Registration Number 4111949

Investec Finance plc

Report and Financial Statements

31 March 2011

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Directorate and corporate information

Board of directors
G R Burger
S M Burgess
H S Herman
B Kantor
S Koseff
A Tapnack

Secretary
D Miller

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Company registration
Registration Number 4111949
Registered Office: 2 Gresham Street
London, EC2V 7QP

Directors' report
The directors present their report and financial statements for the year ended 31 March 2011.

Principal activity and business review
Investec Finance plc (the 'company') is a wholly owned subsidiary of Investec Bank plc ("IBP") which is in turn a wholly-owned subsidiary of Investec plc (the 'Investec Group'), which is listed on the London Stock Exchange.

The principal activity of the company is to engage in financial arrangements and transactions and to assist in financing the operations of the Investec Group. In previous years the company has issued Guaranteed Subordinated notes, a fixed coupon sterling bond, Euro and US dollar denominated floating rate notes and Euro Commercial Paper. In each case the proceeds have been lent to the company's parent on similar terms so as to minimise liquidity, interest rate and foreign currency risk. The company will continue to operate in this capacity for the foreseeable future.

On 17 February 2011 IBP issued £500,000,000 of 9.625 per cent subordinated notes due 2022 ("2022 notes"). IBP invited the holders of the 7.75 per cent guaranteed subordinated step-up notes due 2016 ("2016 notes") and 6.25 per cent guaranteed undated subordinated step-up notes callable 2017 ("perpetual notes"), as issued by the company, to exchange the existing notes for the new 2022 notes. Under the exchange offer, holders exchanged £166,207,000 of the 2016 notes for the 2022 notes and exchanged £226,930,000 of the perpetual notes for the 2022 notes. On 16 March 2011 the 2016 and perpetual notes exchanged were cancelled. As at the year end 2011, £33,793,000 of the 2016 notes and £17,861,000 of the perpetual notes remain in issue by the company.

The company has a £3,000,000,000 Zebra Capital Plans Retail Structured Products Programme (the 'Programme'). In terms of the Programme, the company may from time to time issue notes (the 'Zebra Plan Notes') that are linked to the performance of one or more preference shares issued by Zebra Capital II Limited, a company incorporated in the Cayman Islands. The payment of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Investec Bank plc on an unsubordinated basis. After each issue, applications will be made for the Notes to be admitted to listing on the Official List of the FSA and to trading on the Regulated Market of the London Stock Exchange. As a result, and in terms of the Programme, the company is required to publicly release its results. The financial risks are managed at the Investec plc group level. The company's exposure to financial risks is further discussed in note 15.

During the year no new Notes have been issued in terms of the Programme. The Company does not expect to issue any further new Notes under this Programme. In addition to this Programme, Investec Bank plc has created a notes platform, the £4,000,000,000 Zebra Capital Plans Retail Structured Products Programme, under which new structured product launches have been made since September 2009.

Any market risk with respect to the performance of the preference shares issued by Zebra Capital II Limited is matched with Investec Bank plc. Any liquidity risk, interest rate risk or foreign currency risk is eliminated as the terms and currency of the Notes are matched with the terms and currency of the lending to Investec Bank plc. As such, all material principal risks and uncertainties are mitigated.

Financial results and dividends
The results for the year are shown on page 6. The directors do not recommend the payment of a final dividend for the year ended 31 March 2011 (2010 - £nil).

Post balance sheet events
On 29 June 2011 IBP issued £75,000,000 of the 2022 notes to the Company at a premium of 104.88 pence. The issue is to be consolidated and form a single series, and to be fungible, with the £500,000,000 2022 Notes issued by IBP on 17 February 2022. The Company has on sold £39,576,000 of the 2022 Notes and as at 11 July 2011 holds £35,424,000 plus accrued interest with the intention of on selling this balance as and when the opportunities arise. This transaction was funded by a loan from IBP.

Directors and their interests
The current directors of the company are listed on page 1.

According to the register of directors' interests, no director holding office at 31 March 2011 had any beneficial interest in the shares of the company during the year.

Creditor payment policy
The Group's standard practice is to agree the terms of payment with suppliers at the time of contract and to make payments within the agreed credit term subject to satisfactory performance.

Disclosure of information to the auditors
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors confirm that, to the best of each person's knowledge:

(a) the financial statements in this report, which have been prepared in accordance with UK GAAP and the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and loss of the company; and
(b) the directors' report includes a fair review of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainise that they face.

Corporate governance
The directors' disclosure in relation to Corporate Governance is given in detail on the Statement of Directors Responsibilities and forms part of the directors' report.

Directors' indemnity and Directors' & Officers' liability insurance
The Company maintains a Directors' and Officers' Liability Insurance policy. In accordance with the Company's Articles of Association, the Board may also indemnify a Director from the assets of the Company against any costs or liability incurred as a result of their office, to the extent permitted by law. Neither the insurance policy nor any indemnities that may be provided by the Company provide cover for fraudulent or dishonest actions by the Directors. However, costs may be advanced to Directors for their defence in investigations or legal actions.

Going concern
On the basis of current financial projections the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and accordingly the going concern basis is adopted in the preparation of the financial statements.

Annual general meeting and auditors
The Company has elected not to make annual appointments of auditors. Accordingly Ernst & Young LLP are deemed to be reappointed in accordance with section 487 of the Companies Act 2006.

By order of the Board of Directors

S Burgess
Director

29 July 2011

Directors' responsibilities statement
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

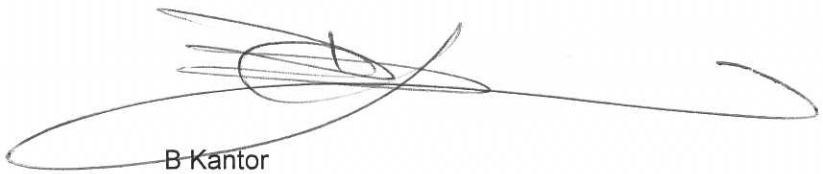
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of assets, liabilities, financial position and results of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- the Directors' report of the company includes a fair review of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainties that they face as required by the FSA Disclosure Rules and Transparency Rules 4.1.8.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Governance Statement
The Directors are responsible for internal control of the company and for reviewing the effectiveness of those controls. Procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. The procedures enable the company to comply with the regulatory obligations. Investec Finance plc also makes use of the controls of the Investec Plc Group as many controls, including audit committee are at a group level. For further details, refer to the combined Investec Plc and Investec Ltd consolidated financial statements, Risk Management and Corporate Governance report.

Signed on behalf of the board



B Kantor
Director

29 July 2011

Independent auditor's report to the member of Investec Finance plc

We have audited the financial statements of Investec Finance plc for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Michael-John Albert
Senior statutory auditor
for and on behalf of Ernst & Young LLP, Statutory Auditor

London
29 July 2011

for the year ended 31 March 2011

Profit and loss account	Notes	2011 £000	2010 £000
Interest receivable from parent undertaking		33,979	37,017
Interest payable	4	(33,012)	(36,125)
Amortisation of bond costs		(2,620)	(2,093)
Fee income from parent undertaking		-	234
Principal transactions	5	1,696	1,304
Administration expenses	6	-	(172)
Profit on ordinary activities before taxation		43	165
Taxation	7	(314)	314
(Loss) / profit for the year		(271)	479

The above activities are continuing.

There are no recognised gains or losses in the current or prior year other than those reflected through the profit and loss account.

There is no material difference between the results disclosed in the profit and loss account for current or prior year and the results on an unmodified historical cost basis.

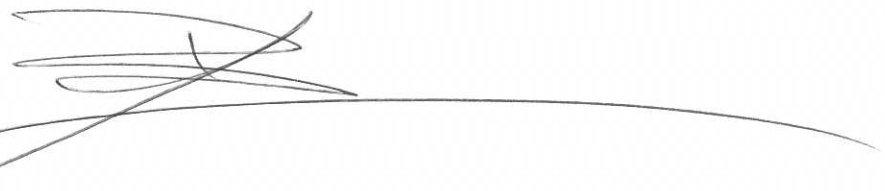
The accompanying notes form a part of these financial statements.

at 31 March 2011

Balance sheet	Notes	2011 £000	2010 £000
Current assets			
Debtors:			
Amounts falling due within one year	8	17,208	6,343
Amounts falling due after one year	8	49,238	111,836
Amounts falling due after one year – subordinated loans	9	51,793	441,629
		118,239	559,808
Creditors: Amounts falling due within one year	10	(16,730)	(11,312)
Net current assets		101,509	548,496
Creditors: Amounts falling due after more than one year	11	(101,156)	(547,872)
Net assets		353	624
Capital and reserves			
Called up share capital	12	50	50
Profit and loss account	13	303	574
Equity shareholder's funds	14	353	624

The accompanying notes form a part of these financial statements.

The financial statements on pages 6 to 13 were approved by the Board of Directors on 29 July 2011 and signed on its behalf by:



B Kantor
Director

Notes to the financial statements
at 31 March 2011

1. ACCOUNTING POLICIES

Basis of presentation

The financial statements of Investec Finance plc were approved for issue by the Board of Directors on 29 July 2011.

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards, except for embedded derivative financial instruments that have been measured at fair value, and on a going concern basis.

Cash flow statement

The company is exempt from the requirements to prepare a cash flow statement under Financial Reporting Standard 1 (Revised), because a consolidated cash flow statement is included in the publicly available consolidated financial statements of its ultimate holding company, Investec plc.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements, which are capable of reversal in one or more subsequent periods.

Deferred tax is measured at a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Related party transactions

The directors have taken advantage of the exemptions available in Financial Reporting Standard 8 from disclosing transactions with related parties which are members of Investec plc Group.

Debt instruments and associated finance costs

Guaranteed subordinated step-up notes and debt securities in issue are initially recognised at fair value and are carried in the balance sheet at amortised cost applying the effective interest rate method.

Embedded derivatives

To the extent that a derivative may be embedded in a hybrid contract and the hybrid contract is not carried at fair value with changes in fair value recorded in the income statement, the embedded derivative is separated from the host contract and accounted for as a standalone derivative.

Foreign currency transactions

Monetary assets and liabilities in foreign currencies are translated into sterling at exchange rates ruling at the balance sheet date. All foreign currency transactions are translated into sterling at the exchange rates ruling at the time of the transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Loans, receivables and subordinated loans to parent undertaking

Loans, receivables and subordinated loans to the parent undertaking are carried in the balance sheet at amortised cost applying the effective interest rate method.

Disclosure of financial instruments

The directors have taken advantage of the disclosure exemptions available to subsidiary undertakings in Financial Reporting Standard 29.

Notes to the financial statements
at 31 March 2011

2. SEGMENTAL INFORMATION

All of the company's business relates to engaging in financial arrangements and transactions and assisting in financing the operations of the Investec plc group and is carried out in the United Kingdom.

3. EMOLUMENTS OF DIRECTORS

The directors were employed and remunerated as directors or executives of Investec plc and its subsidiaries ("the group") in respect of their services to the group as a whole and their remuneration has been paid by other group companies. It is estimated that the remuneration for their services to the company in the year ended totalled £30,000 (2010 - £30,000).

4. INTEREST PAYABLE

	2011 £000	2010 £000
Interest payable on subordinated step-up notes	14,812	15,500
Interest payable on subordinated callable step-up notes	14,678	19,120
Interest payable on debt securities in issue – less than one year	121	-
Interest payable on debt securities in issue – more than one year	-	153
Value increase of the deposit element of Zebra plan notes	3,401	1,352
	33,012	36,125

5. PRINCIPAL TRANSACTIONS

On 16 March 2011, the Company authorised the cancellation and write down of £226,930,000 Guaranteed Undated Subordinated Callable Step-up Notes. Under a release agreement signed with IBP, IBP released the company from this debt and accrued interest in consideration for an amount of £195,367,613. Under a second release agreement the company agreed to release IBP from principal amount £226,863,431 Guaranteed Undated Subordinated Callable Step-up Notes in consideration for an amount of £197,063,561 to be paid by IBP.

On 16 March 2011, the Company authorised the cancellation and write down of £166,207,000 Guaranteed Subordinated Callable Step-up Notes. Under a release agreement signed with IBP, IBP released the company from this debt and accrued interest in consideration for an amount of £166,649,748. Under a second release agreement the company agreed to release IBP from principal amount £166,207,000 Guaranteed Subordinated Callable Step-up Notes in consideration for an amount of £166,649,748 to be paid by IBP.

The net income of £1,696K resulting from the above releases has been shown under Principal Transactions.

6. ADMINISTRATION EXPENSES

In the current year, the auditors' remuneration of £18,949 (2010 - £18,949) has been borne by another Group company.

The company has no employees in the current or prior year.

7. TAXATION

	2011 £000	2010 £000
Group relief – prior year adjustment	314	(314)

The effective rate for the year is different from the standard rate of UK corporation tax due to the following items:

	2011 £000	2010 £000
Tax on profit on ordinary activities at UK rate of 28% (2010: 28%)	12	46
Non-taxable profit on debt buy back	(475)	(360)
Debt exchange profits	9,428	-
Utilisation on losses brought forward	(314)	-
Losses surrendered from fellow group companies for nil payment	(8,651)	-
Adjustment in respect of prior year	314	-
	314	(314)

8. DEBTORS: EXCLUDING SUBORDINATED LOANS

Amounts falling due within one year	2011 £000	2010 £000
Amounts owed by parent undertaking	17,207	6,016
Group relief	-	314
Other assets	1	13
	17,208	6,343
Amounts falling after one year		
Amounts owed by parent undertaking	49,238	111,836

Amounts owed by the parent undertaking, due within one year, primarily represents cash at bank and the proceeds of the issue of debt securities which have been lent to the parent at the same interest and repayment terms as the debt securities. Amount falling due after one year represent the proceeds of the issue of the Zebra Plan Notes and the positive fair value of the equity derivatives purchased from the parent undertaking to match the risks of the embedded equity derivatives within the Zebra Plan products.

9. DEBTORS: AMOUNTS DUE AFTER ONE YEAR – SUBORDINATED LOAN

Subordinated loans to parent undertaking	2011 £000	2010 £000
Guaranteed Subordinated Step-up Notes	33,979	197,092
Guaranteed Undated Subordinated Callable Step-up Notes	17,814	244,537
	51,793	441,629

The net proceeds of two issues of Step-up Notes by the company have been lent to the immediate parent undertaking, Investec Bank plc on a subordinated basis.

Guaranteed Subordinated Step-up Notes
The term of the first loan is 1 March 2016 but it may be redeemed at any time after 1 March 2011. As from 1 March 2011 the interest rate on the loan has been reset at 6.482 per cent in line with the interest rate on the 2016 Notes. Interest is paid annually.

On the 16 March 2011 the Company entered into a release agreement with IBP to release the principal amount of £161,942,609 of the debt owed by IBP to the Company pursuant to the intra-group funding agreement dated 1 March 2004 in consideration for an amount of £166,649,748 to be paid by IBP to the Company.

9. DEBTORS: AMOUNTS DUE AFTER ONE YEAR – SUBORDINATED LOAN (Continued)

Guaranteed Undated Subordinated Callable Step-up Notes
The second loan is undated but it may be redeemed at any time after 23 January 2017. The interest rate on the loan is fixed at 6.4578 per cent until 23 January 2017 and the interest is paid semi-annually. After 23 January 2017 the interest rate will be reset in line with the interest rate on the Perpetual Notes.

On the 16 March 2011 the Company entered into a release agreement with IBP to release the principal amount of £224,078,544 of the debt owed by IBP to the Company pursuant to the intra-group funding agreement dated 23 January 2007 in consideration for an amount of £197,063,561 to be paid by IBP to the Company.

The terms of the step-up notes, which are guaranteed by Investec Bank plc, are detailed in note 11.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £000	2010 £000
Debt securities in issue	15,590	10,172
Amount owed to parent undertaking	1,140	1,140
	16,730	11,312

The company issued on 6 June 2006 a 5 year bond with a coupon of 3 month USD LIBOR plus 40 basis points and a face value of USD 25,000,000 repayable 6 June 2011.

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £000	2010 £000
Guaranteed subordinated step-up notes	33,979	200,655
Guaranteed undated subordinated callable step-up notes	17,939	245,553
Debt securities in issue	-	16,486
Valuation of structured notes issued	49,238	85,178
	101,156	547,872

Guaranteed subordinated step-up notes
On 1 March 2004 the company issued £200,000,000 of 7.75 per cent. guaranteed subordinated step-up notes due 2016 at a discount ("2016 notes"). Interest is paid annually. The notes are guaranteed by Investec Bank plc and are listed on the Luxembourg Stock Exchange. The step-up notes may be redeemed by the issuer, at par, at any time after 1 March 2011, subject to the prior consent of the Financial Services Authority. On 1 March 2011 the interest rate was reset at 6.482 per cent to become the aggregate of 3.5 per cent. and the gross redemption yield of the relevant benchmark gilt.

On 16 March 2011, £166,207,000 of the notes representing approximately 83.1 per cent of the total issued principal amount, were cancelled. As at the year-end 31 March 2011 the principal amount in issue was £33,793,000 (2010: £200,000,000).

Guaranteed undated subordinated callable step-up notes
On 23 January 2007 the company issued £350,000,000 6.25 per cent. guaranteed undated subordinated step-up notes callable 2017 at a discount ("perpetual notes"). Interest is paid semi-annually. The notes are guaranteed by Investec Bank plc and are listed on the Luxembourg Stock Exchange. The step-up notes may be redeemed by the issuer, at par, at any time after 23 January 2017, subject to the prior consent of the Financial Services Authority. On 23 January 2017 the interest rate will be reset to become three month LIBOR plus 2.11 per cent payable quarterly in arrears.

On 16 March 2011, £226,930,000 of the notes representing approximately 64.8 per cent of the total issued principal amount, were cancelled. As at the year-end 31 March 2011 the principal amount in issue was £17,861,000 (2010: £244,791,000).

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (Continued)

The amounts due under the Zebra Plan Notes are linked to the performance of preference shares issued by Zebra Capital II Limited. During the year £42.9 million of the Kickout Upside Notes were redeemed early due to the level of the relevant index being higher than specified levels as per the issue terms. At the year-end the amounts due under the notes disclosed above includes movements in the fair value of the embedded equity derivatives. As at 31 March 2011 the negative fair value of these derivatives was £2,378,478 (March 2010: positive £4,970,980). The company has matched this risk by entering into matching contracts with its parent. Included in amounts owed by parent undertaking after one year in note 8 above is a positive fair value of embedded derivatives of £2,378,478 (March 2010: £4,970,980).

12. CALLED UP SHARE CAPITAL

	2011 £000	2010 £000
Authorised:		
100,000 (2010 - 100,000) ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
50,000 (2010 - 50,000) ordinary shares of £1 each	50	50

13. RESERVES

	2011 £000	2010 £000
Profit and loss account		
At beginning of year	574	95
(Loss) / profit for the year	(271)	479
At end of year	303	574

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2011 £000	2010 £000
Opening shareholder's funds	624	145
(Loss) / profit for the year	(271)	479
Closing shareholder's funds	353	624

Notes to the financial statements
at 31 March 2011

15. RISK MANAGEMENT

As a wholly-owned subsidiary of Investec plc, the company falls under the Investec plc Group's Risk Management Framework which is set out in the combined Investec plc and Investec Limited 2011 financial statements, Risk Management and Corporate Governance report. The company's function is to raise finance for the Investec Group and its policy is to on-lend the proceeds of any financial indebtedness to its immediate parent, Investec Bank plc, on back to back terms that minimise any liquidity, currency or interest rate risk.

Credit risk
As all net funds raised by the company are on-lent to Investec Bank plc, the company is therefore dependent on repayment of principal and interest from Investec Bank plc for the purposes of meeting its financial obligations. Its financial obligations in respect of the Guaranteed Undated Subordinated Callable Step-up Notes, Guaranteed Subordinated Step-up Notes, US Dollar denominated floating rate note issues and Zebra Capital Plans Retail Structured Products Notes are guaranteed by Investec Bank plc.

Liquidity risk
Loans to Investec Bank plc are matched in terms of maturity and interest payment dates to those of the related borrowing so as to eliminate any liquidity risk.

Foreign currency risk
Loans to Investec Bank plc are denominated in the same currency as the related borrowing so as to ensure that the company is not exposed to foreign currency risk.

Market risk
Any market risk with respect to the performance of the Zebra Capital Plans Retail Structured Products Preference Share Linked Notes is matched with Investec Bank plc. Equity derivative financial instruments written have been matched with equity derivatives purchased from Investec Bank plc providing the same terms and conditions and as such mitigating any risk.

Capital Management
The company manages and monitors its capital on an ongoing basis and with consideration for the ongoing commitments of the entity. The company is not regulated and therefore it is not subject to any capital adequacy requirements.

16. POST BALANCE SHEET EVENT

On 29 June 2011 IBP issued £75,000,000 of 9.625 per cent subordinated notes due 2022 ("2022 notes") to the Company at a premium of 104.88 pence. The issue is to be consolidated and form a single series, and to be fungible, with the £500,000,000 2022 Notes issued by IBP on 17 February 2022. The Company has on sold £39,576,000 of the 2022 Notes and as at 11 July 2011 holds £35,424,000 plus accrued interest with the intention of on selling this balance as and when the opportunities arise. This transaction was funded by a loan from IBP.

17. ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Investec Bank plc.

The company's ultimate parent undertaking and controlling party is Investec plc, a company incorporated in the United Kingdom and registered in England and Wales. The consolidated financial statements of Investec plc and Investec Bank plc are available to the public at 2 Gresham Street, London, EC2V 7QP. Investec Bank plc is the smallest group and Investec plc is the largest group in which the results of the company are consolidated.