Out of the Ordinary®

Investec

2013
Interim report for the six months ended 30 September

Specialist Banking | Asset Management | Wealth & Investment

Corporate information

Investec plc and Investec Limited

Secretary and registered office

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Investec Limited

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Internet address

www.investec.com

Registration number

Investec plc

Registration number 3633621

Investec Limited

Registration number 1925/002833/06

Auditors

Ernst & Young LLP
Ernst & Young Inc.

Transfer secretaries in the UK

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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 J du Toit (chief executive officer,
Investec Asset Management)

Non-executive directors

Sir David Prosser (joint chairman)
Fani Titi (joint chairman)
George FO Alford (senior independent NED)
Cheryl A Carolus
Perry KO Crosthwaite
Olivia C Dickson
Bradley Fried
David Friedland*
Haruko Fukuda OBE
Ian R Kantor
M Peter Malungani
Peter RS Thomas

** Appointed on 1 March 2013*

For queries regarding information in this document

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Contents

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

Who we are

Investec (comprising Investec plc and Investec Limited) is an international, specialist bank and asset manager.

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 an international specialist bank and asset manager that provides a diverse range of financial products and services to a niche client base in three principal markets, the UK, South Africa and Australia as well as certain other countries.

Investec focuses on delivering distinctive profitable solutions for its clients in three core areas of activity namely, Asset Management, Wealth & Investment and Specialist Banking.

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 an 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.

We value

Distinctive performance 1

Outstanding talent – empowered, enabled and inspired

Meritocracy

Passion, energy, stamina, tenacity

Entrepreneurial spirit

Client focus 2

Distinctive offering

Leverage resources

Break china for the client

Cast-iron integrity 3

Moral strength

Risk consciousness

Highest ethical standards

Dedicated partnership 4

Respect for others

Embrace diversity

Open and honest dialogue

Unselfish contribution to colleagues, clients and society

Our philosophies

Single organisation

Meritocracy

Focused businesses

Differentiated, yet integrated

Material employee ownership

Creating an environment that stimulates extraordinary performance

Our strategic goals and objectives are based on our aspiration to be recognised as a distinctive specialist bank and asset manager

The Investec distinction

1 Client focused approach

- Clients are at the core of our business
- We strive to build business depth by deepening existing client relationships
- High level of service by being nimble, flexible and innovative.

2 Specialised strategy

- Serving select market niches as a focused provider of tailored structured solutions
- Enhancing our existing position in principal businesses and geographies through organic growth and select bolt-on acquisitions.

3 Sustainable business

- Contributing to society, macro-economic stability and the environment
- Well established brand
- Managing and positioning the group for the long term
- Balancing operational risk with financial risk while creating value for shareholders
- Cost and risk conscious.

4 Strong culture

- Strong, entrepreneurial culture that stimulates extraordinary performance
- Passionate and talented people who are empowered and committed
- Depth of leadership
- Strong risk awareness
- Material employee ownership.

Our strategy

Our strategy for the past 20 years has been to build a diversified portfolio of businesses and geographies to support clients through varying markets and economic cycles. Since inception we have expanded through a combination of organic growth and strategic acquisitions.

In order to create a meaningful and balanced portfolio we need proper foundations in place which gain traction over time.

Our current strategy

- Maintain momentum in Asset Management
- Internationalise our Wealth & Investment business
- Simplify the Specialist Banking business model
- Leverage our extensive client base through greater utilisation of our products and services across the group
- Continue to attract new clients, extending the depth and breath of the franchise.

Our long-term internationalisation strategy

- Follow our customer base
- Gain domestic competence and critical mass in our chosen geographies
- Facilitate cross-border transactions and flow.

Our diversified and balanced business model supporting long-term strategy

Broadly defined, we operate across three areas of specialisation focused on well defined target clients:

Asset Management Operating completely independently	Specialist Banking	Wealth & Investment
Corporate/institutional/government	Corporate/institutional/government; Private Client (High net worth/high income)/ charities/trusts	Private Client (High net worth/high income)/ charities/trusts
Investment management services	Advisory Transactional banking Lending Treasury and trading Investment activities	Investment management services Independent financial planning advice

We aim to maintain an appropriate balance between revenue earned from operational risk activities and revenue earned from financial risk activities.

This ensures that we are not over reliant on any one part of our businesses to sustain our activities and that we have a large recurring revenue base that enables us to navigate through varying cycles and supports our long-term strategy.

Capital light activities	Capital intensive activities
Contribute 52% to group income	Contribute 48% to group income
• Asset management • Wealth management • Advisory services • Transactional banking services • Property funds.	• Lending portfolios • Investment portfolios • Trading income – client flows – balance sheet management.
Fees and commission income	Net interest, investment and trading income

Types of income

Overview of results

01

Presentation of financial information

Introduction

Investec operates under a DLC structure with primary/premium 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 interim 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 position 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.

	30 Sept 2013		31 March 2013		30 Sept 2012	
Currency per £1.00	Period end	Average	Period end	Average	Period end	Average
South African Rand	16.29	15.03	13.96	13.44	13.39	12.96
Australian Dollar	1.73	1.63	1.46	1.53	1.55	1.54
Euro	1.20	1.17	1.18	1.23	1.26	1.24
US Dollar	1.62	1.54	1.52	1.58	1.61	1.58

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 depreciated by 16.0% and the closing rate has depreciated by 16.7% since 31 March 2013.

Amounts represented on a currency neutral basis for balance sheet items assumes that the closing exchange rates of the group's relevant exchange rates, as reflected below, remain the same as at 30 September 2013 when compared to 31 March 2013. Whilst, amounts represented on a currency neutral basis for income statement items assume that the average exchange rates of the group's relevant exchange rates, as reflected below, remain the same as at 30 September 2013 when compared to 30 September 2012.

The following table provides an analysis of the impact of the Rand and Australian Dollar depreciation on our reported numbers.

	Results reported at 30 Sept 2013	Currency neutral results reported at 30 Sept 2013
Southern African operating profit before tax (£'000)*	155 726	183 966
Southern African profit after tax and non-controlling interests (£'000)*	135 338	159 778
Total group operating profit before tax (£'000)*	222 818	253 453
Total group adjusted earnings attributable to ordinary shareholders (£'000)*	164 121	189 048
Adjusted EPS (pence)*	19.1	22.0
Total assets (£'million)	47 530	52 201
Total shareholders' equity (£'million)	4 005	4 281

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

Presentation of financial information (continued)

The following table provides a comparison of the group's results as reported in Pounds Sterling and the group's results as translated into Rands.

	Results in Pounds Sterling			Results in Rand		
	Six months to 30 Sept 2013	Six months to 30 Sept 2012	% change	Six months to 30 Sept 2013	Six months to 30 Sept 2012	% change
Adjusted operating profit before taxation* (million)	£223	£228	(2.3%)	R3 394	R2 982	13.8%
Earnings attributable to shareholders (million)	£164	£167	(1.8%)	R2 503	R2 187	14.4%
Adjusted earnings^ (million)	£164	£167	(1.8%)	R2 499	R2 210	13.1%
Adjusted earnings per share^	19.1p	19.5p	(2.1%)	291c	258c	12.8%
Basic earnings per share	16.3p	16.6p	(1.8%)	249c	217c	14.7%
Headline earnings per share	15.6p	15.8p	(1.3%)	238c	207c	15.0%
Dividends per share	8.0p	8.0p	–	131c	112c	17.0%
	At 30 Sept 2013	At 31 March 2013	% change	At 30 Sept 2013	At 31 March 2013	% change
Net asset value per share	374.0p	384.2p	(2.7%)	6 091c	5 362c	13.6%
Total equity (million)	£4 005	£3 942	1.6%	R65 225	R55 008	18.6%
Total assets (million)	£47 530	£52 010	(8.6%)	R774 036	R725 861	6.6%
Core loans and advances (million)	£17 391	£18 415	(5.6%)	R283 215	R257 002	10.2%
Cash and near cash balances (million)	£8 619	£9 828	(12.3%)	R140 362	R137 161	2.3%
Customer deposits (million)	£23 231	£24 461	(5.3%)	R378 320	R341 377	10.8%
Third party assets under management (million)	£106 658	£110 678	3.6%	R1 735 541	R1 544 639	12.4%

** Before goodwill, acquired intangibles, non-operating items and after other non-controlling interests.*
^ Before goodwill, acquired intangibles, non-operating items and after total non-controlling interests.

Presentation of financial information (continued)

Operating environment

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

	Period ended 30 Sept 2013	Period ended 31 March 2013	Average for the 6 months: 1 April 2013 to 30 Sept 2013	Period ended 30 Sept 2012	Period ended 31 March 2012	Average for the 6 months: 1 April 2012 to 30 Sept 2012
Market indicators						
FTSE All share	3 444	3 381	3 434	2 999	3 003	2 935
JSE All share	44 032	39 861	40 987	35 758	33 554	34 439
Australia All ords	5 218	4 980	5 017	4 406	4 420	4 281
S&P	1 682	1 569	1 642	1 441	1 408	1 375
Nikkei	14 456	12 336	13 893	8 870	10 084	8 967
Dow Jones	15 130	14 579	15 120	13 437	13 212	12 936
Exchange rates						
Rand/Pounds Sterling	16.29	13.96	15.03	13.39	12.27	12.96
Rand/Dollar	10.05	9.23	9.73	8.31	7.67	8.19
US Dollar/Euro	1.35	1.28	1.32	1.29	1.33	1.27
Euro/Pounds Sterling	1.20	1.18	1.17	1.26	1.20	1.24
Australian Dollar/Pounds Sterling	1.73	1.46	1.63	1.55	1.54	1.54
US Dollar/Pounds Sterling	1.62	1.52	1.54	1.61	1.60	1.58
Rates						
UK overnight	0.41%	0.42%	0.43%	0.39%	0.48%	0.47%
UK 10 year	2.70%	1.76%	2.33%	1.54%	2.20%	1.68%
UK Clearing Banks Base Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
LIBOR – 3 month	0.52%	0.51%	0.51%	0.60%	1.03%	0.86%
SA R157 (2015)	6.09%	5.48%	5.84%	5.38%	6.69%	5.97%
Rand overnight	4.75%	4.76%	4.76%	4.77%	5.26%	5.07%
SA prime overdraft rate	8.50%	8.50%	8.50%	8.50%	9.00%	8.80%
JIBAR – 3 month	5.13%	5.13%	5.13%	5.06%	5.60%	5.39%
Reserve Bank of Australia cash target rate	2.50%	3.00%	2.71%	3.50%	4.25%	3.67%
US 10 year	2.62%	1.85%	2.33%	1.64%	2.21%	1.71%
Commodities						
Gold	USD1 331/oz	USD1 596/oz	USD1 372/oz	USD1 774/oz	USD1 667/oz	USD1 632/oz
Gas Oil	USD917/mt	USD928/mt	USD904/mt	USD982/mt	USD1 014/mt	USD939/mt
Platinum	USD1 411/oz	USD1 576/oz	USD1 459/oz	USD1 668/oz	USD1 639/oz	USD1 498/oz

Source: Datastream

Presentation of financial information (continued)

	30 Sept 2013	30 Sept 2012**	% change Sept 2013 vs Sept 2012	31 March 2013**
Income statement and selected returns				
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	164 121	167 043	(1.7%)	309 310
Headline earnings (£'000)	134 338	134 841	(0.4%)	265 227
Operating profit* (£'000)	222 818	228 070	(2.3%)	426 278
Operating profit: Southern Africa (% of total)*	69.9%	58.6%		65.7%
Operating profit: UK, Europe, Australia and Other (% of total)*	30.1%	41.4%		34.3%
Cost to income ratio	67.5%	64.8%		65.7%
Staff compensation to operating income ratio	45.6%	43.2%		43.7%
Annualised return on average adjusted shareholders' equity (post-tax)	10.0%	10.2%		9.4%
Annualised return on average adjusted tangible shareholders' equity (post-tax)	12.4%	12.7%		11.7%
Annualised return on average risk-weighted assets	1.13%	1.18%		1.06%
Operating profit per employee (£'000)	27.2	28.9	(5.9%)	56.2
Net interest income as a % of operating income	33.8%	36.2%		35.2%
Non-interest income as a % of operating income	66.2%	63.8%		64.8%
Recurring income as a % of total operating income	72.1%	69.4%		68.6%
Effective operational tax rate	17.4%	19.1%		18.4%
Balance sheet				
Total capital resources (including subordinated liabilities) (£'million)	5 415	5 576	(2.9%)	5 693
Total shareholders' equity (including preference shares and non-controlling interests) (£'million)	4 005	3 922	2.1%	3 942
Shareholders' equity (excluding non-controlling interests) (£'million)	3 595	3 646	(1.4%)	3 661
Total assets (£'million)	47 530	51 025	(6.8%)	52 010
Net core loans and advances to customers (including own originated securitised assets) (£'million)	17 391	17 752	(2.0%)	18 415
Core loans and advances to customers as a % of total assets	36.6%	34.8%		35.4%
Cash and near cash balances (£'million)	8 619	10 370	(16.9%)	9 828
Customer accounts (deposits) (£'million)	23 231	24 622	(5.6%)	24 461
Third party assets under management (£'million)	106 658	99 522	7.2%	110 678
Capital adequacy ratio: Investec plc	16.7%	17.2%		16.7%
Capital adequacy tier 1 ratio: Investec plc	11.2%	11.3%		11.0%
Capital adequacy ratio: Investec Limited	15.4%	17.2%		15.6%
Capital adequacy tier 1 ratio: Investec Limited	11.2%	11.6%		10.8%
Credit loss ratio (income statement impairment charge as a % of average gross core loans and advances)	0.71%	0.85%		0.84%
Defaults (net of impairments and before collateral) as a % of net core loans and advances to customers	2.74%	3.07%		2.73%
Gearing/leverage ratio (assets excluding assurance assets to total equity)	10.5x	11.4x		11.6x
Core loans to equity ratio	4.3x	4.5x		4.7x
Loans and advances to customers: customer deposits	71.1%	68.4%		71.5%
Salient financial features and key statistics				
Adjusted earnings per share (pence)	19.1	19.5	(2.1%)	36.1
Headline earnings per share (pence)	15.6	15.8	(1.3%)	31.0
Basic earnings per share (pence)	16.3	16.6	(1.8%)	31.7
Diluted earnings per share (pence)	15.4	15.7	(1.9%)	29.8
Dividends per share (pence)	8.0	8.0	–	18.0
Dividend cover (times)	2.4	2.4	–	2.0
Net asset value per share (pence)	374.0	379.4	(1.4%)	384.2
Net tangible asset value per share (pence)	304.1	305.2	(0.4%)	310.9
Weighted number of ordinary shares in issue (million)	859.6	855.2	0.5%	856.0
Total number of shares in issue (million)	891.7	884.8	0.8%	884.8
Closing share price (pence)	400	382	4.7%	459
Market capitalisation (£'million)	3 567	3 380	5.5%	4 061
Number of employees in the group (including temps and contractors)	8 223	7 999	2.8%	8 151
Closing ZAR/£ exchange rate	16.29	13.39	21.7%	13.96
Average ZAR/£ exchange rate	15.03	12.96	16.0%	13.44

Notes:

Refer to definitions and calculations on page 161.

* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*

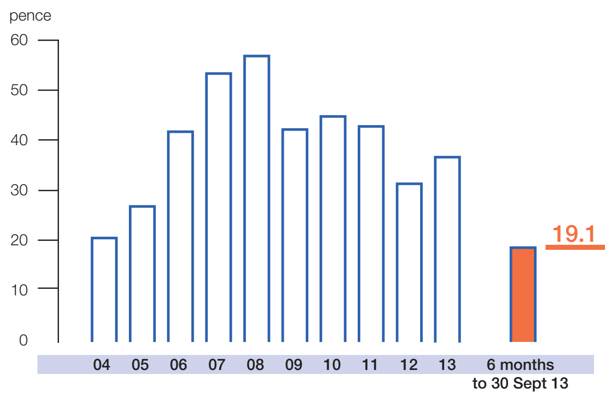
** *Restated. Refer to pages 154 to 159.*

This commentary and analysis of our financial results for the period ended 30 September 2013 provides an overview of our financial performance relative to the group's results for the period ended 30 September 2012. 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 combined consolidated financial results presented in accordance with IFRS and denominated in Pounds Sterling. The financial information discussed below is based on the period under review, and may not necessarily reflect the financial condition or results of the operations of the group going forward.

Track record

Down 2.1% to 19.1 pence

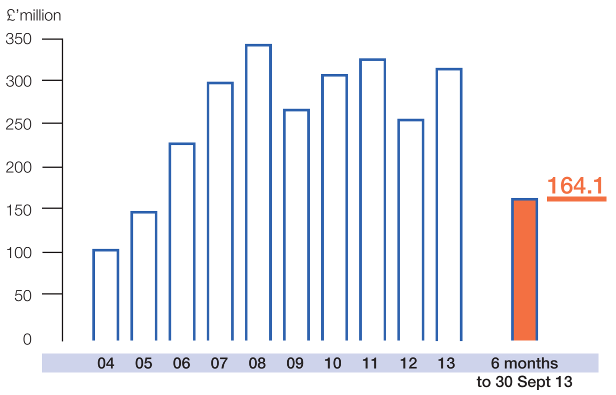
Adjusted earnings per share*



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

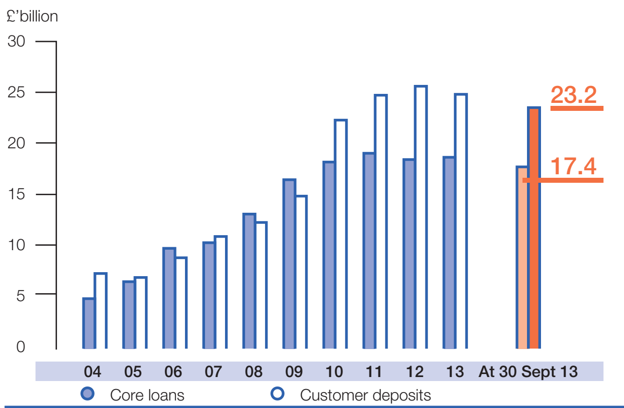
Down 1.7% to £164.1 million

Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items



Core loans: Down 5.6% to £17.4 billion since 31 March 2013 – an increase of 4.7% on a currency neutral basis**
Deposits: Down 5.3% to £23.2 billion since 31 March 2013 – an increase of 4.3% on a currency neutral basis**

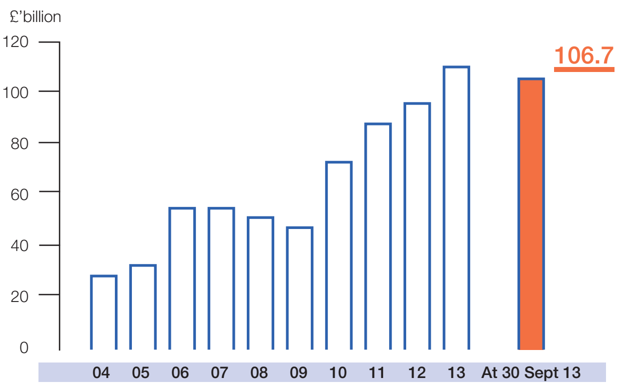
Core loans and customer deposits



** Currency neutral basis: calculation assumes that the closing exchange rates of the group's relevant exchange rates, as reflected on page 8, remain the same as at 30 September 2013 when compared to 31 March 2013.

Down 3.6% to £106.7 billion since 31 March 2013 – an increase of 2.6% on a currency neutral basis**
Net inflows of £1.8 billion

Third party assets under management



Financial objectives

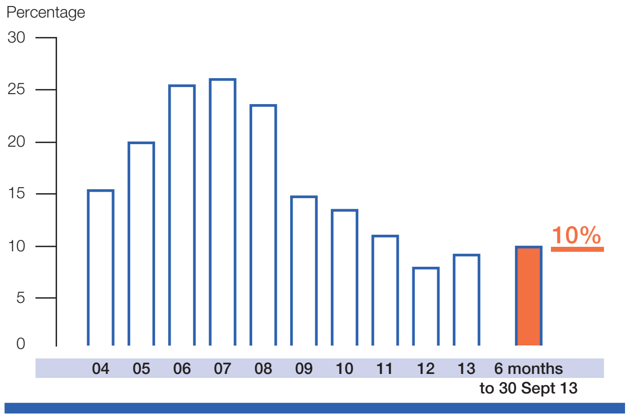
Target

We have set the following target over the medium to long term:
Group ROE: 12% to 16% over a rolling five year period in Pounds Sterling

Target

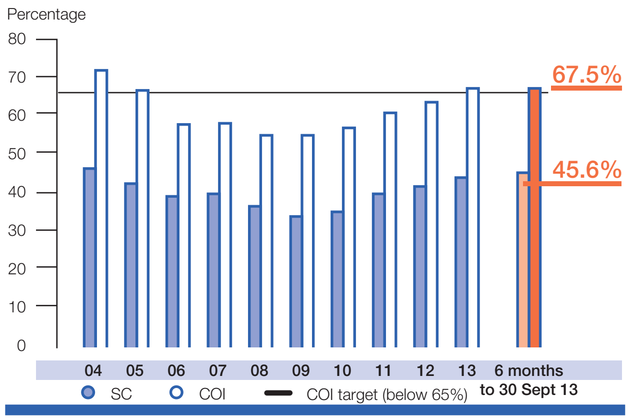
We have set the following target over the medium to long term:
Group COI ratio: less than 65% in Pounds Sterling

ROE*



* *ROE is post-tax return on adjusted average shareholders' equity as calculated on page 44.*

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



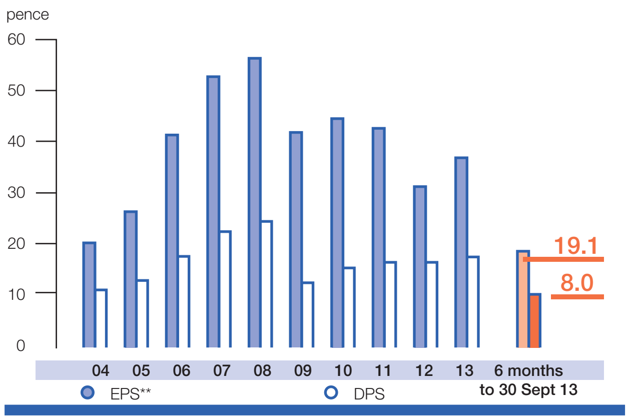
Target

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.

Target

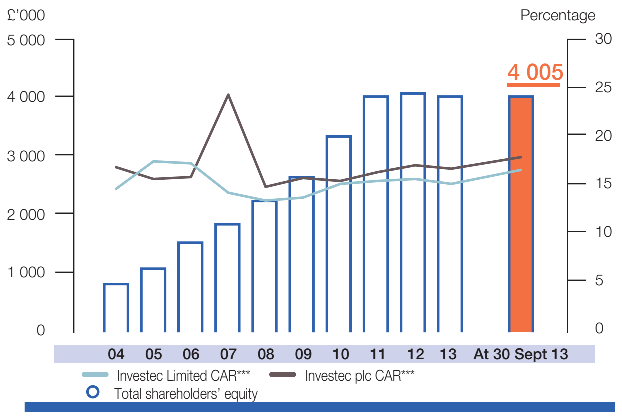
We intend to maintain a sufficient level of capital to satisfy regulatory requirements, as well as take advantage of opportunities that may arise in the financial services industry focusing on increasing our return on equity in the medium to long term. We target a capital adequacy ratio range of between 14% and 17% on a consolidated basis for Investec plc and Investec Limited and we target a minimum core tier 1 ratio above 10.0% by March 2016 recognising Basel III requirements.

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



** *Adjusted EPS before goodwill, acquired intangibles and non-operating items as defined on page 161. The numbers have been adjusted for the 5:1 share split that took place on 4 September 2006.*

Total shareholders' equity and capital adequacy ratios (CAR)



*** *Capital adequacy figures prior to 2008 are disclosed under Basel I and thereafter under Basel II for Investec plc and since 31 March 2013 under Basel III for Investec Limited.*

Note:

The numbers shown in the financial objectives graphs on pages 12 and 13 are for the years ended 31 March, unless otherwise stated. The numbers prior to 2005 are reported in terms of UK GAAP.

Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests ("operating profit") decreased 2.3% to £222.8 million (2012: £228.1 million). Overall group results have been negatively impacted by the depreciation of the average Rand: Pounds Sterling exchange rate of approximately 16% over the period.

Overall group performance

Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests ("operating profit") decreased 2.3% to £222.8 million (2012: £228.1 million). Overall group results have been negatively impacted by the depreciation of the average Rand: Pounds Sterling exchange rate of approximately 16% over the period.

Asset Management reported results 6.8% ahead of the prior year and Wealth & Investment's results increased 35.0%, with both divisions benefiting from higher levels of average funds under management and net inflows of £1.4 billion and £400 million, respectively. Operating profit in the Specialist Banking business declined 12.9% largely due to the depreciation of the Rand and lower investment and fee income earned in the UK and Australian banking businesses, partially offset by a strong performance from the South African banking business and a substantial decline in impairments.

The combined South African business reported an increase in operating profit of 35.6% in Rand terms benefiting from growth in revenue and fixed cost containment. The combined UK business reported results behind the prior period, but significantly ahead of the second half of the 2013 financial year. The Australian business was strategically restructured with a focus on improving profitability and returns and enhancing operational efficiencies.

Salient features of the period under review are:

- Adjusted earnings attributable to shareholders before goodwill, acquired intangibles and non-operating items decreased 1.7% to £164.1 million (2012: £167.0 million) – an increase of 13.2% on a currency neutral basis.
- Adjusted earnings per share (EPS) before goodwill, acquired intangibles and non-operating items decreased 2.1% from 19.5 pence to 19.1 pence – an increase of 12.4% on a currency neutral basis.
- Recurring income as a percentage of total operating income amounted to 72.1% (2012: 69.4%).
- The annualised credit loss charge as a percentage of average gross core loans and advances has improved from 0.84% at 31 March 2013 to 0.71%, with impairments decreasing by 28.2% to £83.1 million.
- Third party assets under management decreased 3.6% to £106.7 billion (31 March 2013: £110.7 billion) – an increase of 2.6% on a currency neutral basis.
- Customer accounts (deposits) decreased 5.3% to £23.2 billion (31 March 2013: £24.5 billion) – an increase of 4.3% on a currency neutral basis.
- Core loans and advances decreased 5.6% to £17.4 billion (31 March 2013: £18.4 billion) – an increase of 4.7% on a currency neutral basis.
- The board declared a dividend of 8.0 pence per ordinary share (2012: 8.0 pence) resulting in a dividend cover based on the group's adjusted EPS before goodwill and non-operating items of 2.4 times (2012: 2.5 times), consistent with the group's dividend policy.

Business unit review

The group's asset management and wealth management businesses have sound franchises and remain focused on broadening their client base and generating net inflows. Further investment in distribution platforms, IT and online infrastructure and experienced portfolio managers is important for supporting future revenue growth in these businesses. The challenge for the group remains to ensure its Specialist Banking businesses are in the best possible shape to take advantage of the upturn in markets and generate the appropriate shareholder returns. The group has made progress in this regard with the focus remaining on efficiency and balance sheet optimisation, whilst growing the business organically and managing down the legacy portfolios.

Asset Management

Asset Management increased operating profit 6.8% to £71.9 million (2012: £67.4 million) benefiting from higher average funds under management and net inflows of £1.4 billion. Total funds under management amount to

£66.2 billion (31 March 2013: £69.8 billion). Operating margin has remained stable at 34.3%. The division's long-term investment performance remains solid with 88% of portfolios outperforming benchmarks on a 10-year annualised basis. The sale of the 15% stake in the business to management was completed on 31 July 2013.

Wealth & Investment

Wealth & Investment operating profit increased by 35.0% to £30.8 million (2012: £22.9 million) supported by higher average funds under management, net inflows of £0.4 billion and improved operating margins. Total funds under management amount to £40.0 billion (31 March 2013: £40.4 billion). The business in the UK has expanded its footprint across the region, successfully completing the integration of the Williams de Broë business. In addition, the business in South Africa has benefitted from greater co-operation with the Private Bank in leveraging the group's private client platform, and has made progress in integrating and leveraging off the division's global investment platform.

Specialist Banking

Specialist Banking operating profit decreased by 12.9% to £120.0 million (2012: £137.8 million).

South Africa saw strong growth in net fee and commission income driven largely by an increase in corporate and property fund fees. Improved customer flow activity has resulted in an increase in trading income. The unlisted private equity portfolio performed well during the period. The group continued to grow its professional finance business and the investment and trading property portfolios delivered a sound performance.

In the UK the principal investment portfolios performed well and the division recorded good growth in its professional and specialised lending and asset finance loan portfolios. Lower fee and commission income was recorded in the period however, deal pipelines remain sound. Investment and trading income was negatively impacted by lower returns earned on the fixed income portfolio. The ongoing business reported operating profit of £76.1 million, whilst the legacy business reported a loss of £49.2 million.

Following a review conducted in Australia, a number of businesses which lacked scale or alignment with the greater group were closed. The restructure costs resulting from this action are included in the current period's results. Focus remains on building businesses in select niches which are strategically aligned with the broader group. The continuing operations made an operating profit of A$11.9 million during the period.

Income statement analysis

A detailed income statement analysis can be found on pages 30 to 42

Balance sheet analysis

A detailed balance sheet analysis can be found on pages 42 to 49

Liquidity and funding

Diversifying funding sources has been a key element in improving the resilience of the group's balance sheet and reducing its reliance on wholesale funding. As at 30 September 2013 the group held £8.6 billion in cash and near cash balances (£4.0 billion in Investec plc and R74.5 billion in Investec Limited) which amounted to 31.0% of its liability base. Loans and advances to customers as a percentage of customer deposits amounted to 71.1% (31 March 2013: 71.3%).

Capital adequacy and leverage ratios

The group is targeting a minimum core/common equity tier one capital ratio above 10.0% by March 2016 and a total capital adequacy ratio range of 14% to 17% on a consolidated basis for each of Investec plc and Investec Limited respectively. Basel III was implemented on 1 January 2013 in South Africa and Australia and this had a moderate effect on capital ratios.

The group's anticipated "fully loaded" Basel III core tier 1 capital adequacy ratios and leverage ratios in both Investec plc and Investec Limited are provided on page 43.

Outlook

Whilst economic conditions remain mixed, the overall group is improving in shape and capability. Significant progress has been made in identifying and addressing the drag on overall performance. The group will continue to realign the business model to position the business appropriately for future growth and development and the achievement of its financial targets.

On behalf of the boards of Investec plc and Investec Limited

Sir David J Prosser Joint Chairman	Fani Titi Joint Chairman	Stephen Koseff Chief Executive Officer	Bernard Kantor Managing Director

20 November 2013

Accounting policies and disclosures

These unaudited summarised combined consolidated financial results 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).

The accounting policies applied in the preparation of the results for the period to 30 September 2013 are consistent with those adopted in the financial statements for the year ended 31 March 2013 except as noted below.

The group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards: IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 13 Fair Value Measurement, Presentation of other comprehensive income (Amendments to IAS 1), IAS19 Employee Benefits.

The financial results have been prepared under the supervision of Glynn Burger, the Group Risk and Finance Director. The financial statements for the six months to 30 September 2013 will be posted to stakeholders on 29 November 2013. These accounts will be available on the group's website at the same date

Restatements and adoption of IFRS 13

Please refer to pages 150 to 159.

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 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 20 November 2013.
- The information in the announcement for the six months to 30 September 2013, which was approved by the board of directors on 20 November 2013, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. The 31 March 2013 financial statements were filed with the registrar and were unqualified with the audit report containing no statements in respect of sections 498(2) or 498(3) of the UK Companies Act.

Unaudited financial results (Investec plc and Investec Limited)

02

Combined consolidated income statement

£'000	Six months to 30 Sept 2013	Six months to 30 Sept 2012*	Year to 31 March 2013*
Interest income	979 825	1 127 497	2 132 715
Interest expense	(661 411)	(777 731)	(1 429 108)
Net interest income	**318 414**	**349 766**	**703 607**
Fee and commission income	561 079	534 981	1 110 398
Fee and commission expense	(76 203)	(73 270)	(143 578)
Investment income	61 828	73 791	181 992
Trading income arising from			
– customer flow	54 431	34 223	70 859
– balance sheet management and other trading activities	13 668	25 408	34 038
Other operating income	8 577	20 976	42 153
Total operating income before impairment losses on loans and advances	**941 794**	**965 875**	**1 999 469**
Impairment losses on loans and advances	(83 087)	(115 640)	(251 012)
Operating income	**858 707**	**850 235**	**1 748 457**
Operating costs	(633 526)	(619 601)	(1 303 033)
Depreciation on operating leased assets	(3 856)	(9 765)	(16 072)
Operating profit before goodwill and acquired intangibles	**221 325**	**220 869**	**429 352**
Impairment of goodwill	(854)	(4 751)	(15 175)
Amortisation of acquired intangibles	(6 702)	(6 631)	(13 313)
Operating costs arising from integration, restructuring and partial disposal of subsidiaries	(15 239)	(9 462)	(13 119)
Operating profit	**198 530**	**200 025**	**387 745**
Non-operational costs arising from acquisition of subsidiary	–	(1 903)	(1 249)
Profit before taxation	**198 530**	**198 122**	**386 496**
Taxation on operating profit before goodwill and acquired intangibles	(38 616)	(42 222)	(79 064)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	5 827	4 022	5 977
Profit after taxation	**165 741**	**159 922**	**313 409**
Profit attributable to Asset Management non-controlling interests	(2 950)	(183)	(243)
Losses/(profit) attributable to other non-controlling interests	1 493	7 201	(3 074)
Earnings attributable to shareholders	**164 284**	**166 940**	**310 092**
Earnings per share (pence)			
– Basic	16.3	16.6	31.7
– Diluted	15.4	15.7	29.8
Adjusted earnings per share (pence)			
– Basic	19.1	19.5	36.1
– Diluted	18.1	18.5	34.0
Dividends per share (pence)			
– Interim	8.0	8.0	8.0
– Final	N/A	N/A	10.0
Headline earnings per share (pence)			
– Basic	15.6	15.8	31.0
– Diluted	14.8	14.9	29.2
Number of weighted average shares (million)	859.6	855.2	856.0

**Restated. Refer to pages 154 to 159.*

Unaudited financial results

2

Combined consolidated statement of comprehensive income

£'000	Six months to 30 Sept 2013	Six months to 30 Sept 2012*	Year to 31 March 2013*
Profit after taxation	165 741	159 922	313 409
Other comprehensive (loss)/income:			
Fair value movements on cash flow hedges taken directly to other comprehensive income**	(7 772)	(9 535)	(16 202)
Gains on realisation of available-for-sale assets recycled through the income statement**	(3 123)	(11 007)	(1 713)
Fair value movements on available-for-sale assets taken directly to other comprehensive income**	(17 588)	10 778	4 387
Foreign currency adjustments on translating foreign operations**	(276 215)	(144 687)	(182 532)
Pension fund actuarial losses #	–	–	(7 078)
Total comprehensive (loss)/income	(138 957)	5 471	110 271
Total comprehensive loss attributable to non-controlling interests	(16 188)	(19 607)	(15 815)
Total comprehensive (loss)/income attributable to ordinary shareholders	(146 730)	57	86 982
Total comprehensive income attributable to perpetual preferred securities	23 961	25 021	39 104
Total comprehensive(loss)/income	(138 957)	5 471	110 271

* *Restated. Refer to pages 154 to 159.*

** *Net of taxation of £2.4 million (six months to 30 September 2012: £3.1 million, year to 31 March 2013: £8.2 million).*

\# *Pension fund actuarial losses will not be reclassified to the income statement.*

Unaudited financial results

2

Combined consolidated balance sheet

At £'000	30 Sept 2013	31 March 2013*	30 Sept 2012*	31 March 2012*
Assets				
Cash and balances at central banks	1 943 845	1 782 447	1 964 616	2 593 851
Loans and advances to banks	2 420 703	3 136 051	2 554 623	2 725 471
Non-sovereign and non-bank cash placements	474 151	420 960	736 548	642 480
Reverse repurchase agreements and cash collateral on securities borrowed	1 565 256	2 358 672	2 268 021	975 992
Sovereign debt securities	3 465 113	4 077 217	4 078 756	4 067 093
Bank debt securities	1 733 907	1 879 105	2 452 196	3 081 061
Other debt securities	574 285	449 216	379 491	377 832
Derivative financial instruments	2 001 005	1 983 132	1 941 073	1 913 650
Securities arising from trading activities	978 648	931 603	742 879	640 146
Investment portfolio	852 199	928 893	807 996	863 664
Loans and advances to customers	16 519 838	17 484 524	16 834 925	17 192 208
Own originated loans and advances to customers securitised	871 161	930 449	917 033	1 034 174
Other loans and advances	1 899 718	2 033 973	2 153 433	2 789 489
Other securitised assets	3 806 822	4 003 208	4 179 537	4 021 378
Interests in associated undertakings	25 728	27 950	27 425	27 506
Deferred taxation assets	132 750	165 457	153 849	150 381
Other assets	1 720 278	1 959 550	1 407 648	1 798 687
Property and equipment	124 398	134 101	137 550	175 773
Investment properties	395 277	451 975	395 202	407 295
Goodwill	456 284	466 906	470 716	468 320
Intangible assets	167 871	178 567	187 249	192 099
	42 129 237	45 783 956	44 790 766	46 138 550
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	5 400 964	6 226 142	6 234 294	6 265 846
	47 530 201	52 010 098	51 025 060	52 404 396
Liabilities				
Deposits by banks	2 351 429	3 047 636	2 799 154	3 035 323
Derivative financial instruments	1 208 577	1 443 325	1 560 408	1 421 130
Other trading liabilities	850 068	851 939	676 970	612 884
Repurchase agreements and cash collateral on securities lent	1 333 388	1 940 158	1 936 204	1 864 137
Customer accounts (deposits)	23 231 372	24 460 666	24 621 676	25 275 876
Debt securities in issue	1 636 276	1 901 776	1 624 648	2 243 948
Liabilities arising on securitisation of own originated loans and advances	892 173	926 335	922 347	1 036 674
Liabilities arising on securitisation of other assets	3 036 339	3 303 606	3 411 951	3 314 737
Current taxation liabilities	200 818	210 475	210 724	209 609
Deferred taxation liabilities	108 181	109 628	113 254	102 478
Other liabilities	1 865 756	1 895 091	1 337 263	1 570 853
	36 714 377	40 090 635	39 214 599	40 687 649
Liabilities to customers under investment contracts	5 399 181	6 224 062	6 232 217	6 263 913
Insurance liabilities, including unit-linked liabilities	1 782	2 080	2 077	1 933
	42 115 340	46 316 777	45 448 893	46 953 495
Subordinated liabilities	1 409 701	1 751 806	1 654 206	1 492 776
	43 525 041	48 068 583	47 103 099	48 446 271
Equity				
Ordinary share capital	224	223	223	221
Perpetual preference share capital	153	153	153	153
Share premium	2 490 408	2 494 618	2 502 909	2 457 019
Treasury shares	(62 762)	(89 545)	(74 746)	(72 820)
Other reserves	(376 541)	(93 537)	(59 105)	82 327
Retained income	1 543 448	1 349 560	1 276 139	1 195 118
Shareholders' equity excluding non-controlling interests	3 594 930	3 661 472	3 645 573	3 662 018
Non-controlling interests	410 230	280 043	276 388	296 107
– Perpetual preferred securities issued by subsidiaries	261 425	279 041	273 880	291 769
– Non-controlling interests in partially held subsidiaries	148 805	1 002	2 508	4 338
Total equity	4 005 160	3 941 515	3 921 961	3 958 125
Total liabilities and equity	47 530 201	52 010 098	51 025 060	52 404 396

** Restated. Refer to pages 154 to 159.*

Summarised and combined consolidated cash flow statement

£'000	Six months to 30 Sept 2013	Six months to 30 Sept 2012*	Year to 31 March 2013*
Cash inflows from operations	340 100	364 831	709 989
Decrease/(increase) in operating assets	300 556	(1 788 447)	(4 262 373)
(Decrease)/increase in operating liabilities	(104 398)	600 505	2 151 009
Net cash inflow/(outflow) from operating activities	536 258	(823 111)	(1 401 375)
Net cash inflow/(outflow) from investing activities	128 257	(79 796)	(25 733)
Net cash (outflow)/inflow from financing activities	(254 137)	203 386	187 894
Effects of exchange rate changes on cash and cash equivalents	(195 790)	(118 413)	(142 019)
Net increase/(decrease) in cash and cash equivalents	214 588	(817 934)	(1 381 233)
Cash and cash equivalents at the beginning of the period	3 561 573	4 942 806	4 942 806
Cash and cash equivalents at the end of the period	3 776 161	4 124 872	3 561 573

Cash and cash equivalents is defined as including cash and balances at central banks, on demand loans and advances to banks and non-sovereign and non-bank cash placements (all of which have a maturity profile of less than three months).

* *Restated. Refer to pages 154 to 159.*

Combined consolidated statement of changes in equity

£'000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
At 1 April 2012 – as previously reported	221	153	2 457 019	(72 820)
Restatements on adoption of IFRS 10	–	–	–	–
Restatements on adoption of IAS 19	–	–	–	–
At 1 April 2012 – restated	221	153	2 457 019	(72 820)
Movement in reserves 1 April 2012 – 30 September 2012				
Profit after taxation	–	–	–	–
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	–	–	–	–
Total comprehensive income for the period	–	–	–	–
Share-based payment 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	2	–	34 683	–
Issue of perpetual preference shares	–	–	24 263	–
Acquisition of non-controlling interests	–	–	–	–
Non-controlling interest relating to disposal of subsidiaries	–	–	–	–
Movement of treasury shares	–	–	(13 056)	(14 372)
Transfer to regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	12 446
At 30 September 2012*	223	153	2 502 909	(74 746)
Movement in reserves 1 October 2012 – 31 March 2013				
Profit after taxation	–	–	–	–
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	–	–	–	–
Pension fund actuarial gains	–	–	–	–
Total comprehensive income for the period	–	–	–	–
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	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–
Movement of treasury shares	–	–	(8 291)	(22 676)
Transfer from capital reserve account	–	–	–	–
Transfer from regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	7 877
At 31 March 2013*	223	153	2 494 618	(89 545)
Movement in reserves 1 April 2013 – 30 September 2013				
Profit after taxation	–	–	–	–
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	–	–	–	–
Total comprehensive loss for the period	–	–	–	–
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	1	–	31 649	–
Acquisition of non-controlling interests	–	–	–	–
Non-controlling interest relating to partial disposal of subsidiaries^	–	–	–	–
Capital conversion of subsidiary**	–	–	–	–
Movement of treasury shares	–	–	(35 859)	(10 755)
Transfer to capital reserve account	–	–	–	–
Transfer to regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	37 538
At 30 September 2013	224	153	2 490 408	(62 762)

* *As restated for restatements detailed on pages 150 to 159.*

** *On 16 August 2013 the Investec Property Fund converted subordinated debt in issue to equity.*

^ *The increase in equity of £164 million relates to the 15% disposal of Investec Asset Management.*

	Other reserves							
Capital reserve account	Available-for-sale reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Retained income	Shareholder's equity excluding non-controlling interests	Non-controlling interests	Total equity
11 127	9 113	34 596	(31 632)	59 123	1 249 515	3 716 415	296 107	4 012 522
–	–	–	–	–	(54 397)	(54 397)	–	(54 397)
–	–	–	–	–	–	–	–	–
11 127	9 113	34 596	(31 632)	59 123	1 195 118	3 662 018	296 107	3 958 125
–	–	–	–	–	166 940	166 940	(7 018)	159 922
–	–	–	(9 535)	–	–	(9 535)	–	(9 535)
–	(11 007)	–	–	–	–	(11 007)	–	(11 007)
–	10 778	–	–	–	–	10 778	–	10 778
–	(640)	(101)	64	(131 557)	136	(132 098)	(12 589)	(144 687)
–	(869)	(101)	(9 471)	(131 557)	167 076	25 078	(19 607)	5 471
–	–	–	–	–	34 382	34 382	–	34 382
–	–	–	–	–	(78 622)	(78 622)	–	(78 622)
–	–	–	–	–	(25 021)	(25 021)	15 358	(9 663)
–	–	–	–	–	–	–	(15 358)	(15 358)
–	–	–	–	–	–	–	(116)	(116)
–	–	–	–	–	–	34 685	–	34 685
–	–	–	–	–	–	24 263	–	24 263
–	–	–	–	–	(3 895)	(3 895)	(216)	(4 111)
–	–	–	–	–	–		220	220
–	–	–	–	–	113	(27 315)	–	(27 315)
–	–	566	–	–	(566)	–	–	–
–	–	–	–	–	(12 446)	–	–	–
11 127	8 244	35 061	(41 103)	(72 434)	1 276 139	3 645 573	276 388	3 921 961
–	–	–	–	–	143 152	143 152	10 335	153 487
–	–	–	(6 667)	–	–	(6 667)	–	(6 667)
–	9 294	–	–	–	–	9 294	–	9 294
–	(6 391)	–	–	–	–	(6 391)	–	(6 391)
–	(393)	950	(614)	(31 763)	518	(31 302)	(6 543)	(37 845)
–	–	–	–	–	(7 078)	(7 078)	–	(7 078)
–	2 510	950	(7 281)	(31 763)	136 592	101 008	3 792	104 800
–	–	–	–	–	28 772	28 772	–	28 772
–	–	–	–	–	(69 038)	(69 038)	–	(69 038)
–	–	–	–	–	(14 083)	(14 083)	4 077	(10 006)
–	–	–	–	–	–	–	(4 077)	(4 077)
–	–	–	–	–	–	–	(114)	(114)
–	–	–	–	–	320	320	(23)	297
–	–	–	–	–	(113)	(31 080)	–	(31 080)
(159)	–	–	–	–	159	–	–	–
–	–	1 311	–	–	(1 311)	–	–	–
–	–	–	–	–	(7 877)	–	–	–
10 968	10 754	37 322	(48 384)	(104 197)	1 349 560	3 661 472	280 043	3 941 515
–	–	–	–	–	164 284	164 284	1 457	165 741
–	–	–	(7 772)	–	–	(7 772)	–	(7 772)
–	(3 123)	–	–	–	–	(3 123)	–	(3 123)
–	(17 588)	–	–	–	–	(17 588)	–	(17 588)
–	(479)	(2 767)	1 828	(256 184)	(968)	(258 570)	(17 645)	(276 215)
–	(21 190)	(2 767)	(5 944)	(256 184)	163 316	(122 769)	(16 188)	(138 957)
–	–	–	–	–	33 204	33 204	–	33 204
–	–	–	–	–	(81 906)	(81 906)	–	(81 906)
–	–	–	–	–	(23 961)	(23 961)	15 469	(8 492)
–	–	–	–	–	–	–	(15 469)	(15 469)
–	–	–	–	–	–	–	(265)	(265)
–	–	–	–	–	–	31 650	–	31 650
–	–	–	–	–	–	–	(254)	(254)
–	–	–	–	–	143 854	143 854	20 213	164 067
–	–	–	–	–	–	–	126 681	126 681
–	–	–	–	–	–	(46 614)	–	(46 614)
189	–	–	–	–	(189)	–	–	–
–	–	2 892	–	–	(2 892)	–	–	–
–	–	–	–	–	(37 538)	–	–	–
11 157	(10 436)	37 447	(54 328)	(360 381)	1 543 448	3 594 930	410 230	4 005 160

Dividends and earnings per share

	30 Sept 2013	30 Sept 2012*
Ordinary dividends – pence per share		
Interim	8.0	8.0
Earnings	£'000	£'000
Earnings attributable to shareholders	164 284	166 940
Preference dividends paid	(23 961)	(25 021)
Earnings attributable to ordinary shareholders	140 323	141 919
Earnings resulting from future dilutive instruments	–	–
Diluted earnings attributable to ordinary shareholders	140 323	141 919
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	888 357 050	880 542 451
Weighted average number of treasury shares	(28 751 514)	(25 306 313)
Weighted average number of shares in issue during the year	859 605 536	855 236 138
Weighted average number of shares resulting from future dilutive potential shares	48 856 283	47 180 846
Adjusted weighted number of shares potentially in issue	908 461 819	902 416 984
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	16.3	16.6
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	15.4	15.7
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	19.1	19.5
	£'000	£'000
Earnings attributable to shareholders	164 284	166 940
Impairment of goodwill	854	4 751
Amortisation of acquired intangibles, net of taxation	875	4 907
Operating costs arising from integration, restructuring and partial disposal of subsidiaries, net of taxation	15 239	9 067
Preference dividends paid	(23 961)	(25 021)
Additional earnings attributable to other equity holders**	5 411	5 818
Currency hedge attributable to perpetual equity instruments	1 419	581
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles, and non-operating items	164 121	167 043

* *Restated. Refer to pages 154 to 159*

** *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.*

Dividends and earnings per share (continued)

	30 Sept 2013	30 Sept 2012
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 3/2012 issued by the South African Institute of Chartered Accountants.	15.6	15.8
	£'000	£'000
Earnings attributable to shareholders	164 284	166 940
Impairment of goodwill	854	4 751
Preference dividends paid	(23 961)	(25 021)
Property revaluation, net of taxation	(3 716)	(3 258)
Gains on available-for-sale instruments recycled through the income statement	(3 123)	(8 571)
Headline earnings attributable to ordinary shareholders	**134 338**	**134 841**

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 £2.4 million (2012: £3.1 million) with no impact on earnings attributable to non-controlling interests.

Financial review and additional information

03

Key risks

Risks relating to our operations

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

These risks are summarised briefly in the table below:

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

Additional risks and uncertainties not presently known to us or that we currently deem immaterial may in the future also negatively impact our business operations.

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 three principal business divisions: Asset Management, Wealth & Investment and Specialist Banking.

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

Specialist Banking

Asset Management

Key income drivers

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

Income statement – primarily reflected as

- Fees and commissions

Income impacted primarily by

- Movements in the value of the assets underlying client portfolios
- Performance of portfolios against set benchmarks
- Net flows

Wealth & Investment

Key income drivers

- Investment management fees levied as a percentage of assets under management
- Commissions earned for executing transactions for clients

Income statement – primarily reflected as

- Fees and commissions

Income impacted primarily by

- 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

Key income drivers (continued)

Key income drivers	Income impacted primarily by	Income statement – primarily reflected as
• Lending activities	• Rate environment • Size of portfolios • Clients' capital and infrastructural investments • Client activity	• Net interest income • Fees and commissions • Investment income
• Cash and near cash balances	• Rate environment • Capital employed in the business and capital adequacy targets • Asset and liability management policies and risk appetite • Regulatory requirements	• Net interest income • Trading income arising from balance sheet management activities
• Deposit and product structuring and distribution	• The level of clients' investment activity which, in turn, is affected by, among other things, the performance of the global markets and the investment risk appetite of our clients • Distribution channels • Ability to create innovative products • Regulatory requirements	• Net interest income • Fees and commissions
• Investments made (including listed and unlisted equities; debt securities; investment properties) • Gains or losses on investments • Dividends received	• Macro- and micro-economic market conditions • Availability of profitable exit routes • Whether appropriate market conditions exist to maximise gains on sale • Attractive investment opportunities • Credit spreads	• Net interest income • Investment income
• Advisory services	• The demand for our specialised advisory services which, in turn, is affected by applicable tax, regulatory and other macro- and micro-economic fundamentals	• Fees and commissions
• Derivative sales, trading and hedging	• Client activity • Market conditions • Asset and liability creation • Product innovation • Market risk factors, primarily volatility and liquidity	• Fees and commissions • Trading income arising from customer flow
• Transactional banking services	• Levels of activity • Ability to create innovative products • Appropriate systems infrastructure	• Net interest income • Fees and commissions

Income statement analysis

The overview that follows will highlight the main reasons for the variance in the major category line items on the face of the income statement during the period under review.

Further details on the key income drivers and significant variances in the various components of our operating income, expenses and profit can be found in the description of our principal businesses on pages 111 to 136.

Total operating income

Total operating income decreased by 2.5% to £941.8 million (2012: £965.9 million). The various components of total operating income are analysed below:

£'000	30 Sept 2013	% of total income	30 Sept 2012*	% of total income	% change
Net interest income	318 414	33.8%	349 766	36.2%	(9.0%)
Net fee and commission income	484 876	51.5%	461 711	47.8%	5.0%
Investment income	61 828	6.6%	73 791	7.6%	(16.2%)
Trading income arising from					
– customer flow	54 431	5.8%	34 223	3.6%	59.0%
– balance sheet management and other trading activities	13 668	1.5%	25 408	2.6%	(46.2%)
Other operating income	8 577	0.8%	20 976	2.2%	(59.1%)
Total operating income before impairments	941 794	100.0%	965 875	100.0%	(2.5%)

The following table sets out information on total operating income before impairment losses on loans and advances by geography for the period under review:

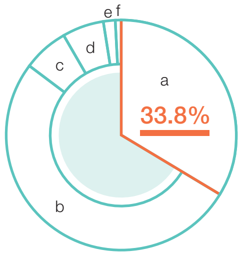
£'000	30 Sept 2013	% of total income	30 Sept 2012*	% of total income	% change
UK and Other	502 143	53.3%	523 481	54.2%	(4.1%)
Southern Africa	386 925	41.1%	382 177	39.6%	1.2%
Australia	52 726	5.6%	60 217	6.2%	(12.4%)
Total operating income before impairments	941 794	100.0%	965 875	100.0%	(2.5%)

The following table sets out information on total operating income before impairment losses on loans and advances by division for the period under review:

£'000	30 Sept 2013	% of total income	30 Sept 2012*	% of total income	% change
Asset Management	209 950	22.3%	192 603	19.9%	9.0%
Wealth & Investment	137 827	14.6%	118 590	12.3%	16.2%
Specialist Banking	594 017	63.1%	654 682	67.8%	(9.3%)
Total operating income before impairments	941 794	100.0%	965 875	100.0%	(2.5%)

* *Restated. Refer to pages 154 to 159.*

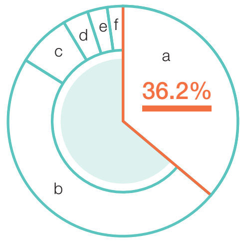
% of total operating income before impairment losses on loans and advances



30 September 2013

£941.8 million total operating income before impairment losses on loans and advances

a	Net interest income	33.8%
b	Net fee and commission income	51.5%
c	Investment income	6.6%
d	Trading income arising from customer flow	5.8%
e	Trading income arising from balance sheet management and other trading activities	1.5%
f	Other operating income	0.8%



30 September 2012

£965.9 million total operating income before impairment losses on loans and advances

a	Net interest income	36.2%
b	Net fee and commission income	47.8%
c	Investment income	7.6%
d	Trading income arising from customer flow	3.6%
e	Trading income arising from balance sheet management and other trading activities	2.6%
f	Other operating income	2.2%

Net interest income

Net interest income decreased by 9.0% to £318.4 million (2012: £349.8 million) largely due to a lower return earned on the group's liquid asset and cash portfolio in South Africa following a decrease in interest rates, and less interest earned on the legacy portfolios which are running down. This was partially offset by loan book growth and lower cost of funding, notably in the UK and Australia.

£'000	30 Sept 2013	30 Sept 2012	Variance	% change
Asset Management	2 056	2 190	(134)	(6.1%)
Wealth & Investment	4 836	5 881	(1 045)	(17.8%)
Specialist Banking	311 522	341 695	(30 173)	(8.8%)
Net interest income	318 414	349 766	(31 352)	(9.0%)

A further analysis of interest received and interest paid is provided in the tables below:

		UK and Other		Southern Africa		Australia		Total group	
For the six months to 30 Sept 2013 £'000	Notes	Balance sheet value	Interest income	Balance sheet value	Interest income	Balance sheet value	Interest income	Balance sheet value	Interest income
Cash, near cash and bank debt and sovereign debt securities	1	4 775 088	24 472	6 217 280	134 893	610 607	9 514	11 602 975	168 879
Core loans and advances	2	6 234 991	176 175	9 226 797	401 993	1 929 211	85 063	17 390 999	663 231
Private client		3 383 232	78 792	6 320 417	262 026	1 404 640	54 170	11 108 289	394 988
Corporate, institutional and other clients		2 851 759	97 383	2 906 380	139 967	524 571	30 893	6 282 710	268 243
Other debt securities and other loans and advances		1 807 578	48 112	649 875	13 680	16 550	436	2 474 003	62 228
Other interest earning assets	3	2 955 851	64 638	850 971	20 849	–	–	3 806 822	85 487
Total interest earning assets		15 773 508	313 397	16 944 923	571 415	2 556 368	95 013	35 274 799	979 825

Notes:

1. *Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; bank debt securities.*
2. *Comprises (as per the balance sheet) loans and advances to customers; own originated loans and advances to customers securitised.*
3. *Comprises (as per the balance sheet) other securitised assets.*

For the six months to 30 Sept 2013 £'000	Notes	UK and Other Balance sheet value	UK and Other Interest expense	Southern Africa Balance sheet value	Southern Africa Interest expense	Australia Balance sheet value	Australia Interest expense	Total group Balance sheet value	Total group Interest expense
Deposits by banks and other debt related securities	4	3 246 944	33 899	1 876 972	37 412	197 177	8 256	5 321 093	79 567
Customer accounts		9 309 058	83 149	12 312 597	349 929	1 609 717	31 724	23 231 372	464 802
Other interest bearing liabilities	5	2 334 098	29 378	1 091 718	9 676	502 696	18 821	3 928 512	57 895
Subordinated liabilities		696 895	32 282	638 223	26 606	74 583	259	1 409 701	59 147
Total interest bearing liabilities		15 586 995	178 708	15 919 510	423 643	2 384 173	59 060	33 890 678	661 411
Net interest income			134 689		147 772		35 953		318 414

For the six months to 30 Sept 2012* £'000	Notes	UK and Other Balance sheet value	UK and Other Interest income	Southern Africa Balance sheet value	Southern Africa Interest income	Australia Balance sheet value	Australia Interest income	Total group Balance sheet value	Total group Interest income
Cash, near cash and bank debt and sovereign debt securities	1	5 371 420	22 546	7 899 276	190 461	784 064	18 793	14 054 760	231 800
Core loans and advances	2	5 777 920	166 474	9 983 155	430 511	1 990 883	90 809	17 751 958	687 794
Private client		3 507 041	89 254	7 477 180	310 344	1 255 726	67 403	12 239 947	467 001
Corporate, institutional and other clients		2 270 879	77 220	2 505 975	120 167	735 157	23 406	5 512 011	220 793
Other debt securities and other loans and advances		1 972 771	75 871	512 551	10 947	47 602	990	2 532 924	87 808
Other interest earning assets	3	3 321 048	92 276	858 489	27 819	–	–	4 179 537	120 095
Total interest earning assets		16 443 159	357 167	19 253 471	659 738	2 822 549	110 592	38 519 179	1 127 497

For the six months to 30 Sept 2012* £'000	Notes	UK and Other Balance sheet value	UK and Other Interest expense	Southern Africa Balance sheet value	Southern Africa Interest expense	Australia Balance sheet value	Australia Interest expense	Total group Balance sheet value	Total group Interest expense
Deposits by banks and other debt-related securities	4	3 195 161	43 125	2 637 403	34 651	527 442	16 179	6 360 006	93 855
Customer accounts		9 606 389	114 268	13 370 810	390 163	1 644 477	43 943	24 621 676	548 374
Other interest bearing liabilities	5	2 637 042	27 490	1 243 694	26 593	453 562	16 210	4 334 298	70 293
Subordinated liabilities		694 847	32 551	914 310	31 445	45 049	1 213	1 654 206	65 209
Total interest bearing liabilities		16 133 439	217 434	18 166 217	482 752	2 670 530	77 545	36 970 186	777 731
Net interest income			139 733		176 986		33 047		349 766

Refer to notes on next page.

** Restated. Refer to pages 154 to 159.*

Notes:

1. *Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; bank debt securities.*
2. *Comprises (as per the balance sheet) loans and advances to customers; own originated loans and advances to customers securitised.*
3. *Comprises (as per the balance sheet) other securitised assets.*
4. *Comprises (as per the balance sheet) deposits by banks; debt securities in issue; repurchase agreements and cash collateral on securities lent.*
5. *Comprises (as per the balance sheet) liabilities arising on securitisation of own originated assets; liabilities arising on securitisation.*

Net fee and commission income

Net fee and commission income increased by 5.0% to £484.9 million (2012: £461.7 million) largely as a result of higher average funds under management and net inflows in the asset management and wealth management businesses. The Specialist Banking business recorded a decrease in net fees and commissions largely due to lower corporate fees earned in the UK and Australia, with the South African business benefiting from increased client activity.

£'000	30 Sept 2013	30 Sept 2012*	Variance	% change
Asset Management	207 095	188 322	18 773	10.0%
Wealth & Investment	131 306	111 762	19 544	17.5%
Specialist Banking	146 475	161 627	(15 152)	(9.4%)
Net fee and commission income	484 876	461 711	23 165	5.0%

Further information on net fees by type of fee and geography is provided in the tables below.

For the six months to Sept 2013 £'000	UK and Other	Southern Africa	Australia	Total group
Asset management and wealth management businesses net fee and commission income	224 181	114 220	–	338 401
Funds management fees/fees for assets under management	246 000	98 563	–	344 563
Private client transactional fees	28 899	17 195	–	46 094
Fee and commission expense	(50 718)	(1 538)	–	(52 256)
Specialist Banking net fee and commission income	69 020	64 102	13 353	146 475
Corporate and institutional transactional and advisory services	69 515	58 057	4 966	132 538
Private client transactional fees	10 989	14 640	12 255	37 884
Fee and commission expense	(11 484)	(8 595)	(3 868)	(23 947)
Net fees and commissions	293 201	178 322	13 353	484 876
Annuity (net of fees payable)	220 911	119 076	9 446	349 433
Deal	72 290	59 246	3 907	135 443

For the six months to Sept 2012* £'000	UK and Other	Southern Africa	Australia	Total group
Asset management and wealth management businesses net fee and commission income	189 764	110 320	–	300 084
Funds management fees/fees for assets under management	220 283	96 031	–	316 314
Private client transactional fees	20 457	15 042	–	35 499
Fee and commission expense	(50 976)	(753)	–	(51 729)
Specialist Banking net fee and commission income	86 811	52 507	22 309	161 627
Corporate and institutional transactional and advisory services	85 652	40 608	17 600	143 860
Private client transactional fees	16 791	16 178	6 339	39 308
Fee and commission expense	(15 632)	(4 279)	(1 630)	(21 541)
Net fees and commissions	276 575	162 827	22 309	461 711
Annuity (net of fees payable)	184 261	126 823	9 758	320 842
Deal	92 314	36 004	12 551	140 869

* *Restated. Refer to pages 154 to 159.*

Investment income

Investment income decreased by 16.2% to £61.8 million (2012: £73.8 million). The group's private equity investment portfolios performed well however, results were offset by lower income earned on the fixed income portfolio in the UK.

£'000	30 Sept 2013	30 Sept 2012*	Variance	% change
Asset Management	14	7	7	100.0%
Wealth & Investment	1 116	492	624	>100.0%
Specialist Banking	60 698	73 292	(12 594)	(17.2%)
Investment income	61 828	73 791	(11 963)	(16.2%)

Further information on investment income is provided in the tables below:

For the six months to 30 Sept 2013 £'000	UK and Other	Southern Africa	Australia	Total group
Realised	41 116	3 255	1 979	46 350
Unrealised	(12 286)	29 494	(1 641)	15 567
Dividend income	1 924	2 586	58	4 568
Funding and other net related (costs)/income	254	(5 908)	997	(4 657)
Investment income	31 008	29 427	1 393	61 828

For the six months to 30 Sept 2013 £'000	Investment portfolio (listed and unlisted equities)**	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
UK and Other	44 558	(16 108)	–	2 558	31 008
Realised	36 848	892	–	3 376	41 116
Unrealised	5 786	(16 989)	–	(1 083)	(12 286)
Dividend income	1 924	–	–	–	1 924
Funding and other net related (costs)/income	–	(11)	–	265	254
Southern Africa	20 828	3 866	5 339	(606)	29 427
Realised	4 232	–	1 409	(2 386)	3 255
Unrealised	20 359	3 866	5 568	(299)	29 494
Dividend income	1 958	–	–	628	2 586
Funding and other net related (costs)/income	(5 721)	–	(1 638)	1 451	(5 908)
Australia	2 059	–	–	(666)	1 393
Realised	2 001	–	–	(22)	1 979
Unrealised	–	–	–	(1 641)	(1 641)
Dividend income	58	–	–	–	58
Funding and other net related (costs)/income	–	–	–	997	997
Total investment income	67 445	(12 242)	5 339	1 286	61 828

* *Restated. Refer to pages 154 to 159.*

** *Including embedded derivatives (warrants and profit shares).*

For the six months to 30 Sept 2012* £'000	UK and Other	Southern Africa	Australia	Total group
Realised	44 749	38 961	3 185	86 895
Unrealised	(219)	(13 001)	–	(13 220)
Dividend income	1 201	5 515	–	6 716
Funding and other net related (costs)/income	813	(8 005)	592	(6 600)
Investment income	46 544	23 470	3 777	73 791

For the six months to 30 Sept 2012* £'000	Investment portfolio (listed and unlisted equities)**	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
UK and Other	(2 422)	43 247	–	5 719	46 544
Realised	662	41 388	–	2 699	44 749
Unrealised	(4 285)	1 859	–	2 207	(219)
Dividend income	1 201	–	–	–	1 201
Funding and other net related (costs)/income	–	–	–	813	813
Southern Africa	7 704	4 579	13 217	(2 030)	23 470
Realised	38 659	366	1 554	(1 618)	38 961
Unrealised	(29 357)	4 213	12 183	(40)	(13 001)
Dividend income	4 917	–	598	–	5 515
Funding and other net related (costs)/income	(6 515)	–	(1 118)	(372)	(8 005)
Australia	1 685	–	–	2 092	3 777
Realised	1 685	–	–	1 500	3 185
Unrealised	–	–	–	–	–
Dividend income	–	–	–	–	–
Funding and other net related (costs)/income	–	–	–	592	592
Total investment income	6 967	47 826	13 217	5 781	73 791

* *Restated. Refer to pages 154 to 159*

** *Including embedded derivatives (warrants and profit shares).*

Trading income

Trading income arising from customer flow increased 59.0% to £54.4 million (2012: £34.2 million) whilst trading income from other trading activities decreased by 46.2% to £13.7 million (2012: £25.4 million) due to gains arising from bond sales not repeated in the current period.

Arising from customer flow

£'000	30 Sept 2013	30 Sept 2012	Variance	% change
Asset Management	–	–	–	–
Wealth & Investment	87	(81)	168	>100.0%
Specialist Banking	54 344	34 304	20 040	58.4%
Trading income arising from customer flow	54 431	34 223	20 208	59.0%

Arising from balance sheet management and other trading activities

£'000	30 Sept 2013	30 Sept 2012*	Variance	% change
Asset Management	(982)	(459)	(523)	(>100.0%)
Wealth & Investment	3	228	(225)	(98.7%)
Specialist Banking	14 647	25 639	(10 992)	(42.9%)
Income arising from balance sheet management and other trading activities	13 668	25 408	(11 740)	(46.2%)

* Restated. Refer to pages 154 to 159.

Other operating income

Other operating income includes associate income and income earned on an operating lease portfolio.

Impairment losses on loans and advances

Impairments on loans and advances decreased from £115.6 million to £83.1 million. Australia reported an increase whilst impairments in the UK and South Africa were much improved.

Since 31 March 2013 gross defaults have improved from £792.2 million to £757.5 million. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounted to 2.74% (31 March 2013: 2.73%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.17 times (31 March 2013: 1.26 times).

Further information is provided on pages 65 to 67.

£'000	30 Sept 2013	30 Sept 2012*	Variance	% change
UK and Other	47 802	78 211	(30 409)	(38.9%)
Southern Africa	19 694	31 013	(11 319)	(36.5%)
Australia	15 591	6 416	9 175	>100.0%
Total impairment losses on loans and advances	83 087	115 640	(32 553)	28.2%
Impairment losses on loans and advances in home currency				
Southern Africa (R'mn)	298	403	(105)	(26.1%)
Australia (A$'mn)	27.2	9.8	17.4	>100.0%

* Restated. Refer to pages 154 to 159.

Operating costs and depreciation

The ratio of total operating costs to total operating income was to 67.5% (2012: 64.8%).

Total operating costs grew by 2.2% to £633.5 million (2012: £619.6 million) as a result of growth in the Asset Management and Wealth Management businesses. Costs in the Specialist Bank have remained flat to marginally higher in home currencies.

Financial review (continued)

£'000	30 Sept 2013	% of total expenses	30 Sept 2012*	% of total expenses	% change
Staff costs	429 064	67.3%	417 609	66.4%	2.7%
– fixed	304 916	47.8%	298 152	47.4%	2.3%
– variable	124 148	19.5%	119 457	19.0%	3.9%
Business expenses	96 165	15.1%	95 634	15.2%	0.6%
Equipment expenses (excluding depreciation)	29 993	4.7%	27 935	4.4%	7.4%
Premises expenses (excluding depreciation)	36 943	5.8%	36 177	5.7%	2.1%
Marketing expenses	27 126	4.3%	26 867	4.3%	1.0%
Depreciation and impairment of property, plant, equipment and software	14 235	2.2%	15 379	2.4%	(7.4%)
Total operating expenses	633 526	99.4%	619 601	98.4%	2.2%
Depreciation on operating leased assets	3 856	0.6%	9 765	1.6%	(60.5%)
Total expenses	637 382	100.0%	629 366	100.0%	1.3%

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

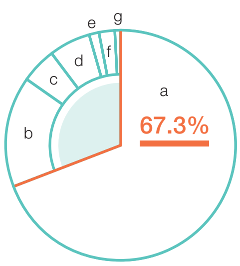
£'000	30 Sept 2013	% of total expenses	30 Sept 2012*	% of total expenses	% change
UK and Other	377 278	59.2%	363 248	57.7%	3.9%
Southern Africa	209 044	32.8%	217 072	34.5%	(3.7%)
Australia	51 060	8.0%	49 046	7.8%	4.1%
Total expenses	637 382	100.0%	629 366	100.0%	1.3%

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

£'000	30 Sept 2013	% of total expenses	30 Sept 2012*	% of total expenses	% change
Asset Management	138 010	21.6%	125 223	19.9%	10.2%
Wealth & Investment	106 986	16.8%	95 739	15.2%	11.7%
Specialist Banking	392 386	61.6%	408 404	64.9%	(3.9%)
Total expenses	637 382	100.0%	629 366	100.0%	1.3%

* *Restated. Refer to pages 154 to 159.*

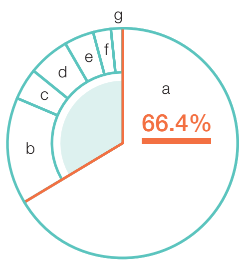
% of total expenses



30 September 2013

£637.4 million total expenses

a	Staff costs	67.3%
b	Business expenses	15.1%
c	Equipment expenses	4.7%
d	Premises expenses	5.8%
e	Marketing expenses	4.3%
f	Depreciation	2.2%
g	Depreciation on operating leased assets	0.6%



30 September 2012

£629.4 million total expenses

a	Staff costs	66.4%
b	Business expenses	15.2%
c	Equipment expenses	4.4%
d	Premises expenses	5.7%
e	Marketing expenses	4.3%
f	Depreciation	2.4%
g	Depreciation on operating leased assets	1.6%

Key income drivers in our core businesses

The information below reflects our key income drivers in our core businesses.

Asset Management

Global business (in Pounds)	30 Sept 2013	31 March 2013	30 Sept 2012	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
Operating margin	34.3%	34.5%	35.0%	35.7%	37.0%	33.4%	33.5%	35.1%
Net inflows in funds under management as a % of opening funds under management °	4.0%	6.7%	4.9%	8.8%	16.0%	16.2%	2.6%	2.1%
Average income yield earned on funds under management^	0.62%	0.62%	0.62%	0.62%	0.66%	0.67%	0.70%	0.74%

Wealth & Investment

	30 Sept 2013	31 March 2013	30 Sept 2012	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
Global business (in Pounds)								
Operating margin	22.4%	20.3%	19.3%	19.7%	25.9%	n/a*	n/a*	n/a*
Net organic growth in funds under management as a % of opening funds under management °	1.7%	2.0%	2.9%	(5.3%)	6.2%	n/a*	n/a*	n/a*
Average income yield earned on funds under management^	0.69%	0.66%	0.66%	0.61%	0.55%	n/a*	n/a*	n/a*
UK and Other^^ (in Pounds)								
Operating margin	19.1%	17.3%	15.6%	16.3%	24.5%	n/a*	n/a*	n/a*
Net organic growth in funds under management as a % of opening funds under management °	3.2%	1.3%	0.8%	(7.4%)	3.5%	n/a*	n/a*	n/a*
Average income yield earned on funds under management^	0.87%	0.86%	0.84%	0.80%	0.68%	n/a*	n/a*	n/a*
South Africa (in Rands)								
Operating margin	34.4%	31.3%	31.7%	28.5%	28.9%	35.5%	35.3%	40.2%
Net organic growth in discretionary funds under management as a % of opening discretionary funds under management °	16.0%	13.9%	11.0%	8.7%	6.0%	3.4%	(4.2%)	10.1%
Average income yield earned on funds under management^**	0.39%	0.37%	0.39%	0.39%	0.41%	0.41%	0.41%	0.41%

* *Prior to 25 June 2010, Rensburg Sheppards plc was an associate of Investec and not a 100% owned subsidiary.*

** *A large portion of the funds under management are discretionary funds.*

^ *The average income yield on funds under management represents the total operating income for the period as a percentage of the average of opening and closing funds under management. This calculation does not take into account the impact of market movements throughout the period on funds under management or the timing of acquisitions and disposals during the respective periods.*

^^ *Other comprises European Wealth Management, which prior to 1 July 2010 was part of the Private Bank, and NCB, which was acquired on 12 June 2012.*

° *Figures for periods to 30 September are annualised.*

Specialist Banking

	30 Sept 2013	31 March 2013	30 Sept 2012	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
Global business (in Pounds)								
Cost to income ratio	65.8%	62.8%	61.8%	62.4%	60.1%	56.4%	54.5%	54.9%
ROE post-tax^	6.7%	6.6%	7.7%	5.1%	8.2%	11.4%	13.4%	22.2%
Growth in net core loans	(5.6%)	1.0%	(2.6%)	(2.8%)	4.8%	10.3%	26.2%	27.3%
Growth in risk-weighted assets	(4.1%)	6.0%	(1.1%)	0.6%	14.1%	16.4%	15.9%	n/a
Credit loss ratio on core loans	0.71%	0.84%	0.85%	1.12%	1.27%	1.16%	1.08%	0.51%
UK and Other (in Pounds)								
Cost to income ratio	73.7%	65.0%	62.9%	63.7%	63.2%	61.3%	60.0%	64.0%
ROE post-tax^	4.3%	3.2%	3.8%	2.5%	3.3%	8.2%	7.1%	13.3%
Growth in net core loans	3.1%	3.4%	(0.2%)	3.8%	2.6%	(8.8%)	10.3%	36.3%
Growth in risk-weighted assets	3.6%	8.1%	1.5%	4.6%	9.6%	5.3%	3.8%	n/a
Credit loss ratio on core loans	0.92%	1.26%	1.33%	1.22%	2.50%	1.85%	1.55%	0.46%
Southern Africa (in Rands)								
Cost to income ratio	52.2%	55.5%	55.4%	55.2%	54.7%	49.8%	48.5%	47.6%
ROE post-tax^	11.9%	10.0%	9.1%	9.6%	10.7%	13.8%	18.2%	24.8%
Growth in net core loans	5.9%	10.2%	3.8%	6.6%	0.3%	1.9%	14.1%	33.5%
Growth in risk-weighted assets	7.5%	16.5%	5.0%	11.9%	13.8%	3.6%	11.1%	n/a
Credit loss ratio on core loans	0.40%	0.61%	0.61%	0.65%	0.71%	0.68%	0.69%	0.48%
Australia (in Australian Dollars)								
Cost to income ratio	96.5%	83.4%	81.6%	96.9%	69.7%	61.9%	63.1%	59.4%
ROE post-tax^	(7.4%)	1.1%	1.6%	(10.8%)	1.6%	3.6%	0.6%	12.0%
Growth in net core loans	3.7%	7.1%	2.9%	(9.3%)	9.4%	3.4%	13.4%	60.9%
Growth in risk-weighted assets	1.1%	14.7%	7.1%	(11.9%)	16.9%	(4.3%)	2.9%	n/a
Credit loss ratio on core loans	1.50%	0.85%	0.65%	3.13%	1.53%	1.70%	2.23%	0.98%

^ *Divisional ROE's are reported on a pre-tax basis. For the purpose of this calculation we have applied the group's respective geographic effective tax rates to derive post-tax numbers.*

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

As a result of the foregoing factors, our operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests decreased by 2.3% from £228.1 million to £222.8 million.

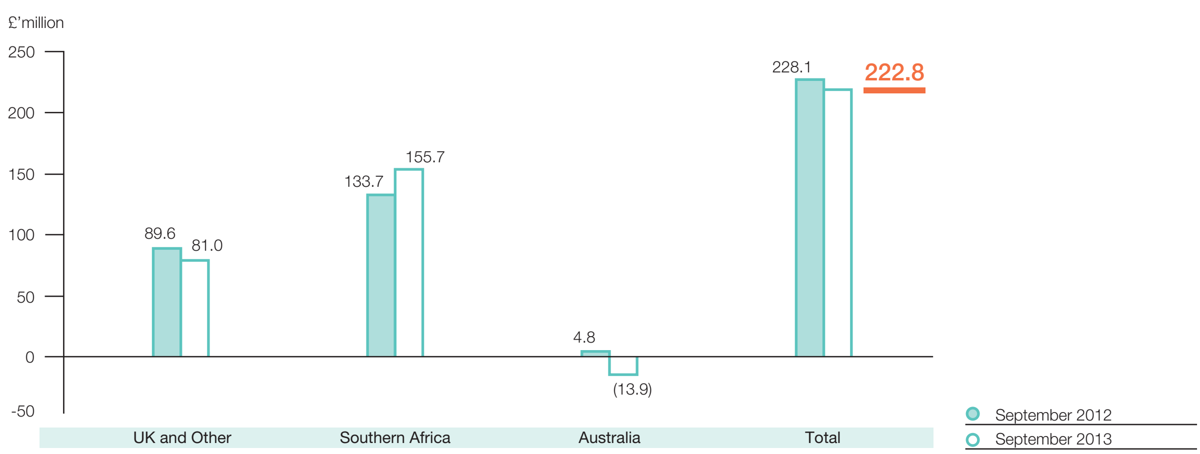
The following tables set out information on operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests by geography and by division for the period under review.

For the six months to 30 Sept 2013 £'000	UK and Other	Southern Africa	Australia	Total group	% change	% of total
Asset Management	33 446	38 494	–	71 940	6.8%	32.3%
Wealth & Investment	20 690	10 151	–	30 841	35.0%	13.8%
Specialist Banking	26 881	107 081	(13 925)	120 037	(12.9%)	53.9%
Ongoing business	76 159	107 081	7 848	191 088	3.2%	85.8%
Legacy business	(49 278)	–	(21 773)	(71 051)	(50.1%)	(31.9%)
Total group	81 017	155 726	(13 925)	222 818	(2.3%)	100.0%
Other non-controlling interest – equity				(1 493)		
Operating profit before goodwill and acquired intangibles				221 325		
% change	(9.6%)	16.5%	(>100.0%)	(2.3%)		
% of total	36.4%	69.9%	(6.3%)	100.0%		

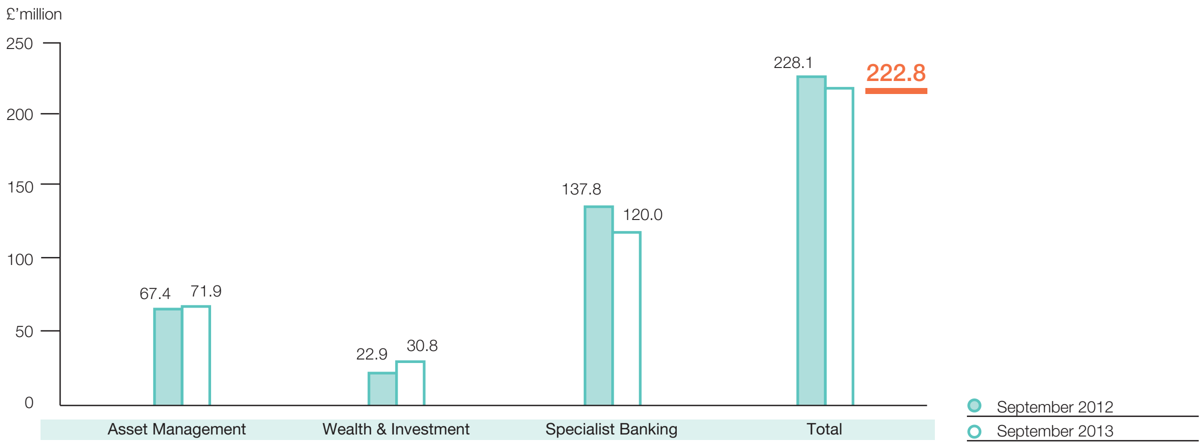
For the six months to 30 Sept 2012* £'000	UK and Other	Southern Africa	Australia	Total group	% of total
Asset Management	28 081	39 299	–	67 380	29.5%
Wealth & Investment	14 223	8 628	–	22 851	10.0%
Specialist Banking	47 328	85 756	4 755	137 839	60.5%
Ongoing business	82 415	85 756	17 020	185 191	81.3%
Legacy business	(35 087)	–	(12 265)	(47 352)	(20.8%)
Total group	89 632	133 683	4 755	228 070	100.0%
Other non-controlling interest – equity				(7 201)	
Operating profit before goodwill and acquired intangibles				220 869	
% of total	39.3%	58.6%	2.1%	100.0%	

**Restated. Refer to pages 154 to 159.*

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



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



Impairment of goodwill

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

Goodwill and intangible assets analysis – balance sheet information

£'000	30 Sept 2013	31 March 2013	30 Sept 2012
UK and Other	406 102	406 389	411 976
Asset Management	88 045	88 045	88 045
Wealth & Investment	243 102	243 102	233 120
Specialist Banking	74 955	75 242	90 811
Southern Africa	8 244	10 260	11 617
Asset Management	5 849	7 450	8 684
Wealth & Investment	2 124	2 494	2 604
Specialist Banking	271	316	329
Australia	41 938	50 257	47 123
Specialist Banking	41 938	50 257	47 123
Total goodwill	456 284	466 906	470 716
Intangible assets	167 871	178 567	187 249
Total goodwill and intangible assets	624 155	645 473	657 965

Amortisation of acquired intangibles

Amortisation of acquired intangibles relates to the Wealth & Investment business and mainly comprises amortisation of amounts attributable to client relationships.

Operating costs arising from restructuring and partial disposal of subsidiaries

Operating costs arising from restructuring and partial disposal of subsidiaries includes costs associated with the restructuring of the Australian business and operational costs associated with the implementation of the Asset Management transaction.

Taxation

The effective tax rate amounts to 17.4% (2012: 19.1%).

	Effective tax rates		30 Sept 2013 £'000	30 Sept 2012 £'000	% change
	30 Sept 2013	30 Sept 2012			
UK and Other	23.7%	21.8%	18 263	17 852	2.3%
Southern Africa	12.9%	17.0%	20 388	22 793	(10.6%)
Australia	0.3%*	33.2%	(35)	1 577	>100.0%
Tax	17.4%	19.1%	38 616	42 222	(8.5%)

* *The business was loss making, no deferred tax was recognised.*

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests mainly comprises:

- £2.9 million operating profit attributable to non-controlling interests in the Asset Management business.
- £0.4 million profit attributable to other non-controlling interests.
- A loss of £1.9 million relating to Euro denominated preferred securities issued by a subsidiary of Investec plc which are reflected on the balance sheet as part of 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 decreased from £166.9 million to £164.3 million.

Dividends and earnings per share

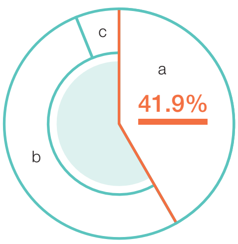
Information with respect to dividends and earnings per share is provided on page 24 and pages 162 to 168.

Balance sheet analysis

Since 31 March 2013:

- Total shareholders' equity (including non-controlling interests) increased by 1.6% to £4.0 billion – an increase of 8.6% on a currency neutral basis. The weakening of the closing Rand and Australian exchange rates relative to Pounds Sterling has resulted in a reduction in total equity of £276 million.
- Net asset value per share decreased 2.7% to 374.0 pence and net tangible asset value per share (which excludes goodwill and intangible assets) decreased by 2.2% to 304.1 pence largely as a result of the depreciation of the Rand as described above. On a currency neutral basis net asset value per share and net tangible asset value per share increased by 5.1% and 7.0%, respectively.
- The return on adjusted average shareholders' equity increased from 9.4% to 10.0%.

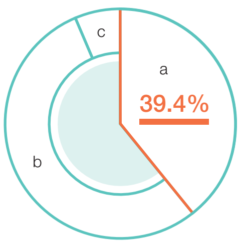
Asset by geography



30 September 2013

£47 530 million total assets

a	UK and Other	41.9%
b	Southern Africa	52.2%
c	Australia	5.9%



31 March 2013

£52 010 million total assets

a	UK and Other	39.4%
b	Southern Africa	54.4%
c	Australia	6.2%

Capital adequacy and leverage ratios

The table below provides information on the groups capital ratios:

As at 30 September 2013	Investec Limited	Investec Bank Limited	Investec plc	Investec Bank plc	Australia Bank Limited
Common equity/core equity tier 1 (as reported)	9.5%	10.1%	9.1%	11.1%	11.8%
Common equity/core equity tier 1 ("fully loaded")	9.4%	10.0%	8.7%	10.7%	11.8%
Tier 1 (as reported)	11.2%	10.7%	11.2%	11.1%	11.8%
Total capital adequacy ratio (as reported)	15.4%	10.1%	16.7%	15.9%	15.7%
Leverage ratio – permanent capital	7.7%	7.3%	7.7%	7.3%	10.3%
Leverage ratio – current	7.5%	7.3%	7.7%	7.3%	10.3%
Leverage ratio – ("fully loaded")	6.5%	6.9%	6.0%	7.3%	10.3%

Note:
The estimated "fully loaded" capital and leverage ratios are based on the group's understanding of current and draft regulation which apply in the respective geographies. "Fully loaded" is based on Basel III capital requirements as fully phased in by 2022.

Return on risk-weighted assets

The group's return on risk-weighted assets is reflected in the table below:

	30 Sept 2013	31 March 2013**	Average	30 Sept 2012**	31 March 2012	Average
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	164 121	309 310		167 043	257 579	
Investec plc risk-weighted assets (£'million)	13 756	13 708	13 732	13 045	12 827	12 936
Investec Limited risk-weighted assets* (£'million)	14 761	16 036	15 399	15 041	15 679	15 360
Total risk-weighted assets (£'million)	28 517	29 744	29 131	28 086	28 506	28 296
Return on average risk-weighted assets	1.13%#	1.06%		1.18%#	0.91%	
* Investec Limited risk-weighted assets (R'million)	240 459	223 863		201 403	192 376	

Annualised
** *As restated. Refer to pages 154 to 159.*

Net tangible asset value per share

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

£'000	30 Sept 2013	31 March 2013	30 Sept 2012
Shareholders' equity	3 594 930	3 661 472	3 645 573
Less: Perpetual preference shares issued by holding companies	(345 039)	(377 659)	(387 223)
Goodwill and intangible assets (excluding software)	(607 857)	(626 870)	(637 131)
Net tangible asset value	2 642 034	2 656 943	2 621 219
Number of shares in issue (million)	891.7	884.8	884.8
Treasury shares (million)	(22.8)	(30.1)	(26.0)
Number of shares in issue in this calculation (million)	868.9	854.7	858.8
Net tangible asset value per share (pence)	304.1	310.9	305.2
NAV per share (pence)	374.0	384.2	379.4

ROE by country and business

Return on capital by segment

Methodology based on segmental information after reallocation of:

- a notional return on capital (net of the cost of subordinated debt) which is managed and borne in the centre from "Other Activities in the Specialist Bank" to the business segments based on their total capital utilisation.

£'000	30 Sept 2013	31 March 2013	Average	30 Sept 2012	31 March 2012	Average
Calculation of average shareholders' equity						
Ordinary shareholders' equity	3 249 891	3 283 813	3 266 852	3 258 197	3 277 636	3 267 917
Goodwill and intangible assets (excluding software)	(607 857)	(626 870)	(617 364)	(637 131)	(637 773)	(637 452)
Adjusted tangible shareholders' equity	2 642 034	2 656 943	2 649 488	2 621 066	2 639 863	2 630 465

£'000	30 Sept 2013	31 March 2013	30 Sept 2012
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	221 325	429 352	220 869
Non-controlling interests	(1 457)	(3 317)	7 018
Accrued preference dividends, adjusted for currency hedge	(17 131)	(37 661)	(18 622)
Operating profit	202 737	388 374	209 265
Tax on ordinary activities	(38 616)	(79 064)	(42 222)
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	164 121	309 310	167 043
Pre-tax return on average ordinary shareholders' equity	12.4%	11.8%	12.8%
Post-tax return on average ordinary shareholders' equity	10.0%	9.4%	10.2%
Pre-tax return on average tangible ordinary shareholders' equity	15.3%	14.7%	15.9%
Post-tax return on average tangible ordinary shareholders' equity	12.4%	11.7%	12.7%

ROE by geography

£'000	UK and Other	Southern Africa	Australia	Total group
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	77 063	158 187	(13 925)	221 325
Tax on ordinary activities	(18 263)	(20 388)	35	(38 616)
Non-controlling interests	2 573	(4 030)	–	(1 457)
Accrued preference dividends, adjusted for currency hedge	(6 416)	(10 715)	–	(17 131)
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items – 30 September 2013	54 957	123 054	(13 890)	164 121
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items – 30 September 2012	64 788	99 077	3 178	167 043
Ordinary shareholders' equity – 30 September 2013	1 562 625	1 350 620	336 646	3 249 891
Goodwill and intangible assets (excluding software)	(556 863)	(8 244)	(42 750)	(607 857)
Tangible ordinary shareholders' equity – 30 September 2013	1 005 762	1 342 376	293 896	2 642 034
Ordinary shareholders' equity – 31 March 2013	1 465 110	1 401 732	416 971	3 283 813
Goodwill and intangible assets (excluding software)	(549 581)	(10 260)	(67 029)	(626 870)
Tangible ordinary shareholders' equity – 31 March 2013	915 529	1 391 472	349 942	2 656 943
Ordinary shareholders' equity - 30 September 2012	1 520 567	1 352 208	385 422	3 258 197
Goodwill and intangible assets (excluding software)	(562 484)	(11 616)	(63 031)	(637 131)
Tangible ordinary shareholders' equity – 30 September 2012	958 083	1 340 592	322 391	2 621 066
Average ordinary shareholders' equity – 30 September 2013	1 513 868	1 376 176	376 808	3 266 852
Average ordinary shareholders' equity – 30 September 2012	1 505 253	1 376 089	386 575	3 267 917
Average tangible shareholders' equity – 30 September 2013	960 646	1 366 923	321 919	2 649 488
Average tangible shareholders' equity – 30 September 2012	942 674	1 363 432	324 359	2 630 465
Post-tax return on average ordinary shareholders' equity – 30 September 2013	7.3%	17.9%	(7.4%)	10.0%
Post-tax return on average ordinary shareholders' equity – 30 September 2012	8.6%	14.4%	1.6%	10.2%
Post-tax return on average tangible shareholders' equity – 30 September 2013	11.4%	18.0%	(8.6%)	12.4%
Post-tax return on average tangible shareholders' equity – 30 September 2012	13.7%	14.5%	2.0%	12.7%
Pre-tax return on average ordinary shareholders' equity – 30 September 2013	9.7%	20.8%	(7.4%)	12.4%
Pre-tax return on average ordinary shareholders' equity – 30 September 2012	15.2%	21.0%	(8.7%)	15.3%

ROE by business

£'000	Asset Management	Wealth & Investment	Specialist Banking	Total group	Adjusted Wealth & Investment^
Total operating profit, after non-controlling interests	68 990	30 841	120 037	219 868	30 841
Notional return on regulatory capital	935	619	(1 554)	–	619
Notional cost of statutory capital	(1 066)	(814)	1 880	–	(814)
Cost of subordinated debt	(347)	(277)	624	–	(277)
Cost of preference shares	(205)	(137)	(16 789)	(17 131)	(137)
Absorption of additional residual costs**	(3 337)	(2 383)	5 720	–	(2 383)
Adjusted earnings – 30 September 2013	**64 970**	**27 849**	**109 918**	**202 737**	**27 849**
Adjusted earnings – 30 September 2012	62 683	19 732	126 850	209 265	19 732
Ordinary shareholders' equity – 30 September 2013	**136 394**	**428 497**	**2 685 000**	**3 249 891**	**269 447**
Goodwill and intangible assets (excluding software)	(93 894)	(395 444)	(118 519)	(607 857)	(236 394)
Tangible ordinary shareholders' equity – 30 September 2013	**42 500**	**33 053**	**2 566 481**	**2 642 034**	**33 053**
Ordinary shareholders' equity – 31 March 2013	**127 955**	**415 797**	**2 740 061**	**3 283 813**	**256 747**
Goodwill and intangible assets (excluding software)	(95 495)	(402 363)	(129 012)	(626 870)	(243 313)
Tangible ordinary shareholders' equity – 31 March 2013	32 460	13 434	2 611 049	2 656 943	13 434
Ordinary shareholders' equity – 30 September 2012	**126 296**	**423 407**	**2 708 494**	**3 258 197**	**264 357**
Goodwill and intangible assets (excluding software)	(96 729)	(398 717)	(141 685)	(637 131)	(239 667)
Tangible ordinary shareholders' equity – 30 September 2012	**29 567**	**24 690**	**2 566 809**	**2 621 066**	**24 690**
Average ordinary shareholders' equity – 30 September 2013	**132 175**	**422 147**	**2 712 530**	**3 266 852**	**263 097**
Average ordinary shareholders' equity – 30 September 2012	134 449	449 366	2 684 102	3 267 917	290 316
Average tangible shareholders' equity – 30 September 2013	**37 480**	**23 244**	**2 588 764**	**2 649 488**	**23 244**
Average tangible shareholders' equity – 30 September 2012	36 819	48 836	2 544 810	2 630 465	48 836
Pre-tax return on average ordinary shareholders' equity – 30 September 2013	**98.3%**	**13.2%**	**8.1%**	**12.4%**	**21.2%**
Pre-tax return on average ordinary shareholders' equity – 30 September 2012	93.2%	8.8%	9.5%	12.8%	13.6%
Pre-tax return on average tangible shareholders' equity – 30 September 2013	**346.7%**	**239.6%**	**8.5%**	**15.3%**	**239.6%**
Pre-tax return on average tangible shareholders' equity – 30 September 2012	340.5%	80.8%	10.0%	15.9%	80.8%

** *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 management's estimates of relative benefit derived.*

^ *The adjusted Wealth & Investment is consistent with the group computation, except for:*

- *an adjustment of £159.1 million between ordinary shareholders' funds and goodwill which represents historical accounting gains, with a corresponding effective increase in goodwill. These gains were excluded from group adjusted earnings (2006 and 2011) and related to the sale of Carr Sheppards Crosthwaite Ltd (CSC) to Rensburg plc (subsequently renamed Rensburg Sheppards plc) on 6 May 2005 and the subsequent gain on the acquisition of the remaining share in Rensburg Sheppards plc on 25 June 2010;*
- *the average equity calculations take into consideration the timing of the acquisition of the Evolution Group.*

Total third party assets under management

£'million	30 Sept 2013	31 March 2013	30 Sept 2012
Asset Management	66 232	69 822	62 372
UK and International	40 266	41 569	36 034
Southern Africa	25 966	28 253	26 338
Wealth & Investment	40 075	40 350	36 716
UK and Other	25 328	24 733	22 492
Southern Africa	14 747	15 617	14 224
Property Activities	208	320	248
Southern Africa	146	185	108
Australia	62	135	140
Australia other funds	143	186	186
Total third party assets under management	106 658	110 678	99 522

A further analysis of third party assets under management

At 30 September 2013 £'million	UK, Europe and Other	Southern Africa	Australia	Total
Asset Management	40 266	25 966	–	66 232
Mutual Funds	15 541	11 070	–	26 611
Segregated Mandates	24 725	14 896	–	39 621
Wealth & Investment	25 328	14 747	–	40 075
Discretionary	17 149	2 761	–	19 910
Non-discretionary	7 085	11 986	–	19 071
Other	1 094	–	–	1 094
Property Activities	–	146	62	208
Australia other funds	–	–	143	143
Total third party assets under management	65 594	40 859	205	106 658

A further analysis of third party assets under management

At 31 March 2013 £'million	UK, Europe and Other	Southern Africa	Australia	Total
Asset Management	41 569	28 253	–	69 822
Mutual Funds	17 004	11 847	–	28 851
Segregated Mandates	24 565	16 406	–	40 971
Wealth & Investment	24 733	15 617	–	40 350
Discretionary	16 381	2 604	–	18 985
Non-discretionary	7 079	13 013	–	20 092
Other	1 273	–	–	1 273
Property Activities	–	185	135	320
Australia other funds	–	–	186	186
Total third party assets under management	66 302	44 055	321	110 678

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

By division	Asset Management	Wealth & Investment	Specialist Banking	Total group
Number of employees – 30 September 2013	1 358	1 348	5 517	8 223
Number of employees – 31 March 2013	1 268	1 332	5 551	8 151
Number of employees – 31 September 2012	1 233	1 310	5 456	7 999
Number of employees – 31 March 2012	1 173	1 319	5 289	7 781
Average employees – six months to 30 September 2013	1 312	1 339	5 533	8 184
Average employees – six months to 30 September 2012	1 203	1 315	5 373	7 891
Operating profit – six months to 30 September 2013 (£'000)	71 940	30 841	120 037	222 818
Operating profit – six months to 30 September 2012 (£'000)	67 380	22 851	137 839	228 070
Operating profit per employee^ – 30 September 2013 (£'000)	54.8	23.0	21.7	27.2
Operating profit per employee^ – 30 September 2012 (£'000)	56.0	17.4	25.7	28.9

By geography	UK and Other	Southern Africa	Australia	Total group
Number of employees – 30 September 2013	3 537	4 229	457	8 223
Number of employees – 31 March 2013	3 495	4 168	488	8 151
Number of employees – 31 September 2012	3 402	4 120	477	7 999
Number of employees – 31 March 2012	3 289	4 068	424	7 781
Average employees – six months to 30 September 2013	3 515	4 198	471	8 184
Average employees – six months to 30 September 2012	3 346	4 094	451	7 891
Operating profit/(loss) – 30 September 2013 (£'000)	81 017	155 726	(13 925)	222 818
Operating profit – 30 September 2012 (£'000)	89 632	133 683	4 755	228 070
Operating profit/(loss) per employee^ – 30 September 2013 (£'000)	23.0	37.1	(29.6)	27.2
Operating profit per employee^ – 30 September 2012 (£'000)	26.8	32.6	10.5	28.9

^ *Based on average number of employees over the period.*

Number of employees

By division – permanent employees	30 Sept 2013	30 Sept 2012
Asset Management		
UK and International	405	367
Southern Africa*	837	749
Total	1 242	1 116
Wealth & Investment		
UK and Other	976	976
Southern Africa	271	270
Total	1 247	1 246
Specialist Banking		
UK and Other	1 959	1 953
Southern Africa	2 716	2 690
Australia	447	459
USA	20	15
Total	5 142	5 117
Total number of permanent employees	7 631	7 479

** Includes Silica employees, an independently run administration business.*

By geography	30 Sept 2013	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
UK and Other	3 340	3 338	3 181	2 606	1 763	1 706	1 812
Southern Africa	3 824	3 748	3 661	3 680	3 542	3 541	3 666
Australia	447	470	411	401	356	354	424
USA	20	19	33	29	23	22	12
Temporary employees and contractors	592	576	495	521	439	328	419
Total number of employees	8 223	8 151	7 781	7 237	6 123	5 951	6 333

Shareholder analysis

Largest ordinary shareholders as at 30 September 2013

As at 30 September 2013 Investec plc and Investec Limited had 608.8 million and 282.9 million ordinary shares in issue, respectively.

Largest ordinary shareholders as at 30 September 2013

Investec plc

	Shareholder analysis by manager group	Number of shares	% holding
1	Public Investment Corporation (ZA)	83 141 153	13.7
2	Allan Gray (ZA)	57 490 606	9.4
3	Coronation Fund Managers (ZA)	36 896 924	6.1
4	BlackRock Inc (UK)	28 773 834	4.7
5	Old Mutual (ZA)	22 930 863	3.8
6	Prudential Group (ZA)	19 648 395	3.2
7	Sanlam Group (ZA)	18 659 438	3.1
8	Legal & General Investment Management (UK)	16 581 242	2.7
9	Norges Bank Investment Management (Oslo)	16 182 633	2.7
10	State Street Corporation (UK)	12 983 109	2.1
	Cumulative total	313 288 197	51.5

The top 10 shareholders account for 51.5% 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. The above analysis excludes shares held by Investec directors.

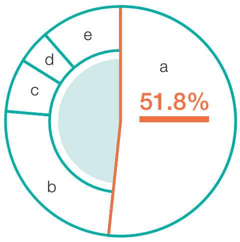
Investec Limited

	Shareholder analysis by manager group	Number of shares	% holding
1	Public Investment Corporation (ZA)	36 109 353	12.8
2	Allan Gray (ZA)	23 598 287	8.3
3	Old Mutual (ZA)	17 587 161	6.2
4	Investec Staff Share Schemes (ZA/UK)	16 219 624	5.7
5	Sanlam Group (ZA)	15 450 747	5.5
6	BlackRock Inc (US)	12 879 247	4.6
7	Entrepreneurial Development Trust (ZA)	12 380 199	4.4
8	Dimensional Fund Advisors (UK)	10 115 515	3.6
9	State Street Corporation (US)	7 955 210	2.8
10	Afena Capital (ZA)	7 247 093	2.7
	Cumulative total	159 432 436	56.6

The top 10 shareholders account for 56.5% 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. The above analysis excludes shares held by Investec directors.

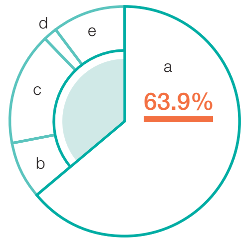
Shareholder analysis

Geographical holding by beneficial ordinary share owner as at 30 September 2013



Investec plc

a	South Africa	51.8%
b	UK	24.6%
c	USA and Canada	7.5%
d	Rest of Europe	4.9%
e	Other countries and unknown	11.2%



Investec Limited

a	South Africa	63.9%
b	UK	8.3%
c	USA and Canada	15.6%
d	Rest of Europe	2.0%
e	Other countries and unknown	10.2%

Share statistics

Investec plc

For the period ended	30 Sept 2013	31 March 2013	30 Sept 2012	31 March 2012	30 Sept 2011	31 March 2011	30 Sept 2010	31 March 2010	30 Sept 2009
Closing market price per share (Pounds)									
period ended	4.00	4.59	3.82	3.82	3.49	4.78	5.09	5.39	4.58
highest	5.06	5.14	4.01	5.22	5.22	5.50	5.51	5.62	4.58
lowest	3.87	3.1	3.10	3.18	3.49	4.29	4.29	2.87	2.87
Number of ordinary shares in issue (million)	608.8	605.2	605.2	598.3	542.4	537.2	537.2	471.1	468.9
Market capitalisation (£'million)[1]	2 435	2 778	2 312	2 286	1 893	2 568	2 734	2 539	2 148
Daily average volumes of share traded ('000)	1 665	1 305	1 201	1 683	1 647	1 634	1 969	1 933	2 230

Investec Limited

For the period ended	30 Sept 2013	31 March 2013	30 Sept 2012	31 March 2012	30 Sept 2011	31 March 2011	30 Sept 2010	31 March 2010	30 Sept 2009
Closing market price per share (Rands)									
period ended	65.97	64.26	51.10	47.16	44.20	52.80	59.47	62.49	57.13
highest	73.49	69.89	52.80	57.36	57.36	65.50	65.50	65.40	58.63
lowest	60.09	41.31	41.31	42.00	43.97	49.49	52.55	37.51	37.51
Number of ordinary shares in issue (million)	282.9	279.6	279.6	276.0	276.0	272.8	272.8	269.8	268.7
Market capitalisation (R'million)[2]	58 825	56 857	45 213	41 232	36 173	42 768	48 171	46 299	42 139
Market capitalisation (£'million)	3 567	4 061	3 380	3 340	2 856	3 872	4 123	3 378	3 515
Daily average volumes of share traded ('000)	942	980.000	1 029	1 033	981	794	900	1 068	1 226

Notes:

1 *The LSE only include the shares in issue for Investec plc i.e. currently 608.8 million, in calculating market capitalisation, as Investec Limited is not incorporated in the UK.*

2 *The JSE 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. currently a total of 891.7 million shares in issue.*

Risk management

As per Basel requirements, the following risk management and capital section will provide detail on the quantitative risk disclosures required on a semi-annual basis. For any additional qualitative disclosures, definitions and descriptions, please refer to our annual financial statements for the year ended 31 March 2013.

Philosophy and approach to risk management

Our comprehensive risk management process involves identifying, quantifying, managing and mitigating the risks associated with each of our businesses.

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

Group Risk Management monitors, manages and reports on our risks to ensure it is within the stated risk appetite as mandated by the board of directors through the board risk and capital committee. Business units are ultimately responsible for risks that arise.

We monitor and control risk exposure through Credit, Market, Liquidity, Operational and Legal Risk Reporting teams. This approach is core to assuming a tolerable risk and reward profile, helping us to pursue controlled growth across our business.

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

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

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

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

- Intimate involvement of executive management ensuring stringent management of risk, liquidity and capital
- Strong risk and capital management culture embedded into our day-to-day activities and values. We seek to achieve an appropriate balance between risk and reward in our business, taking cognisance of all stakeholders' interests
- Reward programmes that align directors' and employees' interests with those of stakeholders, ensuring that these programmes promote effective risk management. Annual bonuses are closely linked to business performance, determined largely by realised economic value-added profit performance against pre-determined targets above a risk and capital weighted return. This model has been consistently applied within the group in excess of ten years
- Credit and counterparty exposures to a select target market; our risk appetite continues to favour lower risk, income-based lending, with credit risk taken over a short to medium term. Exposure is taken against defined target clients displaying sound financial strength and integrity, a core competency and an established track record. Impairments on loans and advances decreased from £115.6 million to £83.1 million. Australia reported an increase whilst impairments in the UK and South Africa were much improved.
- Since 31 March 2013 gross defaults have improved from £792.2 million to £757.5 million. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounted to 2.74% (31 March 2013: 2.73%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.17 times (31 March 2013: 1.26 times).
- Limited exposure to structured credit investments; representing approximately 1.7% of total assets
- Limited private client and corporate client exposures to peripheral Europe amounting to approximately 0.6% of total assets. In addition the group has certain branch related and subsidiary activities in Ireland, with total assets representing 1.8% of group assets
- Low equity and investment risk exposure with total investments comprising 3.5% of total assets
- Modest proprietary market risk within our trading portfolio. Value at risk and stress testing scenarios remain at prudent levels
- Potential losses that could arise in our trading book portfolio when stress tested under extreme market conditions (i.e. per extreme value theory) amount to less than 0.3% of total operating income
- A high level of readily available, high quality liquid assets; cash and near cash of £8.6 billion, representing 31.0% of our liability base. We continue to maintain a low reliance on interbank wholesale funding to fund core lending asset growth
- Sound customer deposit base with a strong retail franchise
- Healthy capital ratios; we have always held capital well in excess of regulatory requirements and we intend to perpetuate this philosophy. We continue to meet our capital targets and have sound Basel III fully loaded capital and leverage ratios as shown on page 53
- Geographical and operational diversity with a high level of recurring income which continues to support sustainability of operating profit.

Salient features

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

	UK and Other		Southern Africa		Australia		Investec group	
Period ended	30 Sept 2013 £	31 March 2013 £	30 Sept 2013 R	31 March 2013 R	30 Sept 2013 A$	31 March 2013 A$	30 Sept 2013 £	31 March 2013 £
Net core loans and advances (million)	6 235	6 045	150 261	141 863	3 338	3 304	17 391	18 415
Gross defaults as a % of gross core loans and advances	6.91%	7.04%	3.05%	2.82%	1.39%	2.91%	4.29%	4.24%
Defaults (net of impairments) as a % of net core loans and advances	4.22%	4.34%	2.09%	1.89%	1.08%	2.13%	2.74%	2.73%
Net defaults (after collateral and impairments) as a % of net core loans and advances	–	–	–	–	–	–	–	–
Credit loss ratio*	0.92%	1.26%	0.40%	0.61%	1.50%	0.85%	0.71%	0.84%
Structured credit investments as a % of total assets	1.97%	2.44%	1.25%	1.24%	0.37%	0.46%	1.68%	1.72%
Banking book investment and equity risk exposures as a % of total assets	2.35%	2.52%	5.03%	4.96%	2.21%	2.56%	3.48%	3.65%
Traded market risk: one-day value at risk (million)	1.1	0.7	5.8	7.2	–	–	n/a	n/a
Cash and near cash (million)	3 460	3 930	74 479	72 974	1 013	978	8 619	9 828
Customer accounts (deposits) (million)	9 309	9 561	200 512	185 311	2 785	2 472	23 231	24 532
Core loans to equity ratio	3.6x^	3.7x^	5.2x	5.8x	5.7x	5.4x	4.3x	4.6x
Core loans (excluding own originated assets which have been securitised) to customer deposits	70.1%^	68.9%^	72.0%	73.2%	88.5%	104.7%	71.1%	71.3%
Capital adequacy ratio	16.7%^	16.9%^	15.4%	15.5%	15.7%	15.8%	n/a	n/a
Tier 1 ratio	11.2%^	11.0%^	11.2%	10.8%	11.8%	11.8%	n/a	n/a

* *Income statement impairment charge on core loans as a percentage of average gross core loans and advances.*

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

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

Credit and counterparty risk management

Credit and counterparty risk description

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

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

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

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

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

Credit and counterparty risk information

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

An analysis of gross credit and counterparty exposures

Credit and counterparty exposures decreased by 6.7% to £37.6 billion largely as a result of the depreciation of the Rand against Pound Sterling. Cash and near cash balances amounted to £8.6 billion and are largely reflected in the following line items in the table below: cash and balances at central banks, loans and advances to banks, non-sovereign and non-bank cash placements, sovereign debt securities.

An analysis of gross credit and counterparty exposures

£'000	30 Sept 2013	31 March 2013**	% change	Average*
Cash and balances at central banks	1 940 744	1 779 576	9.1%	1 860 160
Loans and advances to banks	2 420 703	3 136 051	(22.8%)	2 778 377
Non-sovereign and non-bank cash placements	474 151	420 960	12.6%	447 556
Reverse repurchase agreements and cash collateral on securities borrowed	1 565 256	2 358 672	(33.6%)	1 961 964
Sovereign debt securities	3 465 113	4 077 217	(15.0%)	3 771 165
Bank debt securities	1 733 907	1 879 105	(7.7%)	1 806 506
Other debt securities	561 976	443 753	26.6%	502 865
Derivative financial instruments	1 515 596	1 531 187	(1.0%)	1 523 392
Securities arising from trading activities	614 602	552 504	11.2%	583 552
Loans and advances to customers (gross)	16 800 260	17 773 761	(5.5%)	17 287 011
Own originated loans and advances to customers securitised (gross)	871 810	931 406	6.4%	901 608
Other loans and advances (gross)	1 475 977	1 729 008	(14.6%)	1 602 493
Other securitised assets (gross)	189 897	49 988	>100%	119 942
Other assets	85 116	137 647	(38.1%)	111 382
Property and equipment	839	4 726	(82.2%)	2 783
Total on-balance sheet exposures	33 715 947	36 805 561	(8.4%)	35 260 756
Guarantees^	616 926	580 971	6.2%	598 949
Contingent liabilities, committed facilities and other	3 265 202	2 904 681	12.4%	3 084 941
Total off-balance sheet exposures	3 882 128	3 485 652	11.4%	3 683 890
Total gross credit and counterparty exposures pre collateral or other credit enhancements	37 598 075	40 291 213	(6.7%)	38 944 646

* *Where the average is based on a straight-line average for the period 1 April 2013 to 30 September 2013.*
^ *Excludes guarantees provided to clients which are backed/secured by cash on deposit with the bank.*
** *Restated. Refer to page 155.*

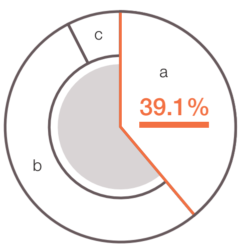
An analysis of gross credit and counterparty exposures by geography

£'000	UK and Other 30 Sept 2013	UK and Other 31 March 2013	Southern Africa 30 Sept 2013	Southern Africa 31 March 2013	Australia 30 Sept 2013	Australia 31 March 2013	Total 30 Sept 2013	Total 31 March 2013**
Cash and balances at central banks	1 459 253	1 228 289	446 384	406 764	35 107	144 523	1 940 744	1 779 576
Loans and advances to banks	1 003 723	1 232 606	1 356 990	1 818 269	59 990	85 176	2 420 703	3 136 051
Non-sovereign and non-bank cash placements	–	–	474 151	420 960	–	–	474 151	420 960
Reverse repurchase agreements and cash collateral on securities borrowed	915 220	1 223 251	650 036	1 135 421	–	–	1 565 256	2 358 672
Sovereign debt securities	1 147 111	1 365 464	1 953 382	2 416 839	364 620	294 914	3 465 113	4 077 217
Bank debt securities	249 719	275 173	1 336 325	1 423 904	147 863	180 028	1 733 907	1 879 105
Other debt securities	199 673	162 558	345 753	258 689	16 550	22 506	561 976	443 753
Derivative financial instruments	770 207	618 462	688 368	838 512	57 021	74 213	1 515 596	1 531 187
Securities arising from trading activities	475 757	459 732	131 683	84 503	7 162	8 269	614 602	552 504
Loans and advances to customers (gross)	6 415 347	6 220 626	8 954 612	9 822 215	1 430 301	1 730 920	16 800 260	17 773 761
Own originated loans and advances to customers (gross)	–	–	366 864	439 653	504 946	491 753	871 810	931 406
Other loans and advances (gross)	1 171 123	1 425 064	304 854	303 944	–	–	1 475 977	1 729 008
Other securitised assets (gross)	189 897	49 988	–	–	–	–	189 897	49 988
Other assets	56 580	78 141	28 536	59 506	–	–	85 116	137 647
Property and equipment	839	4 726	–	–	–	–	839	4 726
Total on-balance sheet credit and counterparty exposures	14 054 449	14 344 080	17 037 938	19 429 179	2 623 560	3 032 302	33 715 947	36 805 561
Guarantees^	15 642	22 521	568 122	519 376	33 162	39 075	616 926	580 971
Contingent liabilities, committed facilities and other	642 509	491 112	2 466 789	2 250 810	155 904	162 761	3 265 202	2 904 681
Total off-balance sheet exposures	658 151	513 633	3 034 911	2 770 186	189 066	201 836	3 882 128	3 485 652
Total gross credit and counterparty exposures pre collateral or other credit enhancements	14 712 600	14 857 713	20 072 849	22 199 365	2 812 626	3 234 138	37 598 075	40 291 213

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

** *Restated. Refer to page 155.*

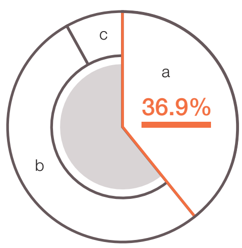
An analysis of gross credit and counterparty exposures by geography



30 September 2013

£37 598 million

a	UK and Other	39.1%
b	Southern Africa	53.4%
c	Australia	7.5%



31 March 2013

£40 291 million

a	UK and Other	36.9%
b	Southern Africa	55.1%
c	Australia	8.0%

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

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

£'000	Total credit and counterparty exposure	Assets that we deem to have no legal credit exposure	Note reference	Total balance sheet
As at 30 September 2013				
Cash and balances at central banks	1 940 744	3 101		1 943 845
Loans and advances to banks	2 420 703	–		2 420 703
Non-sovereign and non-bank cash placements	474 151	–		474 151
Reverse repurchase agreements and cash collateral on securities borrowed	1 565 256	–		1 565 256
Sovereign debt securities	3 465 113	–		3 465 113
Bank debt securities	1 733 907	–		1 733 907
Other debt securities	561 976	12 310		574 286
Derivative financial instruments	1 515 596	485 409		2 001 005
Securities arising from trading activities	614 602	364 046		978 648
Investment portfolio	–	852 199	1	852 199
Loans and advances to customers	16 800 260	(280 422)	2	16 519 838
Own originated loans and advances to customers securitised	871 810	(649)	2	871 161
Other loans and advances	1 475 977	423 740	3	1 899 717
Other securitised assets	189 897	3 616 925	4	3 806 822
Interest in associated undertakings	–	25 728		25 728
Deferred taxation assets	–	132 750		132 750
Other assets	85 116	1 635 162	5	1 720 278
Property and equipment	839^	123 559		124 398
Investment properties	–	395 277		395 277
Goodwill	–	456 284		456 284
Intangible assets	–	167 871		167 871
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	5 400 964		5 400 964
Total on-balance sheet exposures	33 715 947	13 814 254		47 530 201

^ *Reflects future receivables in respect of assets subject to operating lease contracts.*

1. *Largely relates to exposures that are classified as equity risk in the banking book. Further information is provided on pages 76 to 78.*
2. *Largely relates to impairments and the impact of hedge accounting.*
3. *Whilst the group manages all risks (including credit risk) from a day-to-day operational perspective, these assets are within special purpose vehicles that ring-fence the assets to specific credit providers and limit security to the assets in the vehicle. The table above reflects the net credit exposure in the vehicles that the group has reflected in the 'total credit and counterparty exposure' with the maximum credit exposure referenced to credit providers external to the group in the column headed 'assets that we deem to have no legal credit exposure'.*
4. *Largely relates to net investments in Kensington securitised vehicles to which Investec has no direct exposure as discussed on pages 81 to 84. Also includes liquidity facilities provided to third party corporate securitisation vehicles in South Africa. These facilities have remained undrawn and are reflected as a contingent liability, i.e. off-balance sheet exposure of the bank.*
5. *Other assets include settlement debtors where we deem to have no credit risk exposure as they are settled on a delivery against payment basis.*

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

£'000	Total credit and counterparty exposure	Assets that we deem to have no legal credit exposure	Note reference	Total balance sheet
As at 31 March 2013**				
Cash and balances at central banks	1 779 576	2 871		1 782 447
Loans and advances to banks	3 136 051	–		3 136 051
Non-sovereign and non-bank cash placements	420 960	–		420 960
Reverse repurchase agreements and cash collateral on securities borrowed	2 358 672	–		2 358 672
Sovereign debt securities	4 077 217	–		4 077 217
Bank debt securities	1 879 105	–		1 879 105
Other debt securities	443 753	5 463		449 126
Derivative financial instruments	1 531 187	451 945		1 983 132
Securities arising from trading activities	552 504	379 099		931 603
Investment portfolio	–	928 893	1	928 893
Loans and advances to customers	17 773 761	(289 237)	2	17 484 524
Own originated loans and advances to customers securitised	931 406	(957)	2	930 449
Other loans and advances	1 729 008	304 965	3	2 033 973
Other securitised assets	49 988	3 935 220	4	4 003 208
Interest in associated undertakings	–	27 950		27 950
Deferred taxation assets	–	165 457		165 457
Other assets	137 647	1 821 903	5	1 959 550
Property and equipment	4 726^	129 375		134 101
Investment properties	–	451 975		451 975
Goodwill	–	466 906		466 906
Intangible assets	–	178 567		178 567
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	6 226 142		6 226 142
Total on-balance sheet exposures	36 805 561	15 204 537		52 010 098

^ *Reflects future receivables in respect of assets subject to operating lease contracts.*

** *Restated. Refer page 155.*

1. *Largely relates to exposures that are classified as equity risk in the banking book. Further information is provided on pages 76 to 78.*
2. *Largely relates to impairments and the impact of hedge accounting.*
3. *Whilst the group manages all risks (including credit risk) from a day-to-day operational perspective, these assets are within special purpose vehicles that ring-fence the assets to specific credit providers and limit security to the assets in the vehicle. The table above reflects the net credit exposure in the vehicles that the group has reflected in the 'total credit and counterparty exposure' with the maximum credit exposure referenced to credit providers external to the group in the column headed 'assets that we deem to have no legal credit exposure'.*
4. *Largely relates to net investments in Kensington securitised vehicles to which Investec has no direct exposure as discussed on pages 81 to 84. Also includes liquidity facilities provided to third party corporate securitisation vehicles in South Africa. These facilities have remained undrawn and are reflected as a contingent liability, i.e. off-balance sheet exposure of the bank.*
5. *Other assets include settlement debtors where we deem to have no credit risk exposure as they are settled on a delivery against payment basis.*

Financial review and additional information

3

Gross credit and counterparty exposures by residual contractual maturity as at 30 September 2013

£'000	Up to three months	Three to six months	Six months to one year	One to five years	Five to 10 years	>10 years	Total
Cash and balances at central banks	1 940 744	–	–	–	–	–	1 940 744
Loans and advances to banks	2 236 020	2 803	77 108	76 678	28 094	–	2 420 703
Non-sovereign and non-bank cash placements	474 151	–	–	–	–	–	474 151
Reverse repurchase agreements and cash collateral on securities borrowed	1 309 162	89 065	12 160	85 002	46 190	23 677	1 565 256
Sovereign debt securities	1 174 490	553 908	494 814	203 919	344 834	693 148	3 465 113
Bank debt securities	23 175	101 951	521 505	821 862	265 414	–	1 733 907
Other debt securities	12 762	17 622	–	87 526	327 104	116 962	561 976
Derivative financial instruments	449 688	46 677	222 417	482 814	123 004	190 996	1 515 596
Securities arising from trading activities	150 738	950	15 264	202 998	23 752	220 900	614 602
Loans and advances to customers (gross)	3 307 803	609 733	1 474 308	7 421 572	1 454 500	2 532 344	16 800 260
Own originated loans and advances to customers securitised (gross)	27 765	16 189	42 415	441 775	54 230	289 436	871 810
Other loans and advances (gross)	–	4 233	–	46 881	1 532	1 423 331	1 475 977
Other securitised assets (gross)	–	–	–	–	–	189 897	189 897
Other assets	83 335	1 781	–	–	–	–	85 116
Property and equipment	300	200	300	39	–	–	839
Total on-balance sheet exposures	11 190 133	1 445 112	2 860 291	9 871 066	2 668 654	5 680 691	33 715 947
Guarantees	81 201	20 095	30 521	181 950	139 974	163 185	616 926
Contingent liabilities, committed facilities and other	697 959	55 311	279 940	1 078 884	126 712	1 026 396	3 265 202
Total off-balance sheet exposures	779 160	75 406	310 461	1 260 834	266 686	1 189 581	3 882 128
Total gross credit and counterparty exposures pre collateral or other credit enhancements	11 969 293	1 520 518	3 170 752	11 131 900	2 935 340	6 870 272	37 598 075

Detailed analysis of gross credit and counterparty exposures by industry as at 30 September 2013

£'000	HNW and professional individuals	Lending collateralised by property – largely to private clients*	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business services	Finance and insurance
Cash and balances at central banks	–	–	–	–	1 940 744	–	–
Loans and advances to banks	–	–	–	–	–	–	2 420 703
Non-sovereign and non-bank cash placements	492	–	–	–	–	13 193	69 151
Reverse repurchase agreements and cash collateral on securities borrowed	28 403	–	–	1 637	–	–	1 459 781
Sovereign debt securities	–	–	–	–	3 465 113	–	–
Bank debt securities	–	–	–	–	–	–	1 733 907
Other debt securities	–	–	–	17 546	–	–	269 269
Derivative financial instruments	13 579	315	590	27 032	3 625	8 666	1 278 586
Securities arising from trading activities	–	–	–	229	476 250	31	102 781
Loans and advances to customers (gross)	5 476 137	5 275 628	87 487	503 045	234 824	622 789	795 756
Own originated loans and advances to customers securitised (gross)	871 773	37	–	–	–	–	–
Other loans and advances (gross)	84 403	–	–	–	–	–	184 320
Other securitised assets (gross)	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	82 763
Property and equipment	–	–	–	–	–	–	87
Total on-balance sheet exposures	6 474 787	5 275 980	88 077	549 489	6 120 556	644 679	8 397 104
Guarantees	143 742	84 478	–	4 698	49 447	8 575	39 186
Contingent liabilities, committed facilities and other	1 439 468	499 298	13 993	356 070	8 241	137 661	169 340
Total off-balance sheet exposures	1 583 210	583 776	13 993	360 768	57 688	146 236	208 526
Total gross credit and counterparty exposures pre collateral or other credit enhancements	8 057 997	5 859 756	102 070	910 257	6 178 244	790 915	8 605 630

** Further information is provided on pages 27 and 23.*
^ Historical legacy positions (largely in the Kensington portfolio) to non-target market clients.

Retailers and wholesalers	Manufac-turing and commerce	Construc-tion	Corporate commercial real estate	Other residential mortgages^	Mining and resources	Leisure, entertain-ment and tourism	Transport	Commun-ication	Total
–	–	–	–	–	–	–	–	–	1 940 744
–	–	–	–	–	–	–	–	–	2 420 703
104 033	166 731	13 316	–	–	57 141	–	46 961	3 133	474 151
–	70 058	–	–	–	–	–	5 377	–	1 565 256
–	–	–	–	–	–	–	–	–	3 465 113
–	–	–	–	–	–	–	–	–	1 733 907
11 118	–	–	32 511	–	118 524	–	55 103	57 905	561 976
41 042	37 023	16 147	45 781	1 098	26 932	7 683	5 192	2 305	1 515 596
8 564	9 196	8 349	–	–	4 712	–	4 490	–	614 602
558 162	1 009 151	136 010	319 907	21 433	382 487	208 583	732 616	436 245	16 800 260
–	–	–	–	–	–	–	–	–	871 810
–	–	–	–	1 207 254	–	–	–	–	1 475 977
–	–	–	–	189 897	–	–	–	–	189 897
–	1 781	–	–	124	–	448	–	–	85 116
–	215	–	–	–	–	–	537	–	839
722 919	1 294 155	173 822	398 199	1 419 806	589 796	216 714	850 276	499 588	33 715 947
578	142 356	29	1 604	608	66 363	66 254	9 008	–	616 926
67 211	94 753	42 079	55	20 127	162 707	23 817	121 514	108 868	3 265 202
67 789	237 109	42 108	1 659	20 735	229 070	90 071	130 522	108 868	3 882 128
790 708	1 531 264	215 930	399 858	1 440 541	818 866	306 785	980 798	608 456	37 598 075

Detailed analysis of gross credit and counterparty exposures by industry as at 31 March 2013

£'000	HNW and professional individuals	Lending collateralised by property – largely to private clients	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business services	Finance and insurance
Cash and balances at central banks	–	–	–	–	1 779 576	–	–
Loans and advances to banks	–	–	–	–	–	–	3 136 051
Non-sovereign and non-bank cash placements	–	–	7 178	–	–	24 141	131 814
Reverse repurchase agreements and cash collateral on securities borrowed	29 613	–	–	8 532	–	–	2 275 552
Sovereign debt securities	–	–	–	–	4 077 217	–	–
Bank debt securities	–	–	–	–	–	–	1 879 105
Other debt securities	–	–	–	10 579	–	–	307 335
Derivative financial instruments	9 402	–	107	22 582	4 674	10 500	1 314 171
Securities arising from trading activities	–	–	–	260	480 506	–	50 212
Loans and advances to customers (gross)	5 655 781	5 683 283	84 674	495 769	251 737	819 896	897 390
Own originated loans and advances to customers securitised (gross)	931 371	35	–	–	–	–	–
Other loans and advances (gross)	–	–	–	–	–	–	176 366
Other securitised assets (gross)	–	–	–	–	–	–	27 544
Other assets	62	–	–	24	–	–	115 944
Property and equipment	–	–	–	8	32	2 192	809
Total on-balance sheet exposures	6 626 229	5 683 318	91 959	537 754	6 593 742	856 729	10 312 293
Guarantees	180 356	105 996	–	11 851	42	1 690	4 672
Contingent liabilities, committed facilities and other	1 491 009	517 176	14 320	46 244	5 878	99 721	58 400
Total off-balance sheet exposures	1 671 365	623 172	14 320	58 095	5 920	101 411	63 072
Total gross credit and counterparty exposures pre collateral or other credit enhancements	8 297 594	6 306 490	106 279	595 849	6 599 662	958 140	10 375 365

^ *Historical legacy positions (largely in the Kensington portfolio) to non-target market clients.*

	Retailers and wholesalers	Manufacturing and commerce	Construction	Corporate commercial real estate	Other residential mortgages^	Mining and resources	Leisure, entertainment and tourism	Transport	Communication	Total
	–	–	–	–	–	–	–	–	–	1 779 576
	–	–	–	–	–	–	–	–	–	3 136 051
	90 180	94 750	2 380	–	–	41 520	–	18 921	10 076	420 960
	–	40 073	–	–	–	–	–	4 902	–	2 358 672
	–	–	–	–	–	–	–	–	–	4 077 217
	–	–	–	–	–	–	–	–	–	1 879 105
	12 554	–	7 270	47 387	–	42 786	–	15 842	–	443 753
	15 396	21 005	24 268	90 357	–	6 826	3 498	8 197	204	1 531 187
	6 858	–	–	–	–	8 500	–	6 168	–	552 504
	529 823	973 981	101 724	245 588	–	379 151	228 761	533 667	712 536	17 773 761
	–	–	–	–	–	–	–	–	–	931 406
	–	–	–	–	1 552 586	–	–	56	–	1 729 008
	–	–	–	22 444	–	–	–	–	–	49 988
	–	187	–	20 558	–	697	–	–	175	137 647
	528	426	65	248	–	11	1	406	–	4 726
	655 339	1 130 422	135 707	426 582	1 552 586	479 491	232 260	588 159	722 991	36 805 561
	36 241	17 918	79 556	994	–	127 394	13 131	1 130	–	580 971
	54 763	77 531	4 971	57 008	–	189 066	25 331	190 307	72 956	2 904 681
	91 004	95 449	84 527	58 002	1 552 586	316 460	38 462	191 437	72 956	3 485 652
	746 343	1 225 871	220 234	484 584	1 552 586	795 951	270 722	779 596	795 947	40 291 213

Private client loans account for 65.8% of total gross core loans and advances.

Summary analysis of gross credit and counterparty exposures by industry

The remainder of core loans and advances largely relate to corporate client lending and are evenly spread across industry sectors.

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

	Gross core loans and advances		Other credit and counterparty exposures		Total	
£'000	30 Sept 2013	31 March 2013	30 Sept 2013	31 March 2013	30 Sept 2013	31 March 2013
HNW and professional individuals	6 347 910	6 587 152	1 710 087	2 333 614	8 057 997	8 297 594
Lending collateralised by property – largely to private clients	5 275 665	5 683 318	584 091	623 172	5 859 756	6 306 490
Agriculture	87 487	84 674	14 583	21 605	102 070	106 279
Electricity, gas and water (utility services)	503 045	495 769	407 212	100 080	910 257	595 849
Public and non-business services	234 824	251 737	5 943 420	6 347 925	6 178 244	6 599 662
Business services	622 789	819 896	168 126	138 244	790 915	958 140
Finance and insurance	795 756	897 390	7 809 874	9 477 975	8 605 630	10 375 365
Retailers and wholesalers	558 162	529 823	232 546	216 520	790 708	746 343
Manufacturing and commerce	1 009 151	973 981	522 113	251 890	1 531 264	1 225 871
Construction	136 010	101 724	79 920	118 510	215 930	220 234
Corporate commercial real estate	319 907	245 588	79 951	238 996	399 858	484 584
Other residential mortgages	21 433	–	1 419 108	1 552 586	1 440 541	1 552 586
Mining and resources	382 487	379 151	436 379	416 800	818 866	795 951
Leisure, entertainment and tourism	208 583	228 761	98 202	41 961	306 785	270 722
Transport	732 616	533 667	248 182	245 929	980 798	779 596
Communication	436 245	712 536	172 211	83 412	608 456	795 948
Total	17 672 070	18 705 167	19 926 005	21 586 046	37 598 075	40 291 213

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

Calculation of core loans and advances to customers

£'000	30 Sept 2013	31 March 2013
Loans and advances to customers as per the balance sheet	16 519 838	17 484 524
Add: own originated loans and advances securitised as per the balance sheet	871 161	930 449
Net core loans and advances to customers	17 390 999	18 414 973

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

£'000	30 Sept 2013	31 March 2013
Gross core loans and advances to customers	17 672 070	18 705 167
Total impairments	(281 071)	(290 194)
Portfolio impairments	(17 022)	(15 531)
Specific impairments	(264 049)	(274 663)
Net core loans and advances to customers	17 390 999	18 414 973
Average gross core loans and advances to customers	18 188 619	18 601 373
Current loans and advances to customers	16 661 174	17 646 205
Past due loans and advances to customers (1 – 60 days)	157 376	177 080
Special mention loans and advances to customers	95 972	89 691
Default loans and advances to customers	757 548	792 191
Gross core loans and advances to customers	17 672 070	18 705 167
Current loans and advances to customers	16 661 174	17 646 205
Default loans that are current and not impaired	6 958	12 398
Gross core loans and advances to customers that are past due but not impaired	321 125	359 034
Gross core loans and advances to customers that are impaired	682 813	687 530
Gross core loans and advances to customers	17 672 070	18 705 167
Total income statement charge for core loans and advances	(64 459)	(156 727)
Gross default loans and advances to customers	757 548	792 191
Specific impairments	(264 049)	(274 663)
Portfolio impairments	(17 022)	(15 531)
Defaults net of impairments	476 477	501 997
Collateral and other credit enhancements	559 075	634 309
Net default loans and advances to customers (limited to zero)	–	–
Ratios		
Total impairments as a % of gross core loans and advances to customers	1.59%	1.55%
Total impairments as a % of gross default loans	37.10%	36.63%
Gross defaults as a % of gross core loans and advances to customers	4.29%	4.24%
Defaults (net of impairments) as a % of net core loans and advances to customers	2.74%	2.73%
Net defaults as a % of gross core loans and advances to customers	–	–
Annualised credit loss ratio (i.e. income statement impairment charge as a % of average gross core loans and advances)	0.71%	0.84%

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

	UK and Other		Southern Africa		Australia		Total group	
£'000	30 Sept 2013	31 March 2013	30 Sept 2013	31 March 2013	30 Sept 2013	31 March 2013	30 Sept 2013	31 March 2013
Gross core loans and advances to customers	6 415 347	6 220 626	9 321 476	10 261 868	1 935 247	2 222 673	17 672 070	18 705 167
Total impairments	(180 356)	(175 563)	(94 679)	(97 004)	(6 036)	(17 627)	(281 071)	(290 194)
Portfolio impairments	(7 010)	(5 000)	(8 559)	(8 835)	(1 453)	(1 696)	(17 022)	(15 531)
Specific impairments	(173 346)	(170 563)	(86 120)	(88 169)	(4 583)	(15 931)	(264 049)	(274 663)
Net core loans and advances to customers	6 234 991	6 045 063	9 226 797	10 164 864	1 929 211	2 205 046	17 390 999	18 414 973
% of total	35.9%	32.8%	53.1%	55.2%	11.0%	12.0%	100%	100.0%
% change since 31 March 2013*	3.1%	–	(9.2%)	–	(12.9%)	–	(5.6%)	–
Average gross core loans and advances to customers	6 317 987	6 080 420	9 791 673	10 429 335	2 078 960	2 091 618	18 188 619	18 601 373
Current loans and advances to customers	5 862 148	5 641 901	8 913 386	9 864 944	1 885 640	2 139 360	16 661 174	17 646 205
Past due loans and advances to customers (1 – 60 days)	87 114	113 724	50 936	45 731	19 326	17 625	157 376	177 080
Special mention loans and advances to customers	22 620	26 972	69 970	61 724	3 382	995	95 972	89 691
Default loans and advances to customers	443 465	438 029	287 184	289 469	26 899	64 693	757 548	792 191
Gross core loans and advances to customers	6 415 347	6 220 626	9 321 476	10 261 868	1 935 247	2 222 673	17 672 070	18 705 167
Current core loans and advances to customers	5 862 148	5 641 901	8 913 386	9 864 944	1 885 640	2 139 360	16 661 174	17 646 205
Default loans that are current and not impaired	–	8 006	6 958	4 392	–	–	6 958	12 398
Gross core loans and advances to customers that are past due but not impaired	112 951	146 038	179 410	181 101	28 764	31 895	321 125	359 034
Gross core loans and advances to customers that are impaired	440 248	424 681	221 722	211 431	20 843	51 418	682 813	687 530
Gross core loans and advances to customers	6 415 347	6 220 626	9 321 476	10 261 868	1 935 247	2 222 673	17 672 070	18 705 167
Total income statement charge for core loans and advances	(29 174)	(76 902)	(19 694)	(61 976)	(15 591)	(17 849)	(64 459)	(156 727)
Gross default loans and advances to customers	443 465	438 029	287 184	289 469	26 899	64 693	757 548	792 191
Specific impairments	(173 346)	(170 563)	(86 120)	(88 170)	(4 583)	(15 931)	(264 049)	(274 663)
Portfolio impairments	(7 010)	(5 000)	(8 559)	(8 834)	(1 453)	(1 696)	(17 022)	(15 531)
Defaults net of impairments	263 109	262 466	192 505	192 465	20 863	47 066	476 477	501 997
Collateral and other credit enhancements	273 084	306 490	263 247	277 988	22 744	49 831	559 075	634 309
Net default loans and advances to customers (limited to zero)	–	–	–	–	–	–	–	–

* *Impacted by depreciation of the Rand and Australian Dollar against Pound Sterling as discussed on page 54.*

	UK and Other		Southern Africa		Australia		Total group	
	30 Sept 2013	31 March 2013	30 Sept 2013	31 March 2013	30 Sept 2013	31 March 2013	30 Sept 2013	31 March 2013
Ratios								
Total impairments as a % of gross core loans and advances to customers	2.81%	2.82%	1.02%	0.95%	0.31%	0.79%	1.59%	1.55%
Total impairments as a % of gross default loans	40.67%	40.08%	32.97%	33.51%	22.44%	27.25%	37.10%	36.63%
Gross defaults as a % of gross core loans and advances to customers	6.91%	7.04%	3.08%	2.82%	1.39%	2.91%	4.29%	4.24%
Defaults (net of impairments) as a % of net core loans and advances to customers	4.22%	4.34%	2.09%	1.89%	1.08%	2.13%	2.74%	2.73%
Net defaults as a % of core loans and advances to customers	–	–	–	–	–	–	–	–
Annualised credit loss ratio (i.e. income statement impairment charge as a % of average gross core loans and advances)	0.92%	1.26%	0.40%	0.61%	1.50%	0.85%	0.71%	0.84%

An age analysis of past due and default core loans and advances to customers

£'000	30 Sept 2013	31 March 2013
Default loans that are current	436 622	471 582
1 – 60 days	270 382	232 980
61 – 90 days	55 725	50 153
91 – 180 days	51 841	34 868
181 – 365 days	33 273	50 339
>365 days	163 053	219 040
Past due and default core loans and advances to customers (actual capital exposure)	1 010 896	1 058 962
1 – 60 days	76 637	61 830
61 – 90 days	8 862	5 087
91 – 180 days	26 542	6 910
181 – 365 days	11 406	30 215
>365 days	137 725	178 083
Past due and default core loans and advances to customers (actual amount in arrears)	261 172	282 125

A further age analysis of past due and default core loans and advances to customers

£'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	>365 days	Total
As at 30 September 2013							
Watchlist loans neither past due nor impaired							
Total capital exposure	6 958	–	–	–	–	–	6 958
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	–	208 097	39 456	28 410	14 627	30 535	321 125
Amount in arrears	–	51 891	2 267	14 645	5 163	24 203	98 169
Gross core loans and advances to customers that are impaired							
Total capital exposure	429 664	62 284	16 269	23 431	18 646	132 519	682 813
Amount in arrears	–	24 746	6 595	11 897	6 243	113 522	163 003
As at 31 March 2013							
Watchlist loans neither past due nor impaired							
Total capital exposure	12 398	–	–	–	–	–	12 398
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	–	225 029	48 424	26 251	15 987	43 343	359 034
Amount in arrears	–	58 419	4 768	5 161	9 184	32 262	109 794
Gross core loans and advances to customers that are impaired							
Total capital exposure	459 184	7 951	1 729	8 617	34 352	175 697	687 530
Amount in arrears	–	3 411	319	1 749	21 031	145 821	172 331

An age analysis of past due and default core loans and advances to customers as at 30 September 2013 (based on total capital exposure)

£'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	>365 days	Total
Past due (1 – 60 days)	–	157 376	–	–	–	–	157 376
Special mention	–	48 547	32 069	1 504	5 870	7 982	95 972
Special mention (1 – 90 days)	–	48 547	1 602	1 504*	5 870*	7 982*	65 505
Special mention (61 – 90 days and item well secured)	–	–	30 467	–	–	–	30 467
Default	436 622	64 459	23 656	50 337	27 403	155 071	757 548
Sub-standard	152 206	10 798	7 387	26 909	21 510	22 552	241 362
Doubtful	131 247	53 559	16 262	23 419	5 774	130 972	361 233
Loss	153 169	102	7	9	119	1 547	154 953
Total	436 622	270 382	55 725	51 841	33 273	163 053	1 010 896

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

An age analysis of past due and default core loans and advances to customers as at 30 September 2013 (based on actual amount in arrears)

£'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	>365 days	Total
Past due (1 – 60 days)	–	21 697	–	–	–	–	21 697
Special mention	–	29 593	1 988	710	393	6 093	38 777
Special mention (1 – 90 days)	–	29 593	62	710*	393*	6 093*	36 851
Special mention (61 – 90 days and item well secured)	–	–	1 926	–	–	–	1 926
Default	–	25 347	6 874	25 832	11 013	131 632	200 698
Sub-standard	–	601	279	13 937	7 420	18 110	40 347
Doubtful	–	24 644	6 588	11 886	3 474	111 975	158 567
Loss	–	102	7	9	119	1 547	1 784
Total	–	76 637	8 862	26 542	11 406	137 725	261 172

An age analysis of past due and default core loans and advances to customers as at 31 March 2013 (based on total capital exposure)

£'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	>365 days	Total
Past due (1 – 60 days)	–	177 080	–	–	–	–	177 080
Special mention	–	38 473	41 644	1 459	5 648	2 467	89 691
Special mention (1 – 90 days)	–	38 473	5 699	1 459*	5 648*	2 467*	53 746
Special mention (61 – 90 days and item well secured)	–	–	35 945	–	–	–	35 945
Default	471 582	17 427	8 509	33 409	44 691	216 573	792 191
Sub-standard	147 164	9 488	6 781	24 986	10 339	54 251	253 009
Doubtful	159 365	7 730	1 728	8 330	34 326	160 463	371 942
Loss	165 053	209	–	93	26	1 859	167 240
Total	471 582	232 980	50 153	34 868	50 339	219 040	1 058 962

An age analysis of past due and default core loans and advances to customers as at 31 March 2013 (based on actual amount in arrears)

£'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	>365 days	Total
Past due (1 – 60 days)	–	21 627	–	–	–	–	21 627
Special mention	–	35 131	3 223	73	5 198	473	44 098
Special mention (1 – 90 days)	–	35 131	1 360	73*	5 198*	473*	42 235
Special mention (61 – 90 days and item well secured)	–	–	1 863	–	–	–	1 863
Default	–	5 072	1 864	6 837	25 017	177 610	216 400
Sub-standard	–	1 657	1 546	5 191	3 986	33 915	46 295
Doubtful	–	3 298	318	1 623	21 005	141 836	168 080
Loss	–	117	–	23	26	1 859	2 025
Total	–	61 830	5 087	6 910	30 215	178 083	282 125

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

An analysis of core loans and advances to customers

£'000	Gross core loans and advances that are neither past due nor impaired	Gross core loans and advances that are past due but not impaired	Gross core loans and advances that are impaired	Total gross core loans and advances (actual capital exposure)	Specific impairments	Portfolio impairments	Total net core loans and advances (actual capital exposure)	Actual amount in arrears
As at 30 September 2013								
Current core loans and advances	16 661 174	–	–	16 661 174	–	(16 325)	16 644 849	–
Past due (1 – 60 days)	–	157 376	–	157 376	–	(198)	157 178	21 697
Special mention	–	95 972	–	95 972	–	(489)	95 483	38 777
Special mention (1 – 90 days)	–	65 505	–	65 505	–	(463)	65 042	36 851
Special mention (61 – 90 days and item well secured)	–	30 467	–	30 467	–	(26)	30 441	1 926
Default	6 958	67 777	682 813	757 548	(264 049)	(10)	493 489	200 698
Sub-standard	6 958	67 777	166 627	241 362	(38 196)	(10)	203 156	40 347
Doubtful	–	–	361 233	361 233	(143 302)	–	217 931	158 567
Loss	–	–	154 953	154 953	(82 551)	–	72 402	1 784
Total	16 668 132	321 125	682 813	17 672 070	(264 049)	(17 022)	17 390 999	261 172
As at 31 March 2013								
Current core loans and advances	17 646 205	–	–	17 646 205	–	(14 620)	17 631 585	–
Past due (1 – 60 days)	–	177 080	–	177 080	–	(181)	176 899	21 629
Special mention	–	89 691	–	89 691	–	(715)	88 976	44 096
Special mention (1 – 90 days)	–	53 746	–	53 746	–	(635)	53 111	42 233
Special mention (61 – 90 days and item well secured)	–	35 945	–	35 945	–	(80)	35 865	1 863
Default	12 398	92 263	687 530	792 191	(274 663)	(15)	517 513	216 400
Sub-standard	10 398	92 263	150 348	253 009	(32 542)	(10)	220 457	46 295
Doubtful	2 000	–	369 942	371 942	(157 530)	(5)	214 407	168 080
Loss	–	–	167 240	167 240	(84 591)	–	82 649	2 025
Total	17 658 603	359 034	687 530	18 705 167	(274 663)	(15 531)	18 414 973	282 125

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

£'000	Private client, professional and HNW individuals	Corporate sector	Insurance, financial services (excluding sovereign)	Public and government sector (including central banks)	Trade finance and other	Total core loans and advances to customers
As at 30 September 2013						
Current core loans and advances	10 474 073	4 965 672	804 021	234 250	183 159	16 661 174
Past due (1 – 60 days)	135 565	14 866	–	–	6 945	157 376
Special mention	74 009	19 994	–	–	1 969	95 972
Special mention (1 – 90 days)	62 041	3 464	–	–	–	65 505
Special mention (61 – 90 days and item well secured)	11 968	16 530	–	–	1 969	30 467
Default	653 404	97 676	177	575	5 716	757 548
Sub-standard	209 790	31 570	–	–	2	241 362
Doubtful	290 278	64 595	71	575	5 714	361 233
Loss	153 336	1 511	106	–	–	154 953
Total gross core loans and advances to customers	11 337 050	5 098 208	804 198	234 825	197 789	17 672 070
Total impairments	(228 761)	(47 696)	(371)	(334)	(3 909)	(281 071)
Specific impairments	(214 393)	(45 326)	(160)	(261)	(3 909)	(264 049)
Portfolio Impairments	(14 368)	(2 370)	(211)	(73)	–	(17 022)
Net core loans and advances to customers	11 108 289	5 050 512	803 827	234 491	193 880	17 390 999
As at 31 March 2013						
Current core loans and advances	10 754 920	5 583 880	877 141	251 223	179 041	17 646 205
Past due (1 – 60 days)	119 379	50 214	–	–	7 487	177 080
Special mention	68 067	20 940	–	–	684	89 691
Special mention (1 – 90 days)	50 607	3 139	–	–	–	53 746
Special mention (61 – 90 days and item well secured)	17 460	17 801	–	–	684	35 945
Default	616 833	147 388	20 249	514	7 207	792 191
Sub-standard	216 676	36 126	–	–	207	253 009
Doubtful	234 908	109 271	20 249	514	7 000	371 942
Loss	165 249	1 991	–	–	–	167 240
Total gross core loans and advances to customers	11 559 199	5 802 422	897 390	251 737	194 419	18 705 167
Total impairments	(231 326)	(53 309)	(375)	(327)	(4 857)	(290 194)
Specific impairments	(222 654)	(46 761)	(64)	(327)	(4 857)	(274 663)
Portfolio Impairments	(8 672)	(6 548)	(311)	–	–	(15 531)
Net core loans and advances to customers	11 327 873	5 749 113	897 015	251 410	189 562	18 414 973

An analysis of default core loans and advances as at 30 September 2013

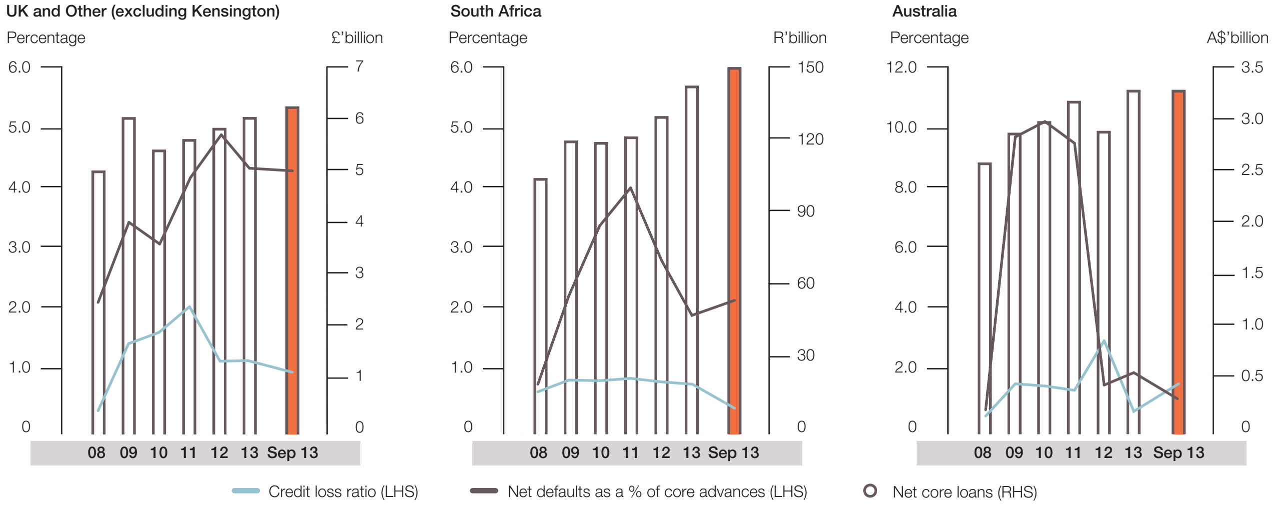
£'000	UK and Other					Southern Africa				
	Gross core loans	Gross defaults	Collateral	Balance sheet impairments	Income statement impairments for the six month period	Gross core loans	Gross defaults	Collateral	Balance sheet impairments	Income statement impairments for the six month period
Lending collateralised by property	2 563 045	359 263	215 710	(143 750)	(14 031)	2 560 702	165 381	148 590	(54 642)	(10 142)
Commercial real estate	1 632 621	120 510	66 733	(58 553)	(7 719)	2 371 271	77 193	80 570	(22 329)	(4 967)
Commercial real estate – investment	1 425 518	57 920	39 249	(13 523)	(4 540)	2 106 893	54 250	59 661	(16 685)	(3 671)
Commercial real estate – development	91 459	14 914	7 438	(8 315)	(206)	143 887	13 637	13 264	(1 914)	(1 484)
Commercial vacant land and planning	115 644	47 676	20 046	(36 715)	(2 973)	120 491	9 306	7 645	(3 730)	188
Residential real estate	930 424	238 753	148 977	(85 197)	(6 312)	189 431	88 188	68 020	(32 313)	(5 175)
Residential real estate – investment	401 334	43 872	29 768	(9 597)	(2 793)	–	–	–	–	–
Residential development	397 104	132 775	77 878	(56 220)	(3 020)	68 414	24 891	24 615	(2 813)	(1 502)
Residential vacant land and planning	131 986	62 106	41 331	(19 380)	(499)	121 017	63 297	43 405	(29 500)	(3 673)
HNW and other private client lending	1 258 049	21 152	26 072	(7 659)	(5 585)	3 831 176	88 979	92 703	(23 538)	(13 559)
Mortgages	854 654	3 550	2 840	(532)	(33)	2 396 513	41 104	45 563	(10 156)	(2 069)
HNW and specialised lending	403 395	17 602	23 232	(7 127)	(5 552)	1 434 663	47 875	47 140	(13 382)	(11 490)
Corporate and other lending	2 594 253	63 050	31 302	(28 947)	(9 558)	2 929 598	32 824	21 954	(16 499)	4 007
Acquisition finance	652 841	30 637	11 042	(16 219)	(5 298)	733 167	12 055	14 271	(311)	6 815
Fund finance	175 702	–	–	–	–	–	–	–	–	–
Investment and Portfolio gearing	6 561	–	–	–	–	–	–	–	–	–
Other corporates and financial institutions and governments	539 506	104	–	–	(110)	1 789 015	14 782	5 104	(13 138)	(615)
Asset finance	810 122	20 723	16 252	(5 150)	(2 350)	213 112	–	–	(594)	(201)
Large ticket asset finance	228 212	12 753	12 135	(618)	–	153 572	–	–	(594)	(201)
Small ticket asset finance	581 910	7 970	4 117	(4 532)	(2 350)	59 540	–	–	–	–
Project finance	384 138	11 586	4 008	(7 578)	(1 800)	194 304	5 987	2 579	(2 456)	(1 992)
Resource finance and commodities	25 383	–	–	–	–	–	–	–	–	–
Total	6 415 347	443 465	273 084	(180 356)	(29 174)	9 321 476	287 184	263 247	(94 679)	(19 694)

Australia					Total group				
Gross core loans	Gross defaults	Collateral	Balance sheet impair-ments	Income statement impairments for the six month period	Gross core loans	Gross defaults	Collateral	Balance sheet impair-ments	Income statement impairments for the six month period
151 918	13 146	10 461	(2 686)	(6 579)	5 275 665	537 790	374 761	(201 078)	(30 752)
88 403	7 174	7 173	–	(1 324)	4 092 295	204 877	154 476	(80 882)	(14 010)
84 995	7 174	7 173	–	(1 324)	3 617 406	119 344	106 083	(30 208)	(9 535)
219	–	–	–	–	235 565	28 551	20 702	(10 229)	(1 690)
3 189	–	–	–	–	239 324	56 982	27 691	(40 445)	(2 785)
63 515	5 972	3 288	(2 686)	(5 255)	1 183 370	332 913	220 285	(120 196)	(16 742)
1 427	227	227	–	–	402 761	44 099	29 995	(9 597)	(2 793)
40 660	–	–	–	(690)	506 178	157 666	102 493	(59 033)	(5 212)
21 428	5 745	3 061	(2 686)	(4 565)	274 431	131 148	87 797	(51 566)	(8 737)
1 258 685	5 481	4 083	(3 279)	(2 003)	6 347 910	115 612	122 858	(34 476)	(21 147)
14 418	–	–	–	–	3 265 585	44 654	48 403	(10 688)	(2 102)
1 244 267	5 481	4 083	(3 279)	(2 003)	3 082 325	70 958	74 455	(23 788)	(19 045)
524 644	8 272	8 200	(71)	(7 009)	6 048 495	104 146	61 456	(45 517)	(12 560)
157 270	7 605	7 605	–	(6 935)	1 543 278	50 297	32 918	(16 530)	(5 418)
				–	175 702	–	–	–	–
33 485	–	–	–	–	40 046	–	–	–	–
127 363	–	–	–	–	2 455 884	14 886	5 104	(13 138)	(725)
85 196	667	595	(71)	(74)	1 108 430	21 390	16 847	(5 815)	(2 625)
31 118	261	189	(71)	–	412 902	13 014	12 324	(1 283)	(201)
5 4078	406	406	–	(74)	695 528	8 376	4 523	(4 532)	(2 424)
66 275	–	–	–	–	644 717	17 573	6 587	(10 034)	(3 792)
55 055	–	–	–	–	80 438	–	–	–	–
					–	–	–	–	–
1 935 247	26 899	22 744	(6 036)	(15 591)	17 672 070	757 548	559 075	(281 071)	(64 459)

Financial review and additional information

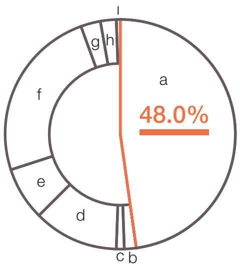
3

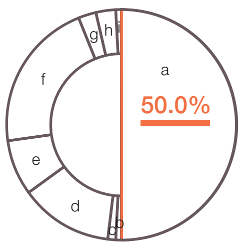
Asset quality trends



Additional information

An analysis of gross core loans and advances to customers by country of exposures





30 September 2013
£17 672 million

a	South Africa	48.0%
b	Africa (excluding RSA)	1.5%
c	Asia	1.2%
d	Australia	12.0%
e	Europe (excluding UK)	7.3%
f	United Kingdom	24.6%
g	Europe (Non-EU)	2.7%
h	North America	2.3%
i	Other	0.4%

31 March 2013
£18 705 million

a	South Africa	50.0%
b	Africa (excluding RSA)	1.0%
c	Asia	1.2%
d	Australia	13.0%
e	Europe (excluding UK)	7.7%
f	United Kingdom	21.0%
g	Europe (Non-EU)	2.7%
h	North America	2.8%
i	Other	0.6%

Collateral

A summary of total collateral

£'000	Collateral held against: Core loans and advances	Collateral held against: Other credit and counterparty exposures*	Total
As at 30 September 2013			
Eligible financial collateral	1 471 932	709 994	2 181 926
Listed shares	1 263 918	339 193	1 603 111
Cash	208 014	20 056	228 070
Debt securities issued by sovereigns	–	350 745	350 745
Mortgage bonds	15 362 825	876 038	16 238 863
Residential mortgages	6 415 719	873 367	7 289 086
Residential development	721 927	–	721 927
Commercial property development	1 058 749	2 582	1 061 331
Commercial property investments	7 166 430	89	7 166 519
Other collateral	8 840 099	159 774	8 999 873
Unlisted shares	1 955 380	88 527	2 043 907
Bonds other than mortgage bonds	516 010	15 804	531 814
Debtors, stock and other corporate assets	3 174 111	–	3 174 111
Guarantees	1 189 124	1 301	1 190 425
Other	2 005 474	54 142	2 059 616
Total collateral	25 674 856	1 745 806	27 420 662
As at 31 March 2013			
Eligible financial collateral	2 624 867	1 962 016	4 586 883
Listed shares	2 404 170	801 920	3 206 090
Cash	220 697	826 467	1 047 164
Debt securities issued by sovereigns	–	333 629	333 629
Mortgage bonds	17 057 263	1 256 547	18 313 810
Residential mortgages	7 354 156	1 254 825	8 608 981
Residential development	727 057	–	727 057
Commercial property development	935 353	1 722	937 075
Commercial property investments	8 040 697	–	8 040 697
Other collateral	9 623 664	115 057	9 738 721
Unlisted shares	1 315 037	–	1 315 037
Bonds other than mortgage bonds	536 544	33 782	570 326
Debtors, stock and other corporate assets	2 794 513	–	2 794 513
Guarantees	1 348 085	51 400	1 399 485
Credit derivatives	–	4 050	4 050
Other	3 629 485	25 825	3 655 310
Total collateral	29 305 794	3 333 620	32 639 414

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

Equity and investment risk in the banking book represents a moderate percentage of our total assets and is managed within appropriate risk limits.

Equity and investment risk in the banking book

Equity and investment risk description

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

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

Valuation and accounting methodologies

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

For the six months to 30 September 2013 £'000 Country/category	Income (pre funding costs)				Fair value through equity
	Unrealised	Realised	Dividends	Total	
Unlisted investments	**26 491**	**31 980**	**3 623**	**62 094**	**1 627**
UK and Other	70	30 916	1 658	32 644	1 652
Southern Africa	26 421	1 125	1 958	29 504	–
Australia	–	(61)	7	(54)	(25)
Listed equities	**(8 731)**	**5 231**	**317**	**(3 183)**	**1 201**
UK and Other	(6 337)	3 394	266	(2 677)	764
Southern Africa	(2 394)	(225)	–	(2 619)	(614)
Australia	–	2 062	51	2 113	1 051
Investments and trading properties^	**2 581**	**236**	**–**	**2 817**	**–**
UK and Other	(1 084)	1 234	–	150	–
Southern Africa	5 306	(976)	–	4 330	–
Australia	(1 641)	(22)	–	(1 663)	–
Warrants, profit shares and other embedded derivatives	**8 386**	**5 870**	**–**	**14 256**	**–**
UK and Other	12 054	2 538	–	14 592	–
Southern Africa	(3 668)	3 332	–	(336)	–
Australia	–	–	–	–	–
Total	**28 727**	**43 317**	**3 940**	**75 984**	**2 828**

^ *For the purposes of the above analysis, the exposures arising from the consolidation of the Investec Property Fund have been reflected at the level of our economic ownership, being 50.01%. It is noted that the ultimate impact on the income statement reflects the group's net attributable earnings from the investment.*

For the year ended 31 March 2013 £'000 Country/category	Income (pre-funding costs)				Fair value through equity
	Unrealised	Realised	Dividends	Total	
Unlisted investments	16 473	36 901	13 747	67 121	(695)
UK and Other	7 934	1 113	2 177	11 224	(2 620)
Southern Africa	9 043	35 771	11 570	56 384	1 925
Australia	(504)	17	–	(487)	–
Listed equities	(36 517)	13 256	1 064	(22 197)	(3 534)
UK and Other	(6 639)	(196)	822	(6 013)	(4 774)
Southern Africa	(27 666)	13 405	2	(14 259)	–
Australia	(2 212)	47	240	(1 925)	1 240
Investment and trading properties^	(10 688)	59 888	–	49 200	–
UK and Other	–	202	–	202	–
Southern Africa	(9 599)	59 438	–	49 839	–
Australia	(1 089)	248	–	(841)	–
Warrants, profit shares and other embedded derivatives	32 968	2 762	–	35 730	–
UK and Other	29 821	–	–	29 821	–
Southern Africa	3 147	2 762	–	5 909	–
Australia	–	–	–	–	–
Total	2 236	112 807	14 811	129 854	(4 229)

^ *For the purposes of the above analysis, the exposures arising from the consolidation of the Investec Property Fund have been reflected at the level of our economic ownership, being 50.01%. It is noted that the ultimate impact on the income statement reflects the group's net attributable earnings from the investment.*

Unrealised revaluation gains through profit and loss are included in tier 1 capital. Revaluations that are posted directly to equity are excluded from capital within Investec Limited and included in tier 2 capital within Investec plc. The amount included in tier 2 capital for Investec plc is £4 million.

Summary of investments held and stress testing analyses

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

£'000 Country/category	On-balance sheet value of investments 30 Sept 2013	Valuation change stress test 30 Sept 2013*	On-balance sheet value of investments 31 March 2013	Valuation change stress test 31 March 2013*
Unlisted investments	741 105	111 166	872 099	130 815
UK and Other	257 124	38 569	328 662	49 299
Southern Africa	478 689	71 803	536 699	80 505
Australia	5 292	794	6 738	1 011
Listed equities	111 094	27 773	88 265	22 066
UK and Other	74 273	18 568	48 433	12 108
Southern Africa	34 261	8 565	35 040	8 760
Australia	2 560	640	4 792	1 198
Investment and trading properties^	510 033	74 977	571 067	82 563
UK and Other	54 994	10 999	59 438	10 738
Southern Africa	396 596	52 289	440 028	57 505
Australia	58 443	11 689	71 601	14 320
Warrants, profit shares and other embedded derivatives	105 626	36 969	105 076	36 776
UK and Other	81 128	28 395	72 187	25 265
Southern Africa	24 498	8 574	32 889	11 511
Australia	–	–	–	–
Total	1 467 858	250 885	1 636 507	272 220

^ *For the purposes of the above analysis, the exposures arising from the consolidation of the Investec Property Fund have been reflected at the level of our economic ownership, being 50.01%.*

* *In order to assess our earnings sensitivity to a movement in the valuation of these investments the following stress testing parameters are applied:*

Stress test values applied	
Unlisted investments	15%
Listed equities	25%
Trading properties	20%
Investment properties	10%
Warrants, profit shares and other embedded derivatives	35%

Stress testing summary

Based on the information as at 30 September 2013, as reflected above we could have a £250.9 million reversal in revenue (which assumes a year in which there is a 'severe stress scenario'). This would not cause the group to report a loss but could have a significantly negative impact on earnings for that period. The probability of all these asset classes in all geographies in which we operate being negatively impacted at the same time is very low, although the probability of listed equities being negatively impacted at the same time is very high.

Securitisation/credit investment and trading activities exposures

Overview

The group's definition of securitisation/credit investment activities (as explained below) is wider than the definition as applied for regulatory capital purposes, which largely focuses on those securitisations in which the group has achieved significant risk transfer. We however, believe that the information provided below is meaningful in that it groups all these related activities in order for a reviewer to obtain a fuller picture of the activities that we have conducted in this space. Some of the information provided below overlaps with the group's credit and counterparty exposure information.

Refer to page 57 for the balance sheet and credit risk classification.

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

UK and Other

The bank plays an originator role in the securitisation of assets it has originated. To date these have largely been residential mortgages. For regulatory purposes, special purpose entities (SPEs) are not considered where significant risk has been transferred to third parties. The positions we continue to hold in the securitisation will be either risk-weighted and/or deducted from capital. All of these transactions have been considered traditional securitisations. Historically, we also assisted in and on occasion, acted as sponsor in the development of select securitisation platforms with external third party originating intermediaries, providing limited warehouse funding lines to these intermediaries.

The bank has a portfolio of residential mortgages amounting to approximately £325 million, which could be earmarked for securitisation and are included in the numbers as presented on page 80.

We have also invested in/purchased rated structured credit instruments (including resecuritisation exposures). These exposures are largely in the UK and amount to £388 million at 30 September 2013 (31 March 2013: £422 million). This is intended as an investment rather than a trading portfolio.

We retain residual net exposures amounting to £814 million of the assets originated, warehoused and securitised by Kensington.

Further information is provided on pages 81 to 84.

South Africa

In South Africa, our securitisation business was established over ten years ago. Over this time, we have arranged a number of residential and commercial mortgage backed programmes, asset-backed commercial paper conduits, and third party securitisations.

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

Furthermore, we are sponsor to and provide a standby liquidity facility to Grayston Conduit 1 (RF) Limited Series 1 and Series 2. These facilities, which totalled R1.3 billion as at 30 September 2013 (31 March 2013: R1.1 billion), have not been drawn on and are thus reflected as off-balance sheet contingent exposures in terms of our credit analysis.

Refer to page 80.

We have also sought out select opportunities in the credit/debt markets and traded and invested in structured credit investments. These have largely been investments in rated instruments within the UK and Europe, totalling R3.4 billion at 30 September 2013 (31 March 2013: R3.3 billion).

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

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

Total assets that have been originated and securitised by the Private Client division amount to R6.0 billion at 30 September 2013 (31 March 2013: R6.1 billion) and include auto loans (R0.9 billion) and residential mortgages (R5.1 billion).

Australia

Investec Bank (Australia) Limited acquired Experien in October 2007 (now Investec Professional Finance). As is the case in the South African Private Client division, assets originated by the business have been securitised. These amount to A$874 million (31 March 2013: A$715 million).

The bank has also invested in select rated instruments in Australia residential mortgage backed transactions, totalling A$18 million at 30 September 2013 (31 March 2013: A$22 million). These investments are risk-weighted for regulatory capital purposes.

Credit analysis

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

Nature of exposure/activity	Exposure 30 Sept 2013 £'million	Exposure 31 March 2013 £'million	Internal balance sheet and credit risk classification	Asset quality – relevant comments
Structured credit investments*	705	773	Other debt securities and other loans and advances.	
Rated	611	675		
Unrated	94	98		
Kensington – mortgage assets: net exposure	814	848	Other securitised assets and other loans and advances. We are required to fully consolidate assets acquired from Kensington. However, only those assets to which we are at risk are reflected in this analysis with the balance reflected under 'no credit exposures'.	Refer to pages 81 to 84
Loans and advances to customers and investment in third party intermediary originating platforms (mortgage and auto loans) with the potential to be securitised	364	452	Other loans and advances.	
Private Client division assets which have been securitised	871	930	Own originated loans and advances to customers securitised.	Analysed as part of the group's overall asset quality on core loans and advances as reflected on page 65.
South Africa – liquidity facilities provided to third party corporate securitisation vehicles	78	80	Off-balance sheet credit exposure as these facilities have remained undrawn and reflect a contingent liability of the bank.	

* *Analysed further below.*

*Analysis of structured rated and unrated credit investments

£'million	30 September 2013			31 March 2013		
	Rated**	Unrated	Total	Rated**	Unrated	Total
US corporate loans	18	1	19	20	2	22
UK and European ABS	3	7	10	3	7	10
UK and European RMBS	473	60	533	522	57	579
UK and European CMBS	18	4	22	21	4	25
UK and European corporate loans	62	22	84	66	28	94
Australian RMBS	37	–	37	43	–	43
Total	**611**	**94**	**705**	**675**	**98**	**773**
Investec plc	399	71	470	438	69	507
Investec Limited	212	23	235	237	29	266

**Further analysis of rated structured credit investments as at 30 September 2013

£'million	AAA	AA	A	BBB	BB	B	C and below	Total
US corporate loans	–	–	–	11	7	–	–	18
UK and European ABS	–	–	–	3	–	–	–	3
UK and European RMBS	130	71	103	105	38	2	24	473
UK and European CMBS	–	–	–	13	5	–	–	18
UK and European corporate loans	19	23	16	4	–	–	–	62
Australian RMBS	11	14	–	12	–	–	–	37
Total as at 30 September 2013	**160**	**109**	**119**	**147**	**50**	**2**	**24**	**611**
Investec plc	160	72	51	58	32	2	24	399
Investec Limited	–	37	68	89	18	–	–	212
Total as at 31 March 2013	**160**	**120**	**154**	**120**	**67**	**30**	**24**	**675**

Kensington – summary and statistics

As at 30 September 2013	Warehouse book	Securitised portfolio	Total	% of Total
Assets and business activity statistics				
Mortgage assets under management (£'million)	1 249	1 912	3 161	
IFRS adjustments and cash in securitised vehicles (£'million)	(89)	371	282	
Mortgage assets under management (£'million)	1 338	1 541	2 879	
First charge % of total mortgage assets under management	94.8%	93.9%	94.3%	
Second charge % of total mortgage assets under management	5.2%	6.1%	5.7%	
Number of accounts	11 828	18 461	30 289	
Average loan balance (first charge)	143 752	103 310	118 933	
Largest loan balance	1 158 651	1 076 719	1 158 651	
Product mix (pre-IFRS adjustments) (£'million)	1 338	1 541	2 879	100.0%
Prime	3	–	3	0.1%
Near prime	411	325	736	25.6%
Prime buy to let	1	–	1	–
Adverse	289	1 129	1 418	49.2%
Adverse buy to let and right to buy	51	87	138	4.8%
Start – Irish operations	583	–	583	20.3%
Geographic distribution (£'million)	1 338	1 541	2 879	100.0%
UK – North	226	499	725	25.3%
UK – South West	56	106	162	5.6%
UK – South East	167	319	486	16.9%
Outer London	123	197	320	11.1%
Inner London	58	106	164	5.7%
Midlands	125	314	439	15.2%
Start – Irish operations	583	–	583	20.2%
Spread of value of properties (%)	100.0%	100.0%	100.0%	
>£500 000	3.6%	1.0%	2.0%	
>£250 000 <=£500 000	24.3%	10.0%	15.4%	
>£200 000 <=£250 000	16.8%	11.6%	13.6%	
>£150 000 <=£200 000	20.2%	20.0%	20.1%	
>£100 000 <=£150 000	22.5%	30.8%	27.5%	
>£70 000 <=£100 000	10.7%	20.5%	16.8%	
>£50 000 <=£70 000	1.5%	5.1%	3.8%	
<£50 000	0.4%	1.0%	0.8%	
Asset quality statistics				
Weighted average current LTV of portfolio (adjusted for house price def*)	107.4%	77.0%	91.1%	

* *Impairment provision is based on house price index assumptions of:*
UK: impairment assumes zero house price increase over the next five years and a -20% haircut for forced sale discount when repossessed properties are sold.
Ireland: Peak to trough decline of 53%, including calendar year: house price decline assumption of -2.8% for 2013, and house price decline/growth assumption of -1.8%, 2%, 3%, 3% per annum, respectively, for the period 2014 – 2017, and an additional forced sale discount of -5%.

Kensington – summary and statistics (continued)

As at 30 September 2013	Warehouse book	Securitised portfolio	Total	% of total
LTV spread – % of book	100.0%	100.0%	100.0%	
<= 65%	12.6%	25.8%	20.6%	
>65% – <70%	3.7%	7.8%	6.2%	
>70% – <75%	3.7%	8.6%	6.7%	
>75% – <80%	4.7%	9.6%	7.7%	
>80% – <85%	5.9%	11.8%	9.5%	
>85% – <90%	7.2%	10.0%	8.9%	
>90% – <95%	8.0%	7.7%	7.9%	
>95% – <100%	7.6%	6.4%	6.8%	
> 100%	46.6%	12.3%	25.7%	
% of accounts > 90 days in arrears	34.1%	23.3%	27.5%	
Number of accounts > 90 in arrears	4 029	4 299	8 328	
Total capital lent in arrears (£'million)	709	610	1 319	100.0%
Arrears 0 – 60 days	63	122	185	14.0%
Arrears 61 – 90 days	47	81	128	9.7%
Arrears >90 days	562	383	945	71.6%
Possession	37	24	61	4.7%
Debt to income ratio of clients (%)	19.8%	18.5%	19.1%	
Investec investment/exposure to assets reflected above (£'million)	968	18	986	
On balance sheet provision (£'million)			(172)	
Investec net investment/exposure to assets reflected above (£'million)			814	

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Kensington – summary and statistics (continued)

As at 31 March 2013	Warehouse book	Securitised portfolio	Total	% of Total
Assets and business activity statistics				
Mortgage assets under management (£'million)	1 306	2 028	3 334	
IFRS adjustments and cash in securitised vehicles (£'million)	(88)	382	294	
Mortgage assets under management (£'million)	1 394	1 646	3 040	
First charge % of total mortgage assets under management	94.6%	93.8%	94.2%	
Second charge % of total mortgage assets under management	5.4%	6.2%	5.8%	
Number of accounts	12 303	19 491	31 794	
Average loan balance (first charge)	144 116	104 685	119 778	
Largest loan balance	1 150 440	1 250 370	1 250 370	
Product mix (pre-IFRS adjustments) (£'million)	1 394	1 646	3 040	100.0%
Prime	4	–	4	0.1%
Near prime	434	342	776	25.5%
Prime buy to let	1	–	1	0.0%
Adverse	313	1 211	1 524	50.2%
Adverse buy to let and right to buy	53	93	146	4.8%
Start – Irish operations	589	–	589	19.4%
Geographic distribution (£'million)	1 394	1 646	3 040	100.0%
UK – North	242	535	777	25.5%
UK – South West	60	112	172	5.6%
UK – South East	177	339	516	17.0%
Outer London	131	209	340	11.2%
Inner London	63	113	176	5.8%
Midlands	132	338	470	15.5%
Start – Irish operations	589	–	589	19.4%
Spread of value of properties (%)	100.0%	100.0%	100.0%	
>£500 000	3.6%	1.0%	2.0%	
>£250 000 <=£500 000	24.0%	10.0%	15.4%	
>£200 000 <=£250 000	16.6%	11.6%	13.5%	
>£150 000 <=£200 000	20.3%	20.0%	20.1%	
>£100 000 <=£150 000	22.7%	30.8%	27.6%	
>£70 000 <=£100 000	10.8%	20.5%	16.8%	
>£50 000 <=£70 000	1.6%	5.1%	3.8%	
<£50 000	0.4%	1.0%	0.8%	
Asset quality statistics				
Weighted average current LTV of portfolio (adjusted for house price def*)	108.9%	77.9%	92.1%	

* *Impairment provision is based on house price index assumptions of:*
UK: Impairment assumes zero house price increase over the next five years and a -20% haircut for forced sale discount when repossessed properties are sold.
Ireland: Peak to through decline of 53%, including calendar year: house price decline assumption of -4.2% for 2012, and house price decline/growth assumption of -4.9%, 0%, 2%, 3% per annum respectively for the period 2013 – 2016 and an additional forced sale discount of -5%. In addition to the modelled impairment this year management have provided a further impairment amount, reflecting management judgement around uncertainties in the local market and positioning relative to peers.

Kensington – summary and statistics (continued)

As at 31 March 2013	Warehouse book	Securitised portfolio	Total	% of total
LTV spread - % of book	100.0%	100.0%	100.0%	
<= 65%	11.9%	24.6%	19.6%	
>65% – <70%	3.2%	6.9%	5.4%	
>70% – <75%	3.7%	8.8%	6.8%	
>75% – <80%	4.4%	9.5%	7.5%	
>80% – <85%	5.9%	11.6%	9.4%	
>85% – <90%	6.6%	11.0%	9.3%	
>90% – <95%	8.5%	8.3%	8.4%	
>95% – <100%	8.1%	6.7%	7.1%	
> 100%	47.7%	12.6%	26.5%	
% of accounts > 90 days in arrears	35.8%	25.8%	29.7%	
Number of accounts > 90 in arrears	4 406	5 024	9 430	
Total capital lent in arrears (£'million)	753	694	1 447	100.0%
Arrears 0 – 60 days	71	123	194	13.4%
Arrears 61 – 90 days	45	89	134	9.3%
Arrears >90 days	595	447	1 042	72.0%
Possession	42	35	77	5.3%
Debt to income ratio of clients (%)	19.7%	18.5%	19.1%	
Investec investment/exposure to assets reflected above (£'million)	1 008	22	1 030	
On balance sheet provision (£'million)			(182)	
Investec net investment/exposure to assets reflected above (£'million)			848	

Market risk in the trading book

Traded market risk description

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

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

Management and measurement of traded market risk

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

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

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

Measurement techniques used to quantify market risk arising from our trading activities include sensitivity analysis, value at risk (VaR), stressed VaR, expected tail loss (ETL) and extreme value theory (EVT). Stress testing and scenario analysis are used to simulate extreme conditions to supplement these core measures.

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

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

In South Africa, we have internal model approval from the SARB and so trading capital is calculated as a function of the 99% 10-day VaR as well as the 99% 10-day stressed VaR (sVaR). Backtesting results and a detailed stress testing pack are submitted to the regulator on a monthly basis. In the UK, the market risk capital requirement is measured using an internal risk management model, approved by the PRA, for netting certain parts of the portfolio, whilst the capital requirements of the whole portfolio are calculated using standard rules.

The graphs that follow show total daily VaR and profit and loss figures for our trading activities over the reporting period. The values shown are for the 99% one-day VaR, i.e. 99% of the time, the total trading activities will not lose more than the values depicted below. Based on these graphs, we can gauge the accuracy of the VaR figures.

VaR

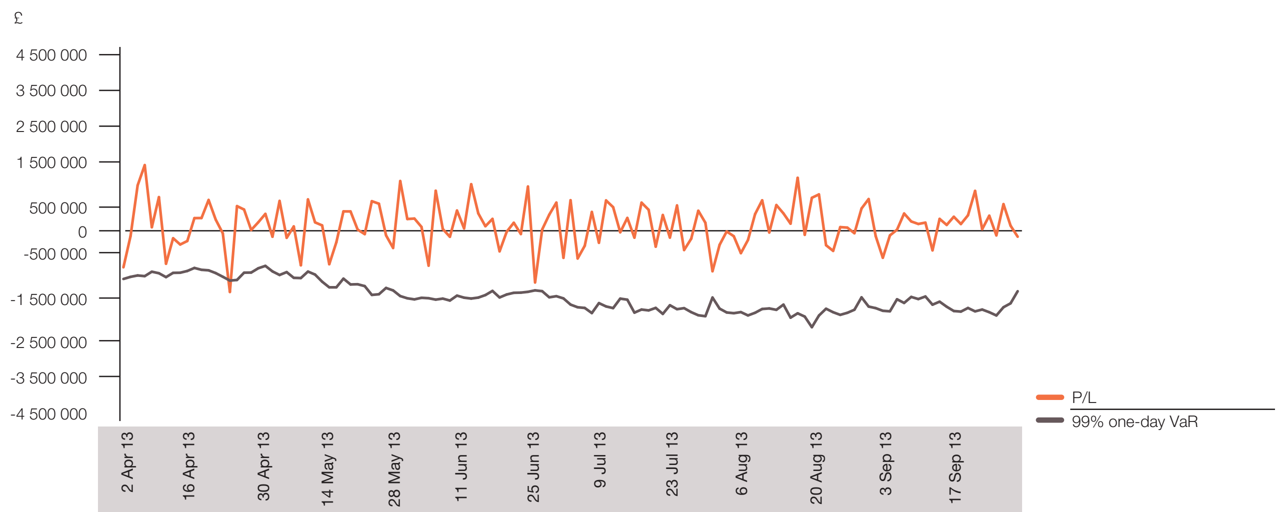
	30 September 2013				31 March 2013			
	Period end	Average	High	Low	Year-end	Average	High	Low
UK and Other 95% (one-day)								
Equity derivatives (£'000)	1 010	842	1 179	467	663	793	1 557	391
Foreign exchange (£'000)	12	17	73	2	11	25	82	5
Interest rates (£'000)	452	434	602	204	426	386	513	265
Consolidated (£'000)*	1 086	986	1 496	523	720	855	1 548	455
South Africa - Limited 95% (one-day)								
Commodities (R'million)	–	–	–	–	–	0.1	0.6	–
Equity derivatives (R'million)	5.1	5.4	9.0	2.0	6.1	3.1	7.5	1.0
Foreign exchange (R'million)	1.8	2.8	7.2	1.2	3.4	2.1	6.0	0.4
Interest rates (R'million)	3.8	2.5	6.0	0.7	1.1	2.4	7.2	0.9
Consolidated (R'million)*	5.8	6.5	9.3	3.5	7.2	4.9	10.9	2.3
Australia 95% (one-day)								
Commodities (A$'000)	–	–	–	–	–	–	3	–
Equity derivatives (A$'000)	–	–	–	–	–	–	–	–
Foreign exchange (A$'000)	178	45	195	1	21	34	135	1
Interest rates (A$'000)	55	30	91	13	90	34	130	12
Consolidated (A$'000)*	172	58	172	16	97	53	149	12

* *The consolidated VaR for each desk and each entity at period end is lower than the sum of the individual VaRs. This arises from the consolidation offset between various asset classes (diversification).*

UK and Other

There was one exception over the half year i.e. where the loss was greater than the 99% one-day VaR.

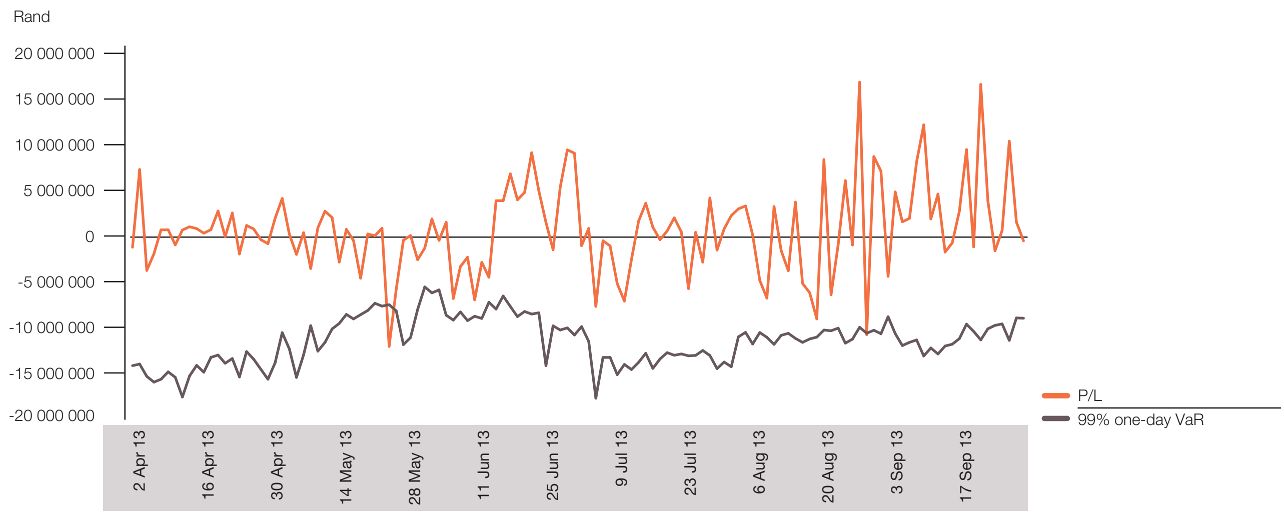
99% one-day VaR backtesting



South Africa

The VaR for 30 September 2013 in the South African trading book was higher than for 31 March 2013. Using hypothetical (clean) profit and loss data for back testing resulted in two exceptions, which is in line with the number of exceptions that a 99% VaR implies. The exceptions were due to normal trading losses using actual profit and loss resulted in one exception which is lower than expected.

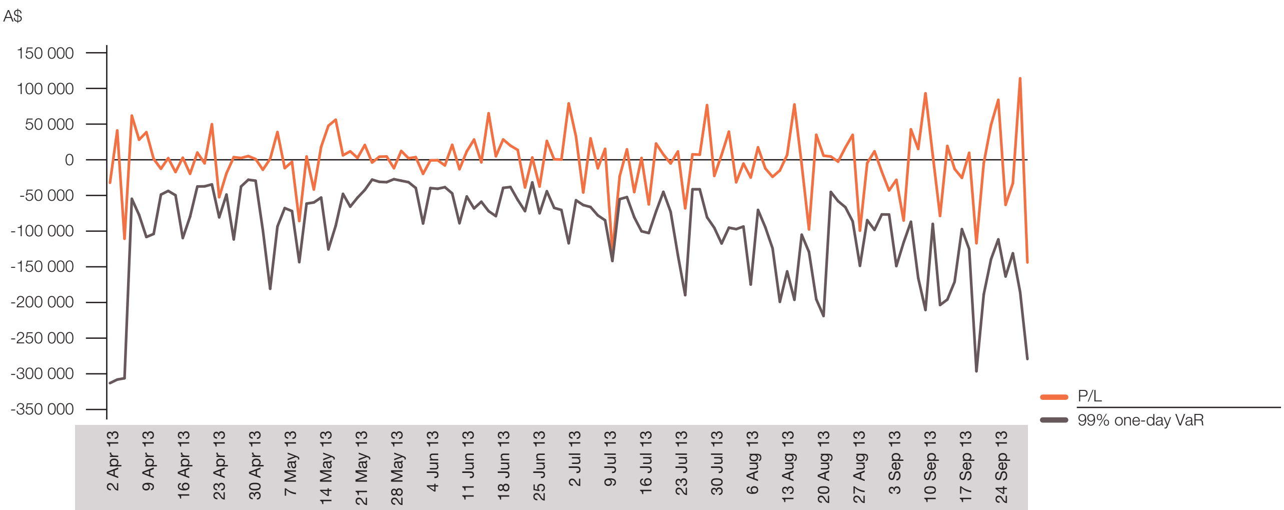
99% one-day VaR backtesting



Australia

Average VaR utilisation during the first half of the year remained relatively low. There have been no exceptions i.e. where the loss is greater than the VaR. This is less than the expected number of exceptions at the 99% level and is a result of lower levels of market volatility.

99% one-day VaR backtesting



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ETL

	UK and Other 95% (one-day) £'000	Australia 95% (one-day) A$'000	South Africa 95% (one-day) R'million
30 September 2013			
Equity derivatives	1 274	–	6.7
Foreign exchange	16	237	2.5
Interest rates	669	77	5.7
Consolidated*	1 462	233	7.6
31 March 2013			
Commodities	–	1	–
Equity derivatives	877	–	9.3
Foreign exchange	20	29	4.6
Interest rates	635	202	2.6
Consolidated*	976	208	10.5

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

Stress testing

The table below indicates the potential losses that could arise if the portfolio is stress tested under extreme market conditions. The method used is known as extreme value theory (EVT), the reported stress scenario below calculates the 99% EVT which is a 1-in-8 year possible loss event. These numbers do not assume normality but rather rely on fitting a distribution to the tails of the distribution.

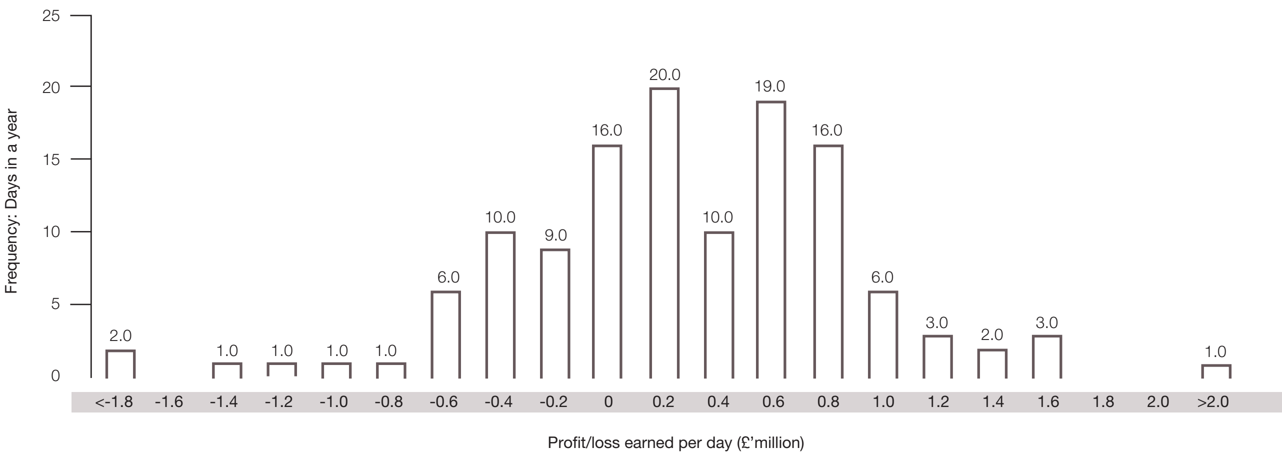
	30 September 2013				30 March 2013
	Period end	Average	High	Low	Year-end
UK and other 99% (using 99% EVT)					
Equity derivatives (£'000)	2 309	2 345	2 859	1 912	1 554
Foreign exchange (£'000)	26	18	38	6	45
Interest rates (£'000)	1 289	1 427	1 792	1 164	1 820
Consolidated (£'000)	2 460	2 594	3 170	2 113	1 813
South Africa – Limited 99% (using 99% EVT)					
Commodities (R'million)	2	–	2	–	–
Equity derivatives (R'million)	24	41	62	22	41
Foreign exchange (R'million)	9	14	43	7	14
Interest rates (R'million)	26	22	52	6	24
Consolidated (R'million)	34	46	66	17	45
Australia (using 99% EVT)					
Commodities (A$'000)	–	–	–	–	4
Equity derivatives (A$'000)	–	–	–	–	–
Foreign exchange (A$'000)	417	126	583	3	75
Interest rates (A$'000)	182	128	908	41	456
Consolidated (A$'000)	385	175	682	58	435

Profit and loss histograms

UK and Other

The histogram below illustrates the distribution of revenue during the six-month period for our trading businesses. The distribution is skewed to the profit side and the graph shows that positive trading revenue was realised on 80 days out of a total of 127 days in the trading business. The average daily trading revenue generated for the six months to 30 September 2013 was £174 658 (year ended 31 March 2013: £102 733).

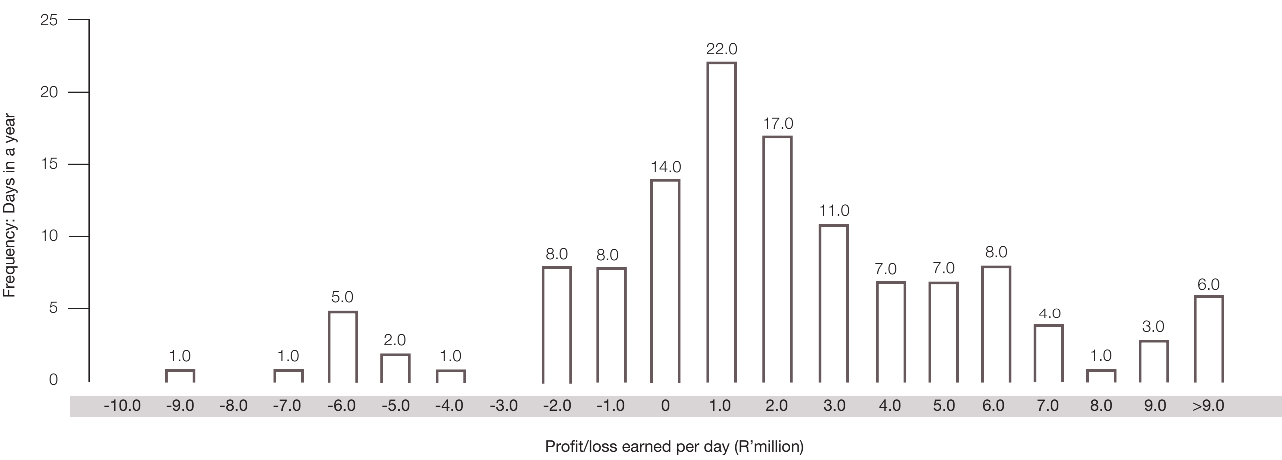
Profit and loss



South Africa

The histogram below illustrates the distribution of daily revenue during the six-month period for our trading businesses. The distribution is skewed to the profit side and the graph shows that positive trading revenue was realised on 86 days out of a total of 126 days in the trading business. The average daily trading revenue generated for the six months to 30 September 2013 was R1.5 million (year ended 31 March 2013: R1.3 million).

Profit and loss



Financial review and additional information

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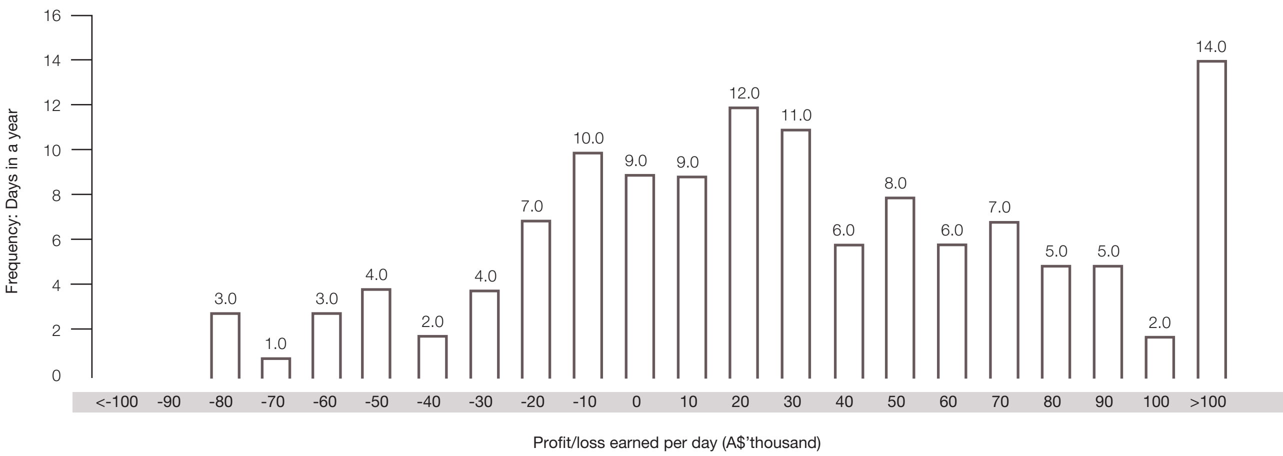
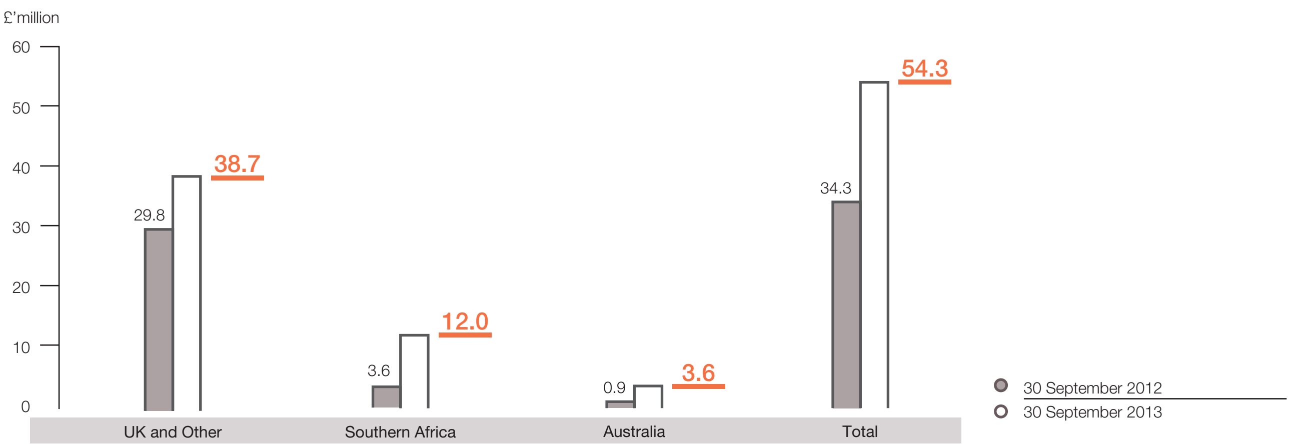
Australia

The histogram below illustrates the distribution of daily revenue during the six-month period for our trading businesses. The graph shows that positive trading revenue was realised on 85 days out of a total of 128 days in the trading business. The average daily trading revenue generated for the six months to 30 September 2013 was A$41 127 (year ended 31 March 2013: A$17 157).

Profit and loss



Revenue arising from customer flow trading activities within our Specialist Banking division



Financial review and additional information

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Balance sheet risk management

Balance sheet risk description

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

Non-trading interest rate risk description

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

Sources of interest rate risk include:

- Repricing risk: Arises from the timing differences in the fixed rate maturity and floating rate repricing of bank assets, liabilities and off-balance sheet derivative positions. This affects the interest rate margin realised between lending income and borrowing costs, when applied to our rate sensitive portfolios
- Yield curve risk: Repricing mismatches also expose the bank to changes in the slope and shape of the yield curve
- Basis risk: Arises from imperfect correlation in the adjustments of the rates earned and paid on different instruments with otherwise similar repricing characteristics
- Optionality: We are not materially exposed to optionality risk, as contract breakage penalties on fixed-rate advances specifically cover this risk, while prepayment optionality is restricted to variable rate contracts and has no impact on interest rate risk.

The above sources of interest rate risk affect the interest rate margin realised between lending income and borrowing costs, when applied to our rate sensitive asset and liability portfolios, which has a direct effect on future net interest income and the economic value of equity.

Interest rate sensitivity gap

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

UK and Other – interest rate sensitivity as at 30 September 2013

£'million	Not >3 months	>3 months but <6 months	>6 months but <1 year	>1 year but <5 years	>5 years	Non-rate	Total non-trading
Cash and short-term funds – banks	2 841	–	70	–	–	110	3 021
Investment/trading assets	2	–	–	–	–	–	2
Securitised assets	1 408	68	147	73	668	569	2 933
Advances	2 920	21	6	2	–	7	2 956
Other assets	5 688	1 126	207	863	143	84	8 111
Non-rate assets	41	4	6	2	–	1 781	1 834
Assets	12 900	1 219	436	940	811	2 551	18 857
Deposits – banks	(1 844)	(40)	(134)	–	–	(6)	(2 024)
Deposits – non-banks	(6 567)	(1 615)	(857)	(208)	(13)	(63)	(9 323)
Negotiable paper	(1 106)	(12)	(7)	(106)	(7)	–	(1 238)
Securitised liabilities	(288)	(7)	(118)	(2)	–	(106)	(521)
Investment/trading liabilities	(2 314)	(18)	–	–	–	(2)	(2 334)
Subordinated liabilities	–	(14)	–	(108)	(575)	–	(697)
Non-rate liabilities	–	–	–	–	–	(1 630)	(1 630)
Liabilities	(12 119)	(1 706)	(1 116)	(424)	(595)	(1 807)	(17 767)
Intercompany loans	(339)	(105)	25	396	126	134	237
Shareholders' funds	(57)	–	–	–	–	(1 857)	(1 914)
Balance sheet	385	(592)	(655)	912	342	(979)	(587)
Off-balance sheet	524	223	929	(811)	(864)	211	212
Repricing gap	909	(369)	274	101	(522)	(768)	(375)
Cumulative repricing gap	909	540	814	915	393	(375)	–

Risk management (continued)

South Africa – interest rate sensitivity as at 30 September 2013

R'million	Not >3 months	>3 months but <6 months	>6 months but <1 year	>1 year but <5 years	>5 years	Non-rate	Total non-trading
Cash and short-term funds – banks	23 419	–	–	26	–	5 004	28 449
Cash and short-term funds – non-banks	7 707	–	–	–	–	–	7 707
Investment/trading assets and statutory liquids	30 743	9 648	8 808	11 361	7 767	19 173	87 500
Securitised assets	8 105	–	–	–	–	734	8 839
Advances	127 226	1 784	1 247	9 342	4 967	362	144 928
Other assets	1 586	–	–	–	–	6 723	8 309
Assets	198 786	11 432	10 055	20 729	12 734	31 996	285 732
Deposits – banks	(10 767)	(570)	(71)	(131)	–	(52)	(11 591)
Deposits – non-banks	(164 133)	(13 285)	(11 964)	(6 394)	(1 811)	(1 096)	(198 683)
Negotiable paper	(3 788)	(314)	(54)	(3 684)	–	–	(7 840)
Securitised liabilities	(6 127)	–	–	–	–	(791)	(6 918)
Investment/trading liabilities	(10 071)	–	–	(3 078)	–	(7 212)	(20 361)
Subordinated liabilities	(7 360)	–	–	(325)	(2 684)	(35)	(10 404)
Other liabilities	(110)	–	–	–	–	(6 688)	(6 798)
Liabilities	(202 356)	(14 169)	(12 089)	(13 612)	(4 495)	(15 874)	(262 595)
Intercompany loans	8 201	(9)	(425)	2 449	(36)	(339)	9 841
Shareholders' funds	(3 279)	–	–	–	(871)	(24 954)	(29 104)
Balance sheet	1 352	(2 746)	(2 459)	9 566	7 332	(9 171)	3 874
Off-balance sheet	17 267	(6 404)	5 197	(13 328)	(6 606)	–	(3 874)
Repricing gap	18 619	(9 150)	2 738	(3 762)	726	(9 171)	–
Cumulative repricing gap	18 619	9 469	12 207	8 445	9 171	–	–

Australia – interest rate sensitivity as at 30 September 2013

Consolidated A$'million	Not >3 months	>3 months but <6 months	>6 months but <1 year	>1 year but <5 years	>5 years	Non-rate	Total
Cash and short-term funds – banks	174	–	–	–	–	–	174
Investment/trading assets	697	149	45	23	–	128	1 042
Securitised assets	240	65	121	442	6	–	874
Advances	1 791	99	143	411	9	14	2 467
Other assets	–	–	–	–	–	363	363
Assets	2 902	313	309	876	15	505	4 920
Deposits – non-banks	(1 803)	(490)	(172)	(213)	(12)	(97)	(2 787)
Negotiable paper	(155)	(57)	(6)	(116)	–	(7)	(341)
Securitised liabilities	(878)	–	–	–	–	–	(878)
Subordinated liabilities	(128)	–	–	–	–	(1)	(129)
Other liabilities		–	–	–	–	(190)	(190)
Liabilities	(2 964)	(547)	(178)	(329)	(12)	(295)	(4 325)
Intercompany loans	–	–	–	–	–	(12)	(12)
Shareholders' funds	–	–	–	–	–	(583)	(583)
Balance sheet	(62)	234	131	547	3	(385)	–
Off-balance sheet	(10)	483	(125)	(350)	–	2	–
Repricing gap	(72)	249	6	197	3	(383)	–
Cumulative repricing gap	(72)	177	183	380	383	–	–

Financial review and additional information

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Economic value sensitivity as at 30 September 2013

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

UK and Other

	Sensitivity to the following interest rates (expressed in original currencies)				
’million	GBP	USD	AUD	ZAR	All (GBP)
200bps down	71.0	3.0	(2.0)	1.0	73.0
200bps up	(71.0)	(3.0)	2.0	(1.0)	(73.0)

South Africa

	Sensitivity to the following interest rates (expressed in original currencies)					
’million	ZAR	GBP	USD	EUR	AUD	All (ZAR)
200bp down	(162.7)	4.3	(10.2)	(4.5)	0.8	(249.3)
200bp up	117.3	(3.6)	9.2	6.3	(0.9)	227.9

Australia

’million	AUD
200bps down	(0.29)
200bps up	0.29

Liquidity risk

Liquidity risk description

Liquidity risk is the risk that we have insufficient capacity to fund increases in assets, or are unable to meet our payment obligations as they fall due, without incurring unacceptable losses. This includes repaying depositors or maturing wholesale debt. This risk is inherent in all banking operations and can be impacted by a range of institution-specific and market-wide events.

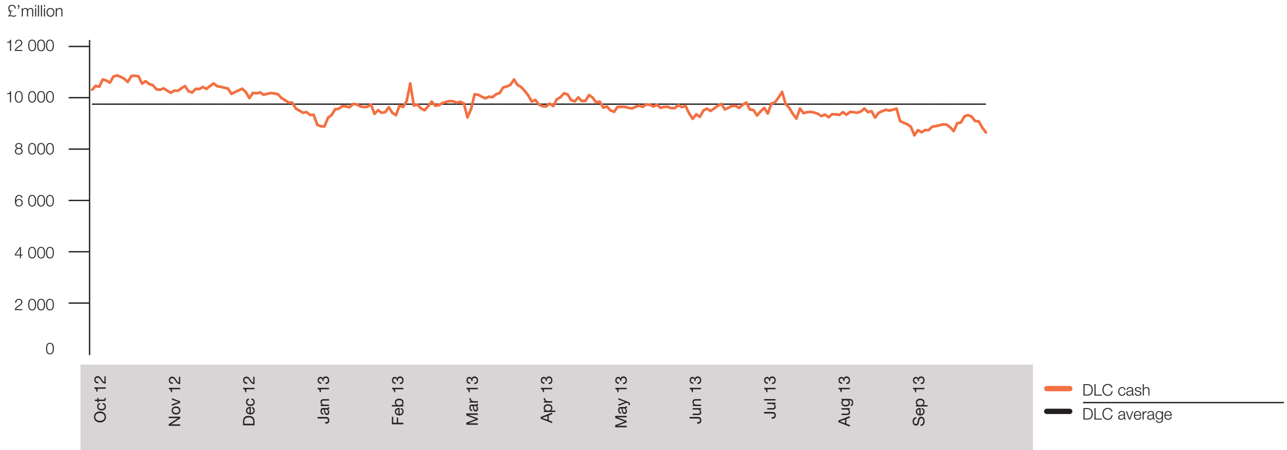
Liquidity risk is further broken down into:

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

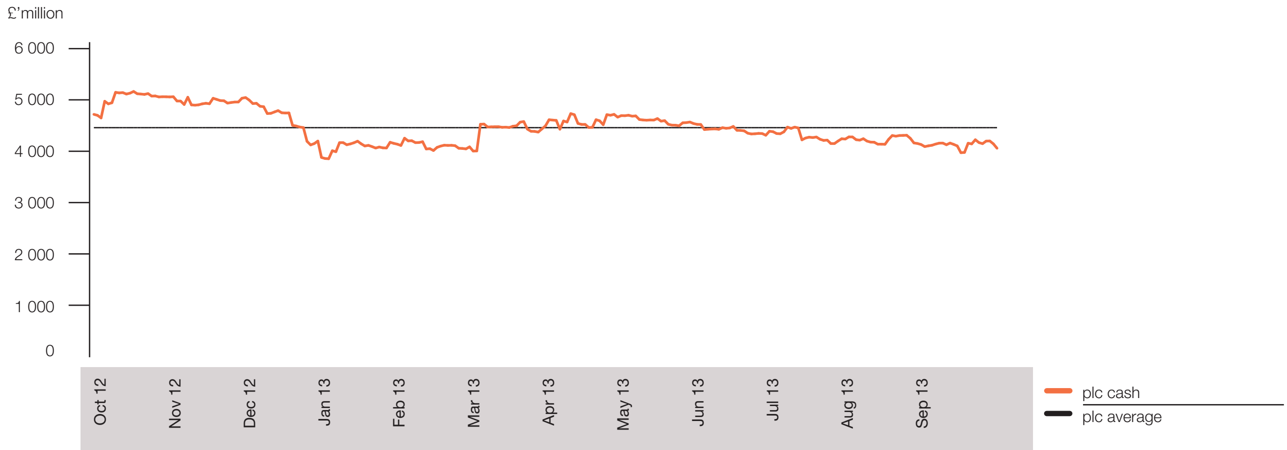
Sources of liquidity risk include:

- Unforeseen withdrawals of deposits
- Restricted access to new funding with appropriate maturity and interest rate characteristics
- Inability to liquidate a marketable asset in a timely manner with minimal risk of capital loss
- Unpredicted customer non-payment of loan obligations
- A sudden increased demand for loans in the absence of corresponding funding inflows of appropriate maturity.

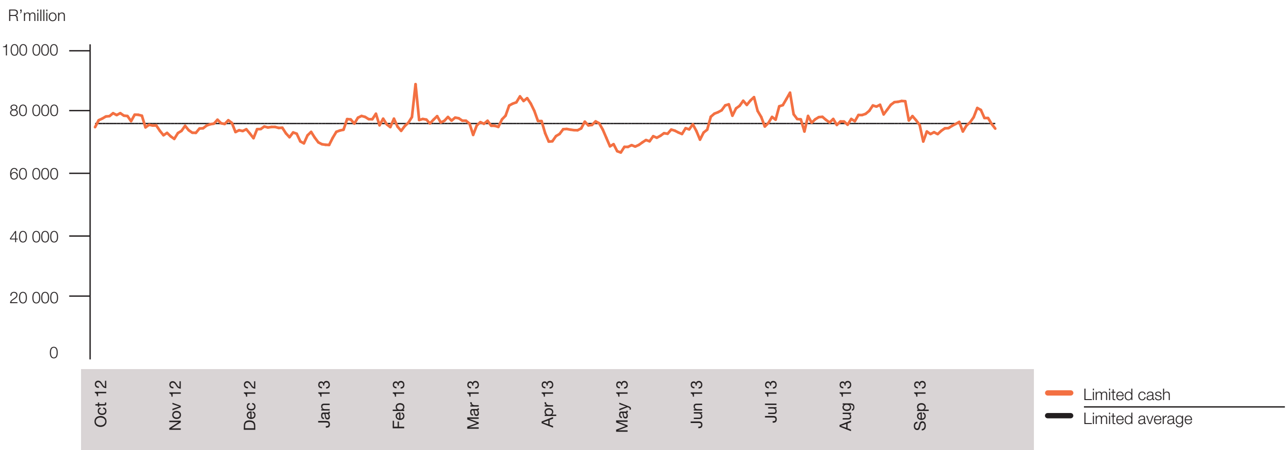
Total Investec group cash and near cash trend



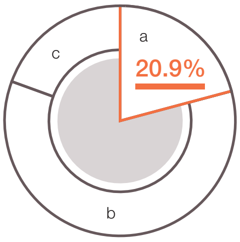
Investec plc cash and near cash trend



Investec Limited cash and near cash trend

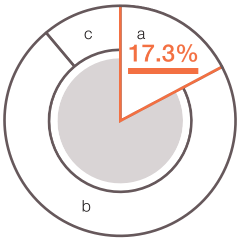


An analysis of cash and near cash



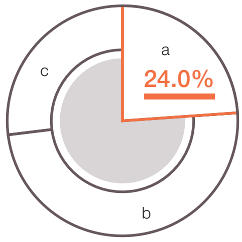
Total group
£8 619 million

a	Cash	20.9%
b	Near cash (central bank guaranteed liquidity)	59.8%
c	Near cash (other 'monetisable' assets)	19.3%



Investec plc
£4 046 million

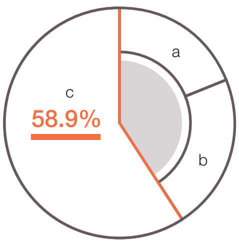
a	Cash	17.3%
b	Near cash (central bank guaranteed liquidity)	71.8%
c	Near cash (other 'monetisable' assets)	10.9%



Investec Limited
R74 479 million

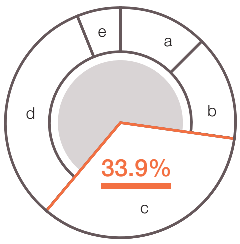
a	Cash	24.0%
b	Near cash (central bank guaranteed liquidity)	49.2%
c	Near cash (other 'monetisable' assets)	26.8%

Bank and non-bank depositor concentration by type



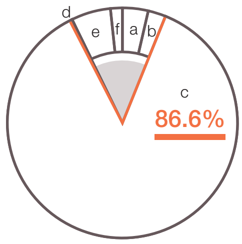
UK and Other
£11 598 million

a	Financial institutions/banks	19.1%
b	Corporate	22.0%
c	Private client	58.9%



South Africa
R212 103 million

a	Financial institutions/banks	12.6%
b	Corporate	14.7%
c	Private client	33.9%
d	Fund managers	32.8%
e	Public sector	6.0%



Australia
A$2 787 million

a	Financial institutions/banks	3.8%
b	Corporate	2.4%
c	Private client	86.6%
d	Fund managers	0.2%
e	Public sector	5.6%
f	Other	1.4%

The liquidity position of the group remains sound.

Liquidity mismatch

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

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

Our liquidity and funding profile reflects our strategy, risk appetite and business activities. The tables reflect that loans and advances to customers are largely financed by stable funding sources.

With respect to the contractual liquidity mismatch:

- No assumptions are made except as mentioned below, and we record all assets and liabilities with the underlying contractual maturity as determined by the cash flow profile for each deal
- As an integral part of the broader liquidity generation strategy, we maintain a liquidity buffer in the form of unencumbered cash, government, or bank paper (typically eligible for repurchase with the central bank), and near cash as a buffer against both expected and unexpected cash flows
- The actual contractual profile of this asset class is of little consequence, as practically Investec would meet any unexpected net cash outflows by repo'ing or selling these securities, we have:
  - set the time horizon to 'on demand' to monetise our statutory liquid assets for which liquidity is guaranteed by the central bank;
  - set the time horizon to one month to monetise our cash and near cash portfolio of 'available-for-sale' discretionary treasury assets, where there are deep secondary markets for this elective asset class; and
  - reported the 'contractual' profile by way of a note to the tables.

With respect to the behavioural liquidity mismatch:

- Behavioural liquidity mismatch tends to display fairly high probability, low severity liquidity position. Many retail deposits, which are included within customer accounts, are repayable on demand or at short notice on a contractual basis. In practice, these instruments form a stable base for the group's operations and liquidity needs because of the broad base of customers. To this end, behavioural profiling is applied to liabilities with an indeterminable maturity, as the contractual repayments of many customer accounts are on demand or at short notice but expected cash flows vary significantly from contractual maturity. An internal analysis model is used, based on statistical research of the historical series of products. This is used to identify significant additional sources of structural liquidity in the form of core deposits that exhibit stable behaviour. In addition, reinvestment behaviour, with profile and attrition based on history, is applied to term deposits in the normal course of business.

UK and Other

Contractual liquidity as at 30 September 2013

£'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	>Five years	Total
Cash and short-term funds – banks	2 361	864	19	61	69	–	2	3 376
Cash and short-term funds – non banks	2	–	–	–	–	–	–	2
Investment/trading assets	411	844	84	62	282	461	1 691	3 835
Securitised assets	335	55	79	22	8	114	2 343	2 956
Advances	51	330	844	406	691	2 812	2 977	8 111
Other assets	144	938	102	45	18	84	572	1 903
Assets	3 304	3 031	1 128	596	1 068	3 471	7 585	20 183
Deposits – banks	(630)	(587)	(29)	(128)	(134)	(696)	(71)	(2 275)
Deposits – non-banks	(1 539)^	(994)	(2 139)	(2 478)	(955)	(1 120)	(98)	(9 323)
Negotiable paper	(2)	(1)	(8)	(5)	(23)	(643)	(556)	(1 238)
Securitised liabilities	(4)	(52)	(77)	(18)	–	–	(2 183)	(2 334)
Investment/trading liabilities	(52)	(122)	(77)	(16)	(172)	(245)	(325)	(1 009)
Subordinated liabilities	–	–	–	–	–	(69)	(628)	(697)
Other liabilities	(353)	(869)	(73)	(20)	(165)	(59)	(91)	(1 630)
Liabilities	(2 580)	(2 625)	(2 403)	(2 665)	(1 449)	(2 832)	(3 952)	(18 506)
Intercompany loans	(61)	–	9	–	–	302	(13)	237
Shareholders' funds	–	–	–	–	–	–	(1 914)	(1 914)
Contractual liquidity gap	663	406	(1 266)	(2 069)	(381)	941	1 706	–
Cumulative liquidity gap	663	1 069	(197)	(2 266)	(2 647)	(1 706)	–	–

Behavioural liquidity

As discussed on page 97.

£'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	>Five years	Total
Behavioural liquidity gap	2 599	(94)	(203)	(465)	(381)	(2 799)	1 343	–
Cumulative	2 599	2 505	2 302	1 837	1 456	(1 343)	–	–

^ *The deposits shown in the demand column at 30 September 2013 reflect cash margin deposits held.*

Southern Africa

Contractual liquidity as at 30 September 2013

R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	>Five years	Total
Cash and short term funds – banks*	25 027	965	1 978	83	13	1 247	56	29 369
Cash and short term funds – non-banks	7 614	87	21	–	–	–	–	7 722
Investment/trading assets and statutory liquids**	30 413	19 515	2 721	1 152	622	25 842	26 447	106 712
Securitised assets	2 625	25	95	435	1 115	997	3 547	8 839
Advances	3 265	6 551	10 184	9 476	15 444	61 948	38 060	144 928
Other assets	–	1 178	62	156	–	1 910	5 196	8 502
Assets	68 944	28 321	15 061	11 302	17 194	91 944	73 306	306 072
Deposits – banks	(2 159)	(3 823)	(818)	(138)	(480)	(4 173)	–	(11 591)
Deposits – non banks	(70 445)^	(23 439)	(33 050)	(22 284)	(24 600)	(24 579)	(2 115)	(200 512)
Negotiable paper	–	(233)	(1 166)	(1 019)	(190)	(5 232)	–	(7 840)
Securitised liabilities	–	(513)	–	(2 080)	(3 462)	(32)	(831)	(6 918)
Investment/trading liabilities	(387)	(11 618)	(1 975)	(1 203)	(2 299)	(12 758)	(1 597)	(31 837)
Subordinated liabilities	–	(35)	–	–	(162)	(525)	(9 682)	(10 404)
Other liabilities	(1 060)	(1 362)	–	(192)	(530)	(781)	(3 941)	(7 866)
Liabilities	(74 051)	(41 023)	(37 009)	(26 916)	(31 723)	(48 080)	(18 166)	(276 968)
Shareholders' funds	–	–	–	–	–	–	(29 104)	(29 104)
Contractual liquidity gap	(5 107)	(12 702)	(21 948)	(15 614)	(14 529)	43 864	26 036	–
Cumulative liquidity gap	(5 107)	(17 809)	(39 757)	(55 371)	(69 900)	(26 036)	–	–

Note: Contractual liquidity adjustments

As discussed on page 97.

R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	>Five years	Total
*Cash and short-term funds – banks	20 099	965	1 978	83	13	1 247	4 984	29 369
**Investment/trading assets and statutory liquids	1 950	15 135	7 049	11 905	13 090	27 365	30 218	106 712

Behavioural liquidity

As discussed on page 97.

R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	>Five years	Total
Behavioural liquidity gap	34 391	(9 772)	2 345	(339)	2 324	(69 745)	40 796	–
Cumulative	34 391	24 619	26 964	26 625	28 949	(40 796)	–	–

^ *Includes call deposits of R67.9 billion and the balance reflects term deposits which have finally reached/are reaching contractual maturity.*

Australia

Contractual liquidity as at 30 September 2013

Consolidated A$'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	>Five years	Total
Cash and short term funds – banks	170	4	–	–	–	–	–	174
Investment/trading assets	869	30	8	14	26	58	37	1 042
Securitised assets	6	33	71	84	158	515	7	874
Advances	51	72	194	236	355	1 441	118	2 467
Other assets	–	–	–	–	–	–	363	363
External assets	1 096	139	273	334	539	2 014	525	4 920
Deposits – non banks	(391)^	(370)	(1 098)	(509)	(181)	(226)	(12)	(2 787)
Negotiable paper	–	–	–	(61)	(9)	(271)	–	(341)
Securitised liabilities	(6)	(33)	(71)	(186)	(130)	(450)	(2)	(878)
Investment/trading liabilities	(1)	(2)	(9)	(7)	(16)	(34)	(19)	(88)
Subordinated liabilities	–	–	–	–	–	(129)	–	(129)
Other liabilities	–	–	–	–	–	–	(102)	(102)
Liabilities	(398)	(405)	(1 178)	(763)	(336)	(1 110)	(135)	(4 325)
Intercompany loans	–	4	(15)	–	–	–	(1)	(12)
Shareholders' funds	–	–	–	–	–	–	(583)	(583)
Contractual liquidity gap	698	(262)	(920)	(429)	203	904	(194)	–
Cumulative liquidity gap	698	436	(484)	(913)	(710)	194	–	–

Note: Contractual liquidity adjustments

As discussed on page 97.

Consolidated A$'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	>Five years	Total
Investment/trading assets	151	185	23	167	70	392	54	1 042
Advances	73	73	196	240	364	1 403	118	2 467

Behavioural liquidity

As discussed on page 97.

Consolidated A$'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	>Five years	Total
Behavioural liquidity gap	1 035	(318)	(876)	(615)	73	894	(193)	–
Cumulative	1 035	717	(159)	(774)	(701)	193	–	–

^ *Includes call deposits of A$374 million and the balance reflects term deposits which have finally reached/are reaching contractual maturity.*

Capital management and allocation

Capital measurement

Investec Limited (and its subsidiaries) and Investec plc (and its subsidiaries) are managed independently and have their respective capital bases ring-fenced, however the governance of capital management is consistent across the two groups. The DLC structure requires the two groups to independently manage each group's balance sheet and hence capital is managed on this basis. This approach is overseen by the BRCC (via the Investec DLC capital committee) which is a board sub-committee with ultimate responsibility for the capital adequacy of both Investec Limited and Investec plc.

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 Limited and Investec plc are separately regulated entities, operating with different regulatory capital regimes. The following provides a brief outline of the regulatory environment relevant to the group's capital management framework.

Regulatory capital – Investec Limited

Investec Limited is supervised for capital purposes by the SARB, on a consolidated basis.

On 1 January 2013, the SARB implemented its local version of the Basel III rules as composed by the Bank for International Settlements. Basel III builds upon the Basel II framework to strengthen minimum capital (and liquidity) requirements imposed on banks following the global financial crisis. The SARB adaptation of the Basel III proposals within its local rules brings about a number of changes for the assessment of capital adequacy.

In calculating capital adequacy, the most material effect of the new SARB regulatory framework relates to the eligibility of capital to support minimum capital requirements. In particular, the rules impose tighter restrictions on the type of capital that qualifies as tier 1 capital and increase the regulatory minima of capital that must be held. Internal targets remain in excess of these increased minimum requirements.

Investec Limited uses the Standardised approach to calculate its credit and counterparty credit risk and operational risk capital requirements. The market risk capital requirement is measured using an internal risk management model, approved by the SARB.

Various subsidiaries of Investec Limited are subject to additional regulation covering various activities or implemented by local regulators in other jurisdictions. For capital management purposes, it is the prevailing rules applied to the consolidated Investec Limited group that are monitored most closely. Nevertheless, where capital is a relevant consideration, management within each regulated entity pays close attention to prevailing local regulatory rules as determined by their respective regulators. Management of each regulated entity, with the support of the group's capital management functions, ensures that capital remains prudently above minimum requirements at all times.

Regulatory capital – Investec plc

Current regulatory framework

For the year ended 31 March 2013, Investec plc was regulated on a consolidated basis by the FSA. On 1 April 2013, the Prudential Regulation Authority (PRA) came into effect following the dissolution of the FSA into new regulatory bodies; the PRA and the Financial Conduct Authority. Going forward, the consolidated Investec plc group will be regulated for the setting of minimum capital requirements by the PRA. Investec plc operates under the Basel II framework implemented in the EU via the Capital Requirements Directive (CRD). This framework was subsequently implemented by the then FSA, in its own rulebooks.

Investec plc uses the Standardised approach to calculate its credit and counterparty credit risk and operational risk capital requirements. The mark to market method is used to calculate the counterparty credit risk exposure amount. The market risk capital requirement is measured using an internal risk management model, approved by the UK Regulators, for netting certain parts of the portfolio, whilst the capital requirements of the whole portfolio are calculated using standard rules.

For capital management purposes, it is the prevailing rules applied to the consolidated Investec plc group that are monitored most closely. Nevertheless, where capital is a relevant consideration, management within each regulated entity pays close attention to prevailing local regulatory rules as determined by their respective regulators. Management of each regulated entity, with the support of the group's capital management functions, ensures that capital remains prudently above minimum requirements at all times.

Future developments

In June 2013, the European Commission published the final CRD IV package, which will give effect to the Basel III rules in the EU on 1 January 2014. The regulation will be directly binding on Investec plc, whilst the directive will require transposition into national law by the PRA, to take effect. The PRA consulted on the implementation of CRD IV in the UK in the summer and are expected to publish their final national discretions in December 2013.

Capital targets

Over recent years, capital adequacy standards for banks have been raised as part of attempts to increase the stability and resilience of the global banking sector. Investec Limited and Investec plc have always held capital in excess of regulatory requirements and the group continues to remain well capitalised. Accordingly, the group is targeting a minimum core tier 1 capital ratio of above 10.0% by March 2016 and a total capital adequacy ratio target of 14% to 17%. These targets are continuously assessed for appropriateness.

The DLC capital committee is responsible for ensuring that the impact of any regulatory change is analysed, understood and prepared for. To allow the committee to carry out this function, the group's Regulatory and Capital Management teams closely monitor regulatory developments and regularly present to the committee on latest developments. As part of any assessment the committee is provided with analysis showing the group's capital adequacy taking into account the most up-to-date interpretation of those changes. In addition, regular sessions with the board are held to ensure that members are kept up to date with the most salient changes to ensure the impact on the group and its subsidiaries is monitored.

Capital management and allocation

Capital structure and capital adequacy

	Investec plc^ £'million	IBP*^ £'million	IBAL*^ A$'million	Investec Limited^ R'million	IBL*^ R'million
As at 30 September 2013					
Tier 1 capital					
Shareholders' equity	1 855	1 878	562	22 126	22 992
Shareholders' equity per balance sheet	2 077	1 878	562	25 309	24 526
Perpetual preference share capital and share premium	(150)	–	–	(3 183)	(1 534)
Deconsolidation of special purpose entities	(72)	–	–	–	–
Non-controlling interests	6	(6)	–	269	–
Non-controlling interests per balance sheet	173	(6)	–	2 259	–
Non-controlling interests excluded for regulatory purposes	(167)	–	–	(1 990)	–
Regulatory adjustments to the accounting basis	(29)	(5)	1	561	561
Unrealised losses on available-for-sale debt securities	2	3	–	–	–
Defined benefit pension fund adjustment	(24)	(4)	–	–	–
Unrealised gains on available-for-sale equities	(4)	–	1	–	–
Prudent valuation	(13)	(13)	–	–	–
Cash flow hedging reserve	10	9	–	561	561
Deductions	(583)	(460)	(154)	(232)	(95)
Goodwill and intangible assets	(581)	(454)	(100)	(232)	(95)
Unconsolidated investments	–	(2)	(2)	–	–
Securitisation positions	(2)	(4)	(41)	–	–
Excess of deductions from additional tier 1	–	–	(11)	–	–
Core tier 1 / common equity tier 1 capital	1 249	1 407	409	22 724	23 458
Additional tier 1 instruments	297	–	–	4 717	1 534
Phase out of non-qualifying additional tier 1 instruments	–	–	–	(472)	(153)
Deductions	(5)	–	–	–	–
Unconsolidated investments	(5)	–	–	–	–
Tier 1 capital	1 541	1 407	409	26 952	24 839

* *Where: IBP is Investec Bank plc consolidated. IBAL is Investec Bank (Australia) Limited and IBL is Investec Bank Limited. The information for IBP includes IBAL on a Basel II basis. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.*

^ *The 2013 capital information for Investec plc and IBP are based on Basel II capital requirements as currently applicable in the UK. The 2013 capital information for Investec Limited, IBL and IBAL are based on Basel III capital requirements as currently applicable in South Africa and Australia, respectively.*

Capital management and allocation (continued)

Capital structure and capital adequacy (continued)

	Investec plc*^ £'million	IBP*^ £'million	IBAL*^ A$'million	Investec Limited*^ R'million	IBL*^ R'million
As at 30 September 2013					
Tier 2 capital					
Total qualifying tier 2 capital before deductions	819	674	136	10 050	10 541
Unrealised gains on available-for-sale equities	4	4	–		
Collective impairment allowances	120	24	–	137	137
Tier 2 instruments	695	646	26	10 404	10 404
Phase out of non-qualifying tier 2 instruments	–	–	110	–	–
Non qualifying surplus capital attributable to minorities	–	–	–	(491)	–
Deductions	(7)	(6)	–	–	–
Unconsolidated investments	(5)	(2)	–	–	–
Securitisation positions	(2)	(4)	–		
Total tier 2 capital	812	668	136	10 050	10 541
Total capital deductions	(53)	(52)	–	–	–
Investments that are not material holdings or qualifying holdings	(46)	(45)	–	–	–
Connected lending of a capital nature	(7)	(7)	–	–	–
Total regulatory capital	2 300	2 023	545	37 002	35 380
Risk-weighted assets	13 756	12 687	3 464	240 459	232 848
Capital ratios					
Core tier 1 ratio/Common equity tier 1 ratio	9.1%	11.1%	11.8%	9.5%	10.1%
Tier 1 ratio	11.2%	11.1%	11.8%	11.2%	10.7%
Total capital ratio	16.7%	15.9%	15.7%	15.4%	15.2%

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^ *The 2013 capital information for Investec plc and IBP are based on Basel II capital requirements as currently applicable in the UK. The 2013 capital information for Investec Limited, IBL and IBAL are based on Basel III capital requirements as currently applicable in South Africa and Australia, respectively.*

Capital management and allocation (continued)

Capital structure and capital adequacy (continued)

	Investec plc*^ £'million	IBP*^ £'million	IBAL*^ A$'million	Investec Limited*^ R'million	IBL*^ R'million
As at 31 March 2013**					
Tier 1 capital					
Shareholders' equity	1 842	1 889	596	19 819	21 975
Shareholders' equity per balance sheet	2 060	1 884	596	23 002	23 509
Perpetual preference share capital and share premium	(150)	–	–	(3 183)	(1 534)
Deconsolidation of special purpose entities	(68)	5	–	–	–
Non-controlling interests	(5)	(5)	–	–	–
Non-controlling interests per balance sheet	165	(5)	–	10	–
Non-controlling interests transferred to tier 1	(169)	–	–	–	–
Non-controlling interests excluded for regulatory purposes	–	–	–	(10)	–
Non-controlling interests in deconsolidated subsidiaries	(1)	–	–	–	–
Regulatory adjustments to the accounting basis	(31)	(10)	2	446	446
Unrealised losses on available-for-sale debt securities	2	2	–	–	–
Defined benefit pension fund adjustment	(22)	–	–	–	–
Unrealised gains on available-for-sale equities	(7)	(8)	2	–	–
Prudent valuation	(16)	(16)	–	–	–
Cash flow hedging reserve	12	12	–	446	446
Deductions	(600)	(476)	(193)	(235)	(90)
Goodwill and intangible assets net of deferred tax	(598)	(472)	(105)	(235)	(90)
Unconsolidated investments	–	–	(23)	–	–
Securitisation positions	(2)	(2)	(55)	–	–
Excess of deductions from additional tier 1	–	(2)	(10)	–	–
Core tier 1/common equity tier 1 capital	1 206	1 398	405	20 030	22 331
Additional tier 1 capital before deductions	299	–	–	4 222	1 381
Additional tier 1 instruments	299	–	–	4 717	1 534
Phase out of non-qualifying additional tier 1 instruments	–	–	–	(472)	(153)
Non-qualifying surplus capital attributable to minorities	–	–	–	(23)	–
Deductions	(4)	–	–	–	–
Unconsolidated investments	(4)	–	–	–	–
Total tier 1 capital	1 501	1 398	405	24 252	23 712

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** *The 31 March 2013 capital information has been restated to reflect the implementation of IFRS 10.*

^ *The 2013 capital information for Investec plc and IBP are based on Basel II capital requirements as currently applicable in the UK. The 2013 capital information for Investec Limited, IBL and IBAL are based on Basel III capital requirements as currently applicable in South Africa and Australia, respectively.*

Capital management and allocation (continued)

Capital structure and capital adequacy (continued)

	Investec plc*^ £'million	IBP*^ £'million	IBAL*^ A$'million	Investec Limited*^ R'million	IBL*^ R'million
As at 31 March 2013**					
Tier 2 capital					
Total qualifying tier 2 capital before deductions	840	685	135	10 961	11 493
Unrealised gains on available-for-sale equities	7	8	–	–	–
Collective impairment allowances	120	20	–	122	122
Tier 2 instruments	713	657	25	12 496	12 496
Phase out of non-qualifying tier 2 instruments	–	–	110	(1 125)	(1 125)
Non qualifying surplus capital attributable to non-controlling interests	–	–	–	(532)	–
Deductions	(6)	(4)	–	(435)	–
Unconsolidated investments	(4)	(2)	–	–	–
Investments that are not material holdings or qualifying holdings	–	–	–	(435)	–
Securitisation positions	(2)	(2)	–	–	–
Total tier 2 capital	834	681	135	10 526	11 493
Total capital deductions	(57)	(54)	–	–	–
Investments that are not material holdings or qualifying holdings	(51)	(48)	–	–	–
Connected lending of a capital nature	(6)	(6)	–	–	–
Total regulatory capital	2 278	2 025	540	34 778	35 205
Risk-weighted assets	13 705	12 606	3 422	223 865	217 715
Capital ratios					
Core tier 1 ratio/common equity tier 1 ratio	8.8%	11.1%	11.8%	8.9%	10.3%
Tier 1 ratio	11.0%	11.1%	11.8%	10.8%	10.9%
Total capital ratio	16.7%	16.1%	15.8%	15.5%	16.2%

* *Where: IBP is Investec Bank plc consolidated. IBAL is Investec Bank (Australia) Limited and IBL is Investec Bank Limited. The information for IBP includes IBAL on a Basel II basis. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.*

** *The 31 March 2013 capital information has been restated to reflect the implementation of IFRS 10.*

^ *The 2013 capital information for Investec plc and IBP are based on Basel II capital requirements as currently applicable in the UK. The 2013 capital information for Investec Limited, IBL and IBAL are based on Basel III capital requirements as currently applicable in South Africa and Australia, respectively.*

Capital management and allocation (continued)

Capital requirements

	Investec plc*^ £'million	IBP*^ £'million	IBAL*^ A$'million	Investec Limited*^ R'million	IBL*^ R'million
As at 30 September 2013					
Capital requirements	1 100	1 015	392	22 843	22 121
Credit risk - prescribed standardised exposure classes	822	772	381	16 632	16 005
Corporates	285	276	150	9 795	9 248
Secured on real estate property	208	209	14	1 703	1 703
Short-term claims on institutions and corporates	–	–	2	2 496	2 421
Retail	94	93	165	456	456
Institutions	39	36	8	1 099	1 099
Other exposure classes	183	145	41	93	88
Securitisation exposures	13	13	1	990	990
Equity risk - standardised approach	31	31	–	2 938	3 547
Listed equities	6	6	–	136	761
Unlisted equities	25	25	–	2 802	2 786
Counterparty credit risk	26	26	–	620	620
Market risk	68	70	11	711	661
Interest rate	25	25	8	218	218
Foreign exchange	11	13	3	92	92
Commodities	–	–	–	4	4
Equities	24	24	–	397	347
Options	8	8	–	–	–
Operational risk – standardised approach	153	116	–	1 942	1 288
As at 31 March 2013**					
Capital requirements	1 096	1 007	446	21 268	20 681
Credit risk – prescribed standardised exposure classes	842	795	380	15 360	14 798
Corporates	277	279	142	9 498	9 023
Secured on real estate property	232	224	16	1 513	1 513
Short-term claims on institutions and corporates	–***	–***	3	2 223	2 155
Retail	102	102	154	326	325
Institutions	33	31	9	1 058	1 058
Other exposure classes	184	145	55	91	73
Securitisation exposures	14	14	1	651	651
Equity risk – standardised approach	29	28	–	2 845	3 472
Listed equities	4	4	–	145	789
Unlisted equities	25	24	–	2 700	2 683
Counterparty credit risk	26	26	9	716	716
Market risk	61	61	6	449	426
Interest rate	23	22	6	117	117
Foreign exchange	12	13	–	74	74
Commodities	–	–	–	2	2
Equities	24	24	–	256	233
Options	2	2	–	–	–
Operational risk – standardised approach	138	97	51	1 898	1 269

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^ *The 2013 capital information for Investec plc and IBP are based on Basel II capital requirements as currently applicable in the UK. The 2013 capital information for Investec Limited, IBL and IBAL are based on Basel III capital requirements as currently applicable in South Africa and Australia, respectively.*

** *The 31 March 2013 capital information has been restated to reflect the implementation of IFRS 10.*

*** *Short-term claims on institutions and corporates reclassified to exposure classes corporates and institutions as we have no short-term credit assessment available for these claims.*

Capital management and allocation (continued)

Risk-weighted assets

	Investec plc*^ £'million	IBP*^ £'million	IBAL*^ A$'million	Investec Limited*^ R'million	IBL*^ R'million
As at 30 September 2013					
Risk-weighted assets (banking and trading)	13 756	12 687	3 464	240 459	232 848
Credit risk - prescribed standardised exposure classes	10 273	9 650	2 917	175 086	168 484
Corporates	3 558	3 456	1 150	103 104	97 349
Secured on real estate property	2 595	2 607	106	17 929	17 929
Short-term claims on institutions and corporates	–	–	15	26 277	25 484
Retail	1 180	1 164	1 267	4 804	4 804
Institutions	488	451	63	11 565	11 565
Other exposure classes	2 290	1 810	312	981	927
Securitisation exposures	162	162	4	10 426	10 426
Equity risk – standardised approach	393	393	–	30 935	37 338
Listed equities	77	77	–	1 436	8 015
Unlisted equities	316	316	–	29 499	29 323
Counterparty credit risk	322	324	78	6 523	6 523
Market risk	852	876	82	7 470	6 944
Interest rate	308	308	61	2 291	2 291
Foreign exchange	142	166	21	966	966
Commodities	–	–	–	37	37
Equities	301	301	–	4 176	3 650
Options	101	101	–	–	–
Operational risk – standardised approach	1 916	1 444	387	20 445	13 559
As at 31 March 2013**					
Risk-weighted assets (banking and trading)	13 705	12 606	3 422	223 865	217 715
Credit risk – prescribed standardised exposure classes	10 532	9 952	2 914	161 678	155 781
Corporates	3 466	3 489	1 095	99 975	94 983
Secured on real estate property	2 904	2 799	122	15 925	15 925
Short-term claims on institutions and corporates	–***	–***	20	23 397	22 685
Retail	1 276	1 276	1 180	3 428	3 426
Institutions	409	393	69	11 141	11 141
Other exposure classes	2 296	1 814	424	959	768
Securitisation exposures	181	181	4	6 853	6 853
Equity risk – standardised approach	352	349	–	29 948	36 548
Listed equities	47	47	–	1 531	8 306
Unlisted equities	305	302	–	28 417	28 242
Counterparty credit risk	328	330	68	7 537	7 537
Market risk	762	767	47	4 728	4 488
Interest rate	286	275	43	1 229	1 229
Foreign exchange	150	166	4	783	783
Commodities	–	–	–	20	20
Equities	296	296	–	2 696	2 456
Options	30	30	–	–	–
Operational risk – standardised approach	1 731	1 208	393	19 974	13 361

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^ *The 2013 capital information for Investec plc and IBP are based on Basel II capital requirements as currently applicable in the UK. The 2013 capital information for Investec Limited, IBL and IBAL are based on Basel III capital requirements as currently applicable in South Africa and Australia, respectively.*

** *The 31 March 2013 capital information has been restated to reflect the implementation of IFRS 10.*

*** *Short-term claims on institutions and corporates reclassified to exposure classes corporates and institutions as we have no short-term credit assessment available for these claims. Equity risk restated to reflect the implementation of IFRS 10.*

Analysis of rated counterparties in each standardised credit exposure class

Investec plc

Credit risk

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

Credit quality step	Risk weight	30 September 2013 Exposure £'million	30 September 2013 Exposure after credit risk mitigation £'million	31 March 2013 Exposure £'million	31 March 2013 Exposure after credit risk mitigation £'million
Central Banks and Sovereigns					
1	0%	2 866	2 866	3 068	3 068
2	20%	–	–	–	–
3	50%	–	–	–	–
4	100%	–	–	–	–
5	100%	–	–	–	–
6	150%	–	–	–	–
Institutions					
1	20%	455	455	289	289
2	50%	865	788	926	716
3	50%	139	139	67	67
4	100%	6	6	32	32
5	100%	–	–	–	–
6	150%	–	–	–	–
Counterparty credit risk – effective original maturity of more than three months					
1	20%	99	18	106	19
2	50%	170	114	263	172
3	50%	299	86	276	11
4	100%	1	1	1	1
5	100%	–	–	–	–
6	150%	–	–	–	–
Counterparty credit risk – effective original maturity of less than three months					
1	20%	270	75	251	21
2	50%	997	154	822	96
3	50%	193	20	551	136
4	100%	4	1	–	–
5	100%	–	–	–	–
6	150%	–	–	–	–
Corporates*					
1	20%	2	2	–	–
2	50%	9	9	12	12
3	100%	208	208	173	173
4	100%	16	16	–	–
5	150%	25	25	15	15
6	150%	–	–	–	–
Securitisation positions					
1	20%	136	136	163	163
2	50%	40	40	51	51
3	100%	24	24	25	25
4	350%	8	8	16	16
5	1 250%	4	4	4	4
Re-securitisation positions					
1	40%	33	33	36	36
2	100%	9	9	9	9
3	225%	4	4	4	4
4	650%	–	–	–	–
5	1 250%	–	–	–	–
Total rated counterparty exposure		6 882	5 241	7 160	5 136

** Short-term claims on institutions and corporates reclassified to exposure classes corporate and institutions as we have no short-term credit assessment available for these claims.*

Analysis of rated counterparties in each standardised credit exposure class

Investec Limited

Credit risk

The capital requirement disclosed as held against credit risk as at 30 September 2013 includes a small amount of capital held for counterparty credit risk, mainly within the group's trading businesses. On the basis of materiality no detail has been provided on this risk in the following analysis.

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

		30 September 2013		31 March 2013	
Credit quality step	Risk weight	Exposure R'million	Exposure after credit risk mitigation R'million	Exposure R'million	Exposure after credit risk mitigation R'million
Central Banks and Sovereigns					
1	0%	39 124	39 124	39 475	39 475
2	20%	–	–	–	–
3	50%	65	65	42	42
4	100%	–	–	–	–
5	100%	50	50	–	–
6	150%	–	–	–	–
Institutions original effective maturity of more than three months					
1	20%	146	146	627	466
2	50%	12 785	12 283	10 180	10 180
3	50%	10 180	9 917	12 665	12 664
4	100%	531	531	–	–
5	100%	–	–	–	–
6	150%	–	–	–	–
Short-term claims on institutions					
1	20%	216	216	1 083	1 083
2	20%	7 463	7 463	9 111	9 111
3	20%	6 435	6 435	6 646	6 646
4	50%	–	–	–	–
5	50%	–	–	–	–
6	150%	–	–	–	–
Corporates					
1	20%	1 183	1 080	444	367
2	50%	3 669	3 219	1 315	822
3	100%	5 789	3 096	3 050	1 223
4	100%	456	456	672	264
5	150%	–	–	–	–
6	150%	–	–	–	–
Securitisation positions					
1	20%	605	605	788	788
2	50%	5 061	5 061	4 124	4 124
3	100%	1 167	1 167	1 357	1 357
4	350%	405	405	369	369
5	1 250%	1 294	1 294	62	62
Total rated counterparty exposure		96 624	92 613	92 010	89 043

04

Divisional and segmental review

Group divisional structure

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.

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

Asset Management	Wealth & Investment	Specialist Banking
What we do	**What we do**	**What we do**
4Factor™ equities Quality Frontier and emerging market equities Value Commodities and resources Emerging market fixed income Multi-asset	Portfolio management Stockbroking Alternative investments Investment advisory services Electronic trading services Retirement portfolios	Property Activities Private Banking Activities Corporate Advisory and Investment Activities Corporate and Institutional Banking Activities Group Services and Other activities
Where we operate	**Where we operate**	**Where we operate**
Africa Americas and Japan Asia Australia Europe Middle East UK	Southern Africa UK and Europe	Australia Canada Hong Kong India Southern Africa UK and Europe USA

Integrated global management structure

Global roles

Chief executive officer	Stephen Koseff	Executive director	Hendrik du Toit
Managing director	Bernard Kantor	Group risk and finance director	Glynn Burger

Geographical business leaders	Specialist Banking	Asset Management	Support structures
South Africa Andy Leith Glynn Burger David Lawrence **United Kingdom** David van der Walt **Australia** Ciaran Whelan (acting)	**Property Activities** Sam Hackner **Private Banking Activities** Ciaran Whelan **Corporate Advisory and Investment Activities** Andy Leith **Corporate and Institutional Banking Activities** David van der Walt	Hendrik du Toit **Wealth & Investment** Steve Elliott	**Banking and institutions** David Lawrence **Chief integrating officer** Allen Zimbler **Corporate governance and compliance** Bradley Tapnack **Marketing** Raymond van Niekerk **Finance and risk management** Glynn Burger **Share schemes and secretarial** Les Penfold

At Investec Asset Management, our business is to manage clients' investments to the highest standard possible by exceeding their investment and client service expectations

Global head: Hendrik du Toit

We manage £66.2 billion of assets on behalf of our clients from around the world who are invested in our seven core investment capabilities.

Our clients include some of the world's largest private and public sector pension funds, insurers and corporates, and range from foundations and central banks to intermediated and direct investors.

Employing over 145 investment professionals, we manage our investments from two investment centres (London and Cape Town) serving our client base from seven geographically defined client groups.

Established in 1991, we have grown largely organically from domestic roots in Southern Africa and are still managed by our founding members, representing continuity and stability throughout our growth.

Our value proposition

- Organically built an independent global platform with roots in an emerging market
- Independently managed unit within the Investec group
- Competitive investment performance in chosen specialities
- Truly global approach:
  - global investing
  - global client base
  - global operations platform
- Institutional and adviser focus
- Unique and clearly understood culture
- Stable and experienced leadership
  - executive committee: average tenure of 19 years
  - top 30 leaders: average tenure of 14 years

Annual highlights

Operating profit before non-controlling interests increased by 6.8% to £71.9 million, contributing 32.3% to group profit.

Assets under management
£66.2 billion

Net new flows of £1.4 billion for the six month period (2012: £1.5 billion).

Operating margin
34.3%
(2012: 35.0%)

Asset Management (continued)

Management structure

Chief executive officer
Hendrik du Toit

Chief operating and financial officer
Kim McFarland

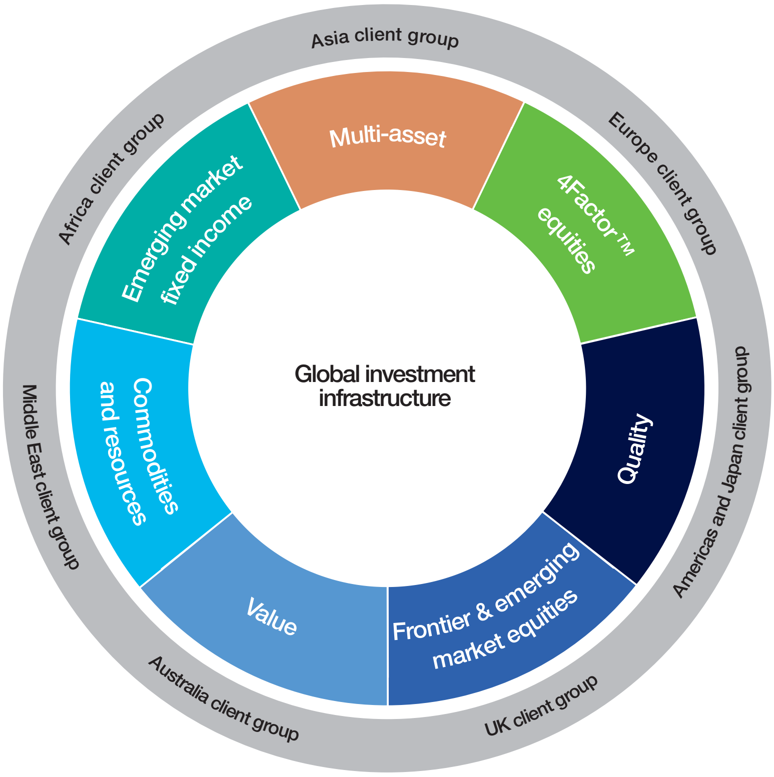
Global head of client group
John Green

Co-chief investment officer
Domenico (Mimi) Ferrini

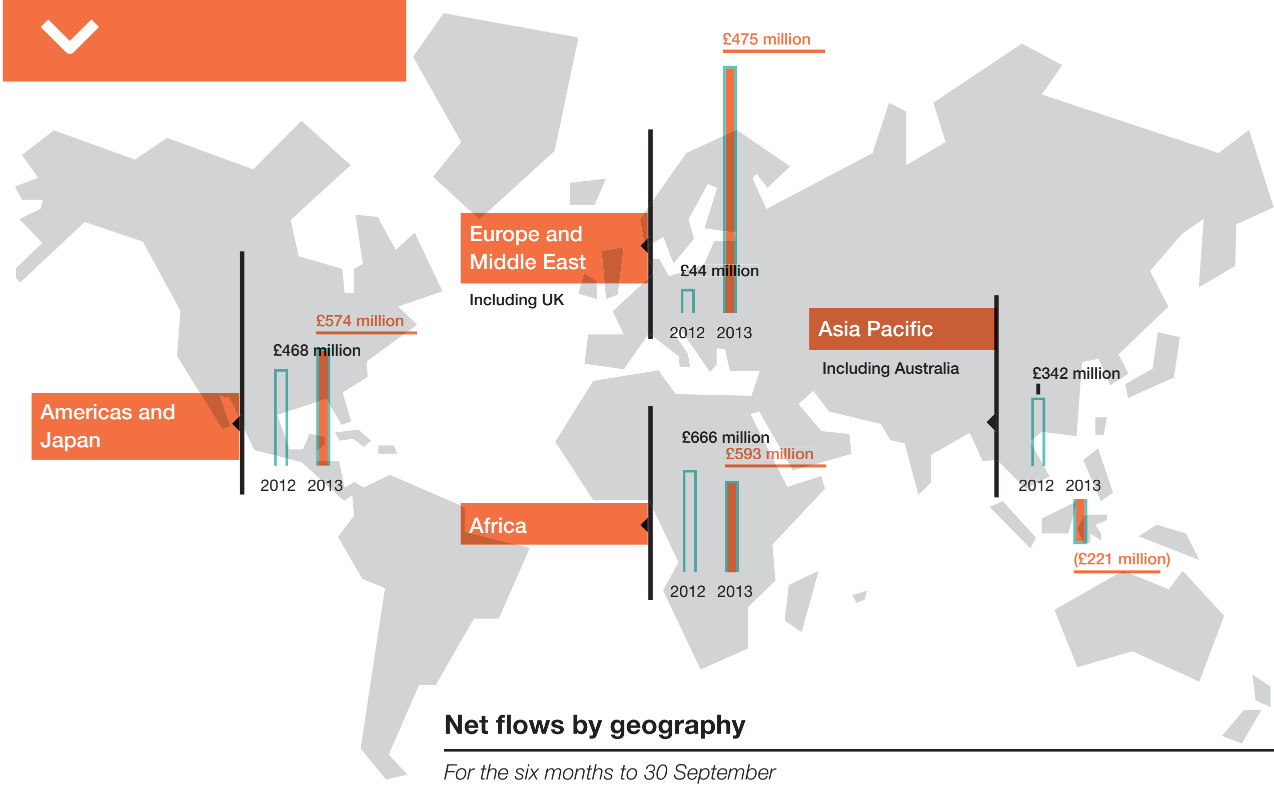
Co-chief investment officer
John McNab

What we do

Capabilities and organisational structure



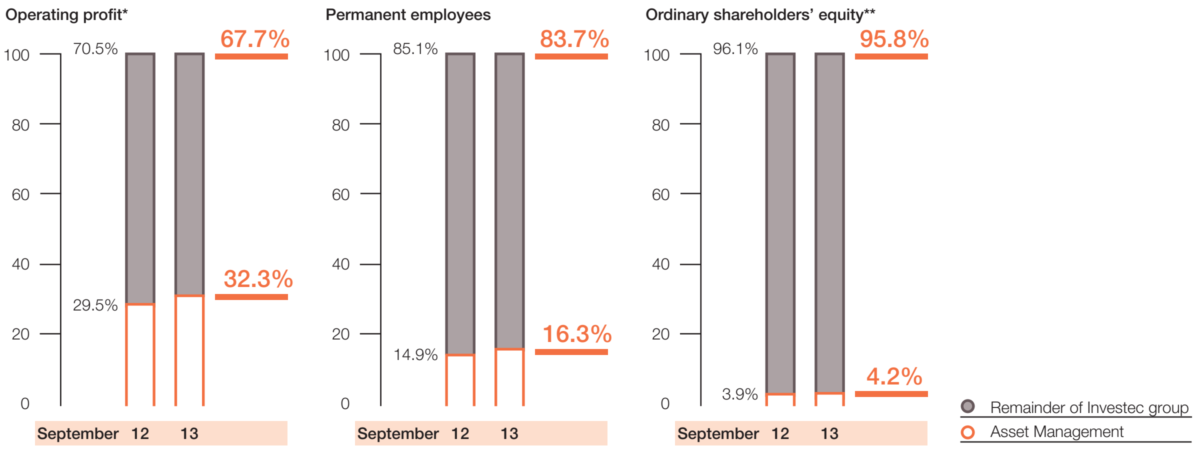
Where we operate



Net flows by geography

For the six months to 30 September

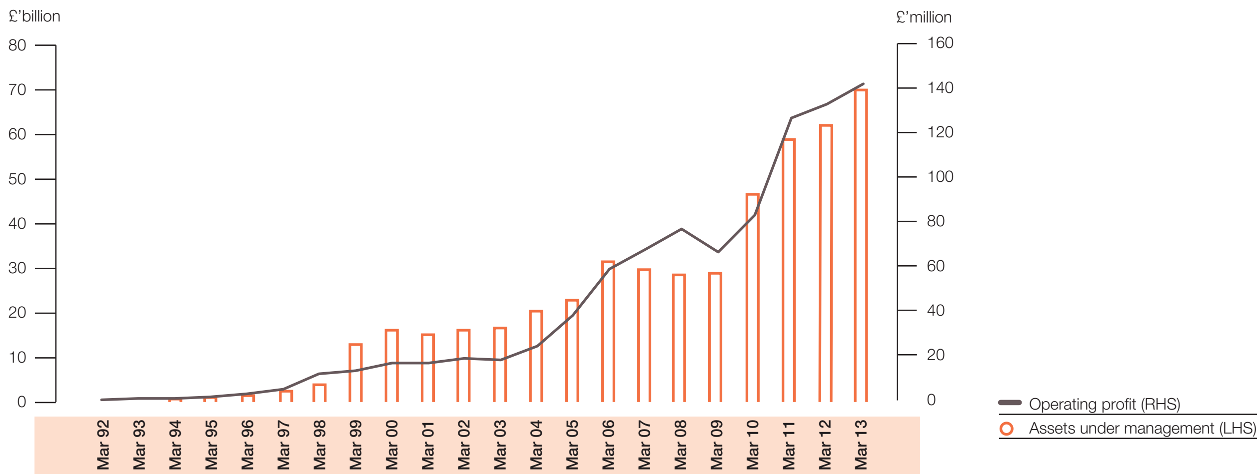
Financial analysis



* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*

** *As calculated on page 46, based on regulatory capital requirements.*

Historical financial performance



Income statement analysis

For the six months to £'000	30 Sept 2013	30 Sept 2012	Variance	% change
Net interest income	2 056	2 190	(134)	(6.1%)
Net fee and commission income	207 095	188 322	18 773	10.0%
Investment income	14	7	7	100.0%
Trading income arising from balance sheet management and other trading activities	(982)	(459)	(523)	>100.0%
Other operating income	1 767	2 543	(776)	(30.5%)
Total operating income before impairment on loans and advances	**209 950**	**192 603**	**17 347**	**9.0%**
Operating costs	(138 010)	(125 223)	(12 787)	10.2%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	**71 940**	**67 380**	**4 560**	**6.8%**
Profit attributable to Asset Management non-controlling interests**	(2 950)	(183)	2 767	>100.0%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	**68 990**	**67 197**	**1 793**	**2.7%**
UK and International	33 446	28 081	5 365	19.1%
Southern Africa	38 494	39 299	(805)	(2.0%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	**71 940**	**67 380**	**4 560**	**6.8%**
Profit attributable to Asset Management non-controlling interests**	(2 950)	(183)	2 767	>100.0%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	**68 990**	**67 197**	**1 793**	**2.7%**
ROE (pre-tax)*	98.3%	93.2%		
Return on tangible equity (pre-tax)*	346.7%	340.5%		
Cost to income ratio	65.7%	65.0%		
Operating profit per employee (£'000)*	54.8	56.0	(1.2)	(2.1%)

* *As calculated on pages 46 and 48.*

** *Earnings attributable to non-controlling interest includes the portion of earnings attributable to the 15% shareholding in the business by employees.*

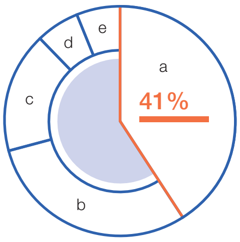
The variance in operating profit over the period can be explained as follows:

Equity market conditions continued to be volatile over the first half of the financial year and in this challenging environment, our operating profit before non-controlling interests grew by 6.8%. Volatile markets will continue to affect our revenues but our broad range of investment capabilities is well positioned to serve current and future investor demand. Performance fees amounted to £17.2 million (2012: £18.5 million).

Assets under management and flows

£'million	30 Sept 2013	Net flows	31 March 2013
Equities	27 138	598	27 313
Fixed income	19 777	697	21 946
Multi-asset	11 458	368	11 909
Alternatives	3 645	(475)	4 420
Third party funds on advisory platform	4 214	233	4 234
Total	66 232	1 421	69 822

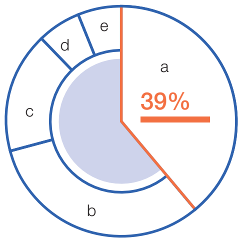
Assets under management by asset class



30 September 2013

£66.2 billion total assets under management

a	Equities	41%
b	Fixed income	30%
c	Multi-asset	17%
d	Alternatives	6%
e	Third party funds on advisory platform	6%

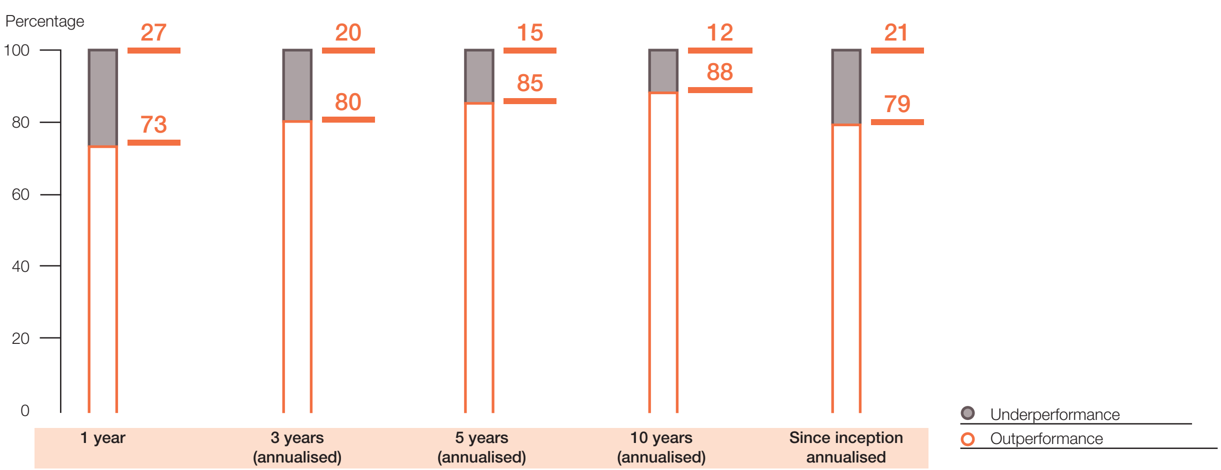


31 March 2013

£69.8 billion total assets under management

a	Equities	39%
b	Fixed income	32%
c	Multi-asset	17%
d	Alternatives	6%
e	Third party funds on advisory platform	6%

Segregated mandates performance



Source: Calculated by Investec Asset Management, gross of fees, data to 30 September 2013.

Note: Outperformance (underperformance) is calculated as the sum of the total market values for those portfolios that have positive active returns (negative active returns) expressed as a percentage of total assets under management. Market values for the indicated date are used for all periods shown.

Independent recognition

Calendar year 2013

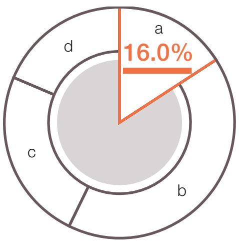
- Winner of aiCIO European Innovation Awards Emerging Markets Manager of the Year
- Winner of Imbasa Yegolide's Global Manager of the Year award (fourth year running) and Asset Manager of the Year award
- Highly Commended for Global Investor's Asset Manager of the Year and winner of Africa Equities Manager of the Year
- Nominated for the Financial News Awards for Excellence in Institutional Asset Management for the European Asset Management CEO of the Year award, Hendrik du Toit

Investment performance

All of our investment capabilities are managed with the simple aim of delivering performance which meets or exceeds our clients' expectations around agreed risk parameters.

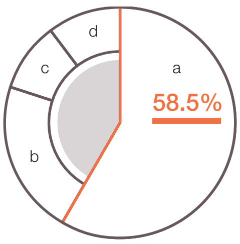
Short-term headwinds have affected our investment performance, but our long-term track record remains competitive.

Mutual funds investment performance



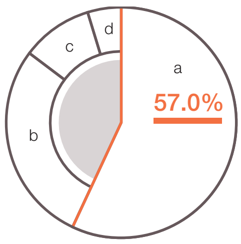
One year

a	First quartile	16.0%
b	Second quartile	41.3%
c	Third quartile	24.3%
d	Fourth quartile	18.4%



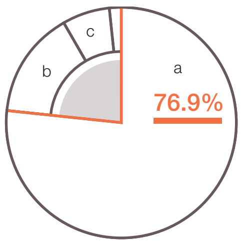
Three years

a	First quartile	58.5%
b	Second quartile	21.6%
c	Third quartile	9.8%
d	Fourth quartile	10.1%



Five years

a	First quartile	57.0%
b	Second quartile	28.5%
c	Third quartile	9.8%
d	Fourth quartile	4.7%



Ten years

a	First quartile	76.9%
b	Second quartile	15.0%
c	Third quartile	6.5%
d	Fourth quartile	1.6%

Source: Calculated from Lipper and Morningstar data by value; excludes cash and cash plus funds. Performance to 30 September 2013.

Questions and answers

Hendrik du Toit

Chief executive officer

Q Please give us an overview of the environment in which you operate

A At Investec Asset Management, our focus continues to be on building long-term relationships with the 300 largest asset owners and asset platforms in the world along with top-end advisers in select markets. Our clients include pension funds, central banks, sovereign wealth funds, insurers, foundations, financial advisers and individual investors.

Financial markets continued to be turbulent in the first six months of the financial year. The Federal Reserve's indication of an exit strategy to quantitative easing caused a sell-off in emerging and indeed global markets. Financial markets only settled down at the beginning of September when Ben Bernanke stated that the exit strategy was further out than originally indicated. At Investec Asset Management, we are committed to building a well-balanced, robust firm, with a variable cost base which should be able to look after its clients in benign as well as challenging market conditions.

Against this backdrop, we have had a solid half-year for net flows, amounting to £1.4 billion. The majority of these flows came from Africa, Europe and the Americas and Japan.

Q What have been the key developments in the first half of the financial year?

A The sale of a 15% shareholding in the business to employees was completed on 31 July 2013. Investec Asset Management is committed to a philosophy of meaningful ownership in the firm by employees. We believe that this philosophy is consistent with developing a culture that is aligned with client interests and long-term client results. We believe that employee ownership is an important factor in attracting and retaining the best investment talent.

We saw continued good performance in our range of investment strategies and our long-term investment performance remains solid with 88% of portfolios outperforming their benchmark on a 10-year annualised basis.

There are a few of our investment strategies facing performance challenges, but it is important to re-affirm that the business has a very competitive investment offering with excellent track records, allowing us to compete effectively in the market place.

In addition to the client endorsement demonstrated by our seventh consecutive half-year of positive net inflows, we have also continued to achieve independent and international recognition over the six months. Among these, we won two Imbasa Yegolide Awards for Professional Excellence (including being named Global Manager of the Year for the fourth consecutive year), and we were highly commended in the Asset Manager of the Year category at the Global Investor Awards. Our specific emerging markets expertise was also recognised over the period with the award for Africa Equities Manager of the Year from Global Investor and our top spot in the Emerging Markets Category from US title aiCIO. I was humbled to be nominated for the Financial News Awards for Excellence in Institutional Asset Management CEO of the Year.

In September, months of preparation culminated in the inaugural Tusk Conservation Awards, developed in partnership with Investec Asset Management and HRH Prince William, Patron of Tusk. The first of its kind in magnitude, this is a major new global conservation award recognising outstanding achievement in the field of African conservation. A 60-minute documentary, featuring an exclusive interview with the Duke of Cambridge and the work of the Tusk award winners and nominees, was broadcast by CNN and ITV (UK).

By supporting these awards, Investec Asset Management is acknowledging the contribution made by human beings who achieve extraordinary things. We are also assisting in raising global awareness around the challenges of conservation, ultimately furthering Tusk's mission towards a sustainable Africa.

Q What are your strategic objectives in the upcoming six months?

A Our long-term objective remains unchanged and our mission is to exceed our clients' expectations. We continue to be totally focused on managing our clients' money to the highest standard possible. We are on a truly unique journey. Our emerging market growth story is unmatched but there is no magic formula to our success. We believe it is down to the stability of our team, our enduring culture and our unwavering commitment to our clients.

Q What is your outlook for the upcoming six months?

A We have positive business momentum and are benefiting from sustained performance over many years. However, market uncertainty will put pressure on inflows going forward. We will continue to invest in our portfolio of investment strategies, which is well-positioned to serve current and future demand.

Investec Wealth & Investment offers its clients comfort in its scale, international reach and depth of investment processes. Investec Wealth & Investment is one of the UK's leading private client investment managers and the largest in South Africa

Global head: Steve Elliott
UK head: Jonathan Wragg
South Africa head: Henry Blumenthal
Switzerland head: Peter Gyger
NCB Wealth Management head: Eddie Clarke

Today the business specialises in wealth management, portfolio management and stockbroking services for individuals, families, trusts and charities. Formed through the alliance of Investec Private Client Securities, Investec Private Bank's Wealth Management division and the acquisition of Rensburg Sheppards and Williams de Broë in the UK, we are one of the UK's leading private client investment managers and the largest in South Africa.

Our value proposition

- Investec Wealth & Investment has been built via acquisition and integration of businesses and organic growth over a long period of time
- Well established platforms in the UK, South Africa and Switzerland. The new Guernsey business is expected to be fully operational in the final quarter of the 2013 calendar year
- Focus is on internationalising the business and organic growth in our key markets
- The business currently has four distinct distribution channels; direct, intermediaries, charities and international and is in the process of developing its online capabilities to form a fifth 'digital' distribution channel
- c.100 000 clients

Annual highlights

Operating profit up 35.0% to £30.8 million, contributing 13.8% to group profit.

Assets under management
£40.0 billion
(2012: £36.7 billion)

Operating margin 22.4% (2012: 19.3%).

21.2%
ROE (pre-tax)
(2012: 13.6%)

Net new flows for the six month period of £0.4 billion.

239.6%
tangible ROE (pre-tax)
(2012: 80.8%)

What we do and where we operate

United Kingdom and Europe

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
- Specialist portfolio management services for international clients, including resident and non-domiciled clients

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

- Individual and corporate tax planning services, including ISAs and Venture Capital Trusts
- Inheritance tax planning

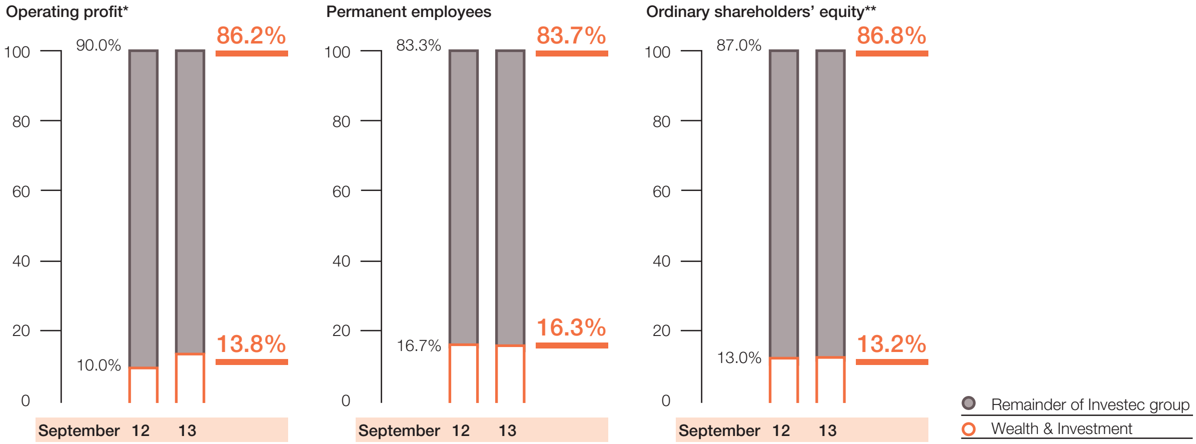
Over 1 000 staff operate from offices located throughout the UK and Europe, with combined funds under management of £25.3 billion. Investec Wealth & Investment is one of the UK's leading providers of private client investment management services.

The European operations are conducted predominantly from Switzerland, and in addition from Ireland, through NCB, and the developing presence in Guernsey.

South Africa

Investec Wealth & Investment South Africa provides portfolio management, wealth management and stockbroking services for private clients, charities, pension funds and trusts, operating from eight offices across South Africa with R45.0 billion of funds under full discretionary management and a further R195.3 billion of funds under various other forms of administration.

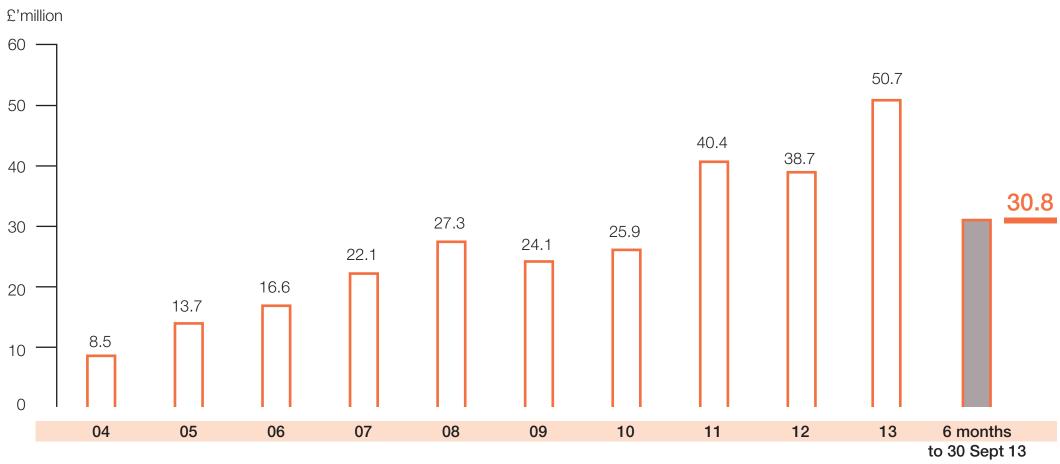
Financial analysis



* Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.

** As calculated on page 46, based on regulatory capital requirements.

Operating profit^ – track record



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

Income statement analysis

For the six months to £'000	30 Sept 2013	30 Sept 2012	Variance	% change
Net interest income	4 836	5 881	(1 045)	(17.8%)
Net fee and commission income	131 306	111 762	19 544	17.5%
Investment income	1 116	492	624	>100.0%
Trading income arising from				
– customer flow	87	(81)	168	(>100.0%)
– balance sheet management and other trading activities	3	228	(225)	(98.7%)
Other operating income	479	308	171	55.5%
Total operating income before impairment on loans and advances	**137 827**	**118 590**	**19 237**	**16.2%**
Operating costs	(106 986)	(95 739)	(11 247)	11.7%
Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests	**30 841**	**22 851**	**7 990**	**35.0%**
UK and Europe	20 690	14 223	6 467	45.5%
South Africa	10 151	8 628	1 523	17.7%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	**30 841**	**22 851**	**7 990**	**35.0%**
ROE (pre-tax)*	21.2%	13.6%		
Return on tangible equity (pre-tax)*	239.6%	80.8%		
Cost to income ratio	77.6%	80.7%		
Operating profit per employee (£'000)*	23.0	17.4	5.6	32.2%

* *As calculated on pages 46 and 48.*

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

- In the UK and Europe the division has benefited from higher average funds under management and net inflows, with relevant market indices closing 9% ahead of the prior period. Operating margins have improved from 15.6% for the six months to 30 September 2012 to 19.1% for the current period.
- The South African business posted an operating profit of R152 million, an increase of 35.7% over the prior period, benefiting from higher average funds under management and solid discretionary net inflows.

Analysis of key earnings drivers (funds under management)

£'million	30 Sept 2013	31 March 2013	% change	30 Sept 2012	31 March 2012	% change
UK and Europe	25 328	24 733	2.4%	22 492	20 969	7.3%
Discretionary	17 149	16 381	4.7%	14 786	14 187	4.2%
Non-discretionary and Other	8 179	8 352	(2.1%)	7 706	6 782	13.6%
South Africa	14 747	15 617	(5.6%)	14 224	13 802	3.1%
Discretionary	2 761	2 604	6.0%	2 311	2 185	5.8%
Non-discretionary	11 986	13 013	(7.9%)	11 913	11 617	2.5%
Total	40 075	40 350	(0.7%)	36 716	34 771	5.6%

UK and Europe: analysis of key earnings drivers (funds under management and flows)

Funds under management

£'million	30 Sept 2013	31 March 2013	% change	30 Sept 2012	31 March 2012	% change
Investec Wealth & Investment Limited	22 805	22 271	2.4%	20 140	19 956	0.9%
Discretionary	16 930	16 177	4.7%	14 605	14 187	2.9%
Non-discretionary	5 607	5 747	(2.4%)	5 128	5 316	(3.5%)
Other	268	347	(22.8%)	407	453	(10.2%)
NCB	1 697	1 536	10.5%	1 423	–	n/a
Discretionary	219	204	7.4%	181	–	n/a
Non-discretionary	1 478	1 332	11.0%	1 242	–	n/a
European Wealth Management	826	926	(10.8%)	929	1 013	(8.3%)
Total	25 328	24 733	2.4%	22 492	20 969	7.3%

Further analysis of the Investec Wealth & Investment Limited business

Funds under management and flows

£'billion	30 Sept 2013	31 March 2013	% change	30 Sept 2012	31 March 2012*	% change
At the beginning of the period	22.27	19.96		19.96	12.74	
Inflows	1.13	1.87		0.95	0.96	
Outflows	(0.64)	(1.50)		(0.81)	(0.76)	
Market adjustment^	0.05	1.94		0.04	(0.10)	
Acquisition	–	–		–	7.12	
At the end of the period	22.81	22.27	2.4%	20.14	19.96	0.9%
FTSE/APCIMS Private Investors Balanced Index (at period end)	3 293	3 300	(0.2%)	3 014	3 002	0.4%
Annualised underlying rate of net organic growth in total funds under management**	4.4%	1.9%		1.4%	1.6%	
% of total funds managed on a discretionary basis	75.4%	74.2%		74.0%	72.7%	

^ *Impact of market movement and relative performance.*
* *Restated to include Williams de Broë in funds under management and percentage discretionary.*
** *Net organic inflows less outflows (excluding acquired inflows and exceptional outflows) as a percentage of opening funds under management. Flows for the year ended 31 March 2012 exclude Williams de Broë.*

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

Funds under management

R'million	30 Sept 2013	31 March 2013	% change	30 Sept 2012	31 March 2012	% change
Discretionary	44 979	36 352	23.7%	30 947	26 809	15.4%
Non-discretionary	195 250	181 668	7.5%	159 514	142 546	11.9%
Total	240 229	218 020	10.2%	190 461	169 355	12.5%

Net inflows/(outflows) at cost over the period

R'million	30 Sept 2013	31 March 2013	% change	30 Sept 2012	31 March 2012	% change
Discretionary	2 909	3 714	(21.7%)	1 478	1 956	(24.4%)
Non-discretionary	(3 640)^^	2 148	(>100.0%)	3 927	(7 348)^^	>100.0%
Total	(731)	5 862	(>100.0%)	5 405	(5 392)	>100.0%

^^ *Largely relating to clients who have moved their portfolios to another institution to serve as collateral in a transaction they were concluding.*

Questions and answers

Steve Elliott

Global head

Q Please give us an overview of the environment in which you operate

A Market conditions have remained favourable for the UK business throughout the first half of the financial year. Market indices rose significantly during the final quarter of the previous financial year and the increased levels have broadly been maintained. Positive investor sentiment, combined with a continuing prevalence of investment opportunities, has resulted in transactional volumes remaining buoyant. Against this backdrop, income levels have improved relative to the first half of the prior year.

The Retail Distribution Review ('RDR'), which seeks to improve pricing transparency, strengthen professional qualification requirements and tighten rules governing firms' abilities to promote themselves as independent advisers, became effective in the UK on 31 December 2012. While the full impact of the RDR in the UK industry will take some time to emerge, we expected the new requirements to lead to an increase in demand for professional investment management services and we are now starting to see evidence of this. While RDR will have some negative consequences for the investment management industry, the resources we committed to planning for its implementation mean we can continue to expect that it will result in a net benefit to the Investec Wealth & Investment business over the longer term.

Wider regulatory obligations in the UK continue to increase, as do the costs of ensuring our ongoing compliance with them. While we have the scale within our UK business to withstand the increasing burden of regulation better than many, the level of resources required to fulfil regulatory requirements has been a significant driver to the recent wave of consolidation seen in the UK private client investment management industry.

In South Africa, equity markets continue to be driven by favourable global market trends, which have, to date, favoured the so-called industrial rand hedges – industrial companies listed on the JSE with the bulk of their activities outside of South African borders. This class of shares has significantly outperformed other classes of shares on the JSE.

Having indicated in May that it was looking at reducing the extent of its asset purchases (currently at a rate of US$85 billion a month), the Federal Reserve surprised the market in September by announcing that it was not yet ready to start reducing this programme of monetary stimulus. This provided further impetus to the industrial rand hedges as a group, and, in turn, the JSE All Share Index. This has been despite the underperformance of the local economy plays on the JSE, which continue to be affected by soft domestic conditions. Data for mining and industrial production have been weak, as have consumer confidence surveys. These reflect many of the challenges faced by the economy, notably high levels of industrial activity and the stresses of rising levels of indebtedness on the consumer.

The timing and pace of the Federal Reserve's withdrawal from its asset purchase programme is likely to dictate affairs in the local equity market. Meanwhile, moderate growth in the world's leading economies, notably the US, China and Europe, should offset some of the volatility that such a withdrawal may cause. So too will the continued accommodative stance being adopted by central banks around the world. In this context, we do not see the South African Reserve Bank raising rates until it sees signs of pressure on the domestic consumer easing.

Q What have been the key developments in the first half of the financial year?

A During the integration of Williams de Broë, the UK business has maintained positive net organic growth in funds under management. We are pleased to report an increase in the rate of growth during the first half of the current financial year.

Structural costs of operating in the UK Investment Management industry have increased which has led to many of our peers reviewing the level of their charges to clients. The UK business is undertaking a similar review in two phases. Increases in charges following the first phase became effective in September 2013. The second phase of the review will be undertaken in 2014.

A key element of our strategy for growth in the UK is to recruit experienced, high calibre investment managers, where suitable opportunities exist. We have recently secured the recruitment of a number of individuals across our Glasgow, Edinburgh, Manchester and London offices. The recruitment in our Scottish offices, in particular, meets our objective to significantly increase our presence in this key region of the UK market. The income growth which this recruitment is expected to deliver will begin to come on stream during the next financial year.

Investec Wealth & Investment was named best wealth manager in South Africa, together with Investec Private Banking. This international accolade was awarded by the UK's Financial Times (FT) Group at their 5th Annual Global Private Banking Awards in Geneva.

Wealth & Investment (continued)

The South African business has continued to see healthy inflows into their discretionary funds under management. This has again been abetted, by cross-referring clients between Wealth & Investment and Private Banking and through focused distribution initiatives.

The Investec phone app has recently been launched in South Africa, further enhancing access to information and transaction ability for the private client. There has also been further investment in technology to improve the platforms in South Africa.

Q What are your strategic objectives in the upcoming six months?

A The integration of the Williams de Broë business in the UK enabled us to establish a footprint of 15 offices across the UK. While we continue to ensure that the integration beds down fully, we are also focused on building critical mass in those locations where we believe increasing our presence will deliver future growth. We have a strong foundation on which to build and we see this as a key asset for achieving organic growth of the business and the benefits of increasing scale.

We are also seeking to enhance our offering to clients with higher asset values, which includes the continuing development of our offshore offering. While our existing client base remains core to the business, our scale and the resources we can access within the Investec group means that we have the capability to meet the needs of a wider section of the marketplace.

The South African business will continue to integrate with and leverage off the platforms and investment management expertise of the international business, partnering with clients in the internationalisation of their investments.

Q What is your outlook for the upcoming six months?

A While wider economic risks remain, market conditions for the UK and South African businesses remain favourable. New business, from both the direct and intermediary channels of the UK business, continues to build and this is supported by our increasing presence in key locations and the quality of our investment process, which is achieving increasing recognition in the marketplace. Work is also progressing towards developing our digital capabilities for both our existing clients and with a view to accessing potential new markets. These factors leave the business well placed to pursue further organic growth during the remainder of the financial year and beyond.

Specialist Banking

Specialist expertise delivered with dedication and energy

Global heads

Andy Leith	Corporate Advisory and Investment Activities
Sam Hackner	Property Activities
David van der Walt	Corporate and Institutional Banking Activities
Ciaran Whelan	Private Banking Activities

The specialist teams are well positioned to provide services for both personal and business needs right across Private Banking, Property Investments, Corporate and Institutional Banking and Corporate Advisory and Investment Banking.

Our value proposition

- High quality specialist banking solutions to corporate, institutional and private clients with leading positions in selected areas
- Provide high touch personalised service
- Domestically focused with ability to leverage international, cross-border platforms
- Well positioned to capture opportunities between the developed and the emerging world
- Balanced business model with good business depth and breath
- Total corporate and other clients: *c*. 335 000
- Total high income and high net worth clients: *c*. 167 000

Annual highlights

65.8%
cost to income
(2012: 61.8%).

Operating profit
down 12.9% to
£120.0 million
contributing 53.9% to group profit

8.1%
ROE (pre-tax)
(2012: 9.5%).

Loans and advances
£17.4 billion

8.5%
Tangible ROE
(pre-tax)
(2012: 10.0%).

Customer deposits
£23.2 billion

What we do

Corporates/government/institutional clients

Corporate Advisory and Investment Activities

Advisory

Institutional, research, sales and trading

Principal investments

Property activities

Australia
Hong Kong
India
Southern Africa
UK and Europe
USA

Corporate and Institutional Banking Activities

Treasury and trading services

Specialised finance

Debt Capital Markets

Australia
Canada
India
Southern Africa
UK and Europe
USA

High income and high net worth private clients

Private Banking Activities

Transactional banking

Lending

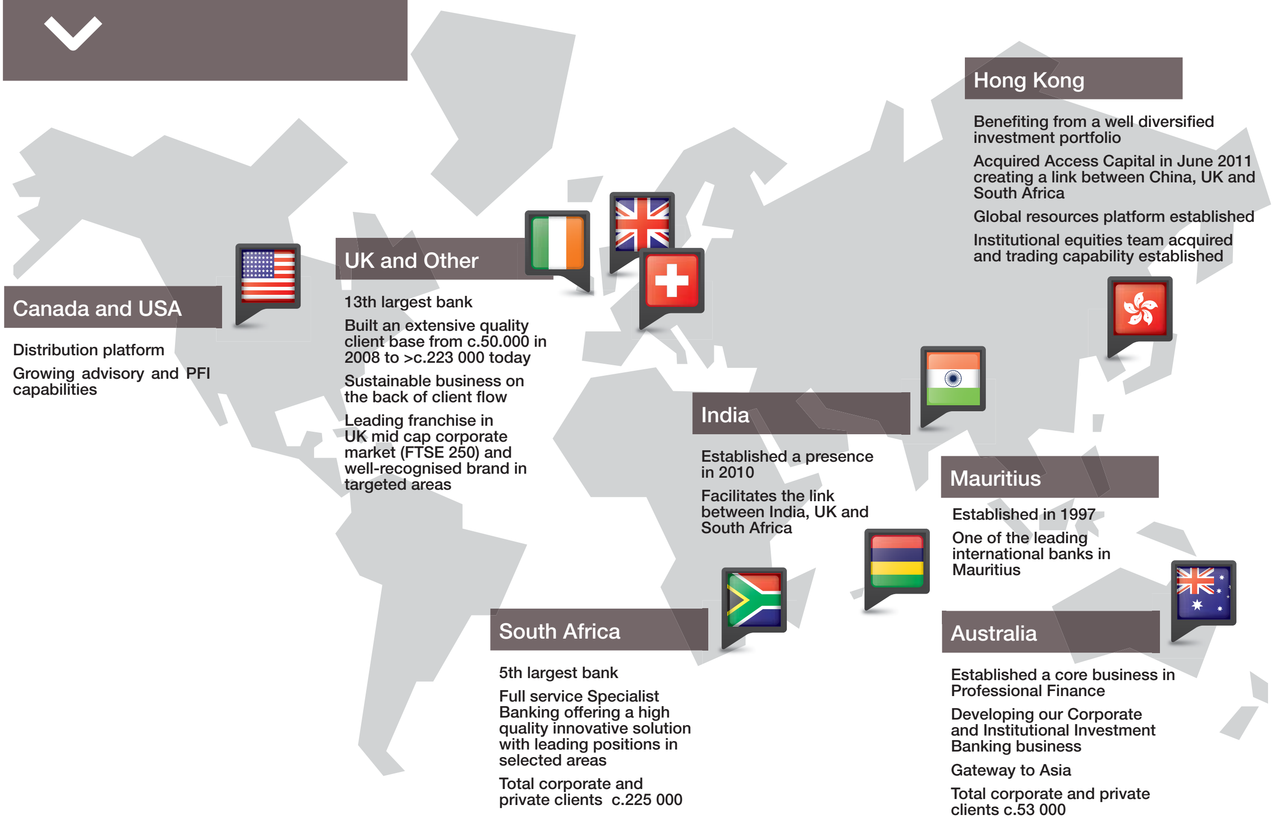
Deposits

Investments

Australia
Southern Africa
UK and Europe

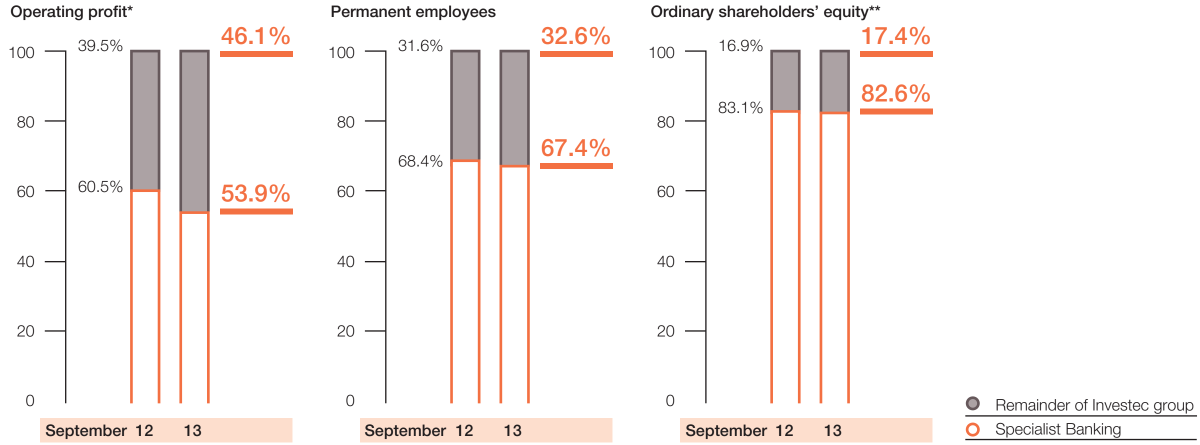
Integrated systems and infrastructure

Where we operate



Specialist Banking (continued)

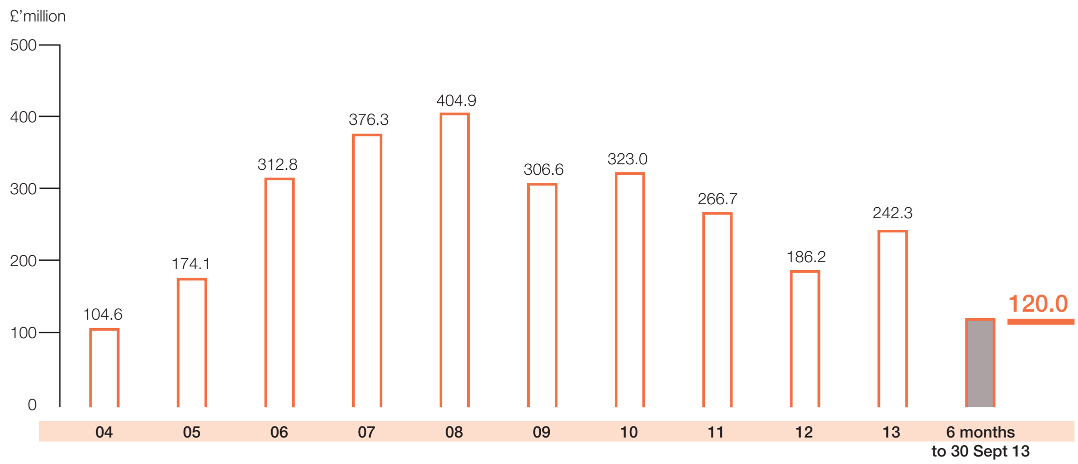
Financial analysis



* Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.

** As calculated on page 46, based on regulatory capital requirements.

Operating profit^ – track record



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

Income statement analysis

For the six months to £'000	30 Sept 2013	30 Sept 2012	Variance	% change
Net interest income	311 522	341 695	(30 173)	(8.8%)
Net fee and commission income	146 475	161 627	(15 152)	(9.4%)
Investment income	60 698	73 292	(12 594)	(17.2%)
Trading income arising from				
– customer flow	54 344	34 304	20 040	58.4%
– balance sheet management and other trading activities	14 647	25 639	(10 992)	(42.9%)
Other operating income	6 331	18 125	(11 794)	(65.1%)
Total operating income before impairment on loans and advances	594 017	654 682	(60 665)	(9.3%)
Impairment losses on loans and advances	(83 087)	(115 640)	32 553	(28.2%)
Operating costs	(392 386)	(408 404)	16 018	(3.9%)
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	118 544	130 638	(12 094)	(9.3%)
Losses attributable to non-controlling interests	1 493	7 201	(5 708)	(79.3%)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	120 037	137 839	(17 802)	(12.9%)
UK and Europe	26 881	47 328	(20 447)	(43.2%)
Ongoing business	76 159	82 415	(3 256)	(4.0%)
Legacy business	(49 278)	(35 087)	(14 191)	(40.4%)
Southern Africa	107 081	85 756	21 325	24.9%
Australia	(13 925)	4 755	(18 680)	(392.8%)
Ongoing business	7 848	17 020	(9 172)	(53.9%)
Legacy business	(21 773)	(12 265)	(9 508)	(77.5%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	120 037	137 839	(17 802)	(12.9%)
ROE (pre-tax)*	8.1%	9.5%		
Return on tangible equity (pre-tax)*	8.5%	10.0%		
Cost to income ratio	65.8%	61.8%		
Operating profit per employee (£'000)	21.7	25.7	(4.0)	(15.6%)

** As calculated on pages 46 and 48.*

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

- Net interest income decreased marginally as a result of less interest earned on running down legacy portfolios, offset partially by increased lending turnover and an improvement in the cost of funding
- Net fee and commission income has decreased as a result of less corporate fees earned in the period, however, pipelines remain sound
- Investment and other trading income decreased as a result of lower returns generated on the fixed income portfolio, partially offset by a good performance from the investment portfolio
- Trading income from customer flow improved due to increased treasury distribution and market making activities
- Other operating income includes associate income and income earned on an operating lease portfolio acquired during December 2010
- Total operating income decreased 16.6%
- Impairments decreased by 38.9%. Further information is provided on pages 66 and 67
- Operating expenses decreased largely as a result of lower depreciation recorded on operating leased assets, with other costs marginally lower than the prior year

The variance in the operating profit in South Africa over the period can be explained as follows:

- The analysis and variances described below for the South African Specialist Banking division are based on the Rand numbers reported. Results in Pounds Sterling have been negatively impacted by the depreciation of the average Rand: Pounds Sterling exchange rate of approximately 16% over the period. The Specialist Banking division reported operating profit before taxation of R1 615 million (2012: R1 158 million)
- Net interest income decreased as a result of less interest earned on surplus cash portfolios given the decline in interest rates, partially offset by an increase in the loan portfolio
- Net fee and commission income has increased largely as a result of a good performance from the corporate business with strong growth in project finance renewable energy and structured finance fees. The professional finance and property fund continued to perform well
- Investment income growth has been supported by a solid performance from the unlisted private equity portfolio
- Trading income from customer flow improved due to increased client activity, notably in forex transactions
- Other trading income has benefited from effective balance sheet management
- Total operating income increased 14.3%
- Impairments decreased by 26.1%. Further information is provided on pages 66 and 67
- Operating expenses increased 7.7%

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

- The Australian business was strategically restructured with a focus on improving profitability and returns and enhancing operational efficiencies.
- Following the strategic review conducted in Australia a number of businesses were identified which given the current economic environment are unlikely to make suitable profits or returns. As a result, certain businesses have been closed resulting in a number of staff taking redundancy. These restructure costs were reflected in the current period's results.
- Focus remains on building businesses in select niches where the group has a competitive advantage such as private banking, professional finance and the financial needs of high-net-worth clients, corporate advisory and lending. The continuing operations made a profit of A$11.9 million during the period.

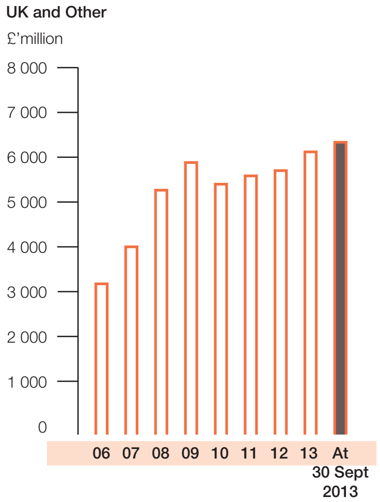
Analysis of key earnings drivers

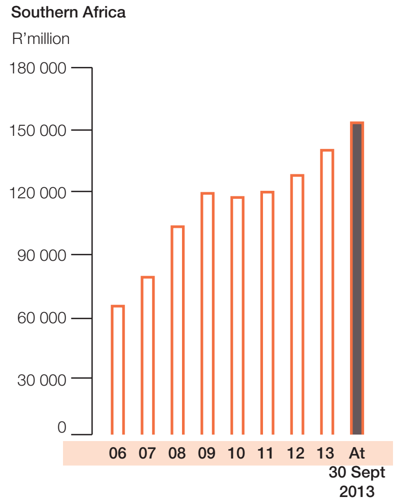
Net core loans and advances (excluding Kensington)

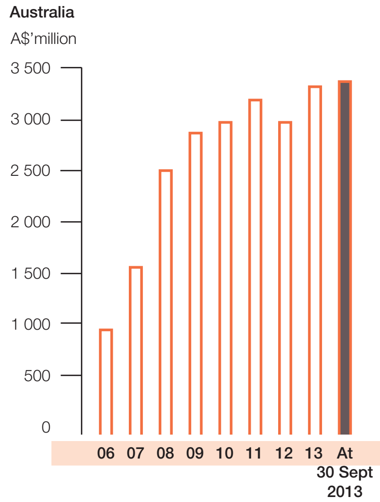
	£'million			Home currency 'million		
	30 Sept 2013	31 March 2013	Change	30 Sept 2013	31 March 2013	Change
UK and Other	6 235	6 045	3.1%	£6 235	£6 045	3.1%
Southern Africa	9 227	10 165	(9.2%)	R150 308	R141 903	5.9%
Australia	1 929	2 205	(12.5%)	A$3 341	A$3 212	3.7%
Total	17 391	18 415	(5.6%)			

Specialist Banking (continued)

Net core loans and advances (excluding Kensington)





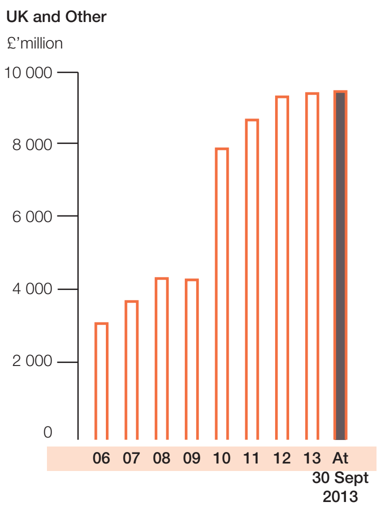


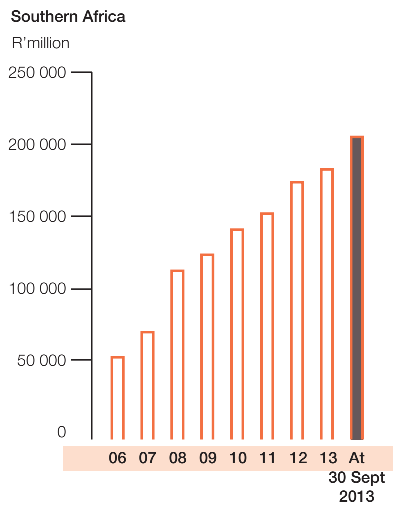
Trend reflects numbers as at the year ended 31 March unless stated otherwise.

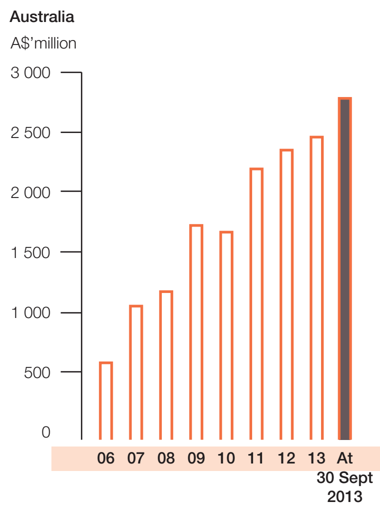
Total deposits

	£'million			Home currency 'million		
	30 Sept 2013	31 March 2013	Change	30 Sept 2013	31 March 2013	Change
UK and Other	9 309	9 561	(2.6%)	£9 309	£9 561	(2.6%)
Southern Africa	12 312	13 278	(7.3%)	R200 579	R185 361	8.2%
Australia	1 610	1 693	(4.1%)	A$2 787	A$2 466	12.7%
Total	23 231	24 532	(5.3%)			

Total deposits







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

Divisional and segmental review

4

Legacy business in the UK Specialist Bank

The legacy business in the UK Specialist Bank comprises:

- Assets put on the bank's books pre 2008 where market conditions post the financial crisis have materially impacted the business model e.g. the Kensington business
- Assets written prior to 2008 with very low/negative margins
- Assets relating to business we are no longer undertaking

An analysis of assets within the legacy business

£'million	30 Sept 2013 Total net assets (after impairments)	30 Sept 2013 Total balance sheet impairment	31 March 2013 Total net assets (after impairments)	31 March 2013 Total balance sheet impairment
Kensington – UK warehouse loans	810	17	857	23
Kensington – Ireland	491	123	504	116
Total Kensington	1 301	140	1 361	139
Performing	789	14	839	20
Non-performing	512	126	522	119
Other corporate assets and securitisation activities	943	55	1 151	52
Private Bank Irish planning and development assets	61	58	62	58
Other Private Bank assets	1 410	84	1 402	84
Total other legacy assets	2 414	197	2 615	194
Performing	2 031	4	2 219	5
Non-performing	383	193	396	189

A further analysis of the UK Specialist Bank's results for the six months ended 30 September 2013

£'million	Ongoing business	Legacy business	Total
Total income	262.0	11.0	273.0
Total impairments	(11.4)	(36.4)	(47.8)
Total expenses	(174.6)	(23.8)	(198.4)
Depreciation on operating leased assets	(3.9)	–	(3.9)
Net profit before tax	72.1	(49.2)	22.9
Taxation (using total effective tax rate for UK as reported at 23.7%)	(17.1)	11.7	(5.4)
Net profit after tax	55.0	(37.5)	17.5
Non-controlling interests	4.0	–	4.0
Attributable earnings before preference dividends	59.0	(37.5)	21.5
Average shareholders' equity	630	374	1 044
Post-tax return on average shareholders' equity (before preference dividends)	18.7%	(20.1%)	4.3%
Cost to income ratio	67.6%	>100%	73.7%

A further analysis of the UK Specialist Bank's results for the year ended 31 March 2013*

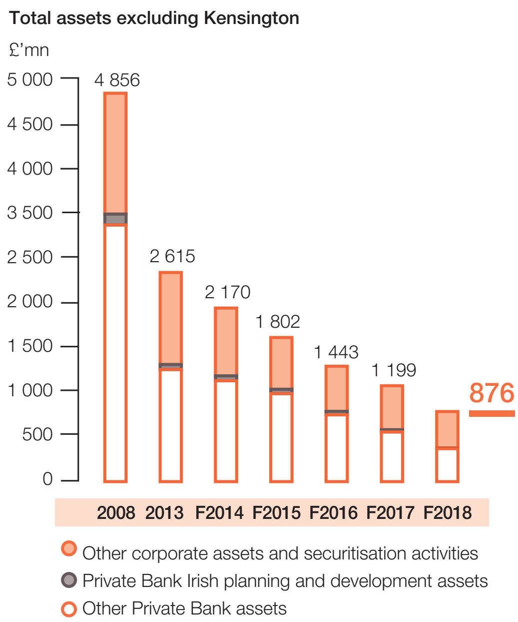
£'million	Ongoing business	Legacy business	Total
Total income	577.9	64.6	642.5
Total impairments	(65.9)	(105.3)	(171.2)
Total expenses	(367.3)	(45.5)	(412.8)
Depreciation on operating leased assets	(16.1)	–	(16.1)
Net profit before tax	128.6	(86.2)	42.4
Taxation (using total effective tax rate for UK as restated at 23.0%)	(29.6)	19.8	(9.8)
Net profit after tax	99.0	(66.4)	32.6
Non-controlling interests	(0.4)	–	(0.4)
Attributable earnings before preference dividends	98.6	(66.4)	32.2
Average shareholders' equity	587	410	977
Post-tax return on average shareholders' equity (before preference dividends)	16.8%	(16.2%)	3.2%
Cost to income ratio	65.4%	70.4%	65.9%

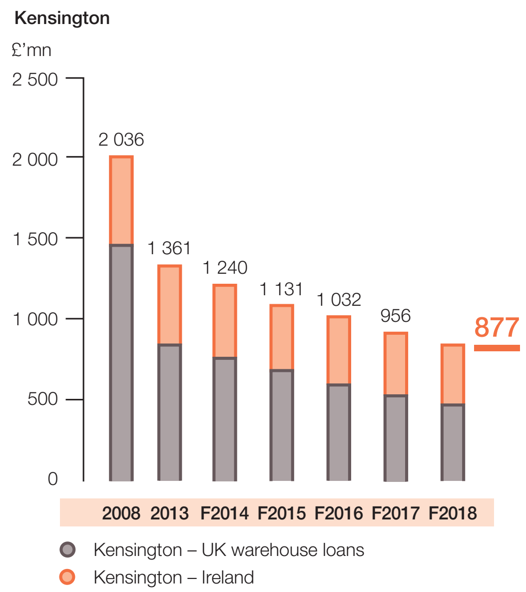
A further analysis of the UK Specialist Bank's results for the six months ended 30 September 2012*

£'million	Ongoing business	Legacy business	Total
Total income	281.7	46.0	327.7
Total impairments	(25.5)	(52.7)	(78.2)
Total expenses	(171.7)	(28.3)	(200.0)
Depreciation on operating leased assets	(9.8)	–	(9.8)
Net profit before tax	74.7	(35.0)	39.7
Taxation (using total effective tax rate for UK as reported at 21.8%)	(16.3)	7.6	(8.7)
Net profit after tax	58.4	(27.4)	31.0
Non-controlling interests	7.6	–	7.6
Attributable earnings before preference dividends	66.0	(27.4)	38.6
Average shareholders' equity	589	427	1 016
Post-tax return on average shareholders' equity (before preference dividends)	11.2%	(6.4%)	3.8%
Cost to income ratio	63.1%	61.5%	62.9%

* *Restated. Refer to pages 154 to 159.*

Expected legacy business run off rate for assets





Divisional and segmental review

4

Questions and answers

David van der Walt

Geographical business leader United Kingdom

Q Please give us an overview of the environment in which you operate

A Since the beginning of the financial year, the operating environment has continued to improve and has remained relatively stable compared with the previous period. The cost of liquidity continued to improve, although the trend has stabilised recently. We are seeing reasonable levels of activity compared with the prior year and the pipeline has begun to build although transactions are still slow to close. The changing regulatory environment continues to pose challenges and, while the rate of change seems to be slowing, the associated costs remain high.

In summary, it was a more stable environment with improving levels of activity which should help the performance in the second half of the financial year.

Q What have been the key developments in the first half of the financial year?

A We have continued to build out but simplify our operating model.

On simplification, we have closed our financial markets group and reduced our secondary market and principle credit activities. We have sold our trust businesses in Jersey, Switzerland and Mauritius. We have continued to reshape and right size our Investment Banking and Securities business and this has now been integrated into our Corporate & Institutional banking business. We have co-located the NCB business with our Irish branch in Dublin. The banking and securities business of NCB has been integrated into our Irish branch and no longer operates as a separate legal entity. We have reduced pricing on deposit accounts and closed a number of non-core accounts to reduce the overall drag on liquidity.

On build out, we have continued to grow and expand our asset finance business as ING, the previous largest player, has withdrawn from this market. We have added overdrafts to our private client card and transactional bank offering and continue to invest to make this a premier private client offering. We have focused all business back on primary client activity and building our franchise. We have increased market share generally.

Q What are your strategic objectives in the upcoming six months?

A We continue to focus on building our client base and going deeper into our markets. Our commitment is to become a partner of choice in the high income, high net worth and mid-market corporate space. We are looking to reduce costs where possible and increase productivity.

Q What is your outlook for the upcoming six months?

A Overall, if market conditions remain unchanged, we expect an improved performance compared with the full year to March 2013. The general trends on impairments continue to improve, but the drag of the legacy book on margin, costs and return on capital will continue to impact on overall performance for the full year. Overall, the quality of income is improving and the business outside of the legacy portfolios demonstrates good returns on capital.

Questions and answers

Sam Hackner
Andy Leith
Richard Wainwright
Ciaran Whelan

Geographical business leaders South Africa

Q Please give us an overview of the environment in which you operate

A The bank has delivered a very strong performance in the first half of the year.

We have experienced a reasonable operating environment in our core businesses with good levels of activity in Private Banking and Corporate and Institutional Banking. We have a seen a strong performance from our Private Equity activities and a stable performance from our Property activities.

The overall economy remained weak and as a consequence we saw some uptick in the level of defaults. Notwithstanding this uptick, we are fully collateralised and are therefore seeing a downward trend in the level of impairments.

There has been some good support from the equity markets during the period; however the currency has been very volatile particularly as the Federal Reserve Bank put tapering of QE on the agenda. This could ultimately have an impact on the increasing cost of dollar liabilities for South African borrowers. The effect of this is not being evidenced on the ground and since the period end we have managed to raise $1 billion from a consortium of international banks.

Overall, we have experienced a conducive operating environment for our business.

Q What have been the key developments in the first half of the financial year?

A We continue to make good progress on the single bank strategy with good co-operation from all the businesses across the Specialist Bank. We continue to simplify our business model to ensure that our clients receive a high level of service.

We have seen a lot of traction from the close co-operation with Investec Wealth & Investment in leveraging our private client platform. Our approach is to provide and integrate our offering across our client segments and build market share in those segments through further client penetration.

We have started to see an increase in activity in the Corporate and Institutional Banking business and continue to see good client activity in our Private Banking business.

Q What are your strategic objectives in the upcoming six months?

A The overall business has experienced significant change over the past few years, dealing with the consequences of the global financial crisis and our single bank project.

Foundations are now well-rooted for future growth and development. Co-operation and collaboration across the business units has improved significantly and we will continue to focus on building clients in core areas while at the same time servicing our existing clients in the best possible way.

Significant effort will be made on maintaining the cost base and cross- selling our products across different client bases so that we continue to provide integrated solutions to our clients.

We continue to focus on building a network in Africa concentrating on a number of core geographies in Sub-Saharan Africa. These initiatives remain focused largely on advisory, corporate institutional banking and asset management opportunities.

We have navigated our way through a difficult period and aim to continue the progress made over the last few years in dealing with legacy issues.

Q What is your outlook for the upcoming six months?

A The outlook will depend on market conditions. We feel we are reasonably well positioned to take advantage of opportunities; while we are experiencing difficult economic conditions on the ground, we believe the opportunities for our business will be apparent.

Overall, we expect to show an improved performance on last year as we try to entrench improvements made on cost to income and return on equity ratios.

Questions and answers

Ciaran Whelan

Acting

Geographical business leader Australia

Q Please give us an overview of the environment in which you operate

A The first six months of the financial year have remained tough. The impact of the election in September, which resulted in a change in government, caused further inertia in the economy. For the bank, we saw the continuation of Investec's strategy to optimise the business in Australia and focus on our core activities as a specialist bank in niche markets.

Australian growth has continued at a modest pace over the first half of the financial year, albeit slightly below trend.

The Australian dollar witnessed a 10% depreciation against the US dollar over the period, as domestic policy and expectations over Federal Reserve tapering pushed the local currency lower. This has helped erode some of the currency's overvaluation, helping to improve competitiveness and support growth.

Reductions in the RBA Cash Rate to 2.5% have contributed to a more stimulatory environment, the effects of which are beginning to show through. Easier policy has helped see money market rates ease over the period, with lending rates to the real economy falling in turn. Indeed mortgage and business lending rates have fallen to 2009 levels, helping to support the housing market recovery and the broader economy in general.

Q What have been the key developments in the first half of the financial year?

A We conducted a strategic review to identify and enhance operating efficiencies and profitability while maintaining strong relationships with our client base. Resources have been and will continue to be strengthened in our core business areas. We have scaled back or withdrawn from our Securities, Equity Capital Markets and Structured Financial Products offerings resulting in 80 staff taking redundancy.

Since the period end, we have successfully listed an Australian Property REIT on the JSE.

Q What are your strategic objectives in the following 6 months?

A We will continue to seek to simplify our business, eliminate costs and become more active and competitive in our core business areas. We believe we are now operating in the right markets and are focused on building business depth in these areas and are looking for ways to maximise return and utilise capital.

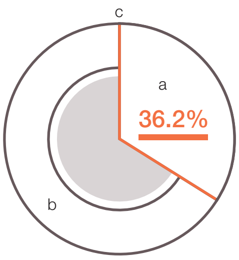
We will also continue to explore means to improve our profitability and return on equity.

Q What is your outlook for the following 6 months?

A We believe Investec is in a strong position to navigate through the current economic environment and take advantage of opportunities as they arise.

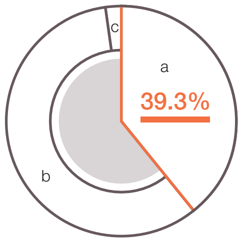
Segmental geographical and business analysis

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



30 September 2013
£222.8 million

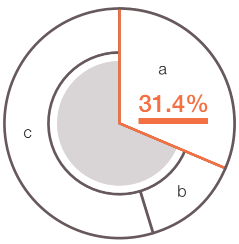
a	UK and Other	36.4%
b	Southern Africa	69.9%
c	Australia	(6.3%)



30 September 2012
£228.1 million

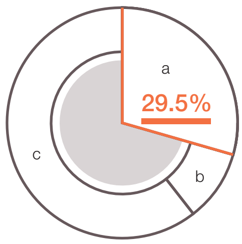
a	UK and Other	39.3%
b	Southern Africa	58.6%
c	Australia	2.1%

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



30 September 2013
£222.8 million

a	Asset Management	32.3%
b	Wealth & Investment	13.8%
c	Specialist Banking	53.9%



30 September 2012
£228.1 million

a	Asset Management	29.5%
b	Wealth & Investment	10.0%
c	Specialist Banking	60.5%

Segmental geographic analysis – income statement

For the six months to 30 September 2013 £'000	UK and Other	Southern Africa	Australia	Total group
Net interest income	134 689	147 772	35 953	318 414
Fee and commission income	355 403	188 455	17 221	561 079
Fee and commission expense	(62 202)	(10 133)	(3 868)	(76 203)
Investment income	31 008	29 427	1 393	61 828
Trading income arising from				
– customer flow	38 750	12 067	3 614	54 431
– balance sheet management and other trading activities	(2 344)	17 751	(1 739)	13 668
Other operating income	6 839	1 586	152	8 577
Total operating income before impairment on loans and advances	**502 143**	**386 925**	**52 726**	**941 794**
Impairment losses on loans and advances	(47 802)	(19 694)	(15 591)	(83 087)
Operating income	**454 341**	**367 231**	**37 135**	**858 707**
Operating costs	(373 422)	(209 044)	(51 060)	(633 526)
Depreciation on operating leased assets	(3 856)	–	–	(3 856)
Operating profit before goodwill and acquired intangibles	**77 063**	**158 187**	**(13 925)**	**221 325**
Losses/(profit) attributable to other non-controlling interests	3 954	(2 461)	–	1 493
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	**81 017**	**155 726**	**(13 925)**	**222 818**
Profit attributable to Asset Management non-controlling interests	(1 381)	(1 569)	–	(2 950)
Operating profit before goodwill, acquired intangibles and after non-controlling interest	**79 636**	**154 157**	**(13 925)**	**219 868**
Impairment of goodwill	–	(518)	(336)	(854)
Amortisation of acquired intangibles	(6 702)	–	–	(6 702)
Operating costs arising from integration, restructuring and partial disposal of subsidiaries	(2 008)	(2 114)	(11 117)	(15 239)
Earnings attributable to shareholders before taxation	**70 926**	**151 525**	**(25 378)**	**197 073**
Taxation on operating profit before goodwill	(18 263)	(20 388)	35	(38 616)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	5 827	–	–	5 827
Earnings attributable to shareholders	**58 490**	**131 137**	**(25 343)**	**164 284**
Selected returns and key statistics				
ROE (post-tax)	7.3%	17.9%	(7.4%)	10.0%
Return on tangible equity (post-tax)	11.4%	18.0%	(8.6%)	12.4%
Cost to income ratio	74.9%	54.0%	96.8%	67.5%
Staff compensation to operating income	50.9%	36.0%	65.1%	45.6%
Operating profit per employee (£'000)	23.0	37.1	(29.6)	27.2
Effective operational tax rate	23.7%	12.9%	0.3%	17.4%
Total assets (£'million)	19 914	24 791	2 825	47 530

Segmental geographic analysis – income statement (continued)

For the six months to 30 September 2012* £'000	UK and Other	Southern Africa	Australia	Total group
Net interest income	139 733	176 986	33 047	349 766
Fee and commission income	343 183	167 859	23 939	534 981
Fee and commission expense	(66 608)	(5 032)	(1 630)	(73 270)
Investment income	46 544	23 470	3 777	73 791
Trading income arising from				
– customer flow	29 659	3 660	904	34 223
– balance sheet management and other trading activities	12 257	12 971	180	25 408
Other operating income	18 713	2 263	–	20 976
Total operating income before impairment on loans and advances	523 481	382 177	60 217	965 875
Impairment losses on loans and advances	(78 211)	(31 013)	(6 416)	(115 640)
Operating income	445 270	351 164	53 801	850 235
Operating costs	(353 483)	(217 072)	(49 046)	(619 601)
Depreciation on operating leased assets	(9 765)	–	–	(9 765)
Operating profit before goodwill and acquired intangibles	82 022	134 092	4 755	220 869
Losses/(profit) attributable to other non-controlling interests	7 610	(409)	–	7 201
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	89 632	133 683	4 755	228 070
Profit attributable to Asset Management non-controlling interests	–	(183)	–	(183)
Operating profit before goodwill, acquired intangible and after non-controlling interests	89 632	133 500	4 755	227 887
Impairment of goodwill	(3 851)	(900)	–	(4 751)
Amortisation of acquired intangibles	(6 631)	–	–	(6 631)
Operating costs arising from integration, restructuring and partial disposal of subsidiaries	(9 462)	–	–	(9 462)
Non-operational costs arising from acquisition of subsidiary	(1 903)	–	–	(1 903)
Earnings attributable to shareholders before taxation	67 785	132 600	4 755	205 140
Taxation on operating profit before goodwill	(17 852)	(22 793)	(1 577)	(42 222)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	4 022	–	–	4 022
Earnings attributable to shareholders	53 955	109 807	3 178	166 940
Selected returns and key statistics				
ROE (post-tax)	8.6%	14.4%	1.6%	10.2%
Return on tangible equity (post-tax)	13.7%	14.5%	2.0%	12.7%
Cost to income ratio	68.8%	56.8%	81.4%	64.8%
Staff compensation to operating income	46.2%	37.3%	54.7%	43.2%
Operating profit per employee (£'000)	26.8	32.6	10.5	28.9
Effective operational tax rate	21.8%	17.0%	33.2%	19.1%
Total assets (£'million)	19 783	28 072	3 171	51 025

Restated. Refer to pages 154 to 159.

Segmental business and geographic analysis – income statement

For the six months to 30 September 2013 £'000	Asset Management UK and Other	Southern Africa	Total
Net interest income	145	1 911	2 056
Fee and commission income	171 705	85 214	256 919
Fee and commission expense	(49 824)	–	(49 824)
Investment income	–	14	14
Trading income arising from			
– customer flow	–	–	–
– balance sheet management and other trading activities	(1 099)	117	(982)
Other operating income	(185)	1 952	1 767
Total operating income before impairment losses on loans and advances	120 742	89 208	209 950
Impairment losses on loans and advances	–	–	–
Operating income	120 742	89 208	209 950
Operating costs	(87 296)	(50 714)	(138 010)
Depreciation on operating leased assets	–	–	–
Operating profit before goodwill and acquired intangibles	33 446	38 494	71 940
Losses/(profits) attributable to other non-controlling interests	–	–	–
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	33 446	38 494	71 940
Profit attributable to Asset Management non-controlling interest	(1 381)	(1 569)	(2 950)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	32 065	36 925	68 990
Selected returns and key statistics			
Cost to income ratio	72.3%	56.8%	65.7%
Staff compensation to operating income	55.3%	39.3%	48.5%

Wealth & Investment			Specialist Banking				
UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Australia	Total	Total group
4 453	383	4 836	130 091	145 478	35 953	311 522	318 414
103 194	30 544	133 738	80 504	72 697	17 221	170 422	561 079
(894)	(1 538)	(2 432)	(11 484)	(8 595)	(3 868)	(23 947)	(76 203)
1 116	–	1 116	29 892	29 413	1 393	60 698	61 828
46	41	87	38 704	12 026	3 614	54 344	54 431
(35)	38	3	(1 210)	17 596	(1 739)	14 647	13 668
479	–	479	6 545	(366)	152	6 331	8 577
108 359	29 468	137 827	273 042	268 249	52 726	594 017	941 794
–	–	–	(47 802)	(19 694)	(15 591)	(83 087)	(83 087)
108 359	29 468	137 827	225 240	248 555	37 135	510 930	858 707
(87 669)	(19 317)	(106 986)	(198 457)	(139 013)	(51 060)	(388 530)	(633 526)
–	–	–	(3 856)	–	–	(3 856)	(3 856)
20 690	10 151	30 841	22 927	109 542	(13 925)	118 544	221 325
–	–	–	3 954	(2 461)	–	1 493	1 493
20 690	10 151	30 841	26 881	107 081	(13 925)	120 037	222 818
–	–	–	–	–	–	–	(2 950)
20 690	10 151	30 841	26 881	107 081	(13 925)	120 037	219 868
80.9%	65.6%	77.6%	73.7%	51.8%	96.8%	65.8%	67.5%
58.1%	45.9%	55.5%	46.1%	33.8%	65.1%	42.2%	45.6%

Segmental business and geographic analysis – income statement (continued)

For the six months to 30 September 2012* £'000	Asset Management UK and Other	Asset Management Southern Africa	Total
Net interest income	281	1 909	2 190
Fee and commission income	148 306	84 467	232 773
Fee and commission expense	(44 451)	–	(44 451)
Investment income	–	7	7
Trading income arising from			
– customer flow	–	–	–
– balance sheet management and other trading activities	(538)	79	(459)
Other operating income	758	1 785	2 543
Total operating income before impairment losses on loans and advances	104 356	88 247	192 603
Impairment losses on loans and advances	–	–	–
Operating income	104 356	88 247	192 603
Operating costs	(76 275)	(48 948)	(125 223)
Depreciation on operating leased assets	–	–	–
Operating profit before goodwill and acquired intangibles	28 081	39 299	67 380
Losses/(profit) attributable to other non-controlling interests	–	–	–
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	28 081	39 299	67 380
Profit attributable to Asset Management non-controlling interest	–	(183)	(183)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	28 081	39 116	67 197
Selected returns and key statistics			
Cost to income ratio	73.1%	55.5%	65.0%
Staff compensation to operating income	54.4%	37.0%	46.4%

** Restated. Refer to pages 154 to 159.*

Wealth & Investment			Specialist Banking				
UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Australia	Total	Total group
4 900	981	5 881	134 552	174 096	33 047	341 695	349 766
92 434	26 606	119 040	102 443	56 786	23 939	183 168	534 981
(6 525)	(753)	(7 278)	(15 632)	(4 279)	(1 630)	(21 541)	(73 270)
492	–	492	46 052	23 463	3 777	73 292	73 791
(189)	108	(81)	29 848	3 552	904	34 304	34 223
(1)	229	228	12 796	12 663	180	25 639	25 408
308	–	308	17 647	478	–	18 125	20 976
91 419	27 171	118 590	327 706	266 759	60 217	654 682	965 875
–	–	–	(78 211)	(31 013)	(6 416)	(115 640)	(115 640)
91 419	27 171	118 590	249 495	235 746	53 801	539 042	850 235
(77 196)	(18 543)	(95 739)	(200 012)	(149 581)	(49 046)	(398 639)	(619 601)
–	–	–	(9 765)	–	–	(9 765)	(9 765)
14 223	8 628	22 851	39 718	86 165	4 755	130 638	220 869
–	–	–	7 610	(409)	–	7 201	7 201
14 223	8 628	22 851	47 328	85 756	4 755	137 839	228 070
–	–	–	–	–	–	–	(183)
14 223	8 628	22 851	47 328	85 756	4 755	137 839	227 887
84.4%	68.2%	80.7%	62.9%	56.1%	81.4%	61.8%	64.8%
59.1%	46.0%	56.1%	39.9%	36.5%	54.7%	39.9%	43.2%

Segmental business analysis – income statement (continued)

For the six months to 30 September 2013 £'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Net interest income	2 056	4 836	311 522	318 414
Fee and commission income	256 919	133 738	170 422	561 079
Fee and commission expense	(49 824)	(2 432)	(23 947)	(76 203)
Investment income	14	1 116	60 698	61 828
Trading income arising from				
– customer flow	–	87	54 344	54 431
– balance sheet management and other trading activities	(982)	3	14 647	13 668
Other operating income	1 767	479	6 331	8 577
Total operating income before impairment on loans and advances	209 950	137 827	594 017	941 794
Impairment losses on loans and advances	–	–	(83 087)	(83 087)
Operating income	209 950	137 827	510 930	858 707
Operating costs	(138 010)	(106 986)	(388 530)	(633 526)
Depreciation on operating leased assets	–	–	(3 856)	(3 856)
Operating profit before goodwill and acquired intangibles	71 940	30 841	118 544	221 325
Losses attributable to other non-controlling interests	–	–	1 493	1 493
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	71 940	30 841	120 037	222 818
Profit attributable to Asset Management non-controlling interest	(2 950)	–	–	(2 950)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	68 990	30 841	120 037	219 868
Selected returns and key statistics				
ROE (pre-tax)	98.3%	21.2%	8.1%	12.4%
Return on tangible equity (pre-tax)	346.7%	239.6%	8.5%	15.3%
Cost to income ratio	65.7%	77.6%	65.8%	67.5%
Operating profit per employee (£'000)	54.8	23.0	21.7	27.2
Staff compensation to operating income	48.5%	55.5%	42.2%	45.6%
Total assets (£'million)	613	1 583	45 334	47 530

Segmental business analysis – income statement (continued)

For the six months to 30 September 2012* £'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Net interest income	2 190	5 881	341 695	349 766
Fee and commission income	232 773	119 040	183 168	534 981
Fee and commission expense	(44 451)	(7 278)	(21 541)	(73 270)
Investment income	7	492	73 292	73 791
Trading income arising from				
– customer flow	–	(81)	34 304	34 223
– balance sheet management and other trading activities	(459)	228	25 639	25 408
Other operating income	2 543	308	18 125	20 976
Total operating income before impairment on loans and advances	192 603	118 590	654 682	965 875
Impairment losses on loans and advances	–	–	(115 640)	(115 640)
Operating income	192 603	118 590	539 042	850 235
Operating costs	(125 223)	(95 739)	(398 639)	(619 601)
Depreciation on operating leased assets	–	–	(9 765)	(9 765)
Operating profit before goodwill and acquired intangibles	67 380	22 851	130 638	220 869
Losses attributable to other non-controlling interests	–	–	7 201	7 201
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	67 380	22 851	137 839	228 070
Profit attributable to Asset Management non-controlling interest	(183)	–	–	(2 950)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	67 197	22 851	137 839	227 887
Selected returns and key statistics				
ROE (pre-tax)	93.2%	13.6%	9.5%	12.8%
Return on tangible equity (pre-tax)	340.5%	80.8%	10.0%	15.9%
Cost to income ratio	65.0%	80.7%	61.8%	64.8%
Operating profit per employee (£'000)	56.0	17.4	25.7	28.9
Staff compensation to operating income	46.4%	56.1%	39.9%	43.2%
Total assets (£'million)	546	1 556	48 923	51 025

Restated. Refer to pages 154 to 159.

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

For the six months to 30 September 2013 £'000	UK and Other	Southern Africa	Australia	Total group	% change	% of total
Asset Management	33 446	38 494	–	71 940	6.8%	32.3%
Wealth & Investment	20 690	10 151	–	30 841	35.0%	13.8%
Specialist Banking	26 881	107 081	(13 925)	120 037	(12.9%)	53.9%
Ongoing business	76 159	107 081	7 848	191 088	3.2%	85.8%
Legacy business	(49 278)	–	(21 773)	(71 051)	50.1%	(31.9%)
Total group	81 017	155 726	(13 925)	222 818	(2.3%)	100.0%
Other non-controlling interest – equity				(1 493)		
Operating profit before goodwill and acquired intangibles				221 325		
% change	(9.6%)	16.5%	(>100.0%)	(2.3%)		
% of total	36.4%	69.9%	(6.3%)	100.0%		

For the six months to 30 September 2012* £'000	UK and Other	Southern Africa	Australia	Total group	% of total
Asset Management	28 081	39 299	–	67 380	29.5%
Wealth & Investment	14 223	8 628	–	22 851	10.0%
Specialist Banking	47 328	85 756	4 755	137 839	60.5%
Ongoing business	82 415	85 756	17 020	185 191	81.3%
Legacy business	(35 087)	–	(12 265)	(47 352)	(20.8%)
Total group	89 632	133 683	4 755	228 070	100.0%
Other non-controlling interest – equity				(7 201)	
Operating profit before goodwill and acquired intangibles				220 869	
% of total	39.3%	58.6%	2.1%	100.0%	

*Restated. Refer to pages 154 to 159.

Segmental geographic analysis – balance sheet assets and liabilities

At 30 September 2013 £'000	UK and Other	Southern Africa	Australia	Total group
Assets				
Cash and balances at central banks	1 459 315	446 396	38 134	1 943 845
Loans and advances to banks	1 003 723	1 356 990	59 990	2 420 703
Non-sovereign and non-bank cash placements	–	474 151	–	474 151
Reverse repurchase agreements and cash collateral on securities borrowed	915 220	650 036	–	1 565 256
Sovereign debt securities	1 147 111	1 953 382	364 620	3 465 113
Bank debt securities	249 719	1 336 325	147 863	1 733 907
Other debt securities	211 975	345 760	16 550	574 285
Derivative financial instruments	1 229 958	713 544	57 503	2 001 005
Securities arising from trading activities	645 342	326 144	7 162	978 648
Investment portfolio	331 397	512 950	7 852	852 199
Loans and advances to customers	6 234 991	8 860 228	1 424 619	16 519 838
Own originated loans and advances to customers securitised	–	366 569	504 592	871 161
Other loans and advances	1 595 603	304 115	–	1 899 718
Other securitised assets	2 955 851	850 971	–	3 806 822
Interests in associated undertakings	19 137	3 040	3 551	25 728
Deferred taxation assets	61 519	30 579	40 652	132 750
Other assets	1 220 648	402 407	97 223	1 720 278
Property and equipment	69 642	47 354	7 402	124 398
Investment properties	–	395 277	–	395 277
Goodwill	406 102	8 244	41 938	456 284
Intangible assets	157 227	5 846	4 798	167 871
	19 914 480	19 390 308	2 824 449	42 129 237
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	5 400 964	–	5 400 964
	19 914 480	24 791 272	2 824 449	47 530 201
Liabilities				
Deposits by banks	1 646 577	704 852	–	2 351 429
Derivative financial instruments	609 003	548 363	51 211	1 208 577
Other trading liabilities	400 222	449 846	–	850 068
Repurchase agreements and cash collateral on securities lent	642 611	690 777	–	1 333 388
Customer accounts (deposits)	9 309 058	12 312 597	1 609 717	23 231 372
Debt securities in issue	957 756	481 343	197 177	1 636 276
Liabilities arising on securitisation of own originated loans and advances	–	389 477	502 696	892 173
Liabilities arising on securitisation of other assets	2 334 098	702 241	–	3 036 339
Current taxation liabilities	96 388	104 430	–	200 818
Deferred taxation liabilities	68 611	39 570	–	108 181
Other liabilities	1 464 504	342 656	58 596	1 865 756
	17 528 828	16 766 152	2 419 397	36 714 377
Liabilities to customers under investment contracts	–	5 399 181	–	5 399 181
Insurance liabilities, including unit-linked liabilities	–	1 782	–	1 782
	17 528 828	22 167 115	2 419 397	42 115 340
Subordinated liabilities	696 895	638 223	74 583	1 409 701
	18 225 723	22 805 338	2 493 980	43 525 041

Segmental geographic analysis – balance sheet assets and liabilities (continued)

At 31 March 2013* £'000	UK and Other	Southern Africa	Australia	Total group
Assets				
Cash and balances at central banks	1 228 390	406 777	147 280	1 782 447
Loans and advances to banks	1 232 606	1 818 269	85 176	3 136 051
Non-sovereign and non-bank cash placements	–	420 960	–	420 960
Reverse repurchase agreements and cash collateral on securities borrowed	1 223 251	1 135 421	–	2 358 672
Sovereign debt securities	1 365 464	2 416 839	294 914	4 077 217
Bank debt securities	275 173	1 423 904	180 028	1 879 105
Other debt securities	168 004	258 706	22 506	449 216
Derivative financial instruments	1 037 004	871 460	74 668	1 983 132
Securities arising from trading activities	665 494	257 840	8 269	931 603
Investment portfolio	377 094	540 269	11 530	928 893
Loans and advances to customers	6 045 063	9 725 609	1 713 852	17 484 524
Own originated loans and advances to customers securitised	–	439 255	491 194	930 449
Other loans and advances	1 730 891	303 082	–	2 033 973
Other securitised assets	3 106 741	896 467	–	4 003 208
Interests in associated undertakings	20 828	3 243	3 879	27 950
Deferred taxation assets	78 490	38 635	48 332	165 457
Other assets	1 257 627	605 406	96 517	1 959 550
Property and equipment	78 182	46 108	9 811	134 101
Investment properties	11 500	440 475	–	451 975
Goodwill	406 389	10 260	50 257	466 906
Intangible assets	164 330	6 436	7 801	178 567
	20 472 521	22 065 421	3 246 014	45 783 956
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	6 226 142	–	6 226 142
	20 472 521	28 291 563	3 246 014	52 010 098
Liabilities				
Deposits by banks	1 767 854	1 279 782	–	3 047 636
Derivative financial instruments	723 236	661 888	58 201	1 443 325
Other trading liabilities	372 762	479 177	–	851 939
Repurchase agreements and cash collateral on securities lent	942 396	997 762	–	1 940 158
Customer accounts (deposits)	9 489 748	13 278 098	1 692 820	24 460 666
Debt securities in issue	990 744	440 343	470 689	1 901 776
Liabilities arising on securitisation of own originated loans and advances	77	448 355	477 903	926 335
Liabilities arising on securitisation of other assets	2 486 076	817 530	–	3 303 606
Current taxation liabilities	87 470	123 005	–	210 475
Deferred taxation liabilities	77 851	31 777	–	109 628
Other liabilities	1 319 114	520 977	55 000	1 895 091
	18 257 328	19 078 694	2 754 613	40 090 635
Liabilities to customers under investment contracts	–	6 224 062	–	6 224 062
Insurance liabilities, including unit-linked liabilities	–	2 080	–	2 080
	18 257 328	25 304 836	2 754 613	46 316 777
Subordinated liabilities	664 624	1 004 562	82 620	1 751 806
	18 921 952	26 309 398	2 837 233	48 068 583

*Restated. Refer to pages 154 to 159.

Segmental geographic analysis – balance sheet assets and liabilities (continued)

At 30 September 2012* £'000	UK and Other	Southern Africa	Australia	Total group
Assets				
Cash and balances at central banks	1 574 761	299 334	90 521	1 964 616
Loans and advances to banks	983 570	1 481 796	89 257	2 554 623
Non-sovereign and non-bank cash placements	–	736 548	–	736 548
Reverse repurchase agreements and cash collateral on securities borrowed	1 239 515	1 028 506	–	2 268 021
Sovereign debt securities	1 290 827	2 626 925	161 004	4 078 756
Bank debt securities	282 747	1 726 167	443 282	2 452 196
Other debt securities	116 705	215 184	47 602	379 491
Derivative financial instruments	860 488	948 243	132 342	1 941 073
Securities arising from trading activities	426 654	312 984	3 241	742 879
Investment portfolio	296 195	500 498	11 303	807 996
Loans and advances to customers	5 777 920	9 523 703	1 533 302	16 834 925
Own originated loans and advances to customers securitised	–	459 452	457 581	917 033
Other loans and advances	1 856 066	297 367	–	2 153 433
Other securitised assets	3 321 048	858 489	–	4 179 537
Interests in associated undertakings	19 508	3 047	4 870	27 425
Deferred taxation assets	74 301	36 647	42 901	153 849
Other assets	975 512	343 402	88 734	1 407 648
Property and equipment	90 926	36 937	9 687	137 550
Investment properties	11 500	383 702	–	395 202
Goodwill	411 976	11 617	47 123	470 716
Intangible assets	172 689	6 718	7 842	187 249
	19 782 908	21 837 266	3 170 592	44 790 766
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	6 234 294	–	6 234 294
	19 782 908	**28 071 560**	**3 170 592**	**51 025 060**
Liabilities				
Deposits by banks	1 585 636	1 213 518	–	2 799 154
Derivative financial instruments	657 046	800 614	102 748	1 560 408
Other trading liabilities	310 027	366 943	–	676 970
Repurchase agreements and cash collateral on securities lent	818 829	1 117 375	–	1 936 204
Customer accounts (deposits)	9 606 389	13 370 810	1 644 477	24 621 676
Debt securities in issue	790 696	306 510	527 442	1 624 648
Liabilities arising on securitisation of own originated loans and advances	–	468 785	453 562	922 347
Liabilities arising on securitisation of other assets	2 637 042	774 909	–	3 411 951
Current taxation liabilities	77 179	133 545	–	210 724
Deferred taxation liabilities	83 191	30 063	–	113 254
Other liabilities	908 698	399 710	28 855	1 337 263
	17 474 733	18 982 782	2 757 084	39 214 599
Liabilities to customers under investment contracts	–	6 232 217	–	6 232 217
Insurance liabilities, including unit-linked liabilities	–	2 077	–	2 077
	17 474 733	25 217 076	2 757 084	45 448 893
Subordinated liabilities	694 847	914 310	45 049	1 654 206
	18 169 580	**26 131 386**	**2 802 133**	**47 103 099**

Restated. Refer to pages 154 to 159.

IFRS 13 disclosure

Analysis of assets and liabilities at fair value and amortised cost

as at 30 September 2013 £'000	Total instruments at fair value	Total instruments at amortised cost	Non-financial instruments and insurance related	Total
Assets				
Cash and balances at central banks	–	1 943 845	–	1 943 845
Loans and advances to banks	100 134	2 320 569	–	2 420 703
Non-sovereign and non-bank cash placements	899	473 252	–	474 151
Reverse repurchase agreements and cash collateral on securities borrowed	730 361	834 895	–	1 565 256
Sovereign debt securities	3 260 779	204 334	–	3 465 113
Bank debt securities	807 385	926 522	–	1 733 907
Other debt securities	466 512	107 773	–	574 285
Derivative financial instruments	2 001 005	–	–	2 001 005
Securities arising from trading activities	978 648	–	–	978 648
Investment portfolio	852 199	–	–	852 199
Loans and advances to customers	917 223	15 602 615	–	16 519 838
Own originated loans and advances to customers securitised	–	871 161	–	871 161
Other loans and advances	–	1 899 718	–	1 899 718
Other securitised assets	1 375 283	2 431 539	–	3 806 822
Interests in associated undertakings	–	–	25 728	25 728
Deferred taxation assets	–	–	132 750	132 750
Other assets	385 961	886 956	447 361	1 720 278
Property and equipment	–	–	124 398	124 398
Investment properties	–	–	395 277	395 277
Goodwill	–	–	456 284	456 284
Intangible assets	–	–	167 871	167 871
	11 876 389	28 503 179	1 749 669	42 129 237
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	–	5 400 964	5 400 964
	11 876 389	28 503 179	7 150 633	47 530 201
Liabilities				
Deposits by banks	185	2 351 244	–	2 351 429
Derivative financial instruments	1 208 577	–	–	1 208 577
Other trading liabilities	850 068	–	–	850 068
Repurchase agreements and cash collateral on securities lent	511 187	822 201	–	1 333 388
Customer accounts (deposits)	720 911	22 510 461	–	23 231 372
Debt securities in issue	176 518	1 459 758	–	1 636 276
Liabilities arising on securitisation of own originated loans and advances	–	892 173	–	892 173
Liabilities arising on securitisation of other assets	1 240 617	1 795 722	–	3 036 339
Current taxation liabilities	–	–	200 818	200 818
Deferred taxation liabilities	–	–	108 181	108 181
Other liabilities	359 414	986 764	519 578	1 865 756
	5 067 477	30 818 323	828 577	36 714 377
Liabilities to customers under investment contracts	–	–	5 399 181	5 399 181
Insurance liabilities including unit-linked liabilities	–	–	1 782	1 782
	5 067 477	30 818 323	6 229 540	42 115 340
Subordinated liabilities	–	1 409 701	–	1 409 701
	5 067 477	32 228 024	6 229 540	43 525 041

IFRS 13 disclosure (continued)

Financial instruments carried at fair value

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation technique used. The different levels are identified as follows:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (ie as prices) or indirectly (ie derived from prices)

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Assets and liabilities related to the long-term assurance business attributable to policyholders have been excluded from the analysis as the change in fair value of related assets is attributable to policyholders.

at 30 September 2013	Total instruments	Fair value measurement		
£'000	at fair value	Level 1	Level 2	Level 3
Assets				
Loans and advances to banks	100 134	53 788	46 346	–
Non-sovereign and non-bank cash placements	899	–	899	–
Reverse repurchase agreements and cash collateral on securities borrowed	730 361	–	730 361	–
Sovereign debt securities	3 260 779	2 896 159	364 620	–
Bank debt securities	807 385	186 652	620 733	–
Other debt securities	466 512	312 588	119 138	34 786
Derivative financial instruments	2 001 005	508 729	1 428 937	63 339
Securities arising from trading activities	978 648	971 486	7 162	–
Investment portfolio	852 199	106 615	90 163	655 421
Loans and advances to customers	917 223	–	865 996	51 227
Other securitised assets	1 375 283	–	742 746	632 537
Other assets	385 961	385 145	–	816
	11 876 389	5 421 162	5 017 101	1 438 126
Liabilities				
Deposits by banks	185	–	185	–
Derivative financial instruments	1 208 577	263 869	942 353	2 355
Other trading liabilities	850 068	850 068	–	–
Repurchase agreements and cash collateral on securities lent	511 187	–	511 187	–
Customer accounts (deposits)	720 911	–	720 911	–
Debt securities in issue	176 518	–	176 518	–
Liabilities arising on securitisation of other assets	1 240 617	35 111	674 768	530 738
Other liabilities	359 414	318 340	41 074	–
	5 067 477	1 467 388	3 066 996	533 093

IFRS 13 disclosure (continued)

The following table is a reconciliation of the opening balances to the closing balances for fair value measurements in level 3 of the fair value hierarchy:

£'000	Total level 3 financial instruments	Fair value movements through income statement	Fair value movements through other comprehensive income
Balance at 1 April 2013	522 716	493 792	28 924
Transfers due to application of IFRS 10	(33 645)	(33 645)	–
Transfers due to application of IFRS 13*	533 098	533 098	–
Restated opening balance	1 022 169	993 245	28 924
Total gains or losses	37 837	39 358	(1 521)
In the income statement	39 358	39 358	–
In the statement of other comprehensive income	(1 521)	–	(1 521)
Purchases	7 190	7 190	–
Sales	(50 024)	(50 024)	–
Issues	(10 488)	(10 488)	–
Settlements	(17 046)	(17 046)	–
Transfers into level 3	9 759	6 956	2 803
Transfers out of level 3	(2 366)	(2 366)	–
Foreign exchange adjustments	(91 998)	(91 964)	(34)
Balance as at 30 September 2013	**905 033**	**874 861**	**30 172**

**All reclassifications occurred as a result of inputs to the valuation model being regarded as unobservable when applying IFRS 13. Observable inputs are defined as inputs that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability. All other inputs have been considered to be unobservable.*

The following table quantifies the gains or losses included in the income statement recognised on level 3 financial instruments:

for the six months to 30 September 2013 £'000	
Total gains or losses included in the income statement	
Net interest income	946
Fee and commission income	1 995
Fee and commission expense	(5 113)
Investment income	40 369
Trading income arising from customer flow	3 115
Trading income arising from balance sheet management and other trading activities	(1 890)
Other operating income	(64)
Gains and losses through other comprehensive income comprise available-for-sale reserves	39 358

Sensitivity of fair values to reasonably possible alternative assumptions by Level 3 instrument type

The fair value of financial instruments in level 3 are measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable market data. The following table shows the sensitivity of these fair values to reasonably possible alternative assumptions determined at a transactional level:

At 30 September 2013 £'000	Significant unobservable input changed	Range which unobservable input has been stressed	Reflected in income statement (£'000) Favourable changes	Unfavourable changes
Assets				
Other debt securities	Discount rates, credit spreads	(24%)-24%	1 498	(1 068)
Derivative financial instruments	Discount rates, credit spreads, volatilities, cash flows, EBITDA, price earnings multiples	(20%)-25%	32 708	(9 718)
Investment portfolio	Discount rates, cash flows, EBITDA, price earnings multiple, net asset value, WACC,	(25%)-18%	101 608	(81 825)
Loans and advances to customers	Cash flows	(5%)-5%	2 888	(2 888)
Other securitised assets*	Credit spreads, prices from illiquid markets	(10%)-10%	9 575	(6 167)
Other assets	Discount rates	(5%)-5%	38	(71)
Liabilities				
Derivative financial instruments	Basis risk and yield curve	(10 bps)-10bps	1 107	(1 332)
			149 422	(103 069)

* *The sensitivity of the fair value of liabilities arising on securitisation of other assets has been considered together with other securitised assets.*

Fair value of financial instruments at amortised cost

at 30 September 2013 £'000	Carrying amount	Fair value
Assets		
Cash and balances at central banks	1 943 845	1 943 845
Loans and advances to banks	2 320 569	2 320 437
Non-sovereign and non-bank cash placements	473 252	473 252
Reverse repurchase agreements and cash collateral on securities borrowed	834 895	834 895
Sovereign debt securities	204 334	210 888
Bank debt securities	926 522	959 509
Other debt securities	107 773	110 259
Loans and advances to customers	15 602 615	15 628 489
Own originated loans and advances to customers securitised	871 161	882 335
Other loans and advances	1 899 718	1 776 202
Other securitised assets	2 431 539	2 376 102
Other assets	886 956	881 012
	28 503 179	28 397 225
Liabilities		
Deposits by banks	2 351 244	2 365 111
Repurchase agreements and cash collateral on securities lent	822 201	826 277
Customer accounts (deposits)	22 510 461	22 530 649
Debt securities in issue	1 459 758	1 413 749
Liabilities arising on securitisation of own originated loans and advances	892 173	892 173
Liabilities arising on securitisation of other assets	1 795 722	1 766 796
Other liabilities	986 764	986 615
Subordinated liabilities	1 409 701	1 412 317
	32 228 024	32 193 687

Restatements

Accounting restatements

The group has adopted the following new or revised standards from 1 April 2013:

IFRS 10 – Consolidations

The revised standard on consolidation has been applied retrospectively, with the impact to prior reported periods disclosed in the restatement tables below. The application of the single definition of control contained in the standard has resulted in the consolidation of certain special purpose vehicles in which the group has exposure to variable returns (not necessarily the majority thereof) and has the ability to affect such returns by exercising control over the activities of the entity.

IFRS 13 – Fair value

The new accounting standard has been applied prospectively from 1 April 2013. The standard defines fair value as being a market-based measurement and sets out in a single IFRS a framework for the measurement of fair value. Application of the standard has not had a material impact on the recognition and measurement of assets and liabilities of the group.

IAS 19 – Employee Benefits

The revisions to the standard have been applied retrospectively. For the group, the standard has revised the basis on which the return on assets is determined, with a relatively immaterial impact.

The impact to the comparative balance sheets and income statements are provided in the tables below:

Restatements (continued)

Combined consolidated balance sheet

£'000	31 March 2013 As reported	IFRS 10	31 March 2013 Restated
Assets			
Cash and balances at central banks	1 782 447	–	1 782 447
Loans and advances to banks	3 129 646	6 405	3 136 051
Non-sovereign and non-bank cash placements	420 960	–	420 960
Reverse repurchase agreements and cash collateral on securities borrowed	2 358 672	–	2 358 672
Sovereign debt securities	4 077 217	–	4 077 217
Bank debt securities	1 879 105	–	1 879 105
Other debt securities	457 652	(8 436)	449 216
Derivative financial instruments	1 982 571	561	1 983 132
Securities arising from trading activities	931 603	–	931 603
Investment portfolio	960 364	(31 471)	928 893
Loans and advances to customers	17 484 524	–	17 484 524
Own originated loans and advances to customers securitised	930 449	–	930 449
Other loans and advances	2 117 743	(83 770)	2 033 973
Other securitised assets	2 882 592	1 120 616	4 003 208
Interests in associated undertakings	27 950	–	27 950
Deferred taxation assets	165 457	–	165 457
Other assets	1 960 438	(888)	1 959 550
Property and equipment	126 538	7 563	134 101
Investment properties	451 975	–	451 975
Goodwill	466 906	–	466 906
Intangible assets	178 567	–	178 567
	44 773 376	1 010 580	45 783 956
Other financial instruments at fair value through profit or loss in respect of			
– Liabilities to customers	6 226 142	–	6 226 142
	50 999 518	1 010 580	52 010 098
Liabilities			
Deposits by banks	2 976 464	71 172	3 047 636
Derivative financial instruments	1 443 325	–	1 443 325
Other trading liabilities	851 939	–	851 939
Repurchase agreements and cash collateral on securities lent	1 940 158	–	1 940 158
Customer accounts (deposits)	24 531 838	(71 172)	24 460 666
Debt securities in issue	1 901 776	–	1 901 776
Liabilities arising on securitisation of own originated loans and advances	926 335	–	926 335
Liabilities arising on securitisation of other assets	2 237 581	1 066 025	3 303 606
Current taxation liabilities	210 475	–	210 475
Deferred taxation liabilities	109 628	–	109 628
Other liabilities	1 887 402	7 689	1 895 091
	39 016 921	1 073 714	40 090 635
Liabilities to customers under investment contracts	6 224 062	–	6 224 062
Insurance liabilities, including unit-linked liabilities	2 080	–	2 080
	45 243 063	1 073 714	46 316 777
Subordinated liabilities	1 751 806	–	1 751 806
	46 994 869	1 073 714	48 068 583
Equity			
Ordinary share capital	223	–	223
Perpetual preference share capital	153	–	153
Share premium	2 494 618	–	2 494 618
Treasury shares	(89 545)	–	(89 545)
Other reserves	(93 082)	(455)	(93 537)
Retained income	1 412 239	(62 679)	1 349 560
Shareholders' equity excluding non-controlling interests	3 724 606	(63 134)	3 661 472
Non-controlling interests	280 043	–	280 043
– Perpetual preferred securities issued by subsidiaries	279 041	–	279 041
– Non controlling interests in partially held subsidiaries	1 002	–	1 002
Total equity	4 004 649	(63 134)	3 941 515
Total liabilities and equity	50 999 518	1 010 580	52 010 098

Combined consolidated balance sheet

£'000	30 September 2012 As reported	IFRS 10	30 September 2012 Restated
Assets			
Cash and balances at central banks	1 964 616	–	1 964 616
Loans and advances to banks	2 548 691	5 932	2 554 623
Non-sovereign and non-bank cash placements	736 548	–	736 548
Reverse repurchase agreements and cash collateral on securities borrowed	2 268 021	–	2 268 021
Sovereign debt securities	4 078 756	–	4 078 756
Bank debt securities	2 452 196	–	2 452 196
Other debt securities	379 491	–	379 491
Derivative financial instruments	1 941 073	–	1 941 073
Securities arising from trading activities	742 879	–	742 879
Investment portfolio	835 136	(27 140)	807 996
Loans and advances to customers	16 834 925	–	16 834 925
Own originated loans and advances to customers securitised	917 033	–	917 033
Other loans and advances	2 193 571	(40 138)	2 153 433
Other securitised assets	3 303 116	876 421	4 179 537
Interests in associated undertakings	27 425	–	27 425
Deferred taxation assets	153 849	–	153 849
Other assets	1 410 455	(2 807)	1 407 648
Property and equipment	132 491	5 059	137 550
Investment properties	395 202	–	395 202
Goodwill	470 716	–	470 716
Intangible assets	187 249	–	187 249
	43 973 439	817 327	44 790 766
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	6 234 294	–	6 234 294
	50 207 733	817 327	51 025 060
Liabilities			
Deposits by banks	2 732 271	66 883	2 799 154
Derivative financial instruments	1 560 408	–	1 560 408
Other trading liabilities	676 970	–	676 970
Repurchase agreements and cash collateral on securities lent	1 936 204	–	1 936 204
Customer accounts (deposits)	24 688 559	(66 883)	24 621 676
Debt securities in issue	1 624 648	–	1 624 648
Liabilities arising on securitisation of own originated loans and advances	922 347	–	922 347
Liabilities arising on securitisation of other assets	2 541 900	870 051	3 411 951
Current taxation liabilities	210 724	–	210 724
Deferred taxation liabilities	113 254	–	113 254
Other liabilities	1 335 279	1 984	1 337 263
Pension fund liabilities	–	–	–
	38 342 564	872 035	39 214 599
Liabilities to customers under investment contracts	6 232 217	–	6 232 217
Insurance liabilities, including unit-linked liabilities	2 077	–	2 077
	44 576 858	872 035	45 448 893
Subordinated liabilities	1 654 206	–	1 654 206
	46 231 064	872 035	47 103 099
Equity			
Ordinary share capital	223	–	223
Perpetual preference share capital	153	–	153
Share premium	2 502 909	–	2 502 909
Treasury shares	(74 746)	–	(74 746)
Other reserves	(60 326)	1 221	(59 105)
Retained income	1 332 068	(55 929)	1 276 139
Shareholders' equity excluding non-controlling interests	3 700 281	(54 708)	3 645 573
Non-controlling interests	276 388	–	276 388
- Perpetual preferred securities issued by subsidiaries	273 880	–	273 880
- Non controlling interests in partially held subsidiaries	2 508	–	2 508
Total equity	3 976 669	(54 708)	3 921 961
Total liabilities and equity	50 207 733	817 327	51 025 060

Combined consolidated balance sheet

£'000	31 March 2012 As reported	IFRS 10	31 March 2012 Restated
Assets			
Cash and balances at central banks	2 593 851	–	2 593 851
Loans and advances to banks	2 725 347	124	2 725 471
Non-sovereign and non-bank cash placements	642 480	–	642 480
Reverse repurchase agreements and cash collateral on securities borrowed	975 992	–	975 992
Sovereign debt securities	4 067 093	–	4 067 093
Bank debt securities	3 081 061	–	3 081 061
Other debt securities	377 832	–	377 832
Derivative financial instruments	1 913 650	–	1 913 650
Securities arising from trading activities	640 146	–	640 146
Investment portfolio	890 702	(27 038)	863 664
Loans and advances to customers	17 192 208	–	17 192 208
Own originated loans and advances to customers securitised	1 034 174	–	1 034 174
Other loans and advances	2 829 189	(39 700)	2 789 489
Other securitised assets	3 101 422	919 956	4 021 378
Interests in associated undertakings	27 506	–	27 506
Deferred taxation assets	150 381	–	150 381
Other assets	1 802 121	(3 434)	1 798 687
Property and equipment	171 685	4 088	175 773
Investment properties	407 295	–	407 295
Goodwill	468 320	–	468 320
Intangible assets	192 099	–	192 099
	45 284 554	853 996	46 138 550
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	6 265 846	–	6 265 846
	51 550 400	853 996	52 404 396
Liabilities			
Deposits by banks	2 967 428	67 895	3 035 323
Derivative financial instruments	1 421 130	–	1 421 130
Other trading liabilities	612 884	–	612 884
Repurchase agreements and cash collateral on securities lent	1 864 137	–	1 864 137
Customer accounts (deposits)	25 343 771	(67 895)	25 275 876
Debt securities in issue	2 243 948	–	2 243 948
Liabilities arising on securitisation of own originated loans and advances	1 036 674	–	1 036 674
Liabilities arising on securitisation of other assets	2 402 043	912 694	3 314 737
Current taxation liabilities	209 609	–	209 609
Deferred taxation liabilities	102 478	–	102 478
Other liabilities	1 575 154	(4 301)	1 570 853
Pension fund liabilities	–	–	–
	39 779 256	908 393	40 687 649
Liabilities to customers under investment contracts	6 263 913		6 263 913
Insurance liabilities, including unit-linked liabilities	1 933		1 933
	46 045 102	908 393	46 953 495
Subordinated liabilities	1 492 776		1 492 776
	47 537 878	908 393	48 446 271
Equity			
Ordinary share capital	221	–	221
Perpetual preference share capital	153	–	153
Share premium	2 457 019	–	2 457 019
Treasury shares	(72 820)	–	(72 820)
Other reserves	82 327	–	82 327
Retained income	1 249 515	(54 397)	1 195 118
Shareholders' equity excluding non-controlling interests	3 716 415	(54 397)	3 662 018
Non-controlling interests	296 107	–	296 107
– Perpetual preferred securities issued by subsidiaries	291 769	–	291 769
– Non controlling interests in partially held subsidiaries	4 338	–	4 338
Total equity	4 012 522	(54 397)	3 958 125
Total liabilities and equity	51 550 400	853 996	52 404 396

Combined consolidated income statement

For the year to £'000	31 March 2013 As reported	IFRS 10	IAS 19	31 March 2013 Restated
Interest income	2 131 765	(301)	1 251	2 132 715
Interest expense	(1 429 239)	131	–	(1 429 108)
Net interest income	**702 526**	**(170)**	**1 251**	**703 607**
Fee and commission income	1 117 551	(7 153)	–	1 110 398
Fee and commission expense	(144 876)	1 298	–	(143 578)
Investment income	182 889	(897)	–	181 992
Trading income arising from			–	
– customer flow	70 859	–	–	70 859
– balance sheet management and other trading activities	35 398	(1 360)	–	34 038
Other operating income	42 153	–	–	42 153
Total operating income before impairment on loans and advances	**2 006 500**	**(8 282)**	**1 251**	**1 999 469**
Impairment losses on loans and advances	(251 012)	–	–	(251 012)
Operating income	**1 755 488**	**(8 282)**	**1 251**	**1 748 457**
Operating costs	(1 302 929)	–	(104)	(1 303 033)
Depreciation on operating leased assets	(16 072)	–	–	(16 072)
Operating profit before goodwill and acquired intangibles	**436 487**	**(8 282)**	**1 147**	**429 352**
Impairment of goodwill	(15 175)	–	–	(15 175)
Amortisation of acquired intangibles	(13 313)	–	–	(13 313)
Cost arising from integration of acquired subsidiaries	(13 119)	–	–	(13 119)
Operating profit	**394 880**	**(8 282)**	**1 147**	**387 745**
Non-operational costs arising from acquisition of subsidiary	(1 249)	–	–	(1 249)
Profit before taxation	**393 631**	**(8 282)**	**1 147**	**386 496**
Taxation on operating profit before goodwill	(78 800)	–	(264)	(79 064)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	5 977	–	–	5 977
Profit after taxation	**320 808**	**(8 282)**	**883**	**313 409**
Profit attributable to Asset Management non-controlling interests	(243)	–	–	(243)
Profit attributable to other non-controlling interests	(3 074)	–	–	(3 074)
Earnings attributable to shareholders	**317 491**	**(8 282)**	**883**	**310 092**

Combined consolidated income statement

For the six months to £'000	30 September 2012 As reported	IFRS 10	30 September 2012 Restated
Interest income	1 127 516	(19)	1 127 497
Interest expense	(777 797)	66	(777 731)
Net interest income	349 719	47	349 766
Fee and commission income	534 981	–	534 981
Fee and commission expense	(73 270)	–	(73 270)
Investment income	75 775	(1 984)	73 791
Trading income arising from			
– customer flow	34 223	–	34 223
– balance sheet management and other trading activities	25 003	405	25 408
Other operating income	20 976	–	20 976
Total operating income before impairment on loans and advances	967 407	(1 532)	965 875
Impairment losses on loans and advances	(115 640)	–	(115 640)
Operating income	851 767	(1 532)	850 235
Operating costs	(619 601)	–	(619 601)
Depreciation on operating leased assets	(9 765)	–	(9 765)
Operating profit before goodwill and acquired intangibles	222 401	(1 532)	220 869
Impairment of goodwill	(4 751)	–	(4 751)
Amortisation of acquired intangibles	(6 631)	–	(6 631)
Cost arising from integration of acquired subsidiaries	(9 462)	–	(9 462)
Operating profit	201 557	(1 532)	200 025
Non-operational costs arising from acquisition of subsidiary	(1 903)	–	(1 903)
Profit before taxation	199 654	(1 532)	198 122
Taxation on operating profit before goodwill	(42 222)	–	(42 222)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	4 022	–	4 022
Profit after taxation	161 454	(1 532)	159 922
Profit attributable to Asset Management non-controlling interests	(183)	–	(183)
Losses attributable to other non-controlling interests	7 201	–	7 201
Earnings attributable to shareholders	168 472	(1 532)	166 940

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Annexure 1 Definitions

Adjusted shareholders' equity

Refer to calculation on page 44

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 65

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 (i.e. adjusted earnings)

Refer to page 24

Adjusted earnings per ordinary share before goodwill, acquired intangibles and non-operating items

Refer to page 24

Effective operational tax rate

Tax on profit on ordinary activities (excluding non-operating 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 44

Non-operating items

Reflects profits and/or losses on termination or disposal of group operations and acquisitions made

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 48

Recurring income

Net interest income plus net annuity fees and commissions expressed as a percentage of total operating income

Return on average adjusted shareholders' equity

Refer to calculation on page 44

Return on average adjusted tangible shareholders' equity

Refer to calculation on page 44

Return on risk-weighted assets

Adjusted earnings divided by average risk-weighted assets

Risk weighted assets

Is calculated as the sum of risk-weighted assets for Investec plc and Investec Limited (converted into Pounds Sterling) as reflected on page 43

Staff compensation to operating income ratio

All employee related costs expressed as a percentage of operating income

Third party assets under administration

Includes third party assets under administration managed by the Wealth & Investment, Asset Management and Property businesses

Total capital resources

Includes shareholders' equity, subordinated liabilities and non-controlling interests

Total equity

Total shareholders' equity including non-controlling 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 24

Annexure 2 Dividend announcements

Investec plc

Incorporated in England and Wales
Registration number: 3633621
LSE share code: INVP
JSE share code: INP
ISIN: GB00BI7BBQ50

Investec plc

Ordinary dividend announcement

Declaration of dividend number 23

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 an interim dividend number 23 of 8 pence (2012: 8 pence) per ordinary share has been declared by the board in respect of the six months ended 30 September 2013 payable to shareholders recorded in the members' register of the company at the close of business on Friday, 13 December 2013, which will be paid as follows:

- for non-South African resident Investec plc shareholders, through a dividend payment by Investec plc from income reserves of 8 pence per ordinary share
- for South African resident shareholders of Investec plc, through a dividend payment by Investec Limited, on the SA DAS share, payable from income reserves, equivalent to 8 pence per ordinary share

The relevant dates for the payment of dividend number 23 are as follows:

Last day to trade cum-dividend	
On the London Stock Exchange (LSE)	Tuesday, 10 December 2013
On the Johannesburg Stock Exchange (JSE)	Friday, 6 December 2013
Shares commence trading ex-dividend	
On the London Stock Exchange (LSE)	Wednesday, 11 December 2013
On the Johannesburg Stock Exchange (JSE)	Monday, 9 December 2013
Record date (on the JSE and LSE)	Friday, 13 December 2013
Payment date (on the JSE and LSE)	Friday, 27 December 2013

Share certificates on the South African branch register may not be dematerialised or rematerialised between Monday, 9 December 2013 and Friday, 13 December 2013, both dates inclusive, nor may transfers between the UK and SA registers take place between Monday, 9 December 2013 and Friday, 13 December 2013, both dates inclusive.

Additional information for South African resident shareholders of Investec plc

- Shareholders registered on the South African register are advised that the distribution of 8 pence, equivalent to a gross dividend of 131 cents per share, has been arrived at using the Rand/Pound Sterling average buy/sell forward rate, as determined at 11h00 (SA time) on Wednesday, 20 November 2013.
- Investec plc UK tax reference number: 2683967322360
- The issued ordinary share capital of Investec plc is 608 756 343 ordinary shares.
- The dividend paid by Investec Limited to South African resident shareholders on the SA DAS share is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated).
- No Secondary Tax on Companies ("STC") credits have been utilised in respect of the ordinary share dividend declaration.
- Shareholders registered on the South African register who are exempt from paying the Dividend Tax will receive a net dividend of 131 cents per share, paid by Investec Limited on the SA DAS share.
- Shareholders registered on the South African register who are not exempt from paying the Dividend Tax will receive a net dividend of 111.35 cents per share, paid by Investec Limited on the SA DAS share (gross dividend of 131 cents per share less Dividend Tax of 19.65 cents per share.

By order of the board

D Miller
Company Secretary

20 November 2013

Annexure 2 Dividend announcements (continued)

Investec plc

Incorporated in England and Wales
Registration number: 3633621
Share code: INPPR
ISIN: GB00B4B0Q974

Rand denominated non-redeemable, non-cumulative, non-participating perpetual preference shares ("preference shares")

Declaration of dividend number 5

Notice is hereby given that preference dividend number 5 has been declared for the period 1 April 2013 to 30 September 2013 amounting to 404.85616 cents per preference share payable to holders of the Rand denominated non-redeemable non-cumulative non-participating perpetual preference shares as recorded in the books of the company at the close of business on Friday, 6 December 2013.

The relevant dates relating to the payment of dividend number 5 are as follows:

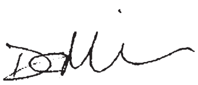
Last day to trade cum-dividend	Friday, 29 November 2013
Shares commence trading ex-dividend	Monday, 2 December 2013
Record date	Friday, 6 December 2013
Payment date	Tuesday, 17 December 2013

Share certificates may not be dematerialised or rematerialised between Monday, 2 December 2013 and Friday, 06 December 2013, both dates inclusive.

For SA resident preference shareholders, additional information to take note of:

- Investec plc tax reference number: 2683967322360
- The issued preference share capital of Investec plc is 2 275 940 preference shares.
- The dividend paid by Investec plc to South African resident shareholders is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated).
- No Secondary Tax on Companies ("STC") Credits have been utilised in respect of this preference share dividend declaration.
- The net dividend amounts to 344.12774 cents per preference share for preference shareholders liable to pay the Dividend Tax and 404.85616 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board



D Miller
Company Secretary

20 November 2013

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Investec plc

Incorporated in England and Wales
Registration number: 3633621
Share code: INPP
ISIN: GB00B19RX541

Preference share dividend announcement

Non-redeemable non-cumulative non-participating preference shares ("preference shares")

Declaration of dividend number 15

Notice is hereby given that preference dividend number 15 has been declared for the period 1 April 2013 to 30 September 2013 amounting to 7.52055 pence per preference 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, 6 December 2013.

For shares trading on the Johannesburg Stock Exchange (JSE), the dividend of 7.52055 pence per preference share is equivalent to a gross dividend of 123.56264 cents per share, which has been determined using the Rand/Pound Sterling average buy/sell forward rate as at 11h00 (SA time) on Wednesday, 20 November 2013.

The relevant dates relating to the payment of dividend number 15 are as follows:

Last day to trade cum-dividend	
On the Channel Islands Stock Exchange (CISX)	Tuesday, 3 December 2013
On the Johannesburg Stock Exchange (JSE)	Friday, 29 November 2013
Shares commence trading ex-dividend	
On the Channel Islands Stock Exchange (CISX)	Wednesday, 4 December 2013
On the Johannesburg Stock Exchange (JSE)	Monday, 2 December 2013
Record date (on the JSE and CISX)	Friday, 6 December 2013
Payment date (on the JSE and CISX)	Tuesday, 17 December 2013

Share certificates may not be dematerialised or rematerialised between Monday, 2 December 2013 and Friday, 6 December 2013 both dates inclusive, nor may transfers between the UK and SA registers may take place between Monday, 2 December 2013 and Friday, 06 December 2013 both dates inclusive.

For SA resident preference shareholders, additional information to take note of:

- Investec plc tax reference number: 2683967322360
- The issued preference share capital of Investec plc is 15 081 149 preference shares.
- The dividend paid by Investec plc to South African resident shareholders is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated).
- No Secondary Tax on Companies ("STC") Credits has been utilised in respect of this preference share dividend declaration.
- The net dividend amounts to 105.02824 cents per preference share for preference shareholders liable to pay the Dividend Tax and 123.56264 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

D Miller
Company Secretary

20 November 2013

Investec Limited

Incorporated in the Republic of South Africa
Registration number: 1925/002833/06
JSE share code: INL
NSX share code: IVD
BSE share code: INVESTEC
ISIN: ZAE000081949

Ordinary share dividend announcement

Declaration of dividend number 116

Notice is hereby given that an interim dividend number 116 of 131 cents (2012: 112 cents) per ordinary share has been declared by the board from income reserves in respect of the six months ended 30 September 2013 payable to shareholders recorded in the shareholder's register of the company at the close of business on Friday, 13 December 2013.

The relevant dates for the payment of dividend number 116 are as follows:

Last day to trade cum-dividend	Friday, 6 December 2013
Shares commence trading ex-dividend	Monday, 9 December 2013
Record date (on the JSE)	Friday, 13 December 2013
Payment date (on the JSE)	Friday, 27 December 2013

The interim gross dividend of 131 cents per ordinary share has been determined by converting the Investec plc distribution of 8 pence per ordinary share into Rands using the Rand/Pounds Sterling average buy/sell forward rate at 11h00 (SA time) on Wednesday, 20 November 2013.

Share certificates may not be dematerialised or rematerialised between Monday, 9 December 2013 and Friday, 13 December 2013, both dates inclusive.

Additional information to take note of:

- The Investec Limited company tax reference number: 9800/181/71/2
- The issued ordinary share capital of Investec Limited is 282 934 529 ordinary shares.
- The dividend paid by Investec Limited is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated).
- No Secondary Tax on credits ("STC") have been utilised in respect of this ordinary share dividend declaration.
- Shareholders who are exempt from paying the Dividend Tax will receive a net dividend of 131 cents per ordinary share.
- Shareholders who are not exempt from paying the Dividend Tax will receive a net dividend of 111.35 cents per ordinary share (gross dividend of 131 cents per ordinary share less Dividend Tax of 19.65 cents per ordinary share).

By order of the board

B Coetsee
Company Secretary

20 November 2013

Annexure 2 Dividend announcements (continued)

Investec Limited

Registration number: 1925/002833/06
Share code: INPR
ISIN: ZAE000063814

Preference share dividend announcement

Non-redeemable non-cumulative non-participating preference shares ("preference shares")

Declaration of dividend number 18

Notice is hereby given that preference dividend number 18 has been declared for the period 1 April 2013 to 30 September 2013 amounting to 331.42804 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, 6 December 2013.

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

Last day to trade cum-dividend	Friday, 29 November 2013
Shares commence trading ex-dividend	Monday, 2 December 2013
Record date	Friday, 6 December 2013
Payment date	Tuesday, 17 December 2013

Share certificates may not be dematerialised or rematerialised between Monday, 2 December 2013 and Friday, 06 December 2013, both dates inclusive.

Additional information to take note of:

- The Investec Limited company tax reference number: 9800/181/71/2
- The issued preference share capital of Investec Limited is 32 214 499 preference shares in this specific class.
- The dividend paid by Investec Limited is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated).
- No Secondary Tax on Companies ("STC") credits have been utilised in respect of this preference share dividend declaration.
- The net dividend amounts to 281.71383 cents per preference share for shareholders liable to pay the Dividend Tax and 331.42804 cents per preference share for preference shareholders exempt from paying the dividend tax.

By order of the board

B Coetsee
Company Secretary

20 November 2013

Investec Bank Limited

Incorporated in the Republic of South Africa
Registration number: 1969/004763/06
Share code: INLP
ISIN: ZAE000048393

Preference share dividend announcement

Non-redeemable non-cumulative non-participating preference shares ("preference shares")

Declaration of dividend number 21

Notice is hereby given that preference dividend number 21 has been declared for the period 1 April 2013 to 30 September 2013 amounting to 355.12278 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, 6 December 2013.

The relevant dates for the payment of dividend number 21 are as follows:

Last day to trade cum-dividend	Friday, 29 November 2013
Shares commence trading ex-dividend	Monday, 2 December 2013
Record date	Friday, 6 December 2013
Payment date	Tuesday, 17 December 2013

Share certificates may not be dematerialised or rematerialised between Monday, 2 December 2013 and Friday, 6 December 2013, both dates inclusive.

Additional information to take note of:

- The Investec Bank Limited company tax reference number: 9675/053/71/5
- The issued preference share capital of Investec Bank Limited is 15 447 630 preference shares in this specific class.
- The dividend paid by Investec Bank Limited is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated).
- The total Secondary Tax on Companies ("STC") credits utilised as part of this dividend declaration amount to R17 622 569 (114.07943 cents per preference share) and consequently the STC credits utilised are sufficient to cover a portion of any Dividend Tax and the remaining 241.04335 cents dividend per preference share will be subject to Dividends Tax (subject to any available exemptions as legislated).
- Shareholders subject to Dividends Tax will receive a net dividend of 318.96628 cents per preference share and shareholders exempt from paying the Dividend Tax will receive a net dividend of 355.12278 cents per preference share.

By order of the board

B Coetsee
Company Secretary

20 November 2013

Annexure 3 Directors' responsibility statement

The directors listed below confirm that, to the best of their knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union; and

(b) the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

Neither the company nor the directors accept any liability to any person in relation to the half-yearly financial report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A of the Financial Services and Markets Act 2000.

On behalf of the directors

Stephen Koseff
Chief Executive Officer

Bernard Kantor
Managing Director

22 November 2013

Annexure 4 Financial reporting and going concern

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

- Budgeting and forecasts
- Profitability
- Capital
- Liquidity.

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

In undertaking this responsibility, the directors are supported by an ongoing process for identifying, evaluating and managing the significant risks Investec faces in preparing the financial and other information contained in this annual report. This process was in place for the year under review and up to the date of approval of the annual report and financial statements. The process is implemented by management and independently monitored for effectiveness by the audit, risk and other sub-committees of the board

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

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

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

The board is of the opinion, based on its knowledge of the group, key processes in operation and specific enquiries, that there are adequate resources to support the group as a going concern for the foreseeable future. Further information on our liquidity and capital position is provided on pages 94 to 107.

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

Annexure 5 Auditors' review reports

Independent Review Report to Investec plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report of Investec plc (incorporating Investec Limited) for the six months ended 30 September 2013 which comprises the Combined Consolidated Income Statement, Combined Consolidated Statement of Comprehensive Income, Combined Consolidated Balance Sheet, Summarised Combined Consolidated Cash Flow Statement and Combined Consolidated Statement of Changes in Equity and related notes on pages 16, 24 to 25, 138 to 145 and 147 to 159. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed on page 16, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2013 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP

Ernst & Young LLP
London

22 November 2013

Notes:

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

Independent auditor's review on the interim financial information to the members of Investec Limited

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of Investec Limited (incorporating Investec plc), which comprise the combined consolidated balance sheet as at 30 September 2013, and the related combined consolidated income statement, the combined consolidated statement of comprehensive income, the combined consolidated statement of changes in equity and the summarised and combined consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies, other explanatory notes and supplementary information on pages 16, pages 24 to 25, 138 to 145 and pages 147 to 159. Our responsibility is to express a conclusion on this interim financial information based on our review.

Directors' responsibility for the interim financial information

The directors are responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the interim financial information that is free from material misstatement, whether due to fraud or error.

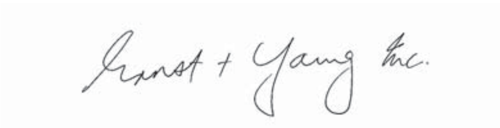
Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information of Investec Limited for the six-month period ended 30 September 2013 is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the Companies Act of South Africa.

Ernst & Young Inc.
Registered Auditor



Per Ernest van Rooyen
Chartered Accountant (SA)
Registered Auditor
Director

Sandton

22 November 2013

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