%	10.3%	8.3%	
>80% – <85%	6.5%	11.5%	9.6%	
>85% – <90%	7.7%	12.4%	10.6%	
>90% – <95%	10.5%	10.1%	10.2%	
>95% – <100%	12.0%	6.9%	8.9%	
> 100%	32.2%	9.9%	18.4%	
% of accounts > 90 days in arrears	27.0%	29.1%	28.4%	
Number of accounts > 90 in arrears	4 368	8 946	13 314	
Total capital lent in arrears (£'million)	709	1 244	1 953	100.0%
Arrears 0 – 60 days	94	191	285	14.6%
Arrears 61 – 90 days	74	129	203	10.4%
Arrears >90 days	517	880	1 397	71.5%
Possession	24	44	68	3.5%
Debt to income ratio of clients	20.4%	19.1%	19.6%	
Investec investment/exposure to assets reflected above (£'million)	555	147	702	
On balance sheet provision (£'million)	(69)	(43)	(112)	
Investec net investment/exposure to assets reflected above (£'million)	486	104	590	

Additional information

Shareholder analysis

As at 31 March 2011 Investec plc and Investec Limited had 537.2 million and 272.8 million ordinary shares in issue, respectively.

Largest shareholders as at 31 March 2011

Investec plc

		Number of shares	% holding
1	Public Investment Corporation (ZA)	78 992 601	14.7
2	Old Mutual Investment Group (ZA)	28 053 047	5.2
3	Allan Gray (ZA)	22 195 379	4.1
4	BlackRock Inc (US)	21 934 967	4.1
5	Legal & General Investment Management Ltd (UK)	21 074 264	3.9
6	Stanlib (ZA)	20 903 724	3.9
7	Abax Investments (ZA)	16 880 931	3.1
8	Sanlam Investment Management (ZA)	14 290 915	2.7
9	Prudential Group (ZA)	12 665 952	2.4
10	Coronation Fund Managers (ZA)	11 623 274	2.2
Cumulative total		248 615 054	46.3

The top 10 shareholders account for 46.3% of the total shareholding in Investec plc. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

Investec Limited

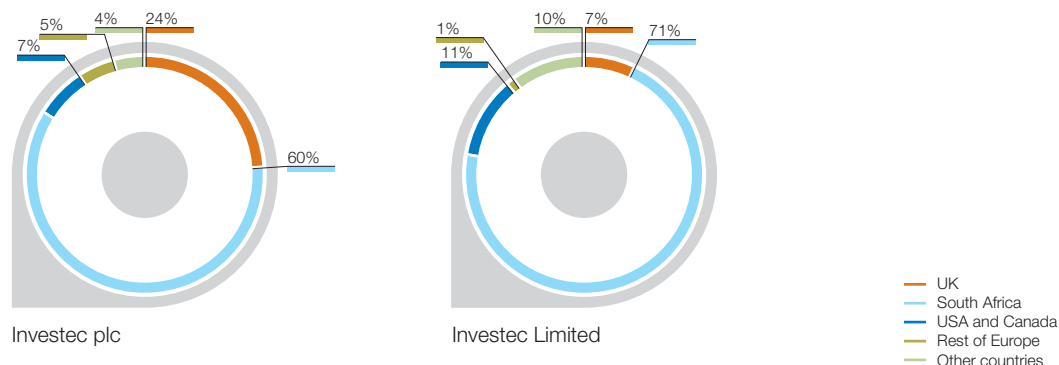
		Number of shares	% holding
1	Public Investment Corporation (ZA)	38 960 478	14.3
2	Investec Staff Share Scheme (ZA)	23 178 288	8.5
3	Old Mutual Investment Group (ZA)	16 344 808	6.0
4	Entrepreneurial Development Trust (ZA)*	14 000 000	5.1
5	Tiso INL Investments (Pty) Ltd (ZA)*	14 000 000	5.1
6	Sanlam Investment Management (ZA)	9 737 186	3.6
7	Stanlib (ZA)	9 108 116	3.3
8	BlackRock Inc (US)	7 732 057	2.8
9	Dimensional Fund Advisors (US)	7 295 183	2.7
10	RMB Asset Management (ZA)	6 711 992	2.5
Cumulative total		147 068 108	53.9

The top 10 shareholders account for 53.9% of the total shareholding in Investec Limited. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

* In November 2003, Investec Limited implemented an empowerment transaction in which empowerment partners and an employee share scheme acquired 25.1% of the equity shareholding in Investec Limited.

Additional information

Geographic holding by beneficial owner as at 31 March 2011



Share statistics

Investec plc ordinary shares in issue

For the year ended 31 March	2011	2010	2009	2008	2007	2006	2005
Closing market price per share (Pounds)							
- year ended	4.78	5.39	2.92	3.39	6.58	5.88	3.11
- highest	5.50	5.62	4.21	7.65	6.76	6.07	3.47
- lowest	4.29	2.87	1.69	2.94	4.95	3.04	1.84
Number of ordinary shares in issue (million)	537.2	471.1	444.9	423.3	381.6	373.0	373.0
Market capitalisation (£'million) ¹	2 568	2 539	1 299	1 435	2 511	2 194	1 160
Daily average volume of shares traded ('000)	1 634.4	1 932.6	2 603.6	3 925.9	2 832.5	1 489.0	741.0
Price earnings ratio ²	11.1	12.0	6.9	6.0	12.4	14.0	11.6
Dividend cover (times) ²	2.5	2.8	3.3	2.3	2.3	2.3	2.0
Dividend yield (%) ²	3.6	3.0	4.5	7.4	3.5	3.1	4.3
Earnings yield (%) ²	9.0	8.4	14.5	16.7	8.1	7.1	8.6

Investec Limited ordinary shares in issue

For the year ended 31 March	2011	2010	2009	2008	2007	2006	2005
Closing market price per share (Rands)							
- year end	52.80	62.49	38.86	57.43	93.30	62.60	35.60
- highest	65.50	65.40	63.19	104.40	94.60	66.50	38.00
- lowest	49.49	37.51	27.20	50.90	59.06	34.10	21.56
Number of ordinary shares in issue (million)	272.8	269.8	268.4	234.3	227.7	220.0	220.0
Market capitalisation (R'million) ³	42 768	46 299	27 715	37 766	56 848	37 121	21 111
Market capitalisation (£'million)	3 872	3 993	2 083	2 229	4 009	3 488	1 844
Daily average volume of shares traded ('000)	793.6	1 068.2	1 167.8	840.6	619.7	478.0	510.5

Notes:

- ¹ The LSE only include the shares in issue for Investec plc i.e. 537.2 million, in calculating market capitalisation, as Investec Limited is not incorporated in the UK
- ² Calculations are based on the group's consolidated earnings per share before goodwill, acquired intangibles and non-operating items; and dividends per share as prepared in accordance with IFRS and denominated in Pounds Sterling
- ³ The JSE Limited have agreed to use the total number of shares in issue for the combined group, comprising Investec plc and Investec Limited, in calculating market capitalisation i.e. a total of 810.0 million shares in issue.

04

Divisional and segmental review



Divisional review

Group operating structure

Investec is a focused, specialist bank and asset manager striving to be distinctive in all that it does. Our strategic goals and objectives are motivated by the desire to develop an efficient and integrated business on an international scale through the active pursuit of clearly established core competencies in our principal business areas. Our core philosophy has been to build well-defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.

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

Asset and wealth management		Specialist Bank			
Asset Management	Wealth and Investment	Property Activities	Private Banking	Investment Banking	Capital Markets
<ul style="list-style-type: none"> 4Factor equities Contrarian South African equities Frontier Commodities and resources Fixed income and currency Multi-asset 	<ul style="list-style-type: none"> Portfolio management Stockbroking Alternative investments Investment advisory services Electronic trading services Retirement portfolios 	<ul style="list-style-type: none"> Fund management Listed funds Trading and development 	<ul style="list-style-type: none"> Banking activities Growth and acquisition finance Specialised lending Structured property finance Trust and fiduciary services 	<ul style="list-style-type: none"> Corporate finance Institutional research, sales and trading Principal investments 	<ul style="list-style-type: none"> Specialised lending Structured derivatives Securitisation and principal finance Specialist funds
<ul style="list-style-type: none"> Africa Australia Asia Cross border (Europe, Japan, Latin America, Middle East) USA UK 	<ul style="list-style-type: none"> Southern Africa UK and Europe 	<ul style="list-style-type: none"> Australia Southern Africa UK and Europe 	<ul style="list-style-type: none"> Australia Southern Africa UK and Europe 	<ul style="list-style-type: none"> Australia Hong Kong India Southern Africa UK and Europe USA 	<ul style="list-style-type: none"> Australia Canada India Southern Africa UK and Europe

Group Services and Other Activities

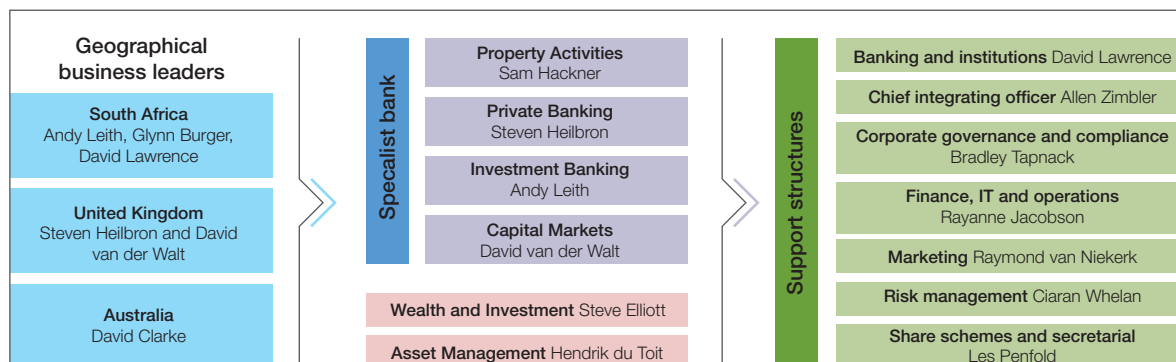
Central Services | Central Funding | International Trade Finance

Integrated global management structure

Global roles

Chief executive officer – Stephen Koseff
 Managing director – Bernard Kantor

Executive director – Hendrik du Toit
 Group risk and finance director – Glynn Burger



Asset Management

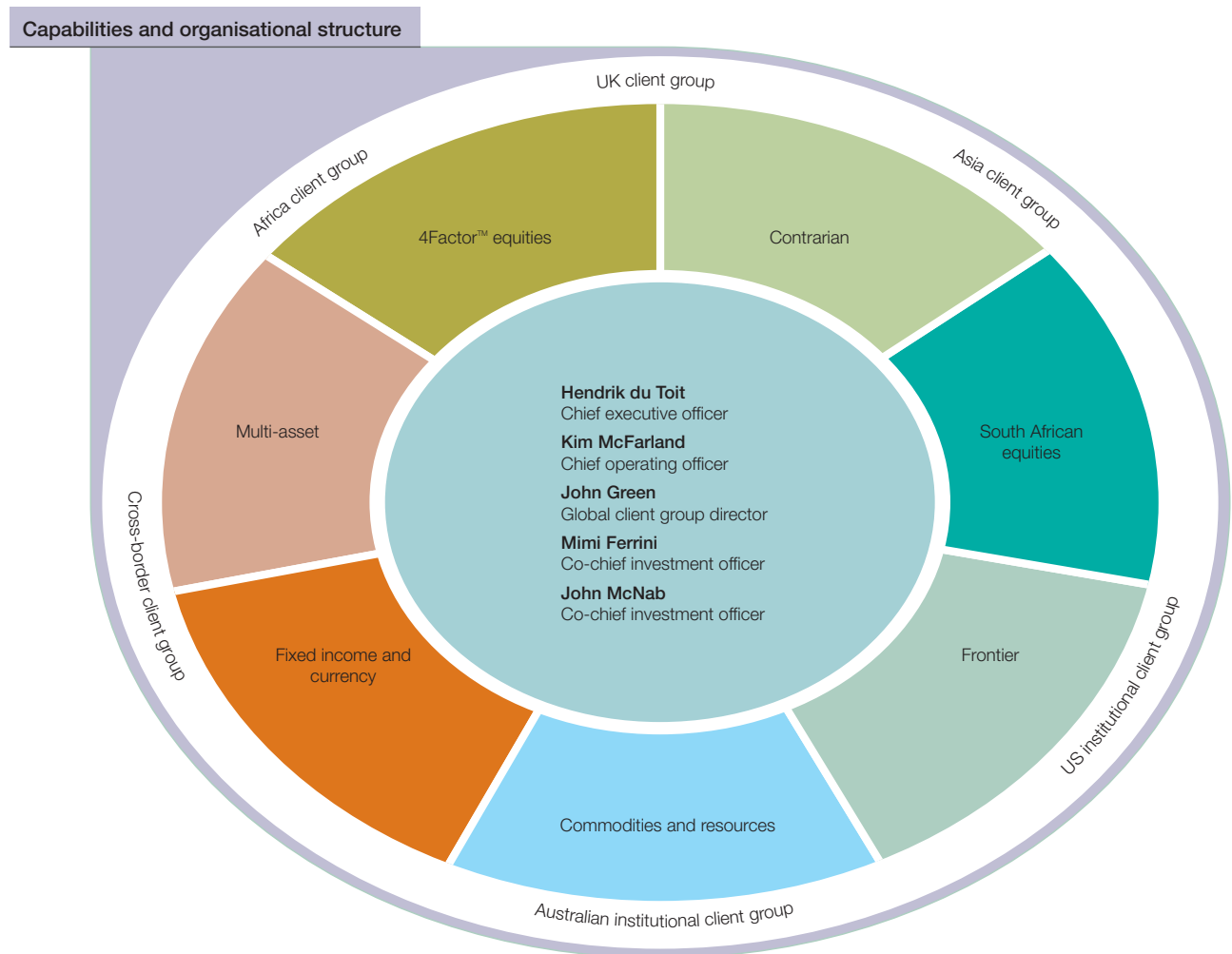
Business profile

Investec Asset Management is a specialist investment manager of third party assets on behalf of its clients. Established in South Africa in 1991, Investec Asset Management has achieved consistent, organic growth since inception.

The business has grown from domestic roots in the UK and Southern Africa to a position where we serve a growing international client base from the Americas, Europe, Asia, the Middle East, Australia and Africa. We employ over 125 investment professionals. The firm is still managed by its founding members, representing continuity and stability throughout the firm's successful growth.

Investec Asset Management is a significant component and independently managed subsidiary of the Investec group.

Our investment teams are organised around seven core investment capabilities servicing our primarily institutional and professional client base around the globe.



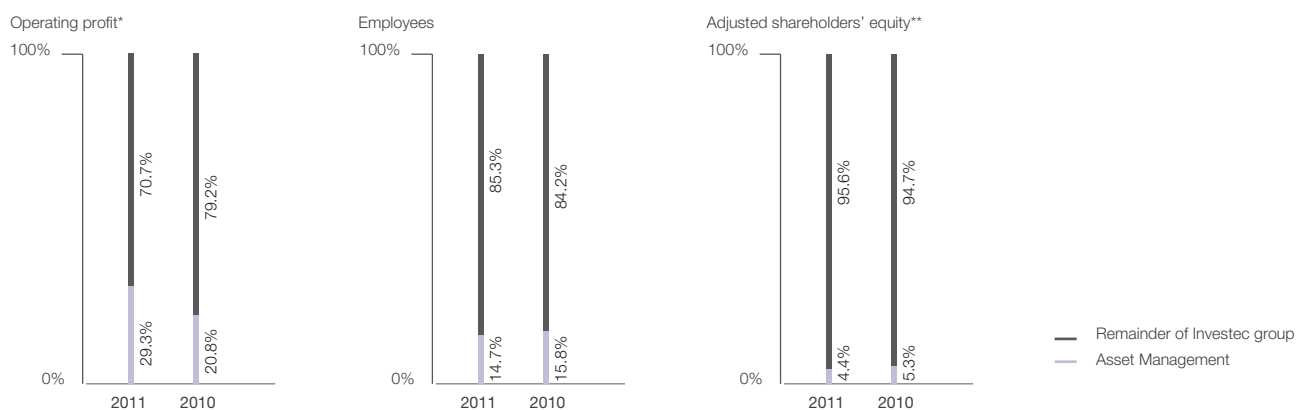
Review of operating environment

During the year under review, our business has benefited from the continued recovery of financial asset prices, supported by monetary accommodation from central banks in many developed economies as well as higher savings rates in the western world. The current economic environment is supportive of asset management businesses. Of concern is the relentless regulatory change impacting on the asset management industry. Our portfolio of investment capabilities is well positioned to serve current and future investor demand and our global client reach and focus on the institutional market have acted as stabilising factors in a world subject to dramatic changes in regulatory agendas, demography and relative risk perceptions.

Financial analysis

- Operating profit increased by 52.6% to £127.3 million, contributing 29.3% to group profit
- The increase in profitability was supported by both record net inflows and higher market levels over the financial year. These net inflows were from all of the distribution channels and across the range of investment capabilities
- Assets under management increased by 26.7% to a record level of £58.8 billion.

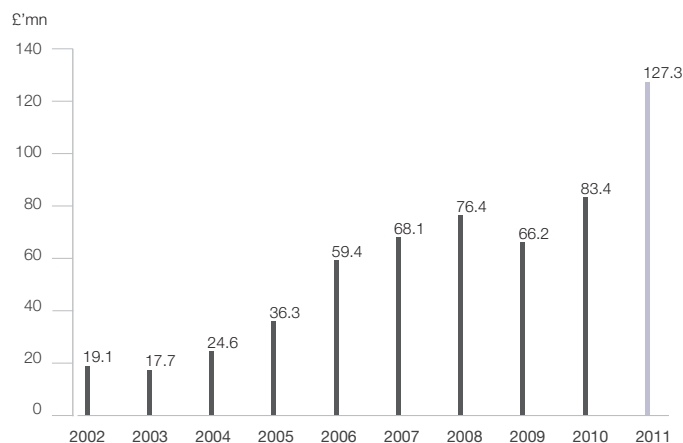
Contribution analysis



* Before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests (excluding Group Services and Other Activities).

** As calculated on page 42.

Operating profit[^] - track record



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

Asset Management (continued)

Income statement analysis

£'000	31 March 2011	31 March 2010	Variance	% change
Net interest income	2 989	1 977	1 012	51.2%
Net fee and commission income	339 104	243 599	95 505	39.2%
Other income	2 497	5 209	(2 712)	(52.1%)
Total operating income	344 590	250 785	93 805	37.4%
Impairment losses on loans and advances	29	5	24	>100.0%
Operating costs	(216 947)	(166 943)	(50 004)	30.0%
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	127 672	83 847	43 825	52.3%
Earnings attributable to non-controlling interests	(364)	(435)	71	(16.3%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	127 308	83 412	43 896	52.6%
UK and international	53 002	25 335	27 667	>100.0%
Southern Africa	74 306	58 077	16 229	27.9%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	127 308	83 412	43 896	52.6%
Ordinary shareholders' equity*	141 608	137 308	4 300	3.1%
ROE (pre-tax)*	78.5%	53.0%		
Return on tangible equity (pre-tax)*	329.7%	337.3%		
Cost to income ratio	63.0%	66.6%		
Operating profit per employee (£'000)*	124.8	88.1	36.7	41.7%

* As calculated on pages 42 and 44.

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

United Kingdom and international

- Operating profit in the UK and international business increased by 109.2% to £53.0 million
- The increase in profitability of the UK and international business is due to higher average assets under management, positive net flows and increased performance fees
- Performance fee revenue increased to £20.4 million (2010: £4.2 million).

Southern Africa

- Operating profit in the Southern Africa business increased by 27.9% to £74.3 million
- The increase in profitability of the Southern Africa business is due to higher average assets under management and increased performance fees
- Performance fee revenue increased to £31.0 million (R346 million) (2010: £24.6 million (R285 million)).

Analysis of key earnings drivers (assets under management)



Movement in assets under management*

	Total	£'million UK and international	Southern Africa	R'million Southern Africa
31 March 2010	46 403	21 666	24 737	274 828
Net flows	7 427	7 287	140	1 426
Market/FX movement	4 972	1 812	3 160	28 789
31 March 2011	58 802	30 765	28 037	305 043

Developments

- We continue to deepen our distribution footprint and develop our seven investment capabilities
- We had record net inflows for the year of £7.4 billion and assets under management were £58.8 billion at the end of the year
- Segregated mandates have performed well; on a weighted-average AUM basis, IAM's capabilities have all outperformed their benchmarks since either inception or GIPS (Global Investment Performance Standards) inception
- 81% by value and 67% by number of our mutual funds are in the first and second quartile over three years
- 70% by value and 71% by number of our mutual funds are in the first and second quartile over five years.

Investec Asset Management in the UK mutual fund industry

£'million	2011	2010	2009	2008
IAM assets under management	9 383	6 839	3 736	4 322
Total industry size	583 201	510 897	347 897	432 672
Market share	1.6%	1.3%	1.1%	1.0%
Size ranking in industry	22nd of 100	28th of 104	30th of 110	33rd of 109
Industry net retail sales	23 091	27 166	7 997	6 705
IAM % of net industry retail sales	6.0%	4.9%	(1.8%)	5.9%

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

* Managed basis.

Asset Management (continued)

Investec Asset Management in the South African unit trust industry

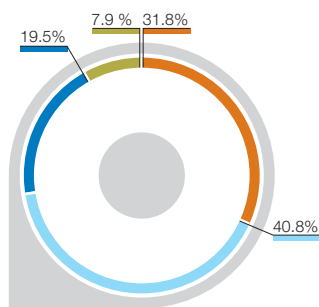
R'million	2011	2010	2009	2008
IAM assets under management	94 417	78 967	57 155	63 809
Total industry size	1 034 623	888 363	715 719	658 073
Market share	9.1%	8.9%	8.0%	9.7%
Size ranking in industry	4th of 38	4th of 39	5th of 39	4th of 39
Industry net sales	131 835	92 277	79 469	57 504
IAM % of net industry sales	10.1%	16.6%	3.0%	8.4%

Sourced from Association for Savings and Investment South Africa data.
Statistics as at 31 March, sales for the 12 month period.

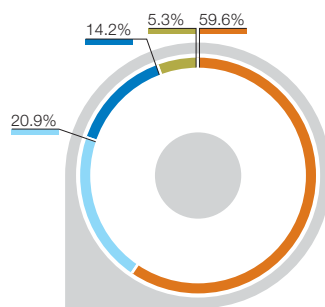
Investment performance

Mutual fund investment performance

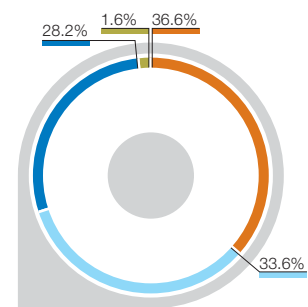
By value of funds



One year



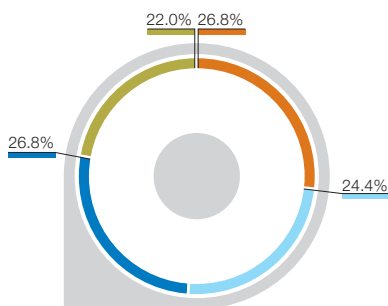
Three years



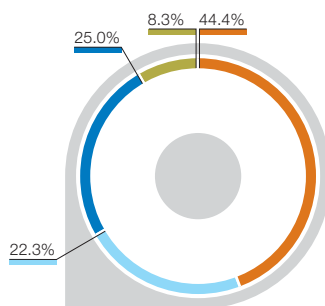
Five years

- First quartile
- Second quartile
- Third quartile
- Fourth quartile

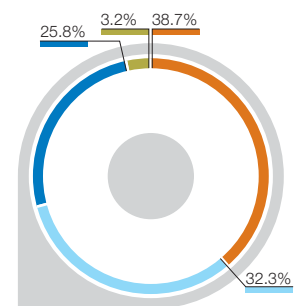
By number of funds



One year



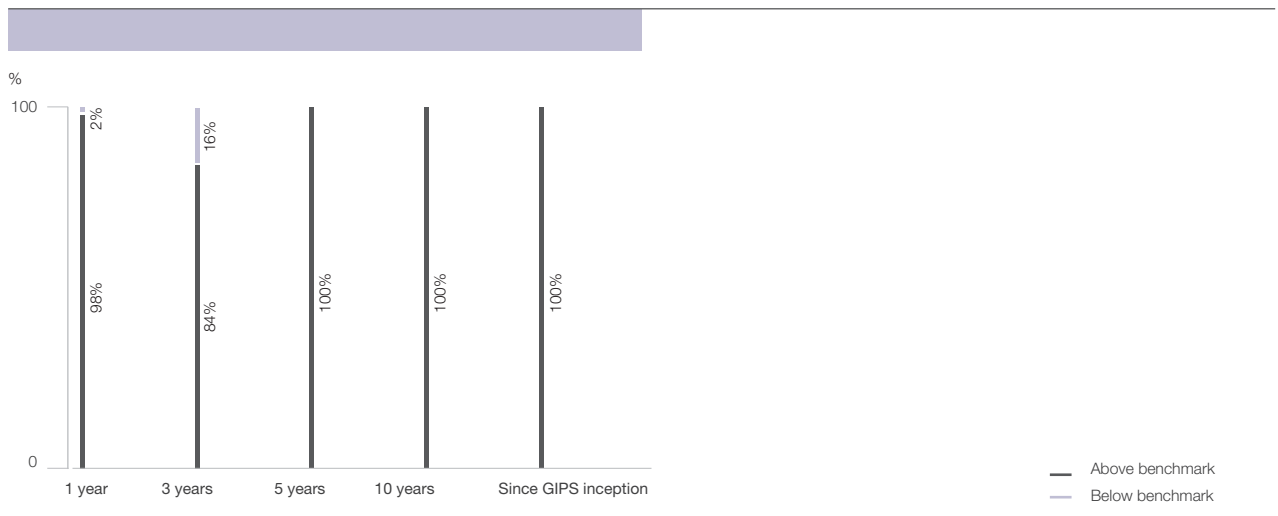
Three years



Five years

- First quartile
- Second quartile
- Third quartile
- Fourth quartile

Investment performance of segregated mandates



Calculated by Investec Asset Management, grouped by investment capability, asset weighted active returns within each capability, weighted by capability.

Outlook

- The risks for our business include market levels, key staff retention, reputational risk and investment performance
- Momentum is positive and the business is benefiting from sustained performance over many years.

Wealth and Investment

Business profile

The Wealth and Investment division comprises the following:

- Rensburg Sheppards group
- Private Bank Wealth Management, UK, Europe and Other (effective 1 July 2010)
- Wealth and Investment, South Africa

UK and Europe

Rensburg Sheppards

Rensburg Sheppards provides investment management services for private clients, charities, pension schemes and trusts, and independent financial planning advice for private clients and businesses. Over 600 staff operate from offices across the UK. With £12.7 billion of funds under management, Rensburg Sheppards is one of the UK's leading private client investment management businesses. The services provided by Rensburg Sheppards include:

- Investments and savings
 - Discretionary and advisory portfolio management services for private clients
 - Specialist investment management services for charities, pension schemes and trusts
 - Independent financial planning advice for private clients and businesses.
- Pensions and retirement
 - Discretionary investment management for company pension and self invested personal pension (SIPP) schemes
 - Advice and guidance on pension schemes, life assurance and income protection schemes.
- Tax planning and mitigation
 - Individual and corporate tax planning services, including individual savings accounts (ISAs) and venture capital trusts
 - Inheritance tax planning.

Private Bank Wealth Management, UK, Europe and Other

The process of integrating the UK Private Bank Wealth Management business into the Rensburg Sheppards group is ongoing.

South Africa

The creation of the Wealth and Investment division in South Africa is the result of the recent merger of the South African Private Bank's Wealth Management division with Investec Private Client Securities on 1 April 2010.

Investec Wealth and Investment South Africa provides investment management and stockbroking services for private clients, charities, pension funds and trusts. Over 290 staff operate from eight offices across South Africa. With R22.6 billion of funds under full discretionary management and a further R136.2 billion of funds under various other forms of administration, Investec Wealth and Investment is one of SA's leading private client investment management businesses.

Management structure

Global head of Wealth and Investment	Steve Elliott
UK and Europe	
Rensburg Sheppards	
Chief executive	Jonathan Wragg
Chief operating officer	Judy Price
Marketing	Aidan Lisser
Settlements	Ann Mosey
Chief investment officer	Chris Hills
Finance	Iain Hooley
Research	John Haynes
IT	Lio Lopez-Welsch
Human resources and treasury	Mark Redmayne
Compliance and risk management	Mike Rigby
Regional heads	David Bulteel Simon Kaye Jon Seal Tom Street
Wealth management	
Head: UK, Europe and Other	Steve Elliott
South Africa	
Country head	Henry Blumenthal
Operations	Joubert Hay
Regional heads: Cape Town	Jonathan Bloch Stephen Glanz
Regional head: Durban	Craig Hudson
Regional head: Johannesburg	Paul Deuchar
Regional head: Pietermaritzburg	Andrew Smythe
Regional head: Port Elizabeth	Andy Vogel
Regional head: Pretoria	Peter Kempen
Research	Peter Armitage
Investment specialists	Raymond Goss Sean Caveney
Finance	Bella Ferreira
IT	Lyndon Subroyen
Risk Management	Alex Harding
Settlements	Hennie de Waal
Compliance	Bernadette Ghenne

Review of operating environment

Financial markets have moved into uncertain territory following the unprecedented two year post crisis rally of 2009 and 2010. Investors are becoming increasingly wary of recent global events, particularly the spectre of a European country debt default. Economic recovery in most developed markets is evidently slower than originally expected and this, together with recent volatility in commodity prices and an imminent slowdown in government stimulus related spending, is causing a shift in investment behavior towards a more cautious bias.

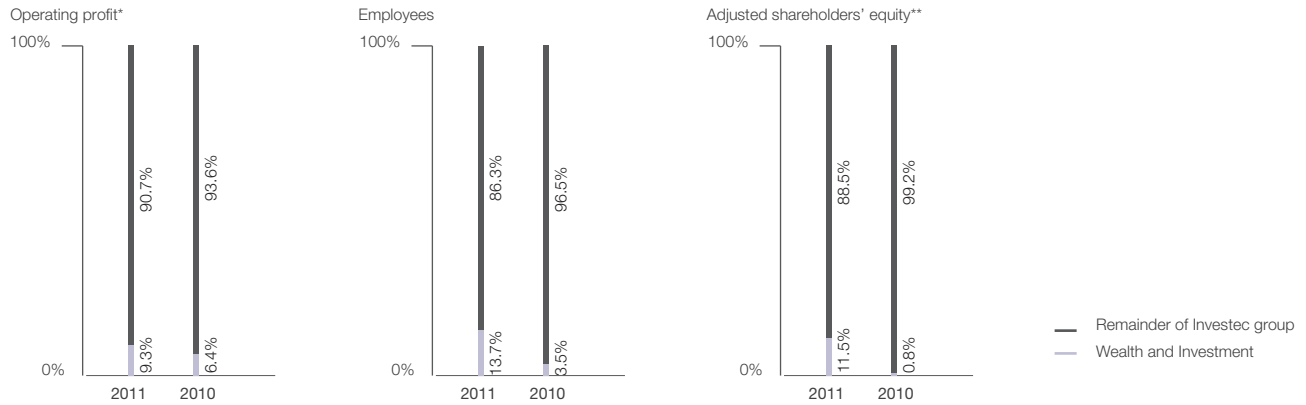
This, more recent rise of investor anxiety has led to a decline in private client risk appetite and a consequent reduction in equity turnover for our core target market. In addition to this, our industry is experiencing some pressure in equity trading margins as competitors seek to protect market share.

Wealth and Investment (continued)

Financial analysis

- Operating profit increased by 56.2% to £40.4 million, contributing 9.3% to group profit
- Since 31 March 2010, private client funds under management increased by 8.5% from £27.1 billion to £29.4 billion.

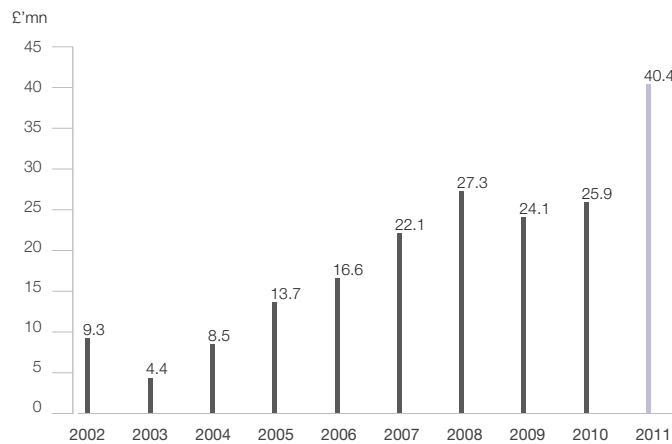
Contribution analysis



* Before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests (excluding Group Services and Other Activities).

** As calculated on page 42.

Operating profit[^] - track record



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

Income statement analysis

£'000	31 March 2011	31 March 2010	Variance	% change
Net interest income	7 281	2 392	4 889	>100.0%
Net fee and commission income	147 641	36 852	110 789	>100.0%
Principal transactions	(1 334)	1 023	(2 357)	(>100.0%)
Other operating income and operating income from associates	2 651	11 634	(8 983)	(77.2%)
Total operating income	156 239	51 901	104 338	>100.0%
Operating costs	(115 813)	(26 014)	(89 799)	>100.0%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	40 426	25 887	14 539	56.2%
UK and Europe	25 008	11 637	13 371	>100.0%
Rensburg Sheppards	27 686	11 204	16 482	>100.0%
Other UK and Europe businesses	(2 678)	433	(3 111)	(>100.0%)
South Africa	15 418	14 250	1 168	8.2%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	40 426	25 887	14 539	56.2%
Ordinary shareholders' equity*	373 166	20 094	353 072	>100.0%
ROE (pre-tax)*	16.5%	101.5%		
Return on tangible equity (pre-tax)*	78.7%	120.4%		
Cost to income ratio	74.1%	50.1%		
Cost to income ratio excluding income from associates	75.4%	64.6%		
Operating profit per employee (£'000)*	63.6	67.9	(4.3)	(6.3%)

* As calculated on pages 42 and 44.

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

- The merger with the Private Bank Wealth Management business became effective on 1 April 2010. The South African business has benefited from higher assets under management. Results as reported in Rands have, however, been negatively impacted by increased personnel costs resulting from the merger, higher IT costs and lower earnings on deal driven and asset swap activities
- On 30 March 2010, it was announced that Investec and Rensburg Sheppards plc had reached agreement on the terms of a recommended all share offer under which Investec would acquire the entire issued and to be issued ordinary share capital of Rensburg Sheppards plc not already owned by it. Following shareholder and regulatory approvals the acquisition became effective on 25 June 2010. Prior to this date Investec's 47.1% interest in Rensburg Sheppards plc was accounted for as an associate. As a result of requirements under new accounting rules, the group was required to fair value its existing 47.1% holding in Rensburg Sheppards plc at the point it acquired the remaining 52.9%. This has resulted in an exceptional gain of £73.5 million (net of acquisition costs). The group issued 37.9 million shares to acquire the remaining shares in Rensburg Sheppards plc for a consideration of £180.4 million. This consideration combined with the existing fair valued holding resulted in the recognition of goodwill and intangibles of £198.5 million and £133.4 million, respectively. Further detail is provided below. The Rensburg Sheppards group comprised two principal trading subsidiaries, Rensburg Sheppards Investment Management Limited (RSIM) and Rensburg Fund Management (RFM). RFM was sold in January 2011
- The UK Private Bank Wealth Management business became part of the Wealth and Investment division with effect from 1 July 2010.

Wealth and Investment (continued)

Further analysis of operating income

UK and Europe

Rensburg Sheppards

£'000	Actual reported results year to 31 March 2011#	For illustrative purposes^	
		Year to 31 March 2011	Year to 31 March 2010
Net interest income	4 265	5 414	5 136
Net fee and commission income	84 581	109 997	102 487
– Annuity fees	61 013	79 076	72 199
– Trail commission	4 184	5 474	4 993
– Fees earned on funds under management	53 646	69 537	63 235
– Other*	3 183	4 065	3 971
– Deal/non-recurring fees	23 568	30 921	30 288
– Dealing commission	20 877	27 272	26 980
– Other**	2 691	3 649	3 308
Share of associate income	2 135	–	–
Total operating income	90 981	115 411	107 623

* Comprises income from the provision of financial planning and corporate ISA services and other miscellaneous income.

** Comprises profit on sale of units of unit trusts (RFM) and administration/other miscellaneous income.

^ Disclosure reflects the full year results of the Rensburg Sheppards business as if it were a stand alone group.

Rensburg Sheppards became a wholly-owned subsidiary of the Investec group on 25 June 2010. Prior to this date, Rensburg Sheppards was accounted for as an associate.

South Africa

£'000	Year to 31 March 2011	Year to 31 March 2010
Net interest income	1 638	2 392
Net fee and commission income	51 945	36 852
– Annuity fees	49 983	34 676
– Trail commission	8 245	1 817
– Fees earned on funds under management	35 636	28 348
– Other**	6 102	4 511
– Deal/non-recurring fees	1 962	2 176
– Other^^	1 962	2 176
Other income#	427	1 023
Total operating income	54 010	40 267

** Mainly comprises JSET, admin and other miscellaneous fees.

^^ Mainly brokerage fees.

Mainly comprises income from specialised securities.

Accounting for the acquisition of Rensburg Sheppards plc

£'000	Book value	Fair value
Loans and advances to banks	65 449	65 449
Investment securities	2 193	1 320
Deferred taxation assets	2 095	2 095
Other assets	97 865	97 865
Property plant and equipment	4 921	4 378
Intangible assets	34 764	133 356
Assets	207 287	304 463
Deposits by banks	534	534
Current taxation liabilities	8 823	6 915
Deferred taxation liabilities	9 996	35 951
Other liabilities	93 931	100 746
Subordinated liabilities	18 125	18 125
Liabilities	131 409	162 271
Net assets/fair value of net assets	75 878	142 192
Goodwill*		198 520
Fair value of consideration		340 712
Acquisition of 52.9% holding (i.e. 23.3 million shares) on 25 June 2010**		180 440
Fair value of 47.1% holding (i.e. 20.7 million shares)**		160 272
Carrying value of 47.1% holding at 25 June 2010		80 752
Fair value gain arising on acquisition		79 520
Investec costs of acquisition of 52.9% holding		(6 055)
Net gain in income statement		73 465

* The goodwill of £198.5 million arising from the acquisition consists largely of the benefits expected to arise from the enhancement of the group's Wealth and Investment offering through the combination of Rensburg Sheppards plc with the group's existing Wealth and Investment business. None of the goodwill is expected to be deductible for corporation tax purposes.

** As calculated in relation to the 37.9 million Investec plc shares issued for the remaining 52.9% shares in Rensburg Sheppards plc at £4.76; which valued Rensburg Sheppards at approximately £7.76 per share, Rensburg Sheppards plc had 43.9 million shares in issue.

For the post-acquisition period 26 June to 31 March 2011, the operating income of Rensburg Sheppards plc totalled £87.9 million and profits before taxation and amortisation of client relationships totalled £25.6 million. The operating income of Investec would have been £1 662.1 million and profits before taxation and amortisation of client relationships would have totalled £416.1 million if the acquisition of Rensburg Sheppards plc had been on 1 April 2010 as opposed to 25 June 2010.

Wealth and Investment (continued)

Analysis of key earnings drivers (total funds under management)

	£'million		% change
	31 March 2011	31 March 2010	
UK, Europe and Other	14 852	15 086	(1.6%)
Discretionary	9 571	8 517	12.4%
Non-discretionary and other	5 281	6 569	(19.6%)
South Africa	14 596	12 053	21.1%
Discretionary	2 076	1 776	16.9%
Non-discretionary	12 520	10 277	21.8%
Total	29 448	27 139	8.5%

UK, Europe and Other: analysis of key earnings drivers (funds under management and inflows)

Funds under management as at	£'million		% change
	31 March 2011	31 March 2010	
Rensburg Sheppards	12 735	12 899	(1.3%)
Discretionary	9 571	8 517	12.4%
Non-discretionary	3 164	3 082	2.7%
Other [^]	–	1 300	(100.0%)
UK, Europe and Other*	2 117	2 187	(3.2%)
Total	14 852	15 086	(1.6%)

[^] Reflects outflows relating to RFM, valued at 31 March 2010. RFM was sold on 18 January 2011.

* Now incorporates funds under advice as previously reported within the Private Bank. Historic numbers have been restated accordingly.

Further analysis of Rensburg Sheppards Investment Management business

	31 March 2011	31 March 2010	% change
Funds under management (£'billion)	12.74	11.60	9.8%
FTSE/APCIMS Private Investors Balanced Index (at period end)	2 985	2 862	4.3%
Annual underlying rate of net organic growth in total funds under management**	4.2%	6.0%	
% of total funds managed on a discretionary basis	75.2%	73.4%	

** Net organic inflows less outflows (excluding acquired inflows and exceptional outflows) as a percentage of opening funds under management.

Analysis of funds under management	£'billion		% change
	31 March 2011	31 March 2010	
At the beginning of the period	11.60	8.93	29.9%
Inflows	1.08	1.06	1.9%
Inflows - acquired	–	0.05	(100.0%)
Outflows	(0.59)	(0.52)	13.5%
Outflows - exceptional	–	(0.58)	100.0%
Market adjustment*	0.65	2.66	(75.6%)
At the end of the period	12.74	11.60	9.8%

* Impact of market movement and relative performance.

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

Funds under management as at	R'million		% change
	31 March 2011	31 March 2010	
Discretionary	22 585	19 726	14.5%
Non-discretionary [^]	136 216	114 168	19.3%
Total	158 801	133 894	18.6%

Net inflows/(outflows) at cost over the period	R'million	
	31 March 2011	31 March 2010
Discretionary	1 182	537
Non-discretionary	11 544	(999)
Total	12 726	(462)

[^] Now incorporates funds under advice as previously reported within the Private Bank. Historic numbers have been restated accordingly.

Developments

UK and Europe

Rensburg Sheppards

- Equity markets declined during the first quarter of the financial year, before beginning a gradual recovery during the remainder of the year and ending the year in positive territory (the FTSE 100 index ended the year 5% higher than it started). The level of the equity markets is a key factor influencing the value of client portfolios and funds under management (the others being investment performance and net organic growth in clients) and hence the level of investment management fee income
- The Edinburgh office, which was opened two years ago, continued to deliver its planned growth
- The sale of RFM, the Rensburg Sheppards group's unit trust management business which accounted for approximately 10% of the Rensburg Sheppards group, was successfully completed in January 2011. The company was sold to Franklin Templeton Global Investors Limited (UK) for a cash consideration of £45 million
- The Financial Services Compensation Scheme levied an exceptional contribution from investment management businesses to meet the cost of compensating investors who suffered losses following the failure of investment firm Keydata. Rensburg Sheppards Investment Management incurred a levy of £2.45 million during the year in respect of Keydata (which was accounted for as a pre-acquisition cost).

South Africa

- The merger process is progressing reasonably well with a new operational team and management structures in place. In line with our medium-term strategy, the next few months will be dedicated to entrenching a common aspiration throughout the business to acquire new advisory and discretionary assets in an endeavour to drive future annuity income growth supported by good investment management performance.

Outlook

UK and Europe

Rensburg Sheppards

- While equity markets have improved during the year, the economic outlook remains uncertain. Future performance will be influenced significantly by the level of the equity markets
- Rensburg Sheppards will continue to seek to achieve net organic growth in funds under management of 5% per annum
- Market expectations are for an increase in the UK base rate during the first half of the financial year from its historic low level. This would have a positive impact on performance as it will increase the margin on interest earned on client money deposits
- Conversely, the Individual Liquidity Adequacy Standards (ILAS) regulations, which are beginning to affect the way that banks categorise certain deposits, including those made by RSIM, may put downward pressure on the rates which can be negotiated on deposits in the future. The full effect of these regulations is yet to emerge and the company is continuing to monitor developments and seek to mitigate the risk that the margin earned on clients' and firm's deposits going forward may reduce
- The conclusions and proposals of the retail distribution review (RDR) continue to be debated. This review is seeking to change professional qualification requirements, increase the transparency of charging structures, and tighten the rules governing firms' rights to promote themselves as independent advisers. A significant recommendation of the review is that unit trust trail commission be phased out. The full impact that the RDR will have on the industry remains unclear and the progress of the review and its potential consequences are being monitored by a specific committee within RSIM.

South Africa

- While equity markets have improved during the year, the economic outlook remains uncertain. Future performance will be influenced significantly by the level of the equity markets and the direction of the Rand
- Cost growth in the new financial year will be lower than the year under review and the newly merged business is well positioned to leverage off a more streamlined cost and operational base
- The turnover line will be influenced by the success of the business in increasing the value of managed assets, both by attracting new assets and converting non-discretionary assets to discretionary assets, with the addition of new managed mandates/funds. With a relatively stable fixed cost base, there is a high level of operating leverage to an increase in turnover
- Potential further relaxation of exchange controls provides both risk and opportunity. While asset swap revenues could come under additional pressure, our international fund of funds should help offset this source of revenue with a higher quality annuity revenue stream.

Property Activities

Business profile

UK and Europe

The overall strategy is to align the strategic focus of the UK business with that of South Africa.

South Africa

Investec Property is one of South Africa's pre-eminent property operations. The business has built strong expertise within the specialist areas of:

- **Property fund and asset management**

We manage property portfolios to maximise returns and capital growth of property assets over time

- **Development**

We develop, re-develop and refurbish properties within the office, retail, industrial, residential and land conversion sectors using our extensive experience and skill

- **Trading and acquisitions**

The division sources buildings or land opportunities with the specific intention of adding or unlocking value and ultimately trading the assets in order to optimise the return.

Australia

The Australian Property division focuses on the following activities:

- Property investments, trading and development
- Property fund and asset management
- Property backed distressed debt acquisitions.

Management structure

Global head of Property
Deputy chairman

Sam Hackner
Sam Leon

UK and Europe

Regional head
Property Projects

Sam Hackner
Robin Magid

South Africa

Property Projects
Investec Property fund
Finance and operations

Robin Magid
Sam Leon
Dave Donald

Australia

Regional head
Finance and operations

Graeme Katz
Darrell Godin

Review of operating environment

The South African commercial property market (rent producing) has weathered the impact of the global economic downturn more favourably than its international counterparts. The property development environment is relatively uncertain and difficult to anticipate due to pressures on capital funding from financial institutions. The property industry relies on a well regulated environment within which to operate. Changes in this environment are impacting on planning and development, availability of services and deeds' registration. To manage the impact of the changing legislative and operating environment, the business has ensured that it is well prepared and adequately staffed.

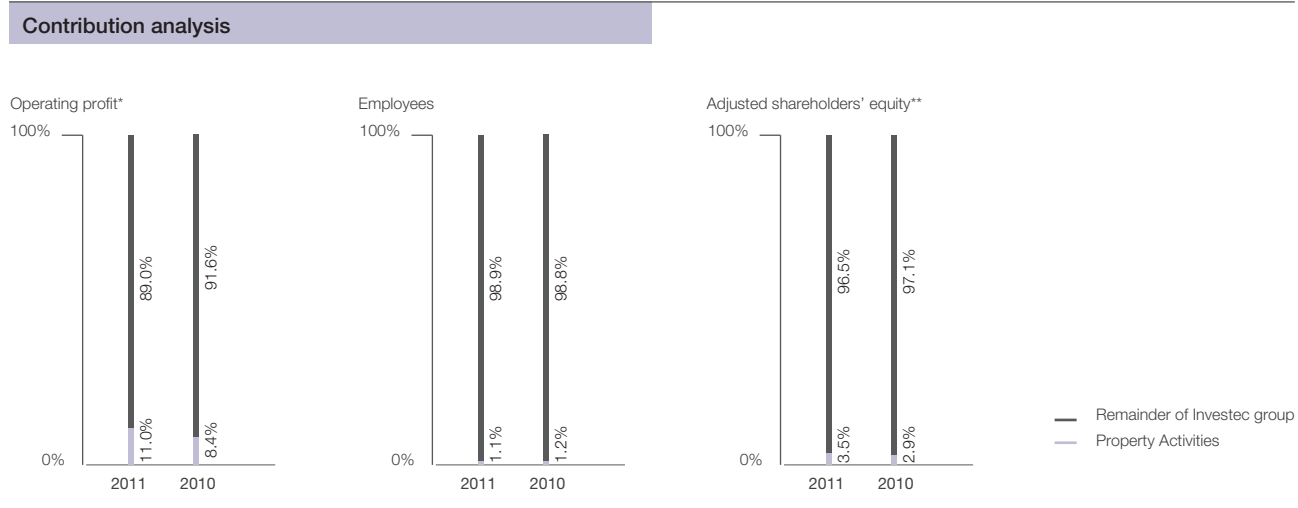
The Australian property market has seen some interesting developments and gone through what would appear to be some fundamental changes over the past year:

- Listed property players continue to stabilise their capital structures and refocus on core business
- Valuations and senior debt availability appear to be stabilising, but remain conservative
- Property fundamentals are beginning to stabilise and the general consensus is that the market is at or near the end of the downward cycle
- Increasing M&A activity in the local market, with a number of acquisitions/mergers and management changes, although still in the early stages
- The fund management environment is fundamentally different, with many retail fund management players no longer operating independently
- Limited material unlisted capital raisings, particularly opportunistically, with current focus on smaller, yielding syndicates.

Overall, despite increasing market confidence, many investors remain cautious. Over time we anticipate investor confidence returning, but in the near term likely to be focused on yield and certainty of investment. However, in contrast, many opportunities continue to present themselves in the development and opportunistic area for the principal investor who can take advantage of the recent downturn to acquire projects from pressurised vendors.

Financial analysis

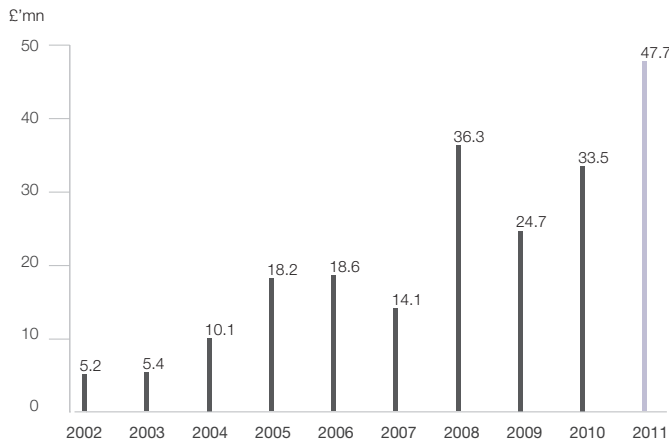
- Operating profit increased by 42.5% to £47.7 million, contributing 11.0% to group profit.



* Before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests (excluding Group Services and Other Activities).

** As calculated on page 42.

Operating profit[^] - track record



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

Income statement analysis

£'000	31 March 2011	31 March 2010	Variance	% change
Net interest income	(1 595)	(7 513)	5 918	78.8%
Net fee and commission income	22 808	15 375	7 433	48.3%
Other income	52 385	45 599	6 786	14.9%
Total operating income	73 598	53 461	20 137	37.7%
Operating costs	(25 890)	(19 982)	(5 908)	29.6%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	47 708	33 479	14 229	42.5%
UK and Europe	375	825	(450)	(54.5%)
Southern Africa	40 178	31 582	8 596	27.2%
Australia	7 155	1 072	6 083	>100.0%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	47 708	33 479	14 229	42.5%
Ordinary shareholders' equity*	112 775	75 615	37 160	49.1%
ROE (pre-tax)*	39.6%	41.0%		
Return on tangible equity (pre-tax)*	39.8%	41.2%		
Cost to income ratio	35.2%	37.4%		
Operating profit per employee (£'000)*	603.2	434.8	168.4	38.7%

* As calculated on pages 42 and 44.

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

- In South Africa, the revaluation of investment properties net of funding costs amounted to R485 million (2010: R398 million).
- The Australian business benefited from a successful equity raising, a discounted distressed debt acquisition and the sale of investments.

Property Activities (continued)

Analysis of key earnings drivers (funds under management)

Total funds under management as at	31 March	31 March	% change	31 March	31 March	% change
	2011	2010		2011	2010	
	£'million			Home currency 'million		
UK and Europe	80	73	9.6%	£80	£73	9.6%
South Africa	46	61	(24.6%)	R503	R677	(25.7%)
Australia	166	^127	30.7%	A\$258	^A\$211	22.3%
	292	261	11.9%			

^ Restated due to change in calculation methodology for Property funds.

Developments

Southern Africa

- The business has successfully formed a new diversified property fund in South Africa valued at R1.7 billion comprising Investec group owned assets. The fund was listed on the JSE Limited in April 2011
- Successfully procured development and re-development projects for major clients
- The business has cemented its status as a premier industrial developer.

Australia

- The Investec Property Opportunity fund enters its final year, with some of its major assets fully completed and others anticipated to complete construction by mid 2011
- A second opportunity fund, Investec Property Opportunity fund no. 2 (IPOF2) was raised during the year, with A\$38.6 million of committed equity
- The Toga Accommodation fund resumed distributions and reached the end of its initial five year life, subsequently moving into the anticipated two year liquidity period during which we will facilitate an exit for investors
- We acquired a portfolio of distressed loans which we aim to realise over the next two years.

Outlook

Southern Africa

- The business has a substantial pipeline of development and re-development projects
- The listing of the fund enhances capacity to procure new business and grow assets under management
- The business will continue to embark on trading and development of identified assets on a deal by deal basis
- The business aims to fully invest the Investec GLL Global Special Opportunities (GSO) Real Estate fund I. Total capital committed to the fund is €150 million.

Australia

- With property fundamentals stabilising, we are well positioned in current market conditions to take advantage of opportunities for property and development acquisitions through principal investment and partnering with investors through joint ventures or syndicates
- We intend to fully invest IPOF2 by 2012. Thereafter we will continue to source and manage value adding property opportunities for both the balance sheet and investors while actively managing investments currently underway through to maturity.

Private Banking

Business profile

Investec Private Bank positions itself as the 'investment bank for private clients', offering both credit and investment services to our select clientele. Through strong partnerships, we have created a community of clients who thrive on being part of an entrepreneurial and innovative environment. Our target market includes ultra high net worth individuals, active wealthy entrepreneurs, high income professionals, self-employed entrepreneurs, owner managers in mid-market companies and sophisticated investors.

Private Banking focuses on the following activities:

Banking

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

Growth and acquisition finance

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

Specialised lending

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

Structured property finance

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

Trust and fiduciary

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

Management structure

Global head of Private Banking Steven Heilbron

UK and Europe

Regional heads	Avron Epstein Paul Stevens
Chief operating officer	Chris Forsyth
Structured property finance	Gary Dobson
Specialised lending	David Drewienka
Growth and acquisition finance	Ed Cottrell
Specialised banking	Wayne Preston Linda McBain
Trust and fiduciary	Xavier Isaacs
Investec Bank Channel Islands	Stephen Henry
Investec Bank Ireland	Michael Cullen
Marketing	Linda McBain
Finance	Liza Jacobs
IT	Alan Bletcher

South Africa

Country head	Colin Franks
Chief operating officer	Jodi Joseph
Risk management	Mark Trollip
Credit risk	Anthony Church
Banking	Kobus Burger
Strategic projects	Grant Hartland
IT	Graeme Lockley
Regional head: Cape Town	Rob Nicolella
Regional head: Durban	Brendan Stewart
Regional head: Johannesburg	Brett Copans
Regional head: Port Elizabeth	Dion Millson
Regional head: Pretoria	Charl Wiid

Australia

High income transactional banking	Barry Lanesman
Structured property finance	Paul Hanley
Specialised lending	Paul Hanley
Growth and acquisition finance	Paul Hanley
Private wealth management	Paul Hanley

Treasury and operations in Australia have been centralised.

Review of operating environment

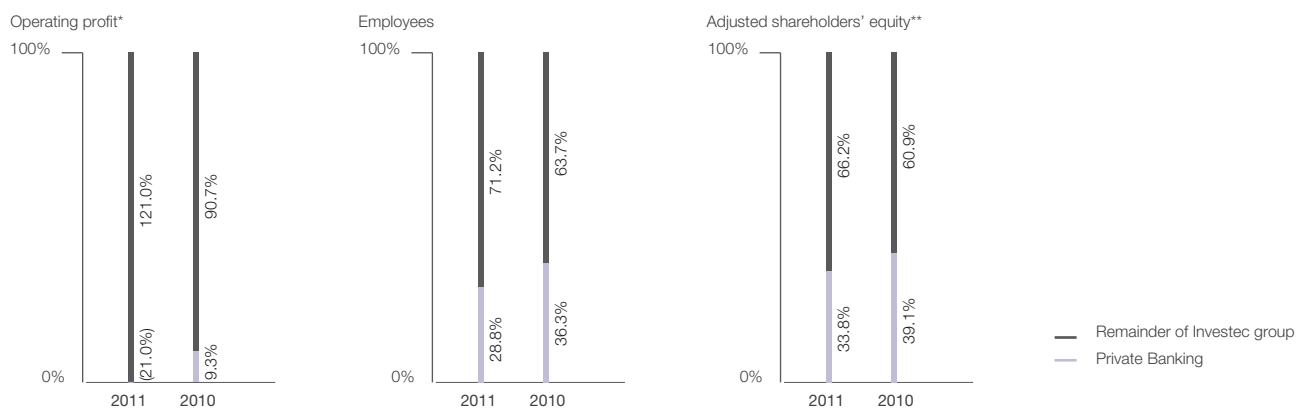
In each of the geographies in which we operate, private clients were materially impacted by the global financial crisis. Private clients experienced significant wealth erosion resulting in risk aversion, reduced appetite for leverage and a focus on balance sheet management.

This in turn had a significant impact on each of our business units resulting in materially reduced activity and increased impairment levels over the past two and half years. In response to these conditions the businesses have been through rigorous strategic reviews and restructuring. Economic recovery has been slower than anticipated but across all geographies we have now started to experience an increase in activity levels.

Financial analysis

- The Private Banking division reported a loss of £91.4 million
- Impairment losses on loans and advances have increased as a result of the depressed economic environment
- Key earnings drivers:
 - Core loans and advances increased by 3.0% to £13.3 billion since 31 March 2010
 - The deposit book increased by 5.9% to £12.5 billion since 31 March 2010
- The Private Bank Wealth Management specialisation moved to the Wealth and Investment division with effect from 1 April 2010 in South Africa and 1 July 2010 in the UK and Europe.

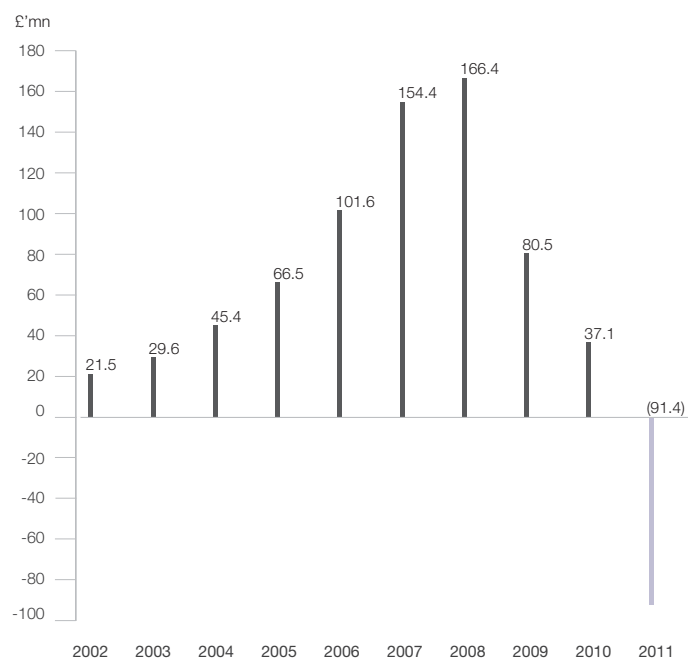
Contribution analysis



* Before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests (excluding Group Services and Other Activities).

** As calculated on page 42.

Operating profit/(loss)^ - track record



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

Private Banking (continued)

Income statement analysis

£'000	31 March 2011	31 March 2010	Variance	% change
Net interest income	295 249	287 121	8 128	2.8%
Net fee and commission income	70 963	91 344	(20 381)	(22.3%)
Principal transactions	33 027	12 578	20 449	>100.0%
Other operating income	348	(498)	846	>100.0%
Total operating income	399 587	390 545	9 042	2.3%
Impairment losses on loans and advances	(244 976)	(115 195)	(129 781)	(>100.0%)
Operating costs	(246 052)	(238 298)	(7 754)	3.3%
Operating (loss)/profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	(91 441)	37 052	(128 493)	(>100.0%)
UK and Europe	(84 041)	6 545	(90 586)	(>100.0%)
Southern Africa	2 990	29 330	(26 340)	(89.8%)
Australia	(10 390)	1 177	(11 567)	(>100.0%)
Operating (loss)/profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	(91 441)	37 052	(128 493)	(>100.0%)
Ordinary shareholders' equity*	1 099 642	1 008 371	91 271	9.1%
ROE (pre-tax)*	(9.2%)	5.3%		
Return on tangible equity (pre-tax)*	(9.6%)	5.5%		
Cost to income ratio	61.6%	61.0%		
Operating (loss)/profit per employee (£'000)*	(42.4)	17.0	(59.4)	(>100.0%)

* As calculated on pages 42 and 44.

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

- The increase in net interest income is mainly due to improved lending margins and a growth in the loan portfolio in South Africa. In the UK and Europe net interest income has been negatively impacted by increased liquidity levels
- Net fees and commissions receivable have decreased as a result of lower lending activity levels in prior periods, the closure of the trust office in Guernsey and the successful migration of the Private Bank Wealth Management business to the new Investec Wealth and Investment pillar
- Principal transactions include the revaluations and realisations of equity and warrant positions held. The increase in principal transactions reflects the realisation of equity holdings in the UK and Europe and the increased value of equity held in South Africa
- Impairment losses on loans and advances have increased substantially in the UK and Europe and South African businesses. In the UK and Europe this is due to the limited improvement in the UK economic situation combined with the continued difficult operating environment in Ireland. The increase in South Africa is due to a slower than expected recovery in the default book. Refer to page 29 for further commentary on the group's view on impairments
- The increase in expenses was mainly driven by the increase in average headcount in South Africa. In the UK and Europe expenses decreased due to a drop in the average headcount related to the migration of the Private Bank Wealth Management business to the new Investec Wealth and Investment pillar and the significant restructuring of the Irish business at the beginning of the financial year.

Further analysis of operating income and impairments

Operating income £'000	UK and Europe		Southern Africa		Australia		Total	
	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
	2011	2010	2011	2010	2011	2010	2011	2010
Structured Property Finance	54 739	80 999	88 286	75 676	16 827	19 882	159 852	176 557
Growth and Acquisition Finance	21 129	9 600	44 007	26 757	6 094	5 776	71 230	42 133
Specialised Lending	4 758	8 334	13 630	16 455	274	–	18 662	24 789
Banking	23 544	21 021	78 868	53 626	26 434	26 053	128 846	100 700
Wealth Management	3 162	13 937	–	7 161	2 019	2 003	5 181	23 101
Trust and Fiduciary	14 028	21 012	1 788	2 253	–	–	15 816	23 265
Total	121 360	154 903	226 579	181 928	51 648	53 714	399 587	390 545

Impairments £'000	UK and Europe		Southern Africa		Australia		Total	
	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
	2011	2010	2011	2010	2011	2010	2011	2010
Structured Property Finance	(106 554)	(53 794)	(56 953)	(16 151)	(24 162)	(15 986)	(187 669)	(85 931)
Growth and Acquisition Finance	(17 496)	(484)	(17 043)	(7 613)	(84)	(266)	(34 623)	(8 363)
Specialised Lending	463	(1 405)	(3 029)	(792)	–	–	(2 566)	(2 197)
Banking	(194)	250	(17 182)	(16 242)	(2 616)	(2 884)	(19 992)	(18 876)
Wealth Management	–	–	–	175	–	–	–	175
Trust and Fiduciary	(110)	–	(16)	(3)	–	–	(126)	(3)
Total	(123 891)	(55 433)	(94 223)	(40 626)	(26 862)	(19 136)	(244 976)	(115 195)

Net operating income £'000	UK and Europe		Southern Africa		Australia		Total	
	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
	2011	2010	2011	2010	2011	2010	2011	2010
Structured Property Finance	(51 815)	27 205	31 333	59 525	(7 335)	3 896	(27 817)	90 626
Growth and Acquisition Finance	3 633	9 116	26 964	19 144	6 010	5 510	36 607	33 770
Specialised Lending	5 221	6 929	10 601	15 663	274	–	16 096	22 592
Banking	23 350	21 271	61 686	37 384	23 818	23 169	108 854	81 824
Wealth Management	3 162	13 937	–	7 336	2 019	2 003	5 181	23 276
Trust and Fiduciary	13 918	21 012	1 772	2 250	–	–	15 690	23 262
Total	(2 531)	99 470	132 356	141 302	24 786	34 578	154 611	275 350

Private Banking (continued)

Analysis of key earnings drivers (loans and deposits)

£'million As at	UK and Europe		Southern Africa		Australia		Total	
	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
	2011	2010	2011	2010	2011	2010	2011	2010
Residential property	1 447	1 502	3 346	2 850	424	383	5 217	4 735
Residential property investment	547	532	325	168	41	146	913	846
Residential mortgages (owner occupied)	191	178	2 548	2 189	67	41	2 806	2 408
Residential property development	537	589	134	139	218	135	889	864
Residential estates / land	172	203	339	354	98	61	609	618
Commercial property	1 538	1 581	3 475	3 702	609	602	5 622	5 885
Commercial property investment	986	1 160	3 061	3 267	555	568	4 602	4 995
Commercial property land	281	322	288	303	28	18	597	643
Commercial property development	271	99	126	132	26	16	423	247
Other	535	565	1 404	1 183	815	695	2 754	2 443
Asset backed lending	252	226	204	339	530	529	986	1 094
Unlisted securities and general corporate lending	82	75	580	336	117	99	779	510
Unsecured lending	57	74	134	130	66	48	257	252
Other	144	190	487	378	102	19	733	587
Total gross core loans and advances	3 520	3 648	8 226	7 735	1 848	1 680	13 594	13 063
Specific impairments	(142)	(58)	(85)	(27)	(26)	(30)	(253)	(115)
Portfolio impairments	–	(5)	(14)	(10)	(2)	(1)	(16)	(16)
Net core loans and advances	3 378	3 585	8 127	7 698	1 820	1 649	13 325	12 932
Asset quality								
Gross defaults	331	205	550	399	222	211	1 103	815
Collateral value	(291)	(149)	(651)	(521)	(211)	(206)	(1 153)	(876)
Impairments	(142)	(63)	(99)	(37)	(28)	(31)	(269)	(131)
Net defaults (limited to zero)	–	–	–	–	–	–	–	–
Gross defaults as a % of gross core loans and advances	9.4%	5.6%	6.7%	5.2%	12.0%	12.5%	8.1%	6.2%
Defaults (net of impairments) as a % of net core loans and advances	5.6%	4.0%	5.5%	4.7%	10.7%	10.9%	6.2%	5.3%
Credit loss ratio	3.5%	1.5%	1.2%	0.6%	1.5%	1.3%	1.8%	1.0%

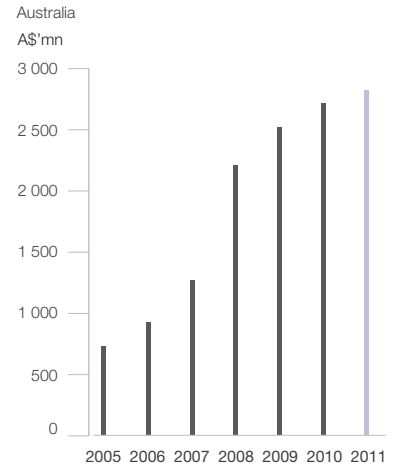
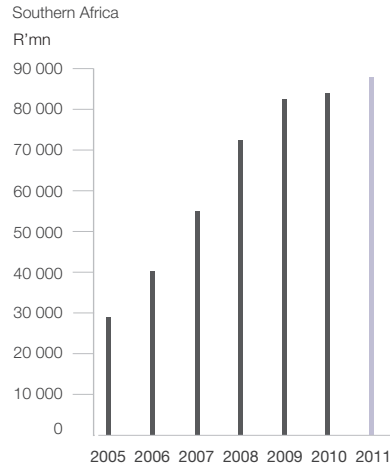
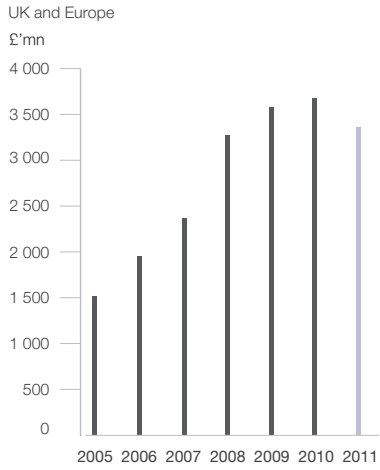
* Further information is provided on pages 46 to 57.

Net core loans and advances as at	31 March	31 March	% change	31 March	31 March	% change
	2011	2010		2011	2010	
	£'million			Home currency 'million		
UK and Europe	3 378	3 585	(5.8%)	£3 378	£3 585	(5.8%)
Southern Africa	8 127	7 698	5.6%	R88 374	R85 500	3.4%
Australia	1 820	1 649	10.4%	A\$2 825	A\$2 730	3.5%
	13 325	12 932	3.0%			

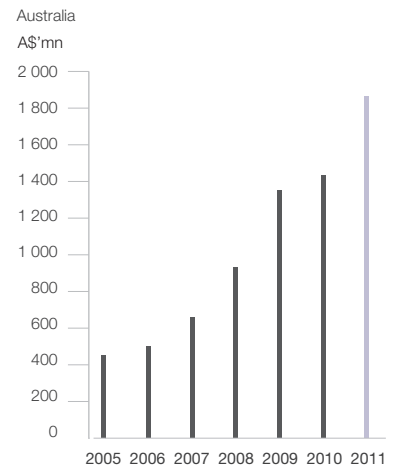
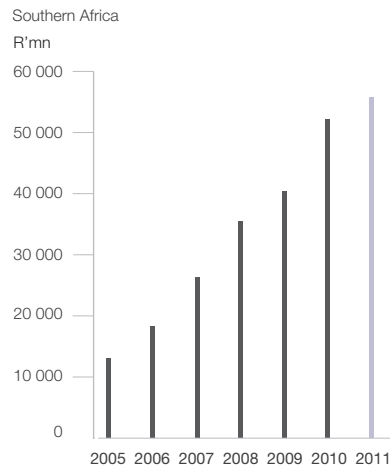
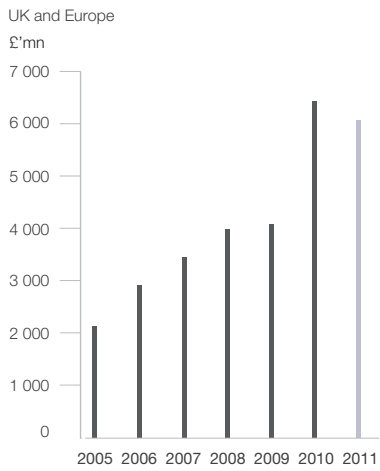
Total deposits as at	31 March	31 March	% change	31 March	31 March	% change
	2011	2010		2011	2010	
	£'million			Home currency 'million		
UK and Europe	6 100	6 308	(3.3%)	£6 100	£6 308	(3.3%)
Southern Africa	5 155	4 607	11.9%	R56 081	R51 181	9.6%
Australia	1 211	851	42.3%	A\$1 877	A\$1 413	32.8%
	12 466	11 766	5.9%			

Further analysis of key earnings drivers

Net core loans and advances



Deposits



Developments

UK and Europe

- Private Bank UK and Europe can be analysed in three distinct sub-sets for the year to March 2011: the UK banking business, Ireland and the Trust business
- The UK banking business has experienced:
 - Continued moderate increases in activity levels across all lending specialisations
 - Increased impairments as a result of the limited improvement in the economic situation
 - A stable cost of funds and opportunities to reprice loans to reflect the new market conditions
 - Low deposit raising activities as the group focuses on managing the cost of funds and levels of surplus liquidity
 - A series of new product launches aimed at diversifying our portfolio of deposit products
 - A focused team in place to explore and develop transactional banking capabilities.
- The Private Bank Wealth Management business was migrated into Investec Wealth and Investment with effect from 1 July 2010
- The Irish operating environment has continued to be very difficult resulting in increased impairments over the period. No new business is being written within this geography
- The Trust business has been subject to an extensive strategic review over the period resulting in the closure of the Guernsey based Trust business and a significant reduction in headcount in the Jersey based business. The emphasis now is the development of new business opportunities.

Southern Africa

- The Private Bank continues to be active in the raising of retail deposits. However, growth was muted due to the lack of support for cash as an asset class and the low interest rate environment
- Lending activity levels have improved compared with the previous year. Due to significant growth in repayments, overall asset growth was subdued
- Revaluations and realisations of equity stakes and profit shares contributed significantly to operating income
- The economic environment remains subdued and contributed to an increase in impairments, while also delaying the exit of some of the larger non-performing transactions. Exit opportunities on residential leisure developments in particular are very limited at present
- In line with the strategy to consolidate the Wealth and Investment business, the Private Bank Wealth Management business was integrated into this pillar from 1 April 2010
- A renewed focus on core banking activities is currently in progress, aiming to improve the offering and client experience to target market individuals.

Australia

- In order to achieve operational efficiencies within this geography, the Private Bank was rationalised into two business units; namely High Income Transactional Banking and Private Client Investment Banking. All divisional operational support and treasury activities were centralised
- The Private Client Investment Banking business has three key areas of focus; that is, structured property finance, specialised lending and growth and acquisition finance
- The structured property finance book continued to experience elevated levels of impairments
- The Private Wealth Management business unit, lacking a stockbroking platform, will be divested early in the new financial year.

Outlook

The Private Bank is cautiously optimistic as we anticipate a gradual economic recovery. The past 6 months have shown an increase in activity as our entrepreneurial private clients' risk appetite returns. This is supported by a healthy pipeline and an improvement in the impairment outlook.

UK and Europe

- The key objectives remain broadly consistent with those stated in September 2010. These are to:
 - Entrench our positioning with the entrepreneurial class
 - Drive down our cost of funds and diversify our funding channels
 - Diversify the loan portfolio away from property
 - Achieve an appropriate risk reward ratio on all assets
 - Balance cost containment with investment for the future
 - Diversify revenue streams through the development of non-interest income
 - Provide a fresh alternative to our selected clients within transactional banking.

Southern Africa

- The key objectives for the forthcoming period are:
 - Restoration of profitability largely due to improved activity levels in both lending and funding activities and an anticipated reduction in impairments
 - Growing our client base within our key target markets
 - Reduce the risk profile through increased focus on lower risk lending activities
 - Increase in annuity income through a focus on banking activities and transactional activities
 - Diversifying deposit base
 - Balance cost containment with investment for the future.

Australia

High Income Transactional Banking

- The business has grown substantially over the past year and the investment in infrastructure ensures a base for solid growth
- Critical objectives are to:
 - Continue to focus on dominating the medical markets
 - Maintain losses and arrears at current low levels
 - Maintain current margins
- New products launched through the year will grow the business through broadening relationships
- Profitability to grow substantially through control of expenses and benefits of scale.

Private Client Investment Banking

- An increasing interest rate environment and relatively subdued economic activity in non-mining sectors will continue to exert pressure on the non-performing loan portfolio. We therefore expect impairments to remain at elevated levels over the short term
- The critical objective of the Private Client Investment Banking business is to generate non lending, advisory fee income.

Investment Banking

Business profile

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

Our activities include: Corporate finance; institutional research, sales and trading and principal investments.

Our target market includes listed and unlisted companies, fund managers, government and parastatals.

UK and Europe

- The UK business offers a full service mid-market investment banking capability comprising both corporate finance and securities
- Corporate finance activities include:
 - M&A services
 - Corporate broking
 - Strategic advice
 - IPO's and secondary fundraisings
 - Debt advisory.
- Securities activities include:
 - Equity research covering over 80% of the UK All Share Index and select European equities
 - Distribution in the UK, USA and Europe
 - Market making in UK and European equities.

Southern Africa

Corporate Finance

The Corporate Finance division in South Africa focuses on the following activities:

- Financial advisory
 - M&A including disposals
 - Corporate and balance sheet restructuring
 - Privatisation
 - Corporate BEE transactions (partner selection, structuring, full negotiation, debt raising)
 - Fair and reasonable opinions.
- Equity capital markets
 - Primary listings (primary capital raisings) and inward listings
 - Secondary issues (rights offers/vendor placings/issues for cash)
 - Share buy-backs.
- Sponsor services
 - JSE/Securities Regulation Panel liaison and compliance.

Institutional Research, Sales and Trading

Institutional Research, Sales and Trading is a specialist South African equity broker which targets both the local and foreign institutional and hedge fund investor. The offering is presented on a single platform providing clients with access to broad-based, in-depth South African centric research and sales, equity execution, electronic trading, prime broking services and a selection of equity derivative instruments.

Principal Investments

We invest in businesses using our balance sheet and apply a buy, build and grow strategy to deliver superior, sustainable returns through a combination of insightful investing, strategic participation and long-term trusted partnerships.

We invest directly into private companies or work as a specialist team to buy out public companies.

We back management teams through building trusted partnerships focusing on organic growth combined with bolt-on acquisitions to help build considerable, sustainable businesses, fund new technologies, expand working capital, make acquisitions and strengthen balance sheets.

Australia

The business in Australia offers an integrated service including advisory, private equity and direct investment activities.

Hong Kong

- Investec Asia Limited was formed in Hong Kong in 2005 and focuses on making direct equity-related investments in greater China on behalf of the Investec group. Investec Asia Limited opened a representative office in Beijing in 2010 to facilitate relationships with its growing client base in China
- Investec finalised the acquisition of Access Capital Limited in April 2011, and changed its name to Investec Capital Asia Limited. Investec Capital Asia Limited is a licensed entity regulated by the Hong Kong Securities and Futures Commission that has been providing investment banking services to clients based in Greater China since 2000.

Management structure

Global head of Investment Banking	Andy Leith
UK and Europe	
Regional head	David Currie
Corporate Finance	David Currie
Securities	Clive Murray
Operations	Leanne Gordon-Kagan
Finance	Ray Milner
Southern Africa	
Regional head	Andy Leith
Corporate Finance	Kevin Kerr Hugo Steyn
Institutional Research, Sales and Trading	Kevin Brady
Principal Investments	Vincent Langlois
Finance: Corporate Finance and Principal Investments	Robert Slater Caroline Thomson
Operations: Institutional Research, Sales and Trading	Joubert Hay
Australia	
Regional head	Christian Nicks
Hong Kong	
Regional head	Richard Forlee

Review of operating environment

In the UK, the market has recovered reflecting the FTSE 100's exposure to growth in emerging economies. Despite this the UK economy remains under pressure as government austerity measures take hold. Trading volumes have remained low over the last year and have returned to levels last seen in 2000. However, there are tentative signs that the M&A and IPO markets are starting to improve as the corporate sector has gained in confidence and de-leveraged over the last couple of years. The landscape however, remains highly competitive.

In South Africa market activity has remained muted over the past 12 months with total JSE activity recording a 12% improvement. The agency component of this has actually contracted slightly over the period, down 2%.

Competition in the institutional broking space has intensified over the past year. This has been driven by a combination of new entrants to the equity market along with some brokers rebuilding their teams post the financial crisis.

The hedge fund industry has experienced a challenging year as the closure of some high profile hedge funds resulted in the contraction of assets in the industry. However, improving visibility on regulatory issues is lifting interest in the industry and while tentative at this point, the industry seems to have stabilised.

For corporate finance in South Africa we expect local and cross-border M&A transactions to continue to drive activity, even though increased regulation and governance effects deal lead time.

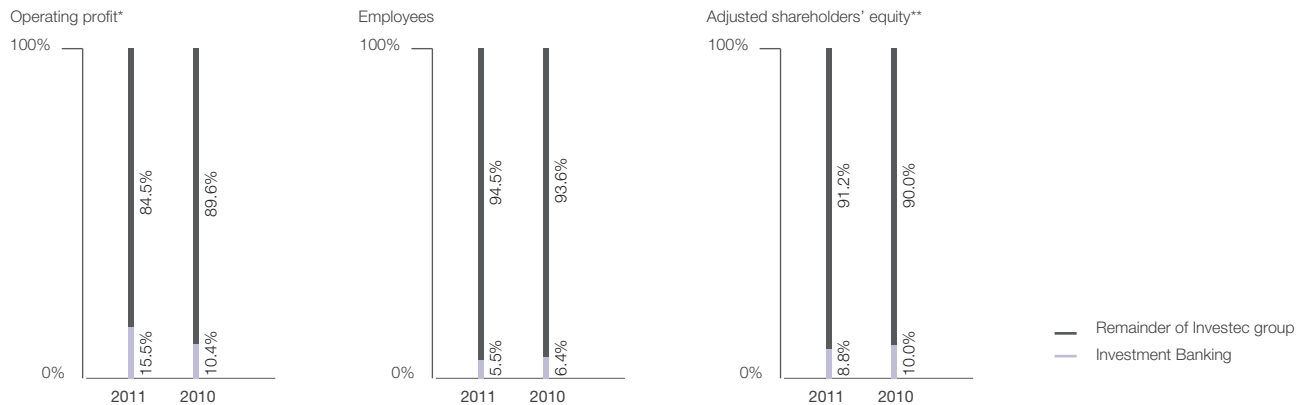
The Australian M&A and capital markets remain challenging but are showing signs of improvement.

Investment Banking (continued)

Financial analysis

- Operating profit increased by 62.1% to £67.4 million, contributing 15.5% to group profit.

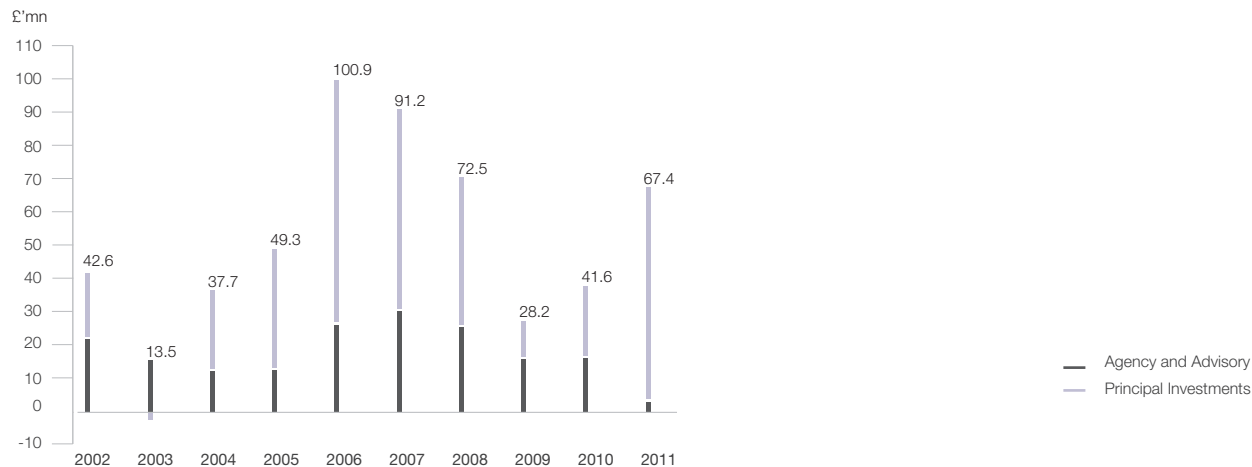
Contribution analysis



* Before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests (excluding Group Services and Other Activities).

** As calculated on page 42.

Operating profit[^] - track record



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

Income statement analysis

£'000	31 March 2011	31 March 2010	Variance	% change
Net interest income	(338)	(7 265)	6 927	95.3%
Net fee and commission income	79 089	71 088	8 001	11.3%
Principal transactions	114 117	80 985	33 132	40.9%
Other operating income and operating income from associates	8 267	16 238	(7 971)	(49.1%)
Total operating income	201 135	161 046	40 089	24.9%
Impairment losses on loans and advances	223	(2 566)	2 789	>100.0%
Operating costs	(146 155)	(133 035)	(13 120)	9.9%
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	55 203	25 445	29 758	>100.0%
Earnings attributable to non-controlling interests	12 159	16 123	(3 964)	(24.6%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	67 362	41 568	25 794	62.1%
Corporate Finance	7 581	2 016	5 565	>100.0%
Institutional Research, Sales and Trading	(4 230)	4 904	(9 134)	(>100.0%)
Principal Investments	64 011	34 648	29 363	84.7%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	67 362	41 568	25 794	62.1%
UK, Europe and Other	8 887	(4 399)	13 286	>100.0%
Southern Africa	65 191	45 694	19 497	42.7%
Australia	(6 716)	273	(6 989)	(>100.0%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	67 362	41 568	25 794	62.1%
Ordinary shareholders' equity*	285 909	256 666	29 243	11.4%
ROE (pre-tax)*	18.7%	17.1%		
ROE excluding investments that are consolidated (pre-tax)*	21.2%	18.7%		
Return on tangible equity (pre-tax)*	21.7%	21.7%		
Return on tangible equity excluding investments that are consolidated (pre-tax)*	24.4%	24.5%		
Cost to income ratio	72.7%	82.6%		
Cost to income ratio excluding investments that are consolidated	59.2%	60.1%		
Operating profit per employee (£'000)*	174.9	112.2	62.7	55.9%

* As calculated on pages 42 and 44.

A further analysis of operating profit

31 March 2011 £'000	UK, Europe and Other	Southern Africa	Australia	Total
Corporate Finance	3 638	7 144	(3 201)	7 581
Institutional Research, Sales and Trading	901	(5 131)	–	(4 230)
Principal Investments (Direct Investments and Private Equity)	21 344	63 178	(1 198)	83 324
	25 883	65 191	(4 399)	86 675
Consolidated investments	(16 996)	–	(2 317)	(19 313)
Total	8 887	65 191	(6 716)	67 362

Investment Banking (continued)

A further analysis of operating profit (continued)

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

Corporate Finance and Institutional Research, Sales and Trading

£'000	31 March 2011	31 March 2010	Variance	% change
Net interest income	754	(405)	1 159	>100.0%
Net fee and commission income	79 119	64 021	15 098	23.6%
Principal transactions	14 698	17 480	(2 782)	(15.9%)
Total operating income	94 571	81 096	13 475	16.6%
Operating costs	(91 220)	(74 176)	(17 044)	23.0%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	3 351	6 920	(3 569)	(51.6%)

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

- The Corporate Finance divisions have benefited from a good deal pipeline, with the UK and South African businesses recording a strong increase in net fees and commissions
- The Institutional Research, Sales and Trading operations in the UK and South Africa continued to be negatively impacted by challenging market conditions.

Principal Investments

£'000	31 March 2011	31 March 2010	Variance	% change
Net interest income	(1 092)	(6 860)	5 768	84.1%
Net fee and commission income	(30)	7 067	(7 097)	(>100.0%)
Principal transactions	99 419	63 505	35 914	56.6%
Other operating income and operating income from associates	8 267	16 238	(7 971)	(49.1%)
Total operating income	106 564	79 950	26 614	33.3%
Impairment losses on loans and advances	223	(2 566)	2 789	>100.0%
Operating costs	(54 935)	(58 859)	3 924	(6.7%)
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	51 852	18 525	33 327	>100.0%
Earnings attributable to non-controlling interests	12 159	16 123	(3 964)	(24.6%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	64 011	34 648	29 363	84.7%

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

- Principal transaction income represents the year to date cumulative increase/decrease in the value of the division's Direct Investments and Private Equity portfolios, the profit/loss on realisation of these investments and dividends and other income received (further analysis provided below). The South African and Hong Kong businesses are scalable and are benefiting from a well diversified portfolio
- All other income categories largely relate to two investments which were consolidated into our results for the full year and the other for part of the year. These investments generated a net loss before taxation of £19.3 million.

Analysis of operating profit for the year to 31 March 2011

£'million	Realised	Un-realised	Dividends	Funding costs	Principal transactions total	Interest and other	Net income	Expenses	Net profit	Minorities	Operating profit
UK Private Equity and Direct Investments	1.4	3.6	0.5	–	5.5	(4.0)	1.5	(27.0)	(25.5)	11.9	(13.6)
SA Direct Investments	38.0	12.4	0.1	(10.0)	40.5	–	40.5	(10.3)	30.2	–	30.2
SA Private Equity	0.2	25.3	16.0	(3.9)	37.6	1.8	39.4	(6.4)	33.0	–	33.0
Australia	–	(1.0)	–	–	(1.0)	0.3	(0.7)	(3.1)	(3.8)	0.3	(3.5)
Hong Kong Direct Investments	13.3	3.5	–	–	16.8	9.1	25.9	(8.0)	17.9	–	17.9
Total	52.9	43.8	16.6	(13.9)	99.4	7.2	106.6	(54.8)	51.8	12.2	64.0

Analysis of operating profit for the year to 31 March 2010

£'million	Realised	Un-realised	Dividends	Funding costs	Principal transactions total	Interest and other	Net income	Expenses	Net profit	Minorities	Operating profit
UK Private Equity and Direct Investments	–	2.6	–	–	2.6	6.1	8.7	(43.2)	(34.5)	15.5	(19.0)
SA Direct Investments	9.8	(5.3)	0.6	(12.0)	(6.9)	(1.8)	(8.7)	(1.0)	(9.7)	–	(9.7)
SA Private Equity	12.6	33.4	13.0	(3.6)	55.4	2.5	57.9	(9.6)	48.3	–	48.3
Australia	–	0.8	–	–	0.8	3.7	4.5	(2.2)	2.3	0.6	2.9
Hong Kong Direct Investments	18.0	(6.7)	0.3	–	11.6	3.3	14.9	(2.8)	12.1	–	12.1
Total	40.4	24.8	13.9	(15.6)	63.5	13.8	77.3	(58.8)	18.5	16.1	34.6

Value of trading investments on balance sheet as at 31 March 2011

£'million	Listed	Unlisted	Advances	Total
UK Private Equity and Direct Investments	42	55	8	105
SA Direct Investments	91	131	9	231
SA Private Equity	–	319	33	352
Australia	6	5	–	11
Hong Kong Direct Investments	–	13	41	54
	139	523	91	753

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

£'million	Listed	Unlisted	Advances	Total
UK Private Equity and Direct Investments	15	34	–	49
SA Direct Investments	21	113	8	142
SA Private Equity	–	262	35	297
Australia	6	10	–	16
Hong Kong Direct Investments	–	15	53	68
	42	434	96	572

Developments

Corporate Finance

UK and Europe

- The year was characterised by good M&A activity, an increase in debt advisory mandates and increased fundraising activity over the last six months
- We completed 17 M&A transactions with a value of £2.1 billion (2010: 15 transactions with a value of £0.6 billion). Most notable was the sale of Chloride group to Emerson Electric
- We were involved in eight fundraisings during the period raising in aggregate £472 million (2010: 13 fundraisings raising in aggregate £599 million). This included three IPO's
- We continue to build the quality and size of the corporate client list, gaining 12 new brokerships during the period. We now have 87 quoted clients with an average market cap of £333 million, of which 26 are FTSE 250 companies.

Southern Africa

- We have maintained our strong positioning
- Our focus was on local and cross-border M&A, capital raisings and restructuring transactions
- We retained our major clients and gained several new mandates during the period
- Numerous new mandates were entered into, however, it remains difficult to close deals given current market conditions
- The total value of corporate finance transactions increased to R76.9 billion (2009: R26.8 billion) during the period and the number of transactions increased to 60 (2009: 56)
- Sponsor broker deals completed during the period decreased to 74 (2009: 82) with the value increasing to R91.5 billion (2009: R46.7 billion)
- The Corporate Finance division was ranked first in volume of listed M&A transactions and second in general corporate finance by volume in Dealmakers Magazine Survey for Corporate Finance (2010 calendar year). This is the seventh year that we have been ranked first in volume of listed M&A transactions
- The Sponsor division was ranked second in volume of M&A transactions and second in general corporate finance in the Dealmakers Magazine Survey for Sponsors (2010 calendar year). The Sponsor division has been ranked in the top 2 in M&A transactions and general corporate finance by volume for the past eight years.

Australia

- We have a significant pipeline with a number of advisory mandates won
- A strengthened and reorganised Sydney based team is well positioned to drive the business going forward
- The outlook for M&A is improving with transaction volume increasing and lending markets re-opening
- We have executed a number of equity raisings over the last 12 months and have secured first rights of refusal over several upcoming raisings.

Institutional Research, Sales and Trading

UK and Europe

- Against a backdrop of weak volumes and continuing pressure on brokerage rates we have managed to grow secondary commissions
- The trading books have performed strongly
- We have continued to strengthen our business with additional hires in research, sales and trading. New sector coverage includes banks, insurance, oil and utilities
- We continue to expand our international distribution capability.

Southern Africa

- Institutional Securities experienced a challenging financial year
- Agency revenues decreased 9% as some market share growth in the local institutional space was offset by a sharp reduction in revenues from our prime broking activities

- The closure of two large hedge fund clients necessitated the re-sizing of the Prime Broking business at the end of 2010
- Our international agency revenues declined marginally as international flows into the region remained subdued
- Facilitation losses, experienced when committing capital to capture trade flow, increased sharply
- Intense broker competition combined with difficult equity markets saw the loss ratio move higher
- The SA UK hedge book performed well and revenue from this source increased significantly.

Australia

- New accounts have been opened and the trading activities are going well
- We are publishing quarterly research which is receiving very positive investor feedback.

Principal Investments

Southern Africa

- The Direct Investments portfolio increased to R2 511 million at 31 March 2011 (March 2010: R1 587 million). The increase in value was primarily due to a good performance from the portfolio
- The Private Equity portfolio was R3 838 million at 31 March 2011 (March 2010: R3 301 million). We continued to expand the capacity of our private equity investments through the acquisition of two new private equity assets as well as large capital projects and expenditure within the portfolio. The benefits of these activities will only be felt in future financial years. The increase in value in the current year was driven by a good performance of the underlying investments and acquisitions mentioned.

Australia

- During the year two additional assets were added to the Direct Investments portfolio which co-invests with the private equity funds. These are both listed equities. The Direct Investments portfolio increased in value by A\$5.1 million during the year. The increase in value was primarily due to revaluations of listed equities.

Outlook

Corporate Finance

- While market conditions remain uncertain, the pipeline in the UK business is looking positive and includes a number of potential fundraisings
- The deal pipeline in the South African business remains reasonable
- The Australian M&A and capital markets remain challenging but are showing signs of improvement. Continuing economic uncertainty suggests M&A and capital markets will recover slowly.

Institutional Research, Sales and Trading

- Considering the UK business's investment in sales, trading and research we believe that we are well positioned to gain further market share
- The outlook for the next 12 months remains challenging in the South African business. The intensity of competition in the market is unlikely to abate and the resource pool for specialist skills is set to remain tight. Nevertheless, we forecast a return to profitability next year on the back of our key strategies to grow market share amongst the foreign client base, reduce loss ratios associated with capital commitment and to better leverage our specialist skills into the broader investment bank.
- The Australian business has significant potential but is not without a measure of risk. The team members who have been hired to grow this business have a considerable amount of high quality experience and an extensive client network, however, as this is a new business for Investec Bank Australia the coming 12 months will be critical to ensuring its success.

Principal Investments

- We remain active in seeking direct investment opportunities, while continuing to unlock further value from the portfolio and building BEE platforms in South Africa
- The majority of the companies in our Private Equity portfolio in South Africa are trading profitably in very difficult market conditions and the overall outlook remains positive for future growth.
- All of the companies in the Australian Direct Investments portfolio are trading well and are on target to execute their growth plans. The outlook remains positive for future increases in the value of these investments. We remain active in seeking new investment opportunities.

Capital Markets

Business profile

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

We focus on the following activities:

Asset and liability management (Treasury)

Central treasury provides funding to the group and manages liquidity and interest rate risk for the group.

Treasury products and distribution

We offer a broad range of treasury products and services to the corporate, institutional and public sector markets which are primarily aimed at money market and foreign exchange risk management. We offer medium to small corporate entities deposit product, spot, forward exchange, currency swaps and currency options, principally in G7 currencies.

Interest rates

We are involved with interest rate products, money market instruments, government and public sector bonds, and repurchase agreements aimed at solutions for corporate, institutional and public sector clients.

Structured equity

The desks undertake structuring, finance, product issuance, market making, arbitrage and principal trading in equities and equity derivatives. The team manufactures and delivers a comprehensive suite of solutions to the retail and wholesale markets.

Financial products

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

Principal finance

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

Structured and asset finance

We focus on small and large ticket asset leasing and finance. The large ticket asset finance business focuses on aircraft and shipping. We also manage the Investec Global Aircraft fund.

Project finance

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

The Project Infrastructure and Investment team applies an investment banking paradigm to the investment of equity in infrastructure projects. The team originates and executes investments for Investec and for the bank's private and institutional clients. The team's primary focus is on environmentally-sustainable infrastructure, notably clean and renewable energy, waste management and water supply.

The Social Infrastructure Investment business originates, finances and develops facilities with long-term sovereign or semi sovereign rent streams, for all levels of government, their agencies and universities. It also employs the same disciplines to originate high quality institutional property.

Commodities and resource finance

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

Debt Capital Markets

The Debt Capital Markets focuses on bond origination, distribution and trading.

Corporate and leveraged debt

Corporate and leveraged debt targets event-driven borrowing such as that for acquisitions, expansions, property, plant and equipment, project developments and refinancings by mid-tier and larger corporate borrowers. The primary focus of this business is senior secured debt, although due consideration is also given to secured facilities, second lien and subordinated or mezzanine debt in select transactions.

Management structure

Global head of Capital Markets

David Van Der Walt

UK and Europe

Regional head	Andy Clapham
Treasury products and distribution	Chris Meyer
Central treasury	John Barbour
Commodities and resource finance	George Rogers
Structured equity derivatives	Andrew Brogden
Principal finance (including Kensington)	Andy Clapham
Structured and asset finance	Alistair Crowther
Project finance (UK and International)	Maurice Hochschild
Operations (UK and International)	Kevin McKenna
Regional head: Ireland	Michael Cullen
Treasury products and distribution: Ireland	Aisling Dodgson
Equity finance: Ireland	Loman Gallagher
Regional head: Canada	John Casola
Regional head: India	Ajeeth Narayan

South Africa

Regional head	Richard Wainwright
Resource and infrastructure finance	Michael Meeser
Equity derivatives and foreign exchange trading	Mark Currie
Financial products	Lourens Van Rensburg
Treasury sales and structuring	Ryan Tholet
Structured and asset finance	David Kuming
Balance sheet management and interest rate trading	Clive Sindelman
Regional head: Mauritius	Craig McKenzie
Operations	Stuart Spencer

Australia

Joint regional heads	Jose de Nobrega Milton Samios
Commodities and resource finance	Anthony Hawke
Project finance	Peter Mansfield
Project and infrastructure investments	Mark Schneider
Social infrastructure investment	Michael Still
Structured finance	David Phillips
Corporate and leveraged debt	Simon Beissel
Treasury	Jeff Duncan-Nagy
Equity derivatives	David Jones-Prichard
Financial products	Dean You Lee
Operations	Carl Dennis

Review of operating environment

The UK is emerging slowly out of recession with liquidity sources expensive and capital remaining scarce. Interest rates remain low but are forecast to rise steadily over the next two years. Credit spreads are tightening and the securitisation market has reopened. There is a “wall of money” chasing yield and we have positioned our business to take advantage of this. We have expanded our product and service capability over the last few years and our platform businesses are now all well established. We believe that these factors have positioned us to grow market share and to take advantage of slowly increasing levels of market activity through the next reporting period.

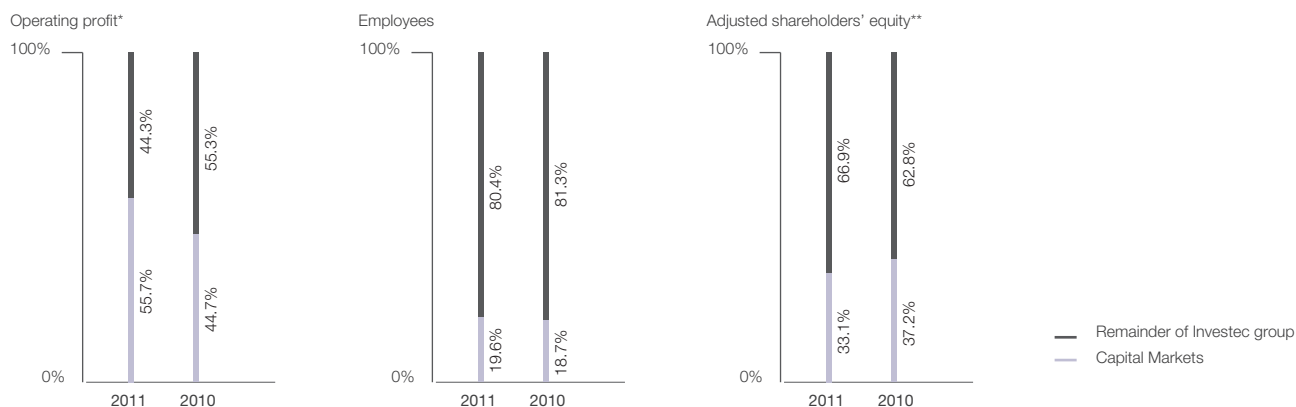
South Africa has emerged from recession, however, corporates remain long cash, exports are weak owing to the strong currency and overall activity levels are low. The business has positioned itself for a recovery in activity levels.

Activity levels in Australia have continued to pick up and the economy is well supported by interest in resources. We are continuing to invest on the business and should benefit from the increased activity.

Financial analysis

- Operating profit increased by 35.1% to £242.0 million, contributing 55.7% to group profit
- Core loans and advances have increased by 7.2% to £4.8 billion since 31 March 2010.

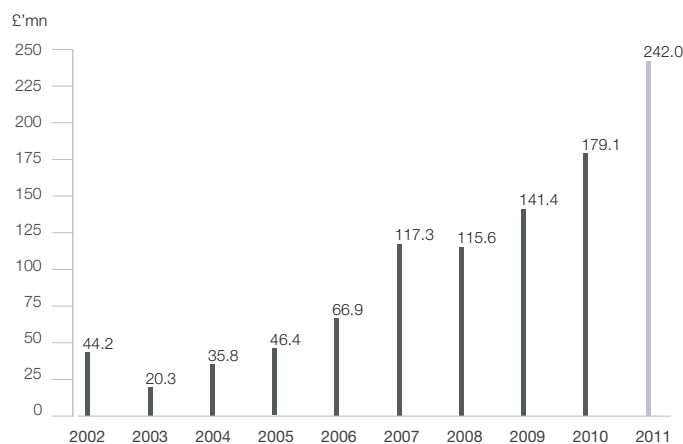
Contribution analysis



* Before goodwill, acquired intangibles non-operating items, taxation and after non-controlling interests (excluding Group Services and Other Activities).

** As calculated on page 42.

Operating profit[^] - track record



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

Income statement analysis

£'000	31 March 2011	31 March 2010	Variance	% change
Net interest income	330 603	309 878	20 725	6.7%
Net fee and commission income	120 327	93 180	27 147	29.1%
Principal transactions	181 761	196 845	(15 084)	(7.7%)
Other operating income	^36 421	^79	36 342	>100.0%
Total operating income	669 112	599 982	69 130	11.5%
Impairment losses on loans and advances	(87 981)	(137 854)	49 873	(36.2%)
Operating costs	(323 378)	(282 952)	(40 426)	14.3%
Depreciation on operating leased assets	(16 447)	–	(16 447)	100.0%
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	241 306	179 176	62 130	34.7%
Earnings attributable to non-controlling interests	743	(37)	780	>100.0%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	242 049	179 139	62 910	35.1%
UK and Europe	139 978	93 163	46 815	50.3%
Southern Africa	92 211	70 572	21 639	30.7%
Australia	9 860	15 404	(5 544)	(36.0%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	242 049	179 139	62 910	35.1%
Ordinary shareholders' equity*	1 078 395	958 173	120 222	12.5%
ROE (pre-tax)*	19.8%	18.5%		
Return on tangible equity (pre-tax)*	21.5%	20.3%		
Cost to income ratio^	49.5%	47.2%		
Operating profit per employee (£'000)*	199.7	166.6	33.1	19.9%

* As calculated on pages 42 and 44.

^ The cost to income ratio has been calculated by subtracting the depreciation on operating leased assets from operating income.

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

- The increase in net interest income is largely due to the investment in higher yielding trading assets and the growth in the loan portfolio in the UK and Europe. This has been somewhat offset by an increase in surplus cash held and a decline in the size of the Kensington portfolio of assets
- The increase in net fee and commission income is largely attributable to a strong performance from the Structured Equity Finance business given a larger client base, and increased levels of activity within the Structured Finance business in the UK
- Principal transaction income declined marginally during the year. The division benefited from a sound performance from its fixed income and Principal Finance business. This was offset by less customer flow activity in some of the businesses and negative fair value adjustments on some of the division's equity investments held
- Other operating income reflects income earned on operating leases acquired during the year
- The improvement in impairments largely reflects recoveries in the South African business
- Expenses have increased largely due to acquisitions made and an increase in headcount and related expenses.

Capital Markets (continued)

Analysis of total operating income by geography, type of activity and category of income

£'000	31 March 2011	31 March 2010	Variance
UK and Europe	466 595	396 215	70 380
Treasury and trading activities	85 290	58 401	26 889
Principal finance	261 553	282 253	(20 700)
Lending and leasing activities	119 752	55 561	64 191
Southern Africa	171 602	163 613	7 989
Trading activities	27 159	26 516	643
Treasury activities	66 946	51 630	15 316
Financial products	32 697	27 548	5 149
Lending activities	44 800	57 919	(13 119)
Australia	30 915	40 154	(9 239)
Treasury and trading activities	3 556	6 398	(2 842)
Financial products	9 638	4 557	5 081
Lending activities	17 721	29 199	(11 478)
Total	669 112	599 982	69 130

UK and Europe

For the year to 31 March 2011 £'000	Net interest income	Net fee and commission income	Principal transactions and other income	Total operating income
Treasury and trading activities	(692)	42 280	43 702	85 290
Principal Finance	172 855	7 817	80 881	261 553
Lending and leasing activities	45 479	28 616	45 657	119 752
Total	217 642	78 713	170 240	466 595

For the year to 31 March 2010 £'000	Net interest income	Net fee and commission income	Principal transactions and other income	Total operating income
Treasury and trading activities	(20 828)	21 949	57 280	58 401
Principal finance	197 730	10 575	73 948	282 253
Lending and leasing activities	21 303	7 561	26 697	55 561
Total	198 205	40 085	157 925	396 215

Southern Africa

For the year to 31 March 2011 £'000	Net interest income	Net fee and commission income	Principal transactions and other income	Total operating income
Trading activities	(59)	67	27 151	27 159
Treasury activities	25 654	18 643	22 649	66 946
Financial products	28 848	4 076	(227)	32 697
Lending activities	49 066	6 606	(10 872)	44 800
Total	103 509	29 392	38 701	171 602

For the year to 31 March 2010 £'000	Net interest income	Net fee and commission income	Principal transactions and other income	Total operating income
Trading activities	180	179	26 157	26 516
Treasury activities	35 918	11 394	4 318	51 630
Financial products	17 208	8 723	1 617	27 548
Lending activities	51 386	9 027	(2 494)	57 919
Total	104 692	29 323	29 598	163 613

Australia

For the year to 31 March 2011 £'000	Net interest income	Net fee and commission income	Principal transactions and other income	Total operating income
Treasury and trading activities	1 002	(45)	2 599	3 556
Financial products	5 116	1 633	2 889	9 638
Lending activities	3 334	10 634	3 753	17 721
Total	9 452	12 222	9 241	30 915

For the year to 31 March 2011 £'000	Net interest income	Net fee and commission income	Principal transactions and other income	Total operating income
Treasury and trading activities	(1 920)	929	7 389	6 398
Financial products	3 312	510	735	4 557
Lending activities	5 589	22 333	1 277	29 199
Total	6 981	23 772	9 401	40 154

Capital Markets (continued)

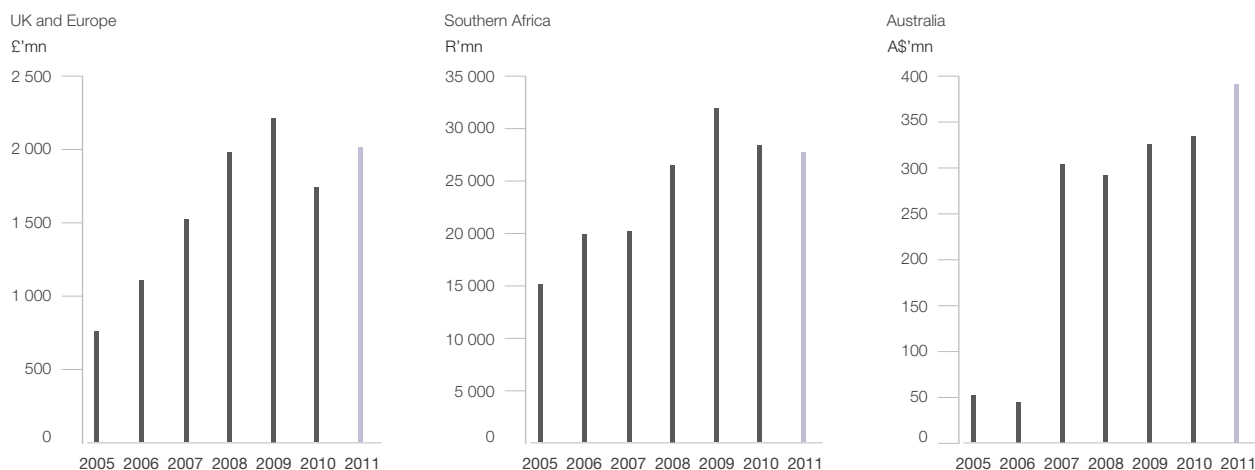
Analysis of key earnings drivers (core loans and advances excluding Kensington)

£'million As at	UK and Europe		Southern Africa		Australia		Total		% change
	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March	
	2011	2010	2011	2010	2011	2010	2011	2010	
Preference share finance	–	–	665	704	–	–	665	704	(5.5%)
Acquisition finance	732	638	282	383	22	–	1 036	1 021	1.5%
Asset finance	341	351	250	251	10	–	601	602	(0.2%)
Principal finance	265	432	–	–	71	61	336	493	(31.8%)
Project finance	284	134	184	182	72	69	540	385	40.3%
Structured finance	363	157	1 072	974	28	10	1 463	1 141	28.2%
Resource finance and commodities	52	65	106	98	50	31	208	194	7.2%
Total gross core loans and advances	2 037	1 777	2 559	2 592	253	171	4 849	4 540	6.8%
Specific impairments	(14)	(23)	(1)	–	–	(5)	(15)	(28)	(46.4%)
Portfolio impairments	–	(2)	(2)	(1)	–	–	(2)	(3)	(33.3%)
Net core loans and advances	2 023	1 752	2 556	2 591	253	166	4 832	4 509	7.2%
Asset quality*									
Gross defaults	60	66	4	6	4	12	68	84	(19.0%)
Collateral value	(46)	(44)	(3)	(14)	(4)	(7)	(53)	(65)	(18.5%)
Impairments	(14)	(25)	(3)	(1)	–	(5)	(17)	(31)	(45.2%)
Net defaults (limited to zero)	–	–	–	–	–	–	–	–	–
Gross defaults as a % of gross core loans and advances	2.9%	3.7%	0.2%	0.3%	1.6%	6.9%	1.4%	1.9%	
Defaults (net of impairments) as a % of net core loans and advances	2.3%	2.4%	0.1%	0.2%	1.5%	4.2%	1.1%	1.2%	
Credit loss ratio	1.1%	1.7%	(0.5%)	0.4%	1.6%	4.9%	0.3%	1.2%	

* Further information is provided on pages 46 to 57.

Net core loans and advances as at	31 March	31 March	% change	31 March	31 March	% change
	2011	2010		2011	2010	
	£'million			Home currency 'million		
UK and Europe	2 023	1 752	15.5%	£2 023	£1 752	15.5%
Southern Africa	2 556	2 591	(1.4%)	R27 804	R28 778	(3.4%)
Australia	253	166	52.4%	A\$393	A\$275	42.9%
Net core loans and advances	4 832	4 509	7.2%			

Net core loans and advances (excluding Kensington)



Trend reflects numbers as at the year ended 31 March unless stated otherwise.

Developments

UK and Europe

- The Project Finance team continues to be a leader in the UK PFI advisory business, and the office in Canada, set up to service the North American PFI market, is performing very well
- The Principal Finance business has continued to take advantage of the condition of the credit markets through its fixed income investments and trading operations. The desk recently closed a residential mortgage securitisation (RMS 25)
- We successfully established a debt capital markets business as well as an export credit agency finance capability
- The Kensington business remains profitable. We launched a new mortgage offering and extended the product range during the year
- The Acquisition Finance book has performed above expectations and defaults were lower than expected
- We successfully integrated Lease Direct Finance Limited and acquired the Masterlease UK book (December 2010)
- The Asset Finance business was awarded 'Best SME Champion' award at the Asset Finance awards 2010
- The trading desks showed varied but overall improved performance benefiting from market volatility, the introduction of new products and increased staff
- The Structured Equity retail distribution platforms are now established and we have recently marketed launch 23 in the UK market. We are currently one of the top two retail structured product issuers in the UK market and have recently won a number of awards for our efforts in this area.

Southern Africa

- The corporate market continues to remain weak with low levels of activity leading to depressed lending activity and consequently, lower hedging activity. We have however, seen an increase in pipeline in our lending businesses
- Significant surplus liquidity levels were maintained during the year and we continue to be a provider of liquidity to the South African interbank market. Our surplus liquidity has had a negative effect on our margin for the period
- We grew our portfolio of highly rated yield enhancing fixed income investments as opportunities presented themselves.

Capital Markets (continued)

Australia

- The Financial Markets sales team recorded a strong performance for the first year since they have been in operation
- We have started hiring people to build an equity derivatives sales and structuring capability, and have also acquired a social infrastructure development team that is a good fit with our existing Project and Infrastructure Investments team.

Outlook

UK and Europe

- We continue to build a balanced business model, where we can easily switch between primary and secondary markets and have natural hedges
- The business is well positioned to grow significantly from current levels as market conditions improve.

South Africa

- Our business is well positioned to grow significantly with a recovery in the South African market and levels of fixed direct investment improving
- We continue to build and grow sustainable businesses on the back of client driven transactional flow in derivatives and financial markets
- We will grow our portfolio of highly rated yield enhancing fixed income investments as opportunities present themselves
- The margin line is expected to improve over the coming months as the cost of funding reduces
- We continue to be a net provider of liquidity to the interbank market
- We anticipate that trading and structuring opportunities will improve as the markets move into an upward interest rate cycle.

Australia

- The Resources division has strengthened key strategic business ties and continues to build a pipeline of deals focused on mid-tier and larger mining companies with one or more assets in production, where the risk and return profile remains attractive
- The Aviation team is working closely with the aviation finance teams in London and Johannesburg to pursue aircraft leasing transactions and, in parallel, create investment opportunities for the additional capital that has been raised for the Investec Global Aircraft fund
- In renewable energy, we continue to work on a number of development assets and will seek to profitably exit some of these during the course of the year.
- A new team focused on social infrastructure opportunities has been acquired and an exciting pipeline of prospects has been assembled
- Our recently established Corporate and Leveraged Debt business will continue to target event-driven borrowing by mid-tier and larger corporate borrowers
- The new Financial Markets business is starting to gather momentum. We have added to the trading and sales teams and expect a significant improvement in revenues. A significant amount of work is taking place to integrate the private client treasury with the wholesale treasury. This work is expected to be completed in the second quarter of 2012
- Equity Derivatives is a new business for the bank and we are busy hiring the team and implementing systems.

Group Services and Other Activities

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

Central Services

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

Other Activities

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

Management structure

Banking and institutions	David Lawrence
Chief integrating officer	Allen Zimble
Corporate governance and compliance	Bradley Tapnack
Finance, IT and operations	Rayanne Jacobson
Human resources	Allen Zimble (UK) Tracey Rowe (SA)
International financial institutions	Helmut Bahrs
Investor relations	Ursula Nobrega
Legal	David Nurek
Marketing	Raymond van Niekerk
Organisation development	Caryn Solomon (UK) Marc Kahn (SA)
Risk management	Ciaran Whelan
Secretarial and staff share schemes	Les Penfold
Tax	Pankaj Shah (UK) Justin Cowley (SA)
ReichmansCapital	Robin Jacobson John Wilks

Group Services and Other Activities (continued)

Financial analysis

£'000	31 March 2011	31 March 2010	Variance	% change
International Trade Finance	9 065	7 174	1 891	26.4%
Central Funding	91 038	97 745	(6 707)	(6.9%)
Central Services	(99 109)	(73 198)	(25 911)	(35.4%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	994	31 721	(30 727)	(96.9%)

31 March 2011 £'000	UK and Europe	Southern Africa	Australia	Total group
International Trade Finance	2 046	7 019	–	9 065
Central Funding	40 262	41 773	9 003	91 038
Central Services	(51 891)	(39 012)	(8 206)	(99 109)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	(9 583)	9 780	797	994

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

Developments

Central Services

- We have a policy of allocating costs housed in the centre that are, in effect, performing a function for the divisions of the group
- There are certain costs that are strategic in nature which have not been allocated for pure segmental disclosure, amounting to £99.1 million (2010: £73.2 million). However, a portion thereof (£82.5 million) is allocated to the operating divisions for purposes of determining return on adjusted capital per business segment. Refer to page 42 for further details
- Central costs are higher than the prior year mainly due to the appreciation of the Rand against Pounds Sterling as well as increased headcount and related expenses.

Central Funding

- We have a business model of maintaining a central pool of capital with the aim of ensuring that economies of scale with respect to corporate investments, funding and overall management are obtained
- Various sources of funding are employed, the determination of which depends on the specific financial and strategic requirements the group faces at the time
- The funds raised are applied towards making acquisitions, funding central services and debt obligations, and purchasing corporate assets and investments not allocated to the five operating divisions.

£'000	31 March 2011	31 March 2010	Variance	% change
Net interest income (excluding interest on sub debt and debentures)	119 717	84 337	35 380	42.0%
Principal transactions	40 512	120 054	(79 542)	(66.3%)
Other income	19 831	(721)	20 552	>100.0%
	180 060	203 670	(23 610)	(11.6%)
Interest paid on sub-debt and debentures	(86 981)	(70 920)	(16 061)	22.6%
Impairment losses on loans and advances	16 151	(28 634)	44 785	>100.0%
Operating costs	(16 617)	(9 522)	(7 095)	(74.5%)
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	92 613	94 594	(1 981)	(2.1%)
Earnings attributable to non-controlling interests	(1 576)	3 151	(4 727)	(>100.0%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	91 037	97 745	(6 708)	(6.9%)

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

- Net interest income was largely impacted by:
 - An increase in cash held and lower levels of average interest rates, notably in South Africa
 - An increase in interest paid on sub-debt as a the result of debt issuance of R1.5 billion in South Africa
 - An improvement in returns in the Australian portfolio
- The decrease in principal transaction income largely reflects a lower return on certain equity investments held in the South African portfolio
- The increase in other income relates to intergroup fees earned
- The group has decreased its portfolio impairments.

Segmental geographic analysis - income statement

For the year ended 31 March 2011 £'000	UK and Europe	Southern Africa	Australia	Total group
Interest income	633 789	1 357 987	247 007	2 238 783
Interest expense	(362 978)	(1 019 740)	(174 596)	(1 557 314)
Net interest income	270 811	338 247	72 411	681 469
Fee and commission income	523 225	333 037	40 038	896 300
Fee and commission expense	(99 473)	(5 280)	(3 889)	(108 642)
Principal transactions	243 976	164 731	9 979	418 686
Investment income on assurance activities	–	64 834	–	64 834
Premiums and reinsurance recoveries on insurance contracts	–	6 110	–	6 110
Other operating income	51 122	5 210	(2 329)	54 003
Other income	718 850	568 642	43 799	1 331 291
Claims and reinsurance premiums on insurance business	–	(57 774)	–	(57 774)
Total operating income net of insurance claims	989 661	849 115	116 210	1 954 986
Impairment losses on loans and advances	(210 485)	(77 538)	(30 207)	(318 230)
Operating income	779 176	771 577	86 003	1 636 756
Operating costs	(640 282)	(471 013)	(85 570)	(1 196 865)
Depreciation on operating leased assets	(16 447)	–	–	(16 447)
Operating profit before goodwill and acquired intangibles	122 447	300 564	433	423 444
Operating losses attributable to non-controlling interests	11 179	(490)	273	10 962
Operating profit before goodwill, acquired intangibles and after non-controlling interests	133 626	300 074	706	434 406
Impairment of goodwill	–	(6 888)	–	(6 888)
Amortisation of acquired intangibles	(6 341)	–	–	(6 341)
Profit arising from associate converted to subsidiary	73 465	–	–	73 465
Net loss on sale of subsidiaries	(18 375)	58	1 015	(17 302)
Loss on subsidiaries attributable to non-controlling interests	3 099	(1 458)	–	1 641
Earnings attributable to shareholders before taxation	185 474	291 786	1 721	478 981
Taxation	(22 618)	(35 357)	(490)	(58 465)
Earnings attributable to shareholders	162 856	256 429	1 231	420 516
Selected returns and key statistics				
ROE (post-tax)	8.0%	17.5%	0.1%	11.2%
Return on tangible equity (post-tax)	11.7%	17.8%	0.1%	13.2%
Cost to income ratio	65.8%	55.5%	73.6%	61.7%
Staff compensation to operating income	42.8%	36.8%	51.6%	40.7%
Operating profit per employee (£'000)	56.8	75.2	1.1	64.4
Effective operational tax rate	24.6%	11.8%	284.9%	15.5%
Total assets (£'million)	19 217	28 284	3 440	50 941

For the year ended 31 March 2010 £'000	UK and Europe	Southern Africa	Australia	Total group
Interest income	575 989	1 287 089	178 075	2 041 153
Interest expense	(325 061)	(982 487)	(120 519)	(1 428 067)
Net interest income	250 928	304 602	57 556	613 086
Fee and commission income	299 993	265 457	47 124	612 574
Fee and commission expense	(54 944)	(9 225)	(3 328)	(67 497)
Principal transactions	253 135	185 001	19 623	457 759
Investment income on assurance activities	–	94 914	–	94 914
Premiums and reinsurance recoveries on insurance contracts	–	31 938	–	31 938
Other operating income	33 543	5 082	(4 293)	34 332
Other income	531 727	573 167	59 126	1 164 020
Claims and reinsurance premiums on insurance business	–	(119 918)	–	(119 918)
Total operating income net of insurance claims	782 655	757 851	116 682	1 657 188
Impairment losses on loans and advances	(188 330)	(70 841)	(27 410)	(286 581)
Operating income	594 325	687 010	89 272	1 370 607
Operating costs	(493 204)	(392 211)	(71 736)	(957 151)
Depreciation on operating leased assets	–	–	–	–
Operating profit before goodwill	101 121	294 799	17 536	413 456
Operating losses attributable to non-controlling interests	22 578	(4 432)	656	18 802
Operating profit before goodwill and after non-controlling interests	123 699	290 367	18 192	432 258
Impairment of goodwill	–	(3 526)	–	(3 526)
Earnings attributable to shareholders before taxation	123 699	286 841	18 192	428 732
Taxation	(9 426)	(69 297)	(3 876)	(82 599)
Earnings attributable to shareholders	114 273	217 544	14 316	346 133
Selected returns and key statistics				
ROE (post-tax)	11.4%	18.5%	4.0%	13.5%
Return on tangible equity (post-tax)	15.1%	18.9%	4.5%	15.4%
Cost to income ratio	63.0%	51.8%	61.5%	57.8%
Staff compensation to operating income	37.7%	33.1%	44.8%	36.1%
Operating profit per employee (£'000)	60.8	75.6	51.4	69.7
Effective operational tax rate	10.6%	23.5%	21.4%	20.6%
Total assets (£'million)	18 480	24 881	3 211	46 572

Segmental geographic analysis - income statement (continued)

For the year ended 31 March 2011 £'000	AM*	WI*	PA*	PB*	IB*	CM*	GSO*	Total group
Net interest income	2 989	7 281	(1 595)	295 249	(338)	330 603	47 280	681 469
Fee and commission income	411 935	159 055	24 565	77 903	85 083	131 951	5 808	896 300
Fee and commission expense	(72 831)	(11 414)	(1 757)	(6 940)	(5 994)	(11 624)	1 918	(108 642)
Principal transactions	(40)	(1 334)	50 623	33 027	114 117	181 761	40 532	418 686
Investment income on assurance activities	-	-	-	-	-	-	64 834	64 834
Premiums and reinsurance recoveries on insurance contracts	-	-	-	-	-	-	6 110	6 110
Other operating income	2 537	2 651	1 762	348	8 267	36 421	2 017	54 003
Other income	341 601	148 958	75 193	104 338	201 473	338 509	121 219	1 331 291
Claims and reinsurance premiums on insurance business	-	-	-	-	-	-	(57 774)	(57 774)
Total operating income net of insurance claims	344 590	156 239	73 598	399 587	201 135	669 112	110 725	1 954 986
Impairment losses on loans and advances	29	-	-	(244 976)	223	(87 981)	14 475	(318 230)
Operating income	344 619	156 239	73 598	154 611	201 358	581 131	125 200	1 636 756
Operating costs	(216 947)	(115 813)	(25 890)	(246 052)	(146 155)	(323 378)	(122 630)	(1 196 865)
Depreciation on operating leased assets	-	-	-	-	-	(16 447)	-	(16 447)
Operating profit before goodwill and acquired intangibles	127 672	40 426	47 708	(91 441)	55 203	241 306	2 570	423 444
Operating losses attributable to non-controlling interests	(364)	-	-	-	12 159	743	(1 576)	10 962
Operating profit before goodwill, acquired intangibles and after non-controlling interests	127 308	40 426	47 708	(91 441)	67 362	242 049	994	434 406
Selected returns and key statistics								
ROE (pre-tax)	78.5%	16.5%	39.6%	(9.2%)	18.7%	19.8%	41.5%	13.5%
Return on tangible equity (pre-tax)	329.7%	78.7%	39.8%	(9.6%)	21.7%	21.5%	41.7%	15.8%
Cost to income ratio	63.0%	74.1%	35.2%	61.6%	72.7%	49.5%	110.8%	61.7%
Staff compensation to operating income	45.2%	53.1%	24.6%	34.8%	44.3%	27.1%	116.9%	40.7%
Operating profit per employee (£'000)	124.8	63.6	603.2	(42.4)	174.9	199.7	0.6	64.4
Total assets (£'million)	553	1 081	502	14 505	1 228	24 693	8 379	50 941

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

For the year ended 31 March 2010 £'000	AM*	WI*	PA*	PB*	IB*	CM*	GSO*	Total group
Net interest income	1 977	2 392	(7 513)	287 121	(7 265)	309 878	26 496	613 086
Fee and commission income	290 658	39 576	16 924	97 171	76 319	95 764	(3 838)	612 574
Fee and commission expense	(47 059)	(2 724)	(1 549)	(5 827)	(5 231)	(2 584)	(2 523)	(67 497)
Principal transactions	191	1 023	45 918	12 578	80 985	196 845	120 219	457 759
Investment income on assurance activities	–	–	–	–	–	–	94 914	94 914
Premiums and reinsurance recoveries on insurance contracts	–	–	–	–	–	–	31 938	31 938
Other operating income	5 018	11 634	(319)	(498)	16 238	79	2 180	34 332
Other income	248 808	49 509	60 974	103 424	168 311	290 104	242 890	1 164 020
Claims and reinsurance premiums on insurance business	–	–	–	–	–	–	(119 918)	(119 918)
Total operating income net of insurance claims	250 785	51 901	53 461	390 545	161 046	599 982	149 468	1 657 188
Impairment losses on loans and advances	5	–	–	(115 195)	(2 566)	(137 854)	(30 971)	(286 581)
Operating income	250 790	51 901	53 461	275 350	158 480	462 128	118 497	1 370 607
Operating costs	(166 943)	(26 014)	(19 982)	(238 298)	(133 035)	(282 952)	(89 927)	(957 151)
Depreciation on operating leased assets	–	–	–	–	–	–	–	–
Operating profit before goodwill	83 847	25 887	33 479	37 052	25 445	179 176	28 570	413 456
Losses attributable to non-controlling interests	(435)	–	–	–	16 123	(37)	3 151	18 802
Operating profit before goodwill and after non-controlling interests	83 412	25 887	33 479	37 052	41 568	179 139	31 721	432 258
Selected returns and key statistics								
ROE (pre-tax)	53.0%	101.5%	41.0%	5.3%	17.1%	18.5%	28.8%	17.2%
Return on tangible equity (pre-tax)	337.3%	120.4%	41.2%	5.5%	21.7%	20.3%	28.8%	19.5%
Cost to income ratio	66.6%	50.1%	37.4%	61.0%	82.6%	47.2%	60.2%	57.8%
Staff compensation to operating income	43.3%	32.6%	25.3%	19.2%	41.2%	27.6%	64.0%	36.1%
Operating profit per employee (£'000)	88.1	67.9	434.8	17.0	112.2	166.6	27.5	69.7
Total assets (£'million)	426	566	356	14 757	1 092	22 078	7 297	46 572

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

Segmental business analysis of operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests

£'000	1st half 2011	2nd half 2011	Year to 31 March 2011	1st half 2010	2nd half 2010	Year to 31 March 2010	% change year on year
Asset Management	48 913	78 395	127 308	28 932	54 480	83 412	52.6%
Wealth and Investment	16 342	24 084	40 426	12 008	13 879	25 887	56.2%
Property Activities	16 408	31 300	47 708	11 733	21 746	33 479	42.5%
Private Banking	(3 879)	(87 562)	(91 441)	16 709	20 343	37 052	(>100.0%)
Investment Banking							
Corporate Finance	4 595	2 986	7 581	(934)	2 950	2 016	>100.0%
Institutional Research, Sales and Trading	(1 072)	(3 158)	(4 230)	2 727	2 177	4 904	(>100.0%)
Principal Investments	38 987	25 024	64 011	24 991	9 657	34 648	84.7%
	42 510	24 852	67 362	26 784	14 784	41 568	62.1%
Capital Markets	133 506	108 543	242 049	73 637	105 502	179 139	35.1%
Group Services and Other Activities							
International Trade Finance	3 692	5 373	9 065	3 154	4 020	7 174	26.4%
Central Funding	9 176	81 861	91 037	75 060	22 686	97 746	(6.9%)
Central Services Costs	(38 511)	(60 597)	(99 108)	(32 038)	(41 161)	(73 199)	35.4%
	(25 643)	26 637	994	46 176	(14 455)	31 721	(96.9%)
Total group	228 157	206 249	434 406	215 979	216 279	432 258	0.5%

Segmental geographic analysis - balance sheet assets and liabilities

At 31 March 2011 £'000	UK and Europe	Southern Africa	Australia	Total group
Assets				
Cash and balances at central banks	987 264	626 513	155 301	1 769 078
Loans and advances to banks	808 407	563 826	96 472	1 468 705
Cash equivalent advances to customers	–	535 983	–	535 983
Reverse repurchase agreements and cash collateral on securities borrowed	1 399 733	1 068 042	–	2 467 775
Trading securities	666 099	4 447 294	929	5 114 322
Derivative financial instruments	662 620	1 056 008	80 576	1 799 204
Investment securities	1 537 795	941 953	848 861	3 328 609
Loans and advances to customers	6 194 719	10 917 703	1 646 102	18 758 524
Loans and advances to customers - Kensington warehouse assets	1 612 181	–	–	1 612 181
Securitised assets	3 679 051	761 926	483 316	4 924 293
Interests in associated undertakings	17 404	4 480	1 597	23 481
Deferred taxation assets	55 933	37 923	20 982	114 838
Other assets	850 096	509 424	51 073	1 410 593
Property and equipment	232 298	42 963	4 540	279 801
Investment properties	–	379 527	–	379 527
Goodwill	393 417	18 655	44 536	456 608
Intangible assets	120 856	10 211	5 385	136 452
	19 217 873	21 922 431	3 439 670	44 579 974
Other financial instruments at fair value through profit or loss in respect of				
– Liabilities to customers	–	6 361 296	–	6 361 296
– Assets related to reinsurance contracts	–	–	–	–
	19 217 873	28 283 727	3 439 670	50 941 270
Liabilities				
Deposits by banks	847 575	1 007 476	3 842	1 858 893
Deposits by banks - Kensington warehouse funding	975 542	–	–	975 542
Derivative financial instruments	473 011	965 078	48 330	1 486 419
Other trading liabilities	402 326	314 230	–	716 556
Repurchase agreements and cash collateral on securities lent	612 663	986 983	–	1 599 646
Customer accounts (deposits)	8 812 240	14 207 218	1 421 802	24 441 260
Debt securities in issue	676 241	472 692	996 280	2 145 213
Liabilities arising on securitisation	3 174 268	694 487	472 109	4 340 864
Current taxation liabilities	55 902	151 055	–	206 957
Deferred taxation liabilities	73 095	75 655	–	148 750
Other liabilities	888 449	499 014	23 674	1 411 137
Pension fund liabilities	–	–	–	–
	16 991 312	19 373 888	2 966 037	39 331 237
Liabilities to customers under investment contracts	–	6 358 732	–	6 358 732
Insurance liabilities, including unit-linked liabilities	–	2 564	–	2 564
	16 991 312	25 735 184	2 966 037	45 692 533
Subordinated liabilities	636 468	619 365	31 802	1 287 635
	17 627 780	26 354 549	2 997 839	46 980 168

Segmental geographic analysis - balance sheet assets and liabilities

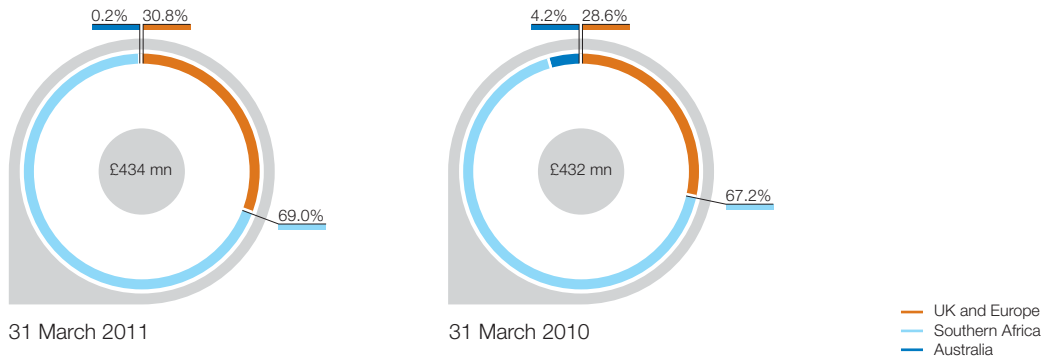
(continued)

At 31 March 2010 £'000	UK and Europe	Southern Africa*	Australia	Total group*
Assets				
Cash and balances at central banks	1 502 981	329 472	505 781	2 338 234
Loans and advances to banks	1 394 994	1 316 703	69 933	2 781 630
Cash equivalent advances to customers	–	581 117	–	581 117
Reverse repurchase agreements and cash collateral on securities borrowed	490 494	420 938	–	911 432
Trading securities	349 217	3 872 428	–	4 221 645
Derivative financial instruments	845 330	706 255	40 256	1 591 841
Investment securities	1 183 798	121 233	691 042	1 996 073
Loans and advances to customers	5 877 362	10 238 729	1 298 600	17 414 691
Loans and advances to customers – Kensington warehouse assets	1 776 525	–	–	1 776 525
Securitised assets	3 916 526	899 988	517 939	5 334 453
Interests in associated undertakings	96 459	4 817	2 783	104 059
Deferred taxation assets	76 718	36 304	21 333	134 355
Other assets	598 759	628 867	12 998	1 240 624
Property and equipment	140 032	16 885	4 338	161 255
Investment properties	–	273 038	–	273 038
Goodwill	207 892	25 147	41 378	274 417
Intangible assets	23 141	8 679	4 800	36 620
	18 480 228	19 480 600	3 211 181	41 172 009
Other financial instruments at fair value through profit or loss in respect of				
– Liabilities to customers	–	5 397 014	–	5 397 014
– Assets related to reinsurance contracts	–	2 842	–	2 842
	18 480 228	24 880 456	3 211 181	46 571 865
Liabilities				
Deposits by banks	1 579 529	860 141	–	2 439 670
Deposits by banks – Kensington warehouse funding	1 213 042	–	–	1 213 042
Derivative financial instruments	502 956	643 191	47 274	1 193 421
Other trading liabilities	190 295	314 323	–	504 618
Repurchase agreements and cash collateral on securities lent	529 690	565 490	15 328	1 110 508
Customer accounts (deposits)	8 024 835	12 885 199	1 024 010	21 934 044
Debt securities in issue	497 886	535 534	1 153 620	2 187 040
Liabilities arising on securitisation	3 465 299	733 897	515 360	4 714 556
Current taxation liabilities	71 320	127 715	(2 070)	196 965
Deferred taxation liabilities	52 929	84 045	–	136 974
Other liabilities	497 250	648 617	31 722	1 177 589
Pension fund liabilities	1 285	–	–	1 285
	16 626 316	17 398 152	2 785 244	36 809 712
Liabilities to customers under investment contracts	–	5 392 662	–	5 392 662
Insurance liabilities, including unit-linked liabilities	–	4 352	–	4 352
Reinsured liabilities	–	2 842	–	2 842
	16 626 316	22 798 008	2 785 244	42 209 568
Subordinated liabilities	587 074	468 860	14 502	1 070 436
	17 213 390	23 266 868	2 799 746	43 280 004

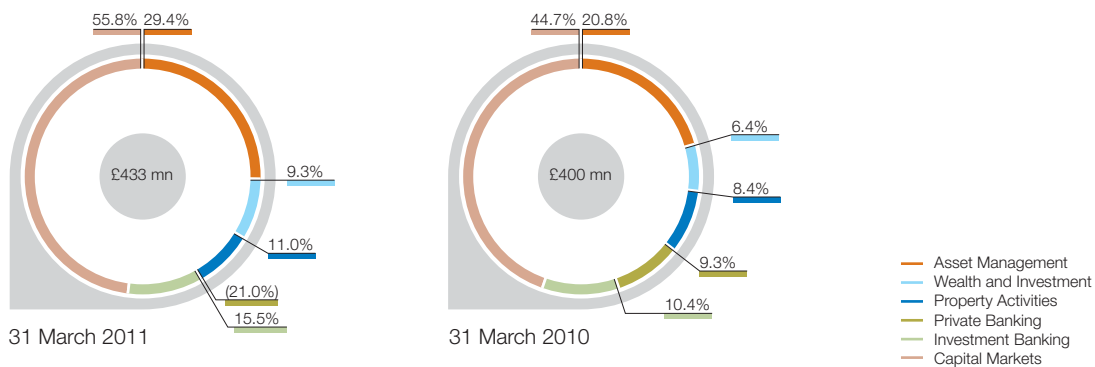
* As restated for details contained in commentary section of this report.

Segmental geographical and business analysis

Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests by geography



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



05

Annexures



Annexure 1 Definitions

Adjusted shareholders' equity	Refer to calculation on page 40
Cost to income ratio	Operating costs divided by operating income (net of depreciation on leased assets). Depreciation on operating leased assets has been netted off against operating income
Core loans and advances	Refer to calculation on page 46
Dividend cover	Adjusted earnings per ordinary share before goodwill and non-operating items divided by dividends per ordinary share
Earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	Refer to page 18
Adjusted earnings per ordinary share before goodwill, acquired intangibles and non-operating items	Refer to page 18
Effective operational tax rate	Tax on profit on ordinary activities (excluding exceptional items) divided by operating profit (excluding profit from associates)
Market capitalisation	Total number of shares in issue (including Investec plc and Investec Limited) multiplied by the closing share price of Investec plc on the London Stock Exchange
Net tangible asset value per share	Refer to calculation on page 35
Non-operating items	Reflects profits and/or losses on termination or disposal of group operations
Operating profit	Operating income less administrative expenses, impairments for bad and doubtful debts and depreciation of tangible fixed assets. This amount is before goodwill, acquired intangibles and non-operating items
Operating profit per employee	Refer to calculation on page 44
Recurring income	Net interest income plus net annuity fees and commissions expressed as a percentage of total operating income net of insurance claims
Return on average adjusted shareholders' equity	Refer to calculation on page 40
Return on average adjusted tangible shareholders' equity	Refer to calculation on page 40
Staff compensation to operating income ratio	All employee related costs expressed as a percentage of operating income
Third party assets under administration	Includes third party assets under administration managed by the Wealth and Investment, Asset Management and Property businesses
Total capital resources	Includes shareholders' equity, subordinated liabilities and minority interests
Total equity	Total shareholders' equity including minority interests
Weighted number of ordinary shares in issue	The number of ordinary shares in issue at the beginning of the year increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group less treasury shares. Refer to calculation on page 18

Annexure 2 Dividend announcements

Investec plc

Registration number: 3633621
Share code: INP
ISIN: GB00BI7BBQ50

Ordinary share dividend announcement

In terms of the DLC structure, Investec plc shareholders who are not South African resident shareholders may receive all or part of their dividend entitlements through dividends declared and paid by Investec plc on their ordinary shares and/or through dividends declared and paid on the SA DAN share issued by Investec Limited.

Investec plc shareholders who are South African residents, may receive all or part of their dividend entitlements through dividends declared and paid by Investec plc on their ordinary shares and/or through dividends declared and paid on the SA DAS share issued by Investec Limited.

Notice is hereby given that final dividend number 18 of 9 pence (2010: 8 pence) per ordinary share has been recommended by the board in respect of the financial year ended 31 March 2011 payable to shareholders recorded in the members' register of the company at the close of business on Friday, 29 July 2011, which will be paid as follows:

- for non-South African resident Investec plc shareholders, through a dividend payment by Investec plc of 9 pence per ordinary share
- for South African resident shareholders of Investec plc, through a dividend payment by Investec plc of 1 pence per ordinary share and through a dividend paid, on the SA DAS share equivalent to 8 pence per ordinary share

The relevant dates relating to the payment of dividend number 18 are as follows:

Last day to trade cum-dividend

On the London Stock Exchange (LSE)	Tuesday, 26 July 2011
On the Johannesburg Stock Exchange (JSE)	Friday, 22 July 2011

Shares commence trading ex-dividend

On the London Stock Exchange (LSE)	Wednesday, 27 July 2011
On the Johannesburg Stock Exchange (JSE)	Monday, 25 July 2011

Record date (on the JSE and LSE)	Friday, 29 July 2011
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Payment date (on the JSE and LSE)	Monday, 8 August 2011
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Share certificates on the South African branch register may not be dematerialised or rematerialised between Monday, 25 July 2011 and Friday, 29 July 2011, both dates inclusive, nor may transfers between the UK and SA registers take place between Monday, 25 July 2011 and Friday, 29 July 2011, both dates inclusive.

Shareholders registered on the South African register are advised that the distribution of 9 pence, equivalent to 102 cents per share, has been arrived at using the Rand/Pounds Sterling average buy/sell forward rate, as determined at 11h00 (SA time) on Wednesday, 18 May 2011.

By order of the board



D Miller

Company Secretary

18 May 2011

Investec plc

Preference share dividend announcement

Registration number: 3633621

Share code: INPP

ISIN: GB00B19RX541

Non-redeemable non-cumulative non-participating preference shares

Declaration of dividend number 10

Notice is hereby given that preference dividend number 10 has been declared for the period 1 October 2010 to 31 March 2011 amounting to 7.48 pence per share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 17 June 2011.

For shares trading on the Johannesburg Stock Exchange (JSE), the dividend of 7.48 pence per share is equivalent to 84 cents per share, which has been determined using the Rand/Pounds Sterling average buy/sell forward rate as at 11h00 (SA Time) on Wednesday, 18 May 2011.

The relevant dates relating to the payment of dividend number 10 are as follows:

Last day to trade cum-dividend

On the Channel Islands Stock Exchange (CISX)	Tuesday, 14 June 2011
On the Johannesburg Stock Exchange (JSE)	Thursday, 9 June 2011

Shares commence trading ex-dividend

On the Channel Islands Stock Exchange (CISX)	Wednesday, 15 June 2011
On the Johannesburg Stock Exchange (JSE)	Friday, 10 June 2011

Record date (on the JSE and CISX)	Friday, 17 June 2011
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Payment date (on the JSE and CISX)	Thursday, 30 June 2011
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Share certificates may not be dematerialised or rematerialised between Friday, 10 June 2011 and Friday, 17 June 2011, both dates inclusive, nor may transfers between the UK and SA registers may take place between Friday, 10 June 2011 and Friday, 17 June 2011, both dates inclusive.

By order of the board



D Miller

Company Secretary

18 May 2011

Annexure 2 Dividend announcements (continued)

Investec Limited

Registration number: 1925/002833/06
Share code: INL
ISIN: ZAE000081949

Ordinary share dividend announcement

Notice is hereby given that a final dividend number 111 of 102 cents (2010: 89 cents) per ordinary share has been recommended by the board in respect of the financial year ended 31 March 2011 payable to shareholders recorded in the members' register of the company at the close of business on Friday, 29 July 2011.

The relevant dates for the payment of the dividend number 111 are as follows:

Last day to trade cum-dividend	Friday, 22 July 2011
Shares commence trading ex-dividend	Monday, 25 July 2011
Record date	Friday, 29 July 2011
Payment date	Monday, 8 August 2011

The final dividend of 102 cents per ordinary share has been determined by converting the Investec plc distribution of 9 pence per ordinary share into Rands using the Rand/Pounds Sterling average buy/sell forward rate at 11h00 (SA time) on Wednesday, 18 May 2011.

Share certificates may not be dematerialised or rematerialised between Monday, 25 July 2011 and Friday, 29 July 2011, both dates inclusive.

By order of the board



B Coetsee

Company Secretary

18 May 2011

Investec Limited

Preference share dividend announcement
Registration number: 1925/002833/06
Share code: INPR
ISIN: ZAE000063814

Non-redeemable non-cumulative non-participating preference shares

Declaration of dividend number 13

Notice is hereby given that preference dividend number 13 has been declared for the period 1 October 2010 to 31 March 2011 amounting to 318.84 cents per share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 17 June 2011.

The relevant dates for the payment of the dividend number 13 are as follows:

Last day to trade cum-dividend	Thursday, 9 June 2011
Shares commence trading ex-dividend	Friday, 10 June 2011
Record date	Friday, 17 June 2011
Payment date	Thursday, 30 June 2011

Share certificates may not be dematerialised or rematerialised between Friday, 10 June 2011 and Friday, 17 June 2011, both dates inclusive.

By order of the board



B Coetsee

Company Secretary

18 May 2011

Annexure 2 Dividend announcements (continued)

Investec Bank Limited

Preference share dividend announcement

Registration number: 1969/004763/06

Share code: INLP

ISIN: ZAE000048393

Non-redeemable non- cumulative non-participating preference shares

Declaration of dividend number 16

Notice is hereby given that preference dividend number 16 has been declared for the period 1 October 2010 to 31 March 2011 amounting to 341.61 cents per share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 17 June 2011.

The relevant dates for the payment of dividend number 16 are as follows:

Last day to trade cum-dividend	Thursday, 09 June 2011
Shares commence trading ex-dividend	Friday, 10 June 2011
Record date	Friday, 17 June 2011
Payment date	Thursday, 30 June 2011

Share certificates may not be dematerialised or rematerialised between Friday, 10 June 2011 and Friday, 17 June 2011, both dates inclusive.

By order of the board



B Coetsee

Company Secretary

18 May 2011