Out of the Ordinary®

Investec

Specialist Bank and
Asset Manager

Interim results presentation

for the six months ended 30|09|11

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01 Overview of results

Overview of the Investec group

Who we are

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

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

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

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

Mission statement

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

What we do

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

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

Values

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

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

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

Cast-iron integrity
- Moral strength
- Risk consciousness
- Highest ethical standards

Philosophies

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

Overview of the Investec group (continued)

We pursue this strategy through an emphasis on…

The Investec distinction

Client focused approach

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

Specialised and focused strategy

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

Sustainable business model

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

Depth of leadership and entrepreneurial environment

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

Risk awareness entrenched in our culture

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

Doing the right thing

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

Presentation of financial information

Introduction

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

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

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

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

	30 Sept 2011		31 March 2011		30 Sept 2010	
Currency per £1.00	Period end	Average	Period end	Average	Period end	Average
South African Rand	12.62	11.25	10.88	11.16	11.00	11.29
Australian Dollar	1.60	1.53	1.55	1.65	1.63	1.70
Euro	1.16	1.13	1.13	1.17	1.15	1.18
US Dollar	1.56	1.63	1.60	1.55	1.57	1.52

Exchange rates between local currencies and Pounds Sterling have fluctuated over the period. The most significant impact arises from the volatility of the Rand. The average Rand: Pounds Sterling exchange rate over the period has appreciated by 0.4% and the closing rate has depreciated by 16.0% since 31 March 2011.

Presentation of financial information (continued)

Operating environment

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

	Period ended 30 Sept 2011	Period ended 31 March 2011	Average for the 6 months: 1 April 2011 to 30 Sept 2011	Period ended 30 Sept 2010	Period ended 31 March 2010	Average for the 6 months: 1 April 2010 to 30 Sept 2010
Market indicators						
FTSE All share	2 654	3 068	2 956	2 868	2 910	2 756
JSE All share	29 674	32 204	31 292	29 456	28 748	27 812
Australia All ords	4 070	4 929	4 562	4 637	4 893	4 584
S&P	1 131	1 326	1 273	1 141	1 169	1 115
Nikkei	8 700	9 755	9 432	9 369	11 090	9 881
Dow Jones	10 913	12 320	12 016	10 788	10 857	10 474
Exchange rates						
Rand/Pounds Sterling	12.62	10.88	11.25	11.00	11.11	11.29
Rand/Dollar	8.11	6.77	6.89	6.96	7.28	7.42
US Dollar/Euro	1.34	1.42	1.43	1.36	1.35	1.28
Euro/Pounds Sterling	1.16	1.13	1.13	1.15	1.12	1.18
Australian Dollar/Pounds Sterling	1.60	1.55	1.53	1.63	1.66	1.70
US Dollar/Pounds Sterling	1.56	1.60	1.63	1.57	1.52	1.52
Rates						
UK overnight	0.50%	0.45%	0.51%	0.52%	0.40%	0.48%
UK 10 year	2.43%	3.69%	3.05%	3.06%	3.94%	3.47%
UK Clearing Banks Base Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
LIBOR – 3 month	0.95%	0.82%	0.85%	0.73%	0.65%	0.71%
SA R157 (2015)	6.99%	7.82%	7.29%	7.30%	7.95%	7.70%
Rand overnight	5.24%	5.23%	5.24%	5.97%	6.28%	6.17%
SA prime overdraft rate	9.00%	9.00%	9.00%	9.50%	10.00%	9.94%
JIBAR – 3 month	5.75%	5.58%	5.58%	6.03%	6.67%	6.52%
Reserve Bank of Australia cash target rate	4.75%	4.75%	4.75%	4.50%	4.00%	4.39%
US 10 year	1.92%	3.47%	2.80%	2.51%	3.83%	3.12%
Commodities						
Gold	USD1 624/oz	USD1 432/oz	USD1 607/oz	USD1 301/oz	USD1 113/oz	USD1 211/oz
Gas Oil	USD884/mt	USD993/mt	USD953/mt	USD711/mt	USD684/mt	USD664/mt
Platinum	USD1526/oz	USD1 768/oz	USD1 778/oz	USD1 657/oz	USD1 644/oz	USD1 593/oz

Source: Datastream.

Overview of results

	30 Sept 2011	30 Sept 2010	% change Sept 2011 vs Sept 2010	31 March 2011
Income statement and selected returns				
Operating profit (£'000)*	223 629	228 157	(2.0%)	434 406
Operating profit: Southern Africa (% of total)*	67.4%	64.2%		69.1%
Operating profit: UK, Europe, Australia and Other (% of total)*	32.6%	35.8%		30.9%
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	162 867	163 202	(0.2%)	327 897
Headline earnings (£'000)	147 918	146 200	1.2%	286 659
Cost to income ratio	62.6%	61.4%		61.7%
Staff compensation to operating income ratio	41.8%	40.1%		40.7%
Annualised return on average shareholders' equity (post-tax)	10.1%	11.5%		11.2%
Annualised return on average tangible shareholders' equity (post-tax)	12.3%	13.7%		13.2%
Operating profit per employee (£'000)	30.5	34.1	(10.6%)	64.4
Net interest income as a % of operating income net of insurance claims	36.8%	36.5%		34.9%
Non-interest income as a % of operating income net of insurance claims	63.2%	63.5%		65.1%
Recurring income as a % of operating income net of insurance claims	67.8%	63.0%		62.3%
Contribution to operating profit from the Asset Management and Wealth Management businesses	39.1%	28.6%		38.6%
Effective operational tax rate	19.2%	20.2%		15.5%
Balance sheet				
Total capital resources (including subordinated liabilities) (£'million)	5 125	4 971	3.1%	5 249
Total shareholders' equity (including preference shares and non-controlling interests) (£'million)	3 797	3 798	–	3 961
Shareholders' equity (excluding non-controlling interests) (£'million)	3 504	3 471	1.0%	3 648
Total assets (£'million)	49 727	48 978	1.5%	50 941
Net core loans and advances to customers (including own originated securitised assets) (£'million)	17 498	18 148	(3.6%)	18 758
Core loans and advances to customers as a % of total assets	35.2%	37.1%		36.8%
Cash and near cash balances (£'million)	9 264	9 968	(7.1%)	9 319
Customer accounts (deposits) (£'million)	24 185	23 494	2.9%	24 441
Third party assets under management (£'million)	80 000	77 820	2.8%	88 878
Capital adequacy ratio: Investec plc	17.1%	16.7%		16.8%
Tier 1 ratio: Investec plc	11.6%	12.1%		11.6%
Capital adequacy ratio: Investec Limited	15.7%	16.2%		15.9%
Tier 1 ratio: Investec Limited	12.0%	12.1%		11.9%
Credit loss ratio (core income statement impairment charge as a % of average advances)	1.08%	1.02%		1.27%
Defaults (net of impairments and before collateral) as a % of net core loans and advances to customers	4.30%	4.55%		4.66%
Gearing/leverage ratio (assets excluding assurance assets to total equity)	11.5x	11.4x		11.3x
Core loans to equity ratio	4.6x	4.8x		4.7x
Core loans (excluding own originated securitised assets) to customer deposits	68.2%	72.5%		72.4%

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

Overview of results (continued)

	30 Sept 2011	30 Sept 2010	% change Sept 2011 vs Sept 2010	31 March 2011
Salient financial features and key statistics				
Adjusted earnings per share (pence)	20.6	22.1	(6.8%)	43.2
Headline earnings per share (pence)	18.7	19.8	(5.6%)	37.7
Basic earnings per share (pence)	19.2	29.7	(35.4%)	49.7
Diluted earnings per share (pence)	18.1	27.9	(35.1%)	46.7
Dividends per share (pence)	8.0	8.0	–	17.0
Dividend cover (times)	2.6	2.8	(7.1%)	2.5
Net tangible asset value per share (excludes goodwill and intangible assets) (pence)	321.0	317.8	1.0%	343.8
Net asset value per share (pence)	391.2	394.6	(0.9%)	416.0
Weighted number of ordinary shares in issue (million)	792.1	739.7	7.1%	759.8
Total number of shares in issue (million)	818.0	810.0	1.0%	810.0
Closing share price (pence)	349	509	(31.4%)	478
Market capitalisation (£'million)	2 855	4 123	(30.8%)	3 872
Number of employees in the group (including temps and contractors)	7 366	7 090	3.9%	7 237
Closing ZAR/£ exchange rate	12.62	11.00	14.7%	10.88
Average ZAR/£ exchange rate	11.25	11.29	(0.4%)	11.16

Note:
Refer to definitions and calculations on page 151.

Commentary

Overall group performance

The group's low-capital intensive asset and wealth management businesses have performed well, reporting a strong increase in their contribution to group earnings. The Specialist Banking businesses have benefited from growth in net interest income and fee income but earnings from principal transactions have been negatively impacted by poor economic fundamentals and market volatility referred to above.

The main features of the period under review are:

- Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after non-controlling interests (operating profit) decreased 2.0% to £223.6 million (2010: £228.2 million)
- Impairments on loans and advances increased 16.7% to £143.3 million (2010: £122.9 million), but decreased by 26.6% relative to the second half of the financial year ended 31 March 2011
- Adjusted earnings attributable to shareholders before goodwill, acquired intangibles and non-operating items decreased 0.2% to £162.9 million (2010: £163.2 million)
- Adjusted earnings per share (EPS) before goodwill, acquired intangibles and non-operating items decreased 6.8% from 22.1 pence to 20.6 pence, largely as a result of an increase in the number of shares in issue
- The asset management and wealth management businesses account for 39.1% of the group's operating profit, compared to 28.6% in 2010
- Third party assets under management decreased 10.0% to £80.0 billion (31 March 2011: £88.9 billion) – a decline of 3.4% on a currency neutral basis. Net inflows amounted to approximately £3.0 billion
- Customer accounts (deposits) decreased 1.0% to £24.2 billion (31 March 2011: £24.4 billion) – an increase of 8.1% on a currency neutral basis
- Core loans and advances decreased 6.7% to £17.5 billion (31 March 2011: £18.8 billion) – an increase of 2.0% on a currency neutral basis
- The board declared a dividend of 8.0 pence per ordinary share (2010: 8.0 pence) resulting in a dividend cover based on the group's adjusted EPS before goodwill and non-operating items of 2.6 times (2010: 2.8 times), consistent with the group's dividend policy.

The group's diversified business model, level of recurring income, and strong capital and liquidity has supported a stable operational performance against a backdrop of volatile and unstable economic and market conditions during the period under review.

Operational review

The banking environment remains uncertain as regulators continue their review and adjustment of the regulatory framework in an attempt to strengthen the system and avoid future crises. As a result, the group maintains high levels of surplus cash and capital in anticipation of a system where higher levels of liquidity and capital will become the norm.

Liquidity and funding

Diversifying Investec's funding sources has been a key element in improving the quality of the group's balance sheet and reducing its reliance on wholesale funding. The group continues to benefit from its growing retail franchise recording an increase in customer deposits in all three core geographies. Cash and near cash balances amount to £9.3 billion (31 March 2011: £9.3 billion) – £10.1 billion on a currency neutral basis.

Capital adequacy

The group comfortably met its capital adequacy targets of a minimum tier one capital ratio of 11% and a total capital adequacy ratio range of 14% to 17% on a consolidated basis for each of Investec plc and Investec Limited respectively. Capital adequacy ratios remain sound in both Investec plc and Investec Limited.

Further information is provided on pages 98 to 101.

Asset quality

The bulk of Investec's credit and counterparty risk arises through its Private Banking and Capital Markets activities. The Private Bank lends mainly to high net worth and high income individuals, whilst Capital Markets primarily transacts with mid to large sized corporates, public sector bodies and institutions. The majority of the group's credit and counterparty exposures reside within its three core geographies. The group has no exposure to peripheral European sovereign debt. Net defaults on core loans and advances have decreased and are fully covered by collateral.

Further information is provided on pages 57 to 63.

Business unit review

The group continues to realign its business model towards less capital intensive activities by building strong asset management and wealth management businesses thereby growing its annuity net fee and commission income. This strategy has resulted in a solid rise in net inflows of funds under management and an increase in operating profit from these businesses of 33.9% to £87.4 million (2010: £65.2 million).

Asset Management

Asset Management increased operating profit 34.1% to £65.6 million (2010: £48.9 million) benefiting from higher average funds under management and a reliable investment performance. Net inflows of £2.2 billion were recorded. Total funds under management amount to £53.1 billion (31 March 2011: £58.8 billion) and have been negatively impacted by market and currency volatility.

Wealth & Investment

Wealth & Investment increased operating profit 33.3% to £21.8 million (2010: £16.3 million) benefiting from higher average funds under management and a full contribution from the acquisition of Rensburg Sheppards plc which became effective in June 2010. Net inflows of £0.8 billion were recorded. Total funds under management amount to £26.3 billion (31 March 2011: £29.4 billion) and have also been negatively impacted by market and currency volatility.

Property Activities

Property Activities operating profit declined by 28.8% to £11.7 million (2010: £16.4 million) largely as a result of the sale of R1.7 billion of its property portfolio at the end of financial year 2011. The results of the division are in line with the group's expectations and remain supported by a sound investment property portfolio in South Africa.

Private Banking

Private Banking reported a loss of £4.9 million (2010: loss of £3.9 million). If one excludes the property development portfolio which is being run off in Australia and Ireland, the Private Bank made a profit of £37.1 million (2010: £29.9 million). The South African business has benefited from growth in its loan portfolio and improved margins, whilst the UK business showed a significantly improved performance as a result of lower impairments. The professional banking business in Australia continues to perform well and accounts for approximately 50% of its loan portfolio. The Australian business has, however, been negatively impacted by significantly increased impairments on the property development portfolio that is being run off. Activity levels, whilst improving, remain below historic norms across all three core geographies. The private client core lending book is £12.5 billion (31 March 2011: £13.3 billion) and the deposit book is £12.0 billion (31 March 2011: £12.5 billion).

Investment Banking

Investment Banking operating profit declined by 91.4% to £3.7 million (2010: £42.5 million) largely due to the performance of the listed principal investment portfolio which was adversely affected by a sharp fall in equity markets towards the end of the period. Weaker economic and trading conditions have impacted the timing of realisations and dividends received. Agency divisions benefited from a good deal pipeline, notably in South Africa, however, operating conditions in the Institutional Stockbroking business remain difficult.

Capital Markets

Capital Markets increased operating profit by 16.6% to £155.6 million (2010: £133.5 million). The division benefited from a strong deal pipeline and improved margins in South Africa, and another solid performance from the UK business. Activity levels within the Australian business remain satisfactory. Core loans and advances amount to £4.4 billion (31 March 2011 £4.8 billion).

Group Services and Other Activities

Group Services and Other Activities made a loss of £29.8 million (2010: loss of £25.6 million). Central Funding's results were impacted by lower margins and Central Services incurred an increase in personnel costs and systems related costs.

Financial statement analysis

A detailed financial statement analysis can be found on pages 25 to 44.

Outlook

The Eurozone crisis continues to affect confidence and activity levels around the world. Markets remain volatile and the future regulatory landscape is still uncertain. Investec has made progress, building further scale in its wealth and asset management businesses and maintaining its absolute level of profitability since the financial crisis began. The group's diversified business model continues to demonstrate strong defensive qualities and the board believes that the group's experienced management team will continue to navigate a steady course through this period of instability.

On behalf of the boards of Investec plc and Investec Limited

Hugh Herman
Chairman

Stephen Koseff
Chief executive officer

Bernard Kantor
Managing director

Proviso

- Please note that matters discussed in this announcement may contain forward looking statements which are subject to various risks and uncertainties and other factors, including, but not limited to:
  - the further development of standards and interpretations under International Financial Reporting Standards (IFRS) applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS
  - domestic and global economic and business conditions
  - market related risks
- A number of these factors are beyond the group's control
- These factors may cause the group's actual future results, performance or achievements in the markets in which it operates to differ from those expressed or implied
- Any forward looking statements made are based on the knowledge of the group at 16 November 2011
- The information in the announcement for the six months ended 30 September 2011, which was approved by the board of directors on 16 November 2011, does not constitute statutory accounts as defined in section 435 of the UK Companies Act 2006. The 31 March 2011 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.

Notes to the commentary section

Accounting policies and disclosures

These unaudited condensed summarised combined consolidated financial statements have been prepared in terms of the recognition and measurement criteria of International Financial Reporting Standards, and the presentation and disclosure requirements of IAS 34, Interim Financial Reporting and the South African Companies Act 71 of 2008 (as applicable) which came into effect on 1 May 2011.

The accounting policies applied in the preparation of the results for the period ended 30 September 2011 are consistent with those adopted in the financial statements for the year ended 31 March 2011. The financial results have been prepared under the supervision of Glynn Burger the Group Risk and Finance director.

Restatements and presentation of information

Redeemable preference shares

At 31 March 2011 the group disclosed a restatement to the balance sheet to present redeemable preference share liabilities as a component of debt securities in issue rather than other liabilities. The impact of this presentational amendment to 30 September 2010 and 30 September 2009 is noted below:

30 Sept 2010 £'000	Restated	As previously reported	Changes to previously reported
Debt securities in issue	2 183 112	1 815 113	367 999
Other liabilities	1 193 942	1 561 941	(367 999)

30 Sept 2009 £'000	Restated	As previously reported	Changes to previously reported
Debt securities in issue	1 481 971	1 166 386	315 585
Other liabilities	1 027 133	1 342 718	(315 585)

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

02

Unaudited Financial results (Investec plc and Investec Limited)

Combined consolidated income statement

£'000	6 months to 30 Sept 2011	6 months to 30 Sept 2010	Year to 31 March 2011
Interest income	1 183 565	1 118 360	2 238 783
Interest expense	(818 853)	(797 186)	(1 557 314)
Net interest income	364 712	321 174	681 469
Fee and commission income	507 980	389 961	896 300
Fee and commission expense	(62 812)	(49 467)	(108 642)
Principal transactions	138 261	208 706	418 686
Investment income on assurance activities	11 630	17 986	64 834
Premiums and reinsurance recoveries on insurance contracts	4 198	5 028	6 110
Other operating income	44 290	8 387	54 003
Other income	643 547	580 601	1 331 291
Claims and reinsurance premiums on insurance business	(15 856)	(20 727)	(57 774)
Total operating income net of insurance claims	992 403	881 048	1 954 986
Impairment losses on loans and advances	(143 328)	(122 850)	(318 230)
Operating income	849 075	758 198	1 636 756
Operating costs	(607 860)	(540 878)	(1 196 865)
Depreciation on operating leased assets	(22 154)	–	(16 447)
Operating profit before goodwill and acquired intangibles	219 061	217 320	423 444
Impairment of goodwill	(672)	(2 763)	(6 888)
Amortisation of acquired intangibles	(4 096)	(2 254)	(6 341)
Operating profit	214 293	212 303	410 215
Profit arising from associate converted to subsidiary	–	73 465	73 465
Net loss on sale of subsidiaries	–	(7 942)	(17 302)
Profit before taxation	214 293	277 826	466 378
Taxation on operating profit before goodwill	(41 985)	(43 828)	(65 075)
Taxation on intangibles and sale of subsidiaries	2 044	677	6 610
Profit after taxation	174 352	234 675	407 913
Operating losses attributable to non-controlling interests	4 568	10 837	10 962
Loss on subsidiaries attributable to non-controlling interests	–	1 481	1 641
Earnings attributable to shareholders	178 920	246 993	420 516
Earnings per share (pence)			
– basic	19.2	29.7	49.7
– diluted	18.1	27.9	46.7

Summarised combined consolidated statement of comprehensive income

£'000	6 months to 30 Sept 2011	6 months to 30 Sept 2010	Year to 31 March 2011
Profit after taxation	174 352	234 675	407 913
Other comprehensive income:			
Fair value movements on cash flow hedges*	(34 524)	2 113	9 929
Gains on realisation of available-for-sale assets recycled through the income statement*	(1 070)	(1 624)	(4 845)
Fair value movements on available-for-sale assets*	(22 115)	10 527	27 631
Foreign currency adjustments on translating foreign operations	(237 073)	8 224	39 588
Pension fund actuarial gains	–	–	10 157
Total comprehensive (loss)/income	(120 430)	253 915	490 373
Total comprehensive loss attributable to non-controlling interests	(19 971)	(11 351)	(10 710)
Total comprehensive (loss)/income attributable to ordinary shareholders	(127 189)	235 472	458 064
Total comprehensive income attributable to perpetual preferred securities	26 730	29 794	43 019
Total comprehensive (loss)/income	(120 430)	253 915	490 373

* *Net of taxation of (£21.5 million) (6 months to 30 Sept 2010: £3.0 million, year to 31 March 2011: £5.7 million).*

Combined consolidated balance sheet

£'000	30 Sept 2011	31 March 2011	30 Sept 2010*
Assets			
Cash and balances at central banks	1 274 647	1 769 078	1 550 807
Loans and advances to banks	2 186 698	1 468 705	2 257 741
Cash equivalent advances to customers	398 068	535 983	527 758
Reverse repurchase agreements and cash collateral on securities borrowed	2 332 960	2 467 775	1 207 255
Trading securities	5 212 200	5 114 322	5 338 673
Derivative financial instruments	2 543 704	1 799 204	1 970 670
Investment securities	3 461 471	3 328 609	2 915 969
Loans and advances to customers	17 938 242	18 758 524	18 110 210
Loans and advances to customers – Kensington warehouse assets	1 530 550	1 612 181	1 683 586
Securitised assets	4 137 563	4 924 293	5 150 421
Interests in associated undertakings	24 164	23 481	22 303
Deferred taxation assets	117 340	114 838	132 252
Other assets	1 475 416	1 410 593	1 188 678
Property and equipment	266 452	279 801	57 774
Investment properties	354 700	379 527	324 672
Goodwill	454 417	456 608	466 125
Intangible assets	130 346	136 452	167 506
Non-current assets classified as held for sale	–	–	122 133
	43 838 938	44 579 974	43 194 533
Other financial instruments at fair value through profit or loss in respect of			
– Liabilities to customers	5 887 649	6 361 296	5 781 206
– Assets related to reinsurance contracts	–	–	2 699
	49 726 587	50 941 270	48 978 438
Liabilities			
Deposits by banks	1 696 070	1 858 893	2 181 563
Deposits by banks – Kensington warehouse funding	898 564	975 542	1 082 431
Derivative financial instruments	2 010 287	1 486 419	1 618 990
Other trading liabilities	834 417	716 556	540 254
Repurchase agreements and cash collateral on securities lent	1 721 545	1 599 646	942 699
Customer accounts (deposits)	24 184 573	24 441 260	23 493 808
Debt securities in issue	2 149 556	2 145 213	2 183 112
Liabilities arising on securitisation	3 575 793	4 340 864	4 488 245
Current taxation liabilities	207 298	206 957	191 560
Deferred taxation liabilities	138 110	148 750	202 938
Other liabilities	1 297 615	1 411 137	1 193 942
Pension fund liabilities	–	–	487
Liabilities directly associated with non-current assets held for sale	–	–	103 465
	38 713 828	39 331 237	38 223 494
Liabilities to customers under investment contracts	5 885 448	6 358 732	5 776 517
Insurance liabilities, including unit-linked liabilities	2 201	2 564	4 689
Reinsured liabilities	–	–	2 699
	44 601 477	45 692 533	44 007 399
Subordinated liabilities	1 328 126	1 287 635	1 173 244
	45 929 603	46 980 168	45 180 643
Equity			
Ordinary share capital	210	208	201
Perpetual preference share capital	153	153	181
Share premium	2 292 401	2 242 067	2 256 628
Treasury shares	(62 313)	(42 713)	(55 182)
Other reserves	38 838	315 878	270 030
Retained income	1 234 384	1 131 980	999 077
Shareholders' equity excluding non-controlling interests	3 503 673	3 647 573	3 470 935
Non-controlling interests	293 311	313 529	326 860
– Perpetual preferred securities issued by subsidiaries	293 829	317 997	311 312
– Non-controlling interests in partially held subsidiaries	(518)	(4 468)	15 548
Total equity	3 796 984	3 961 102	3 797 795
Total liabilities and equity	49 726 587	50 941 270	48 978 438

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

Summarised combined consolidated cash flow statement

£'000	6 months to 30 Sept 2011	6 months to 30 Sept 2010	Year to 31 March 2011
Cash inflows from operations	394 574	343 799	779 885
Increase in operating assets	(3 428 440)	(2 460 557)	(4 071 957)
Increase in operating liabilities	2 834 291	1 295 406	2 689 207
Net cash outflow from operating activities	(199 575)	(821 352)	(602 865)
Net cash outflow from investing activities	(19 493)	(10 946)	(189 974)
Net cash inflow from financing activities	28 144	157 453	156 748
Effects of exchange rate changes on cash and cash equivalents	(129 249)	15 889	101 032
Net decrease in cash and cash equivalents	(320 173)	(658 956)	(535 059)
Cash and cash equivalents at the beginning of the period	3 386 988	3 922 047	3 922 047
Cash and cash equivalents at the end of the period	3 066 815	3 263 091	3 386 988

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

Combined consolidated statements of changes in equity

£'000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
At 1 April 2010	195	152	1 928 296	(66 439)
Movement in reserves 1 April 2010 – 30 September 2010				
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	–	–	2 763	–
Total comprehensive income for the period	–	–	2 763	–
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	6	29	317 429	–
Issue of perpetual preference shares	–	–	11 893	–
Share issue expenses	–	–	(3 753)	–
Issue of equity by subsidiaries	–	–	–	–
Movement of treasury shares	–	–	–	(6 253)
Transfer from capital reserve account	–	–	–	–
Transfer to regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	17 510
At 30 September 2010	201	181	2 256 628	(55 182)
Movement in reserves 1 October 2010 – 31 March 2011				
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	–	–	(2 763)	–
Pension fund actuarial gains	–	–	–	–
Total comprehensive income for the period	–	–	(2 763)	–
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	7	(29)	8 444	–
Issue of perpetual preference shares	–	1	4 244	–
Share issue expenses	–	–	121	–
Issue of equity by subsidiaries	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–
Non-controlling interest relating to disposal of subsidiaries	–	–	–	–
Movement of treasury shares	–	–	(24 607)	(14 601)
Transfer to capital reserve account	–	–	–	–
Transfer from regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	27 070
At 31 March 2011	208	153	2 242 067	(42 713)

Other reserves								
Capital reserve account	Available-for-sale reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserve	Retained income	Shareholders' equity excluding non-controlling interests	Non-controlling interests	Total equity
11 924	(1 354)	33 767	(5 984)	208 365	846 060	2 954 982	336 879	3 291 861
–	–	–	–	–	246 993	246 993	(12 318)	234 675
–	–	–	2 113	–	–	2 113	–	2 113
–	(1 624)	–	–	–	–	(1 624)	–	(1 624)
–	10 527	–	–	–	–	10 527	–	10 527
–	332	991	(336)	4 964	(1 457)	7 257	967	8 224
–	9 235	991	1 777	4 964	245 536	265 266	(11 351)	253 915
–	–	–	–	–	17 708	17 708	–	17 708
–	–	–	–	–	(59 341)	(59 341)	–	(59 341)
–	–	–	–	–	(27 031)	(27 031)	16 923	(10 108)
–	–	–	–	–	–	–	(16 923)	(16 923)
–	–	–	–	–	–	–	(182)	(182)
–	–	–	–	–	–	317 464	–	317 464
–	–	–	–	–	–	11 893	–	11 893
–	–	–	–	–	–	(3 753)	–	(3 753)
–	–	–	–	–	–	–	1 514	1 514
–	–	–	–	–	–	(6 253)	–	(6 253)
(878)	–	–	–	–	878	–	–	–
–	–	7 223	–	–	(7 223)	–	–	–
–	–	–	–	–	(17 510)	–	–	–
11 046	7 881	41 981	(4 207)	213 329	999 077	3 470 935	326 860	3 797 795
–	–	–	–	–	173 523	173 523	(285)	173 238
–	–	–	7 816	–	–	7 816	–	7 816
–	(3 221)	–	–	–	–	(3 221)	–	(3 221)
–	17 104	–	–	–	–	17 104	–	17 104
–	102	304	(92)	31 430	1 457	30 438	926	31 364
–	–	–	–	–	10 157	10 157	–	10 157
–	13 985	304	7 724	31 430	185 137	235 817	641	236 458
–	–	–	–	–	51 810	51 810	–	51 810
–	–	–	–	–	(64 289)	(64 289)	–	(64 289)
–	–	–	–	–	(15 988)	(15 988)	5 409	(10 579)
–	–	–	–	–	–	–	(5 409)	(5 409)
–	–	–	–	–	–	–	(174)	(174)
–	–	–	–	–	–	8 422	–	8 422
–	–	–	–	–	–	4 245	–	4 245
–	–	–	–	–	–	121	–	121
–	–	–	–	–	–	–	(21)	(21)
–	–	–	–	–	(4 292)	(4 292)	322	(3 970)
–	–	–	–	–	–	–	(14 099)	(14 099)
–	–	–	–	–	–	(39 208)	–	(39 208)
243	–	–	–	–	(243)	–	–	–
–	–	(7 838)	–	–	7 838	–	–	–
–	–	–	–	–	(27 070)	–	–	–
11 289	21 866	34 447	3 517	244 759	1 131 980	3 647 573	313 529	3 961 102

Combined consolidated statements of changes in equity (continued)

£'000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
At 31 March 2011	208	153	2 242 067	(42 713)
Movement in reserves 1 April 2011 – 30 September 2011				
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	2	–	40 028	–
Issue of perpetual preference shares	–	–	20 638	–
Share issue expenses	–	–	(587)	–
Movement of treasury shares	–	–	(9 745)	(33 149)
Transfer to regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	13 549
At 30 September 2011	210	153	2 292 401	(62 313)

	Other reserves								
	Capital reserve account	Available-for-sale reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserve	Retained income	Shareholders' equity excluding non-controlling interests	Non-controlling interests	Total equity
	11 289	21 866	34 447	3 517	244 759	1 131 980	3 647 573	313 529	3 961 102
	–	–	–	–	–	178 920	178 920	(4 568)	174 352
	–	–	–	(34 524)	–	–	(34 524)	–	(34 524)
	–	(1 070)	–	–	–	–	(1 070)	–	(1 070)
	–	(22 115)	–	–	–	–	(22 115)	–	(22 115)
	(27)	(101)	(634)	152	(220 641)	(419)	(221 670)	(15 403)	(237 073)
	(27)	(23 286)	(634)	(34 372)	(220 641)	178 501	(100 459)	(19 971)	(120 430)
	–	–	–	–	–	36 660	36 660	–	36 660
	–	–	–	–	–	(70 558)	(70 558)	–	(70 558)
	–	–	–	–	–	(26 730)	(26 730)	17 329	(9 401)
	–	–	–	–	–	–	–	(17 329)	(17 329)
	–	–	–	–	–	–	–	(247)	(247)
	–	–		–	–	–	40 030	–	40 030
	–	–	–	–	–	–	20 638	–	20 638
	–	–	–	–	–	–	(587)	–	(587)
	–	–	–	–	–	–	(42 894)	–	(42 894)
	–	–	1 920	–	–	(1 920)	–	–	–
	–	–	–	–	–	(13 549)	–	–	–
	11 262	(1 420)	35 733	(30 855)	24 118	1 234 384	3 503 673	293 311	3 796 984

Dividends and earnings per share

	30 Sept 2011	30 Sept 2010
Ordinary dividends – pence per share		
Interim	8.0	8.0
Earnings	£'000	£'000
Earnings attributable to shareholders	178 920	246 993
Preference dividends paid	(26 730)	(27 031)
Earnings attributable to ordinary shareholders	152 190	219 962
Earnings resulting from future dilutive instruments	–	–
Diluted earnings attributable to ordinary shareholders	152 190	219 962
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	814 524 088	772 597 771
Weighted average number of treasury shares	(22 400 795)	(32 884 198)
Weighted average number of shares in issue during the year	792 123 293	739 713 573
Weighted average number of shares resulting from future dilutive potential shares	47 502 636	48 490 403
Adjusted weighted number of shares potentially in issue	839 625 929	788 203 976
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 period.	19.2	29.7
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 period plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the period.	18.1	27.9
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 period.	20.6	22.1
	£'000	£'000
Earnings attributable to shareholders	178 920	246 993
Impairment of goodwill	672	2 763
Amortisation of acquired intangibles, net of taxation	2 052	1 577
Loss on subsidiaries attributable to non-controlling interests	–	(1 481)
Profit arising from associate converted to subsidiary	–	(73 465)
Net loss on sale of subsidiaries, net of taxation	–	7 942
Preference dividends paid	(26 730)	(27 031)
Additional earnings attributable to other equity holders*	6 201	5 904
Currency hedge attributable to perpetual equity instruments	1 752	–
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	162 867	163 202

* *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.*

	30 Sept 2011	30 Sept 2010
Headline earnings per share – pence		
Headline earnings per share has been calculated in accordance with the definition in the Institute of Investment Management Research Statement of Investment Practice No. 1 "The Definition of Headline Earnings" and is disclosed in accordance with the JSE listing requirements and in terms of circular 3/2009 issued by the South African Institute of Chartered Accountants.	18.7	19.8
	£'000	£'000
Earnings attributable to shareholders	178 920	246 993
Impairment of goodwill	672	2 763
Loss on subsidiaries attributable to non-controlling interests	–	(1 481)
Profit arising from associate converted to subsidiary	–	(73 465)
Net loss on sale of subsidiaries, net of taxation	–	7 942
Preference dividends paid	(26 730)	(27 031)
Other headline adjustments**	(4 944)	(9 521)
Headline earnings attributable to ordinary shareholders	**147 918**	**146 200**

** *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 £3.9 million (2010: £3.7 million) with no impact on earnings attributable to non-controlling interests.*

03

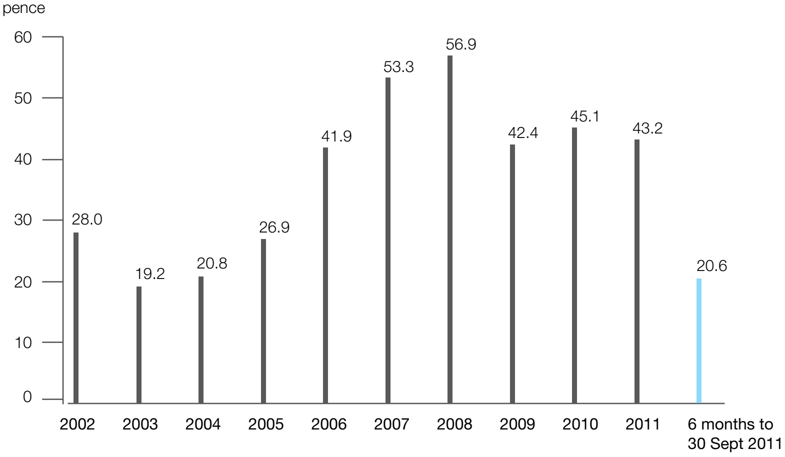
Financial review and additional information

Financial review

This commentary and analysis of our financial results for the period ended 30 September 2011 provides an overview of our financial performance relative to the group's results for the period ended 30 September 2010. Further detail on the performance of our business divisions is provided in the divisional review section of this report. The commentary and analysis are based on our 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.

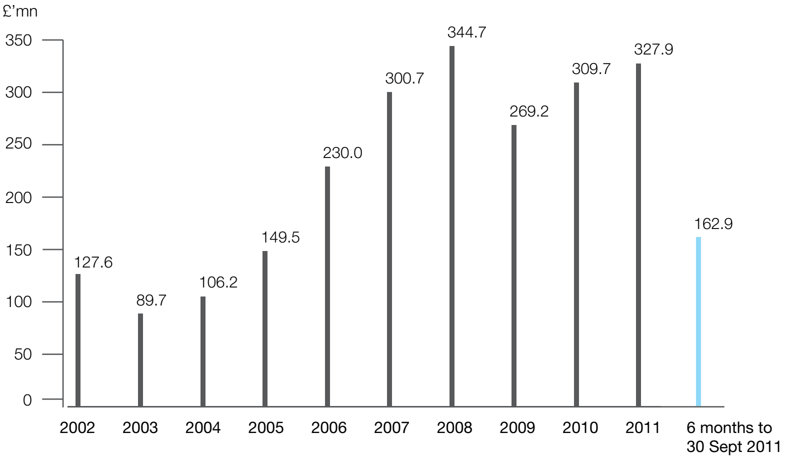
Track record

Adjusted earnings per share*



Down 6.8% to 20.6p
(Sept 2010: 22.1p)

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

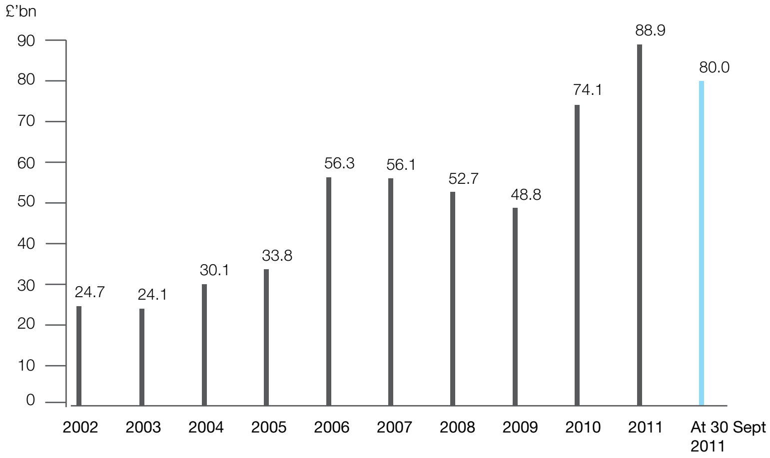


Down 0.2% to £162.9mn
(Sept 2010: £163.2mn)

Note:
Results are shown for the year ended 31 March, unless otherwise stated. Prior to 2005 the numbers are reported in terms of UK GAAP and thereafter in terms of IFRS.

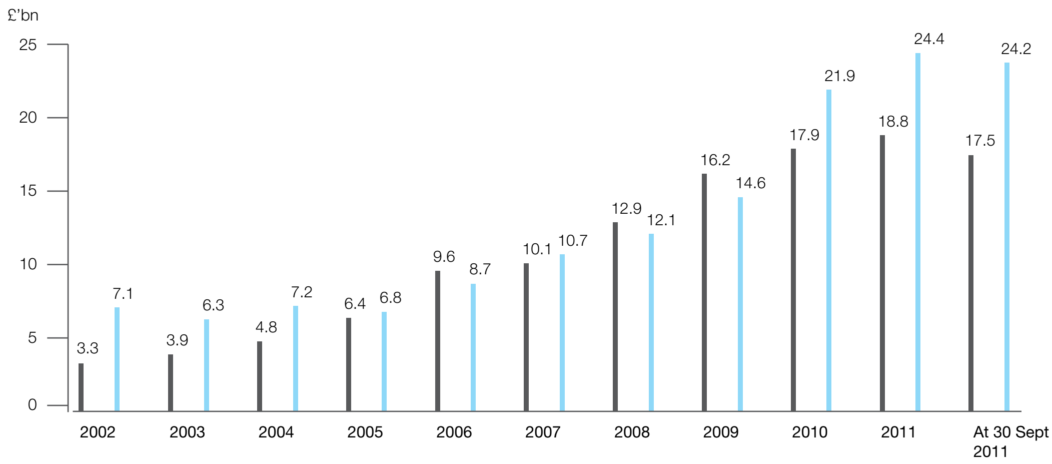
* *Historical EPS numbers have been adjusted for the 5:1 share split that took place on 4 September 2006.*

Third party assets under management



Down 10.0% to £80bn since 31 March 2011 – a decline of 3.4% on a currency neutral basis*
Net inflows of £3bn

Core loans and customer deposits



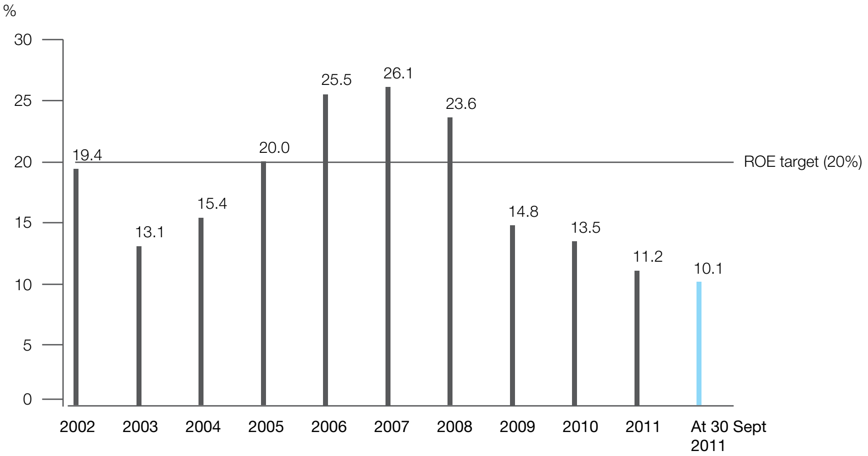
Core loans: down 6.7% to £17.5bn since 31 March 2011 – an increase of 2.0% on a currency neutral basis*
Deposits: down 1.0% to £24.2bn since 31 March 2011 – an increase of 8.1% on a currency neutral basis*

Note:
Results are shown for the year ended 31 March, unless otherwise stated. Prior to 2005 the numbers are reported in terms of UK GAAP and thereafter in terms of IFRS.

* *Currency neutral basis: calculation assumes that the closing exchange rates of the group's relevant exchange rates, as reflected on page 5, remain the same as at 30 September 2011 when compared to 31 March 2011.*

Financial objectives

ROE*

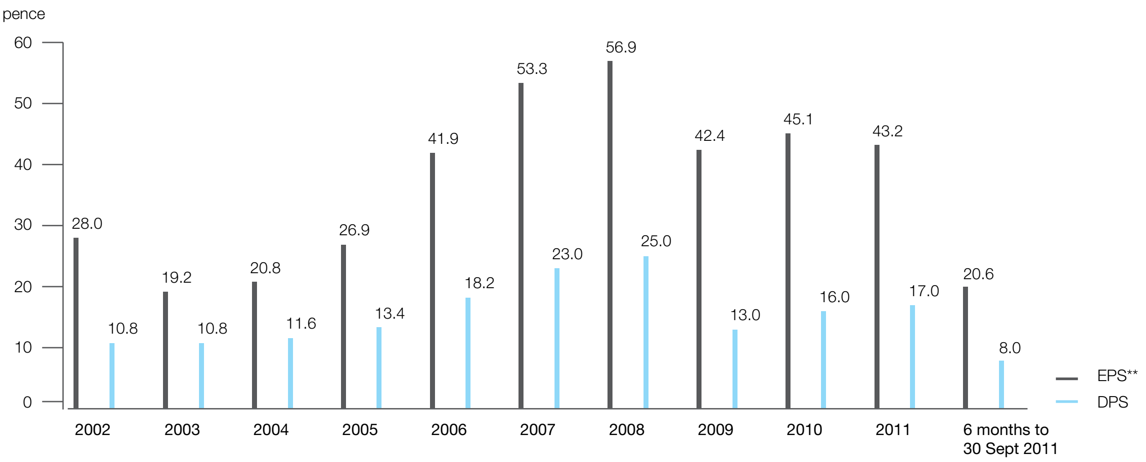


* *ROE is post-tax return on adjusted average shareholders' equity as calculated on pages 39 and 40.*

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

- Group ROE: greater than 20% in Pounds Sterling

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

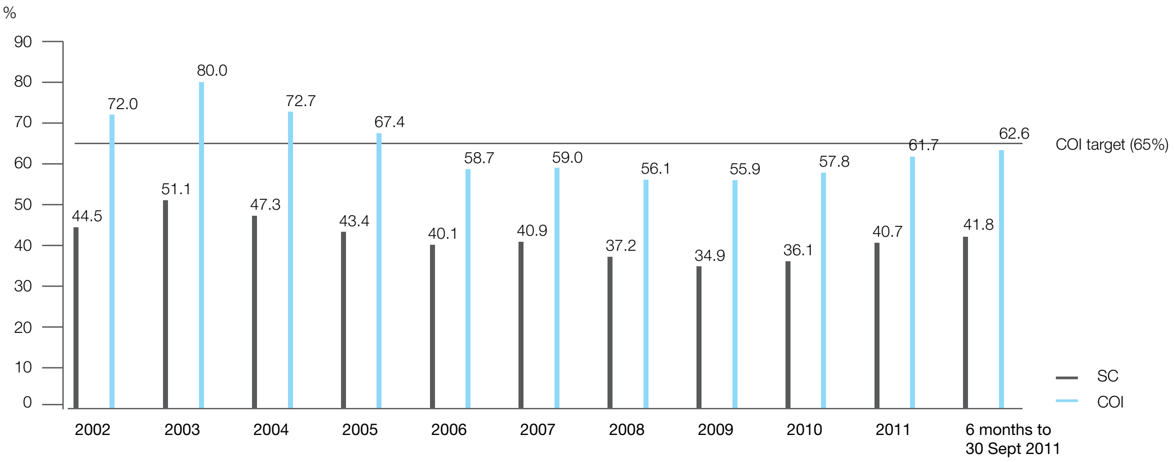


** *Adjusted EPS before goodwill, acquired intangibles and non-operating items as defined on page 22. The numbers have been adjusted for the 5:1 share split that took place on 4 September 2006.*

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

Refer to note on page 28.

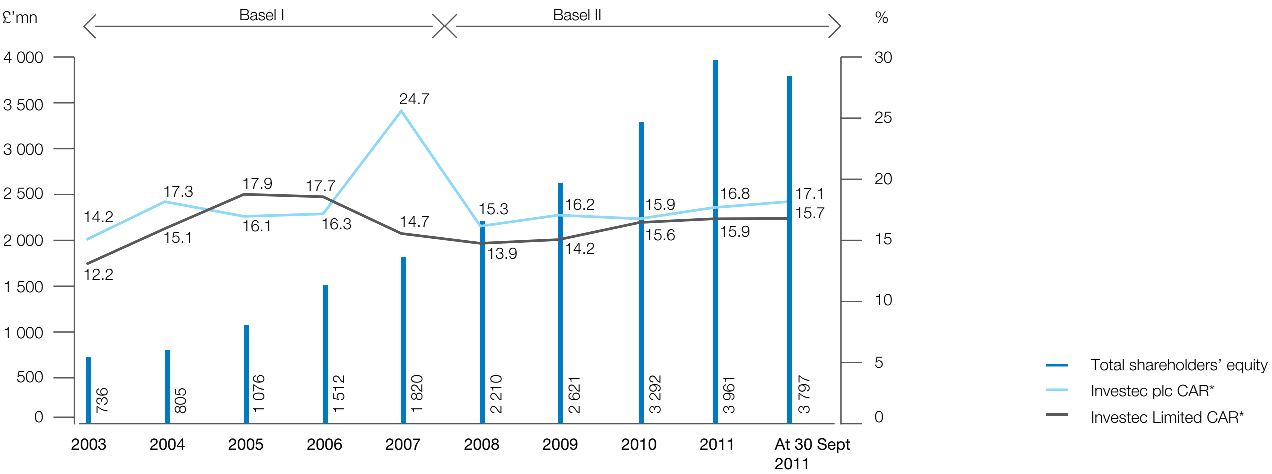
Cost to income ratio (COI) and staff compensation to operating income ratio (SC)



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

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

Total shareholders' equity and capital adequacy ratios (CAR)



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

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

Note:

The numbers shown in the financial objectives graphs on pages 27 and 28 are for the years ended 31 March, unless otherwise stated. The numbers prior to 2005 are reported in terms of UK GAAP.

An overview of our key income drivers

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

In addition, our head office provides certain group-wide integrating functions such as risk management, information technology, finance, investor relations, marketing, human resources and organisational development. It is also responsible for our central funding and other activities, such as our Trade Finance operations.

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

Business activity	Key income drivers	Income impacted primarily by	Income statement – reflected as
Asset Management			
	• Fixed fees as a percentage of assets under management • Variable performance fees	• Movements in the value of the assets underlying client portfolios • Performance of portfolios against set benchmarks • Net sales	• Fees and commissions
Wealth & Investment			
	• Investment management fees levied as a percentage of assets under management • Commissions earned for executing transactions for clients	• 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	• Fees and commissions
Property Activities			
	• Fees levied as a percentage of assets under management • Performance fees • Capital and debt raising fees • Asset acquisition fees • Property development fees	• Movements in the value of assets underlying client portfolios • Movements in the value of property assets	• Fees and commissions
	• Trading and development activities	• Macro- and micro- economic market conditions • Availability of profitable exit routes • Whether appropriate market conditions exist to maximise gains on sale	• Principal transactions

An overview of our key income drivers (continued)

Business activity	Key income drivers	Income impacted primarily by	Income statement – reflected as
Private Banking			
	• Interest earned in connection with the bank's lending and funding activities	• Size of loan portfolio • Interest rate environment	• Net interest income
	• Fees earned for banking and lending services	• Levels of activity	• Net interest income and fees and commissions
	• Income earned in respect of growth and acquisition finance activities	• Quality of transactions and deal flow	• Fees and commissions and principal transactions
Investment Banking			
Corporate Finance	• Fees resulting from the provision of capital raising and financial advisory work	• Macro- and micro- economic fundamentals • Industry-specific trends • Underlying stock market activity particularly in our primary markets • Idea generation	• Fees and commissions
Institutional Research, Sales and Trading	• Brokerage commissions • Trading and market making activities	• Stock market trading volume and volatility • Client allocation of broking transactions • Our ability to source securities and execute trades on behalf of our clients	• Fees and commissions and principal transactions
Principal Investments	• Sale of investments and revaluation of trading investments • Dividends	• Macro- and micro- economic market conditions • Availability of profitable exit routes • Whether appropriate market conditions exist to maximise gains on sale • Attractive investment opportunities	• Principal transactions
Capital Markets			
	• Asset creation	• Rate environment • Size of loan portfolio • Credit spreads • Clients' capital and infrastructural investments • Client activity	• Net interest income • Principal transactions • Other operating income
	• Structuring, management and distribution	• Rate environment • Ability to originate appropriate assets • Credit spreads • Clients' capital and infrastructural investments • Market conditions in the relevant exit markets	• Fees and commissions • Principal transactions

An overview of our key income drivers (continued)

Business activity	Key income drivers	Income impacted primarily by	Income statement – reflected as
Capital Markets (continued)			
	• Derivative sales, trading and hedging	• Client activity • Market conditions • Asset and liability creation • Product innovation • Market risk factors, primarily volatility and liquidity	• Principal transactions • Fees and commissions
	• Deposit 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 • Principal transactions • Fees and commissions
	• Advisory	• The demand for our specialised advisory services, which, in turn is affected by applicable tax, regulatory and other economic factors e.g. project activity in the relevant markets	• Fees and commissions
Group Services and Other Activities			
International Trade Finance Central Funding	• These businesses earn a variety of management and banking fees, brokerage commissions • As this division holds the group's capital resources, income generated from these net assets is offset by the cost of group funding	• A variety of factors including: Interest rate environment • Rand/Dollar exchange rate in the case of the International Trade Finance operations • Level of client activity	• All categories of income

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 105 to 140.

Total operating income

Total operating income net of insurance claims increased by 12.6% to £992.4 million (2010: £881.0 million), with recurring income as a percentage of total operating income amounting to 67.8% (2010: 63.0%).

£'000	30 Sept 2011	% of total income	30 Sept 2010	% of total income	% change
Net interest income	364 712	36.8%	321 174	36.5%	13.6%
Other income	627 691	63.2%	559 874	63.5%	12.1%
Net fee and commission income	445 168	44.8%	340 494	38.5%	30.7%
Principal transactions	138 261	13.9%	208 706	23.7%	(33.8%)
Net (loss)/income on assurance activities	(28)	–	2 287	0.3%	(>100.0%)
Other operating income	44 290	4.5%	8 387	1.0%	>100.0%
Total operating income net of insurance claims	992 403	100.0%	881 048	100.0%	12.6%

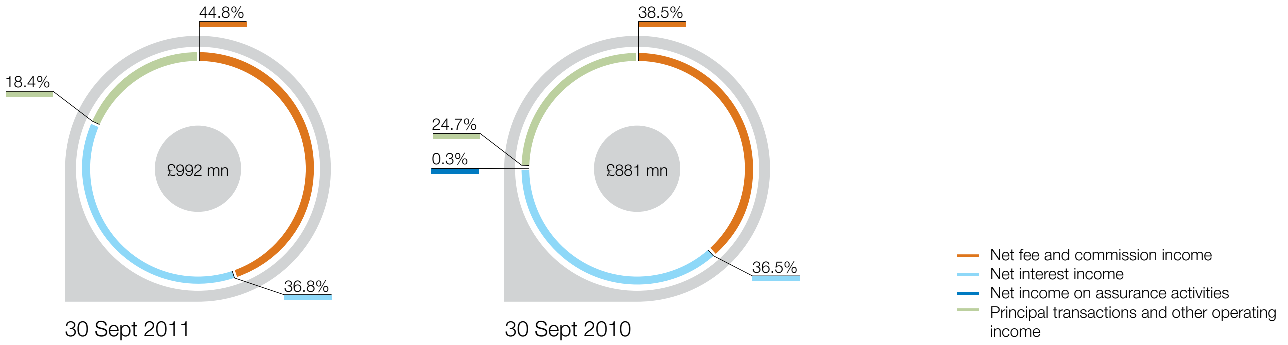
The following table sets out information on total operating income net of insurance claims by geography for the period under review.

£'000	30 Sept 2011	% of total income	30 Sept 2010	% of total income	% change
UK and Europe	512 883	51.7%	432 230	49.0%	18.7%
Southern Africa	420 510	42.4%	397 794	45.2%	5.7%
Australia	59 010	5.9%	51 024	5.8%	15.7%
Total operating income net of insurance claims	992 403	100.0%	881 048	100.0%	12.6%

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

£'000	30 Sept 2011	% of total income	30 Sept 2010	% of total income	% change
Asset Management	186 666	18.8%	143 751	16.3%	29.9%
Wealth & Investment	89 773	9.1%	60 832	6.9%	47.6%
Property Activities	20 684	2.1%	25 663	2.9%	(19.4%)
Private Banking	205 210	20.7%	194 366	22.1%	5.6%
Investment Banking	51 918	5.2%	105 647	12.0%	(50.9%)
Capital Markets	425 162	42.8%	318 529	36.1%	33.5%
Group Services and Other Activities	12 990	1.3%	32 260	3.7%	(59.7%)
Total operating income net of insurance claims	992 403	100.0%	881 048	100.0%	12.6%

% of total operating income net of insurance claims



Net interest income

Net interest income increased by 13.6% to £364.7 million (2010: £321.2 million) largely as a result of improved margins across all three geographies and a sound performance from the group's fixed income portfolios.

£'000	30 Sept 2011	30 Sept 2010	Variance	% change
Asset Management	2 784	874	1 910	>100.0%
Wealth & Investment	4 877	2 597	2 280	87.8%
Property Activities	793	(3 887)	4 680	>100.0%
Private Banking	169 060	152 200	16 860	11.1%
Investment Banking	9 202	(1 950)	11 152	>100.0%
Capital Markets	167 698	156 430	11 268	7.2%
Group Services and Other Activities	10 298	14 910	(4 612)	(30.9%)
Net interest income	364 712	321 174	43 538	13.6%

Net fee and commission income

Net fee and commission income increased by 30.7% to £445.2 million (2010: £340.5 million). The group benefited from higher average funds under management and solid net inflows. The banking businesses recorded an increase in net fees and commissions largely due to a good performance by the Capital Markets division in South Africa, however, transactional activity levels remain mixed.

£'000	30 Sept 2011	30 Sept 2010	Variance	% change
Asset Management	183 181	142 600	40 581	28.5%
Wealth & Investment	88 296	53 963	34 333	63.6%
Property Activities	8 076	10 974	(2 898)	(26.4%)
Private Banking	31 262	30 445	817	2.7%
Investment Banking	45 465	40 998	4 467	10.9%
Capital Markets	82 437	54 120	28 317	52.3%
Group Services and Other Activities	6 451	7 394	(943)	(12.8%)
Net fee and commission income	445 168	340 494	104 674	30.7%

£'000	30 Sept 2011	30 Sept 2010	Variance	% change
Annuity fees (net of fees payable)	308 391	233 732	74 659	31.9%
Deal fees	136 777	106 762	30 015	28.1%
Net fee and commission income	445 168	340 494	104 674	30.7%

Principal transactions

Income from principal transactions decreased by 33.8% to £138.3 million (2010: £208.7 million) largely due to a weaker performance from the group's listed principal investments portfolio.

£'000	30 Sept 2011	30 Sept 2010	Variance	% change
Asset Management	8	5	3	60.0%
Wealth & Investment	(3 629)	1 896	(5 525)	(>100.0%)
Property Activities	11 908	18 788	(6 880)	(36.6%)
Private Banking	4 853	11 549	(6 696)	(58.0%)
Investment Banking	(3 146)	61 722	(64 868)	(>100.0%)
Capital Markets	131 693	107 979	23 714	22.0%
Group Services and Other Activities	(3 426)	6 767	(10 193)	(>100.0%)
Principal transactions	138 261	208 706	(70 445)	(33.8%)

Other operating income

Other operating income includes associate income and income earned on an operating lease portfolio acquired during December 2010.

Impairment losses on loans and advances

The overall picture on impairment losses on loans and advances was mixed. Although impairments have fallen since the second half of the last financial year, losses on loans and advances increased from £98.2 million to £107.1 million (excluding Kensington) compared to the first half of last year. This was largely as a result of significantly increased impairments on the property development portfolio in Australia. The residual loan portfolio has been ring-fenced for collection and recovery. Since 31 March 2011 the level of defaults in South Africa has started to improve, whilst the UK reported defaults marginally ahead of the year-end. The credit loss charge as a percentage of average gross loans and advances has improved from 1.27% at 31 March 2011 to 1.08% for the current period. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounts to 4.30% (31 March 2011: 4.66%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.19 times (31 March 2011: 1.38 times). Further information is provided on pages 57 to 71.

Impairment losses on loans and advances relating to the Kensington business amount to £36.2 million (2010: £24.7 million). The Kensington book has reduced from £4.2 billion at 31 March 2011 to £3.6 billion.

£'000	Year ended 31 March 2009		Year ended 31 March 2010		Year ended 31 March 2011		
	1H09	2H09	1H10	2H10	1H11	2H11	1H12
Private Banking	(38 427)	(51 668)	(53 525)	(61 670)	(72 262)	(172 714)	(90 528)
Capital Markets – ex Kensington	(8 169)	(54 426)	(32 281)	(24 387)	(14 806)	(3 285)	(27 111)
Kensington	(28 457)	(64 789)	(39 982)	(41 398)	(24 652)	(45 236)	(36 202)
Other divisions	(1 727)	(8 510)	(8 507)	(24 831)	(11 130)	25 856	10 513
Impairment losses on loans and advances	(76 780)	(179 393)	(134 295)	(152 286)	(122 850)	(195 379)	(143 328)

£'000	Year ended 31 March 2009		Year ended 31 March 2010		Year ended 31 March 2011		
	1H09	2H09	1H10	2H10	1H11	2H11	1H12
UK and Europe – ex Ireland	(50 523)	(104 475)	(65 845)	(67 527)	(45 762)	(66 806)	(57 470)
Ireland	(8 379)	(18 660)	(22 648)	(32 503)	(31 855)	(66 063)	(21 684)
South Africa	(11 944)	(39 507)	(33 001)	(37 647)	(33 361)	(44 176)	(31 291)
Australia	(5 934)	(16 751)	(12 801)	(14 609)	(11 872)	(18 334)	(32 883)
Impairment losses on loans and advances	(76 780)	(179 393)	(134 295)	(152 286)	(122 850)	(195 379)	(143 328)

Operating costs and depreciation

The ratio of total operating costs to total operating income amounts to 62.6% (2010:61.4%).

Total operating costs grew by 12.4% to £607.9 million (2010: £540.9 million) as a result of the acquisitions of Rensburg Sheppards plc, an increase in variable remuneration in certain divisions given improved profitability, and an increase in headcount in certain divisions. Cost containment is a key priority for the group.

£'000	30 Sept 2011	% of total expenses	30 Sept 2010	% of total expenses	% change
Staff costs	(414 944)	68.2%	(353 509)	65.3%	17.4%
– fixed	(291 270)	47.9%	(251 094)	46.4%	16.0%
– variable	(123 674)	20.3%	(102 415)	18.9%	20.8%
Business expenses	(87 849)	14.5%	(89 618)	16.5%	(2.0%)
Equipment (excluding depreciation)	(28 316)	4.7%	(25 698)	4.8%	10.2%
Premises (excluding depreciation)	(36 687)	6.0%	(32 831)	6.1%	11.7%
Marketing expenses	(25 991)	4.3%	(22 503)	4.2%	15.5%
Depreciation	(14 073)	2.3%	(16 719)	3.1%	(15.8%)
Total operating costs	(607 860)	100.0%	(540 878)	100.0%	12.4%

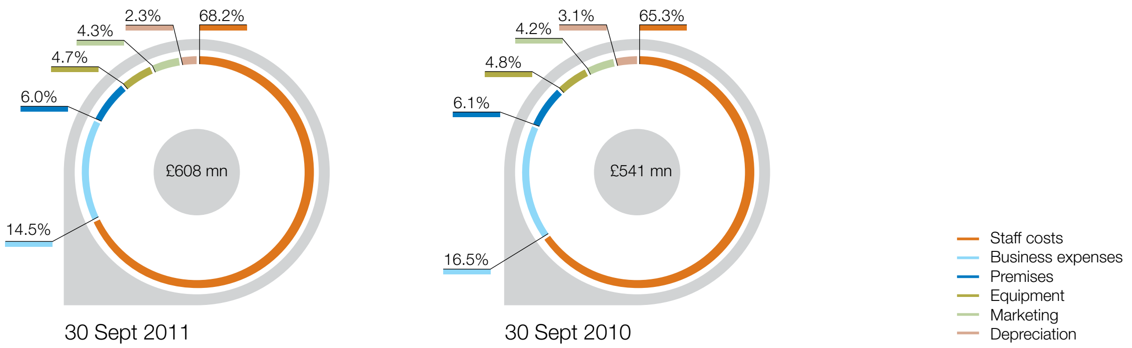
The following table sets out certain information on total operating costs by geography for the period under review.

£'000	30 Sept 2011	% of total expenses	30 Sept 2010	% of total expenses	% change
UK and Europe	(321 848)	52.9%	(287 187)	53.1%	12.1%
Southern Africa	(238 506)	39.3%	(215 975)	39.9%	10.4%
Australia	(47 506)	7.8%	(37 716)	7.0%	26.0%
Total operating costs	(607 860)	100.0%	(540 878)	100.0%	12.4%

The following table sets out certain information on total operating costs by division for the period under review.

£'000	30 Sept 2011	30 Sept 2010	Variance	% change
Asset Management	(120 862)	(94 703)	(26 159)	27.6%
Wealth and Investment	(67 985)	(44 490)	(23 495)	52.8%
Property Activities	(8 996)	(9 255)	259	(2.8%)
Private Banking	(119 584)	(125 983)	6 399	(5.1%)
Investment Banking	(50 426)	(70 924)	20 498	(28.9%)
Capital Markets	(183 838)	(145 608)	(38 230)	26.2%
Group Services and Other Activities	(56 169)	(49 915)	(6 254)	12.5%
Total operating costs	(607 860)	(540 878)	(66 982)	12.4%

% of total expenses



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

As a result of the foregoing factors, our operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests decreased by 2.0% from £228.2 million to £223.6 million.

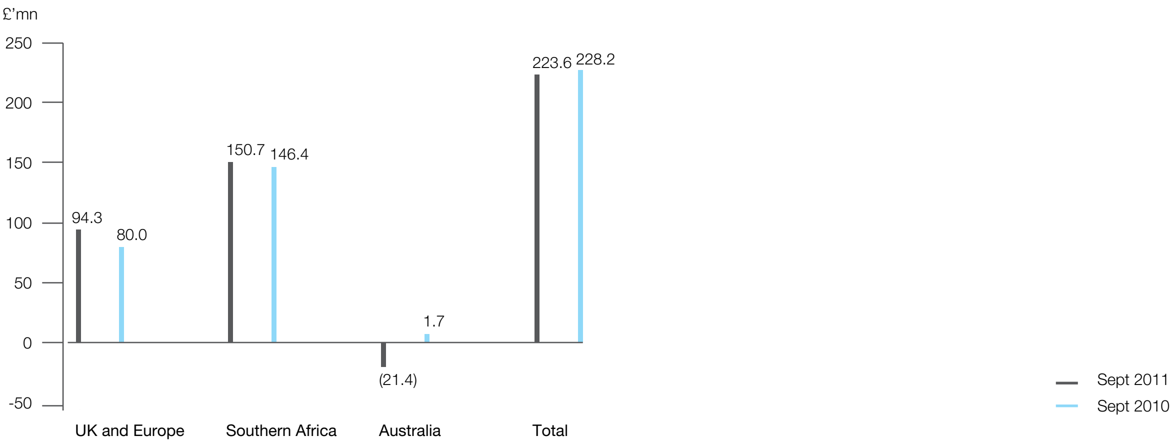
The following tables set out information on operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests by geography and by division for the period under review.

For the 6 months to 30 Sept 2011 £'000	UK and Europe	Southern Africa	Australia	Total group	% change	% of total
Asset Management	28 401	37 177	–	**65 578**	34.1%	29.3%
Wealth & Investment	13 217	8 571	–	**21 788**	33.3%	9.7%
Property Activities	(20)	10 453	1 255	**11 688**	(28.8%)	5.2%
Private Banking	3 779	14 701	(23 382)	**(4 902)**	26.4%	(2.2%)
Core Private Bank	9 163	14 701	13 258	**37 122**	24.3%	16.6%
Property development portfolio being run-off*	(5 384)	–	(36 640)	**(42 024)**	(24.5%)	(18.8%)
Investment Banking	(2 059)	7 488	(1 770)	**3 659**	(91.4%)	1.6%
Capital Markets	98 892	54 806	1 917	**155 615**	16.6%	69.6%
Group Services and Other Activities	(47 876)	17 478	601	**(29 797)**	16.2%	(13.3%)
Total group	**94 334**	**150 674**	**(21 379)**	**223 629**	**(2.0%)**	**100.0%**
Core business	99 718	150 674	15 261	**265 653**		
Property development portfolio being run-off*	(5 384)	–	(36 640)	**(42 024)**		
Non-controlling interest – equity				**(4 568)**		
Operating profit				**219 061**		
% change	**17.9%**	**2.9%**	**(>100.0%)**	**(2.0%)**		
% of total	**42.2%**	**67.4%**	**(9.6%)**	**100.0%**		

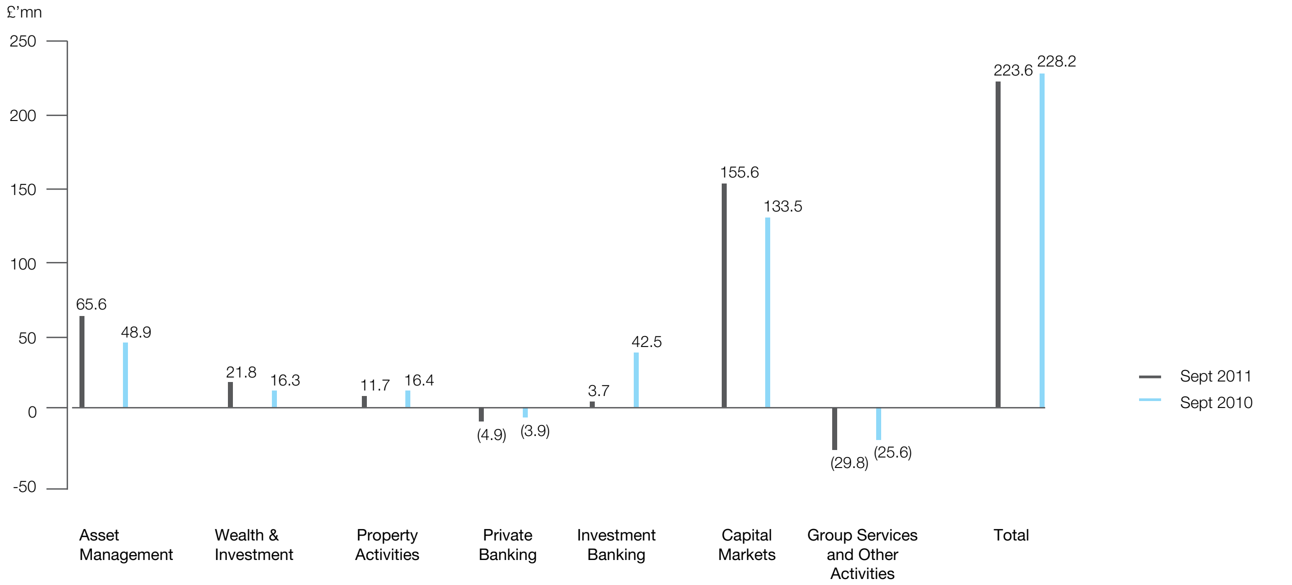
For the 6 months to 30 Sept 2010 £'000	UK and Europe	Southern Africa	Australia	Total group	% of total
Asset Management	18 867	30 046	–	**48 913**	21.4%
Wealth & Investment	8 996	7 346	–	**16 342**	7.2%
Property Activities	(443)	14 540	2 311	**16 408**	7.2%
Private Banking	(12 486)	14 150	(5 543)	**(3 879)**	(1.7%)
Core Private Bank	9 536	14 150	6 177	**29 863**	13.1%
Property development portfolio being run-off*	(22 022)	–	(11 720)	**(33 742)**	(14.8%)
Investment Banking	8 816	36 845	(3 151)	**42 510**	18.6%
Capital Markets	88 385	40 364	4 757	**133 506**	58.5%
Group Services and Other Activities	(32 097)	3 119	3 335	**(25 643)**	(11.2%)
Total group	**80 038**	**146 410**	**1 709**	**228 157**	**100.0%**
Core business	102 060	146 410	13 429	**261 899**	
Property development portfolio being run-off*	(22 022)	–	(11 720)	**(33 742)**	
Non-controlling interest – equity				**(10 837)**	
Operating profit				**217 320**	
% of total	**35.1%**	**64.2%**	**0.7%**	**100.0%**	

* *Residual property development loan portfolios in Ireland and Australia which have been ring-fenced for collection and recovery and are being run-off.*

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



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



Impairment of goodwill

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

Goodwill and intangible assets analysis – balance sheet information

£'000	30 Sept 2011	31 March 2011	30 Sept 2010
UK and Europe	395 949	393 417	401 058
Asset Management	88 045	88 045	88 033
Wealth & Investment	197 119	197 119	193 613
Private Banking	19 151	19 005	18 829
Investment Banking	8 600	6 086	17 519
Capital Markets	83 034	83 162	83 064
South Africa	15 362	18 655	22 603
Asset Management	12 258	14 930	18 916
Wealth & Investment	2 755	3 320	3 286
Property Activities	349	405	401
Australia	43 106	44 536	42 464
Private Banking	25 112	22 541	22 541
Investment Banking	17 994	21 995	19 923
Total goodwill	454 417	456 608	466 125
Intangible assets	130 346	136 452	167 506
Total goodwill and intangible assets	584 763	593 060	633 631

Amortisation of acquired intangibles

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

Profit arising from associate converted to a subsidiary

In the prior period a net gain of £73.5 million arose on the acquisition of the balance of shares in Rensburg Sheppards plc not already owned by the group.

Net loss on sale of subsidiaries

In the prior period a net loss on sale of subsidiaries of £7.9 million arose from a loss on sale of previously consolidated group investments.

Taxation

The operational effective tax rate amounts to 19.2% (2010: 20.2%).

For the 6 months to 30 Sept	Effective operational tax rates 2011	Effective operational tax rates 2010	2011 £'000	2010 £'000	Variance £'000	% change
UK and Europe	21.6%	20.1%	(19 151)	(13 646)	(5 505)	(40.4%)
Southern Africa	19.4%	20.2%	(29 186)	(29 962)	776	(2.6%)
Australia	(29.7%)	17.4%	6 352	(220)	6 572	>100.0%
Tax	19.2%	20.2%	(41 985)	(43 828)	1 843	4.2%

Losses attributable to non-controlling interests

Losses attributable to non-controlling interests comprise £4.6 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 £247.0 million to £178.9 million.

Dividends and earnings per share

Information with respect to dividends and earnings per share is provided on pages 22 and 23 and pages 153 to 157.

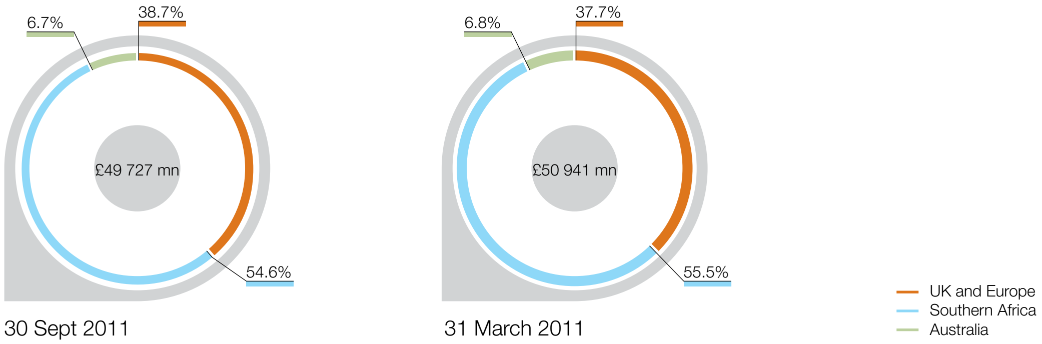
Balance sheet analysis

Since 31 March 2011:

- Total shareholders' equity (including non-controlling interests) decreased by 4.1% to £3.8 billion largely as a result of the sharp depreciation of the Rand, partially offset by retained earnings and the issue of shares
- Total assets decreased from £50.9 billion to £49.7 billion largely as a result of the sharp depreciation of the Rand
- Core loans and advances (excluding own originated securitised assets) as a percentage of customer deposits improved from 72.4% to 68.2%
- The return on adjusted average shareholders' equity declined from 11.2% to 10.1%
- Net asset value per share decreased 6.0% to 391.2 pence and net tangible asset value per share (which excludes goodwill and intangible assets) decreased by 6.6% to 321.0 pence largely as a result of the sharp depreciation of the Rand.

The group's gearing ratios remain low with core loans and advances to equity at 4.6 times (31 March 2011:4.7 times) and total assets (excluding assurance assets) to equity at 11.5 times (31 March 2011:11.3 times).

Assets by geography



Net tangible asset value per share

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

£'000	30 Sept 2011	31 March 2011	30 Sept 2010
Shareholders' equity	3 503 673	3 647 573	3 470 935
Less: perpetual preference shares issued by holding companies	(377 746)	(394 360)	(392 906)
Less: goodwill and intangible assets (excluding software)	(560 778)	(564 726)	(599 546)
Net tangible asset value	2 565 149	2 688 487	2 478 483
Number of shares in issue (million)	818.0	810.0	810.0
Treasury shares (million)	(19.0)	(28.0)	(30.0)
Number of shares in issue in this calculation (million)	799.0	782.0	780.0
Net tangible asset value per share (pence)	321.0	343.8	317.8

Capital adequacy

We hold capital in excess of regulatory requirements targeting a minimum tier one capital ratio of 11% and a total capital adequacy ratio range of 14% to 17% on a consolidated basis for each of Investec plc and Investec Limited. Capital ratios are within the group's target range across all core geographies. Further information is provided on pages 100 and 101.

ROE – assessment of economic capital utilised

Return on capital by segment

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

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

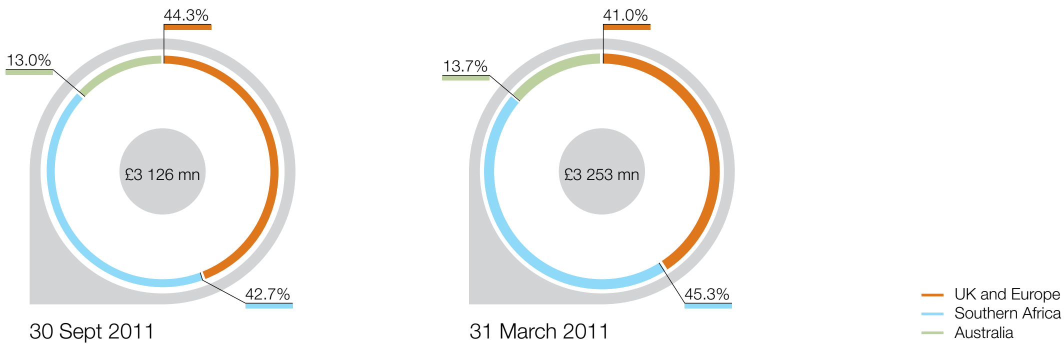
£'000	30 Sept 2011	31 March 2011	Average	30 Sept 2010	31 March 2010	Average
Calculation of average ordinary shareholders' equity						
Ordinary shareholders' equity	3 125 927	3 253 213	3 189 570	3 078 029	2 576 759	2 827 394
Goodwill and intangible assets (excluding software)	(560 778)	(564 726)	(562 752)	(599 546)	(282 264)	(440 905)
Ordinary tangible shareholders' equity	2 565 149	2 688 487	2 626 818	2 478 483	2 294 495	2 386 489

£'000	30 Sept 2011	31 March 2011	30 Sept 2010
Operating profit before goodwill impairment and non-operational items	219 061	217 320	423 444
Operating losses attributable to non-controlling interests	4 568	10 837	10 962
Preference dividends	(20 529)	(21 127)	(41 434)
Revised operating profit	**203 100**	**207 030**	**392 972**
Tax on ordinary activities	(41 985)	(43 828)	(65 075)
Revised operating profit after tax	**161 115**	**163 202**	**327 897**
Pre-tax return on average ordinary shareholders' equity	12.7%	14.6%	13.5%
Post-tax return on average ordinary shareholders' equity	10.1%	11.5%	11.2%
Pre-tax return on average ordinary tangible shareholders' equity	15.5%	17.4%	15.8%
Post-tax return on average ordinary tangible shareholders' equity	12.3%	13.7%	13.2%

ROE by country

£'000	UK and Europe	Southern Africa	Australia	Total group
Total operating profit	89 727	150 713	(21 379)	219 061
Tax on profit on ordinary activities	(19 151)	(29 186)	6 352	(41 985)
Non-controlling interests	4 607	(39)	–	4 568
Preference dividends	(12 691)	(7 838)	–	(20 529)
Profit on ordinary activities after taxation – 30 Sept 2011	**62 492**	**113 650**	**(15 027)**	**161 115**
Profit on ordinary activities after taxation – 30 Sept 2010	59 257	102 456	1 489	163 202
Ordinary shareholders' equity – 30 Sept 2011	**1 385 147**	**1 334 627**	**406 153**	**3 125 927**
Goodwill and intangible assets (excluding software)	486 987	15 433	58 358	560 778
Tangible ordinary shareholders' equity – 30 Sept 2011	**898 160**	**1 319 194**	**347 795**	**2 565 149**
Ordinary shareholders' equity – 30 Sept 2010	**1 324 869**	**1 330 430**	**422 730**	**3 078 029**
Goodwill and intangible assets (excluding software)	532 368	22 668	44 510	599 546
Tangible ordinary shareholders' equity – 30 Sept 2010	**792 501**	**1 307 762**	**378 220**	**2 478 483**
Ordinary shareholders' equity at 31 March 2011	**1 333 460**	**1 472 732**	**447 021**	**3 253 213**
Average ordinary shareholders' equity at 30 Sept 2011	**1 359 304**	**1 403 680**	**426 587**	**3 189 570**
Average ordinary shareholders' equity at 30 Sept 2010	1 125 527	1 284 107	417 760	2 827 394
Average ordinary shareholders' equity at 31 March 2011	1 129 822	1 355 258	429 906	2 914 986
Post-tax return on average ordinary shareholders' equity at 30 Sept 2011	**9.2%**	**16.2%**	**(7.0%)**	**10.1%**
Post-tax return on average ordinary shareholders' equity at 30 Sept 2010	10.5%	16.0%	0.7%	11.5%
Post-tax return on average ordinary shareholders' equity at 31 March 2011	8.0%	17.5%	0.1%	11.2%
Post-tax return on average tangible ordinary shareholders' equity at 30 Sept 2011	**14.4%**	**16.4%**	**(8.0%)**	**12.3%**
Post-tax return on average tangible ordinary shareholders' equity at 30 Sept 2010	15.8%	16.3%	0.8%	13.7%
Post-tax return on average tangible ordinary shareholders' equity at 31 March 2011	11.7%	17.8%	0.1%	13.2%

Adjusted shareholders' equity by geography



ROE by business

£'000	AM*	WI*	PA*	PB*	IB*	CM*	GSO*	Total group
Total operating profit after non-controlling interests	65 578	21 788	11 688	(4 902)	3 659	155 615	(29 797)	223 629
Notional return on statutory capital	760	577	2 550	25 640	6 565	19 934	(56 026)	–
Notional cost of statutory capital	(3 858)	(1 023)	(1 238)	–	(2 701)	(4 975)	13 795	–
Cost of subordinated debt	(462)	(256)	(1 799)	(14 489)	(4 251)	(7 524)	28 781	–
Cost of preference shares	(285)	(253)	(793)	(7 949)	(2 233)	(7 376)	(1 640)	(20 529)
Absorption of additional residual costs **	(3 585)	(2 561)	(3 744)	(7 503)	(6 495)	(12 570)	36 458	–
Adjusted earnings/(losses) – 30 Sept 2011	58 148	18 272	6 664	(9 203)	(5 456)	143 104	(8 429)	203 100
Adjusted earnings/(losses) – 30 Sept 2010	41 167	13 607	10 660	(2 676)	35 213	122 403	(13 344)	207 030
Ordinary shareholders' equity at 30 Sept 2011	143 011	367 090	84 847	1 056 830	290 142	1 000 774	183 233	3 125 927
Goodwill and intangible assets (excluding software)	100 303	303 153	349	44 263	26 594	83 875	2 241	560 778
Tangible ordinary shareholders' equity at 30 Sept 2011	42 708	63 937	84 498	1 012 567	263 548	916 899	180 992	2 565 149
Ordinary shareholders' equity at 30 Sept 2010	138 367	369 056	91 860	1 023 696	266 541	1 039 718	148 791	3 078 029
Goodwill and intangible assets (excluding software)	106 949	322 145	401	41 370	43 505	83 748	1 428	599 546
Tangible ordinary shareholders' equity at 30 Sept 2010	31 418	46 911	91 459	982 326	223 036	955 970	147 363	2 478 483
Ordinary shareholders' equity at 31 March 2011	141 608	373 166	112 775	1 099 642	285 909	1 078 395	161 718	3 253 213
Average ordinary shareholders' equity at 30 Sept 2011	142 310	370 128	98 811	1 078 236	288 026	1 039 585	172 474	3 189 570
Average ordinary shareholders' equity at 30 Sept 2010	137 838	194 575	83 738	1 016 034	261 604	998 946	134 659	2 827 394
Average ordinary shareholders' equity at 31 March 2011	139 458	196 630	94 195	1 054 007	271 288	1 018 284	141 124	2 914 986
Average tangible ordinary shareholders' equity at 30 Sept 2011	40 671	64 748	98 434	1 035 331	260 688	956 066	170 880	2 626 818
Average tangible ordinary shareholders' equity at 30 Sept 2010	29 592	31 876	83 339	974 895	217 370	915 471	133 946	2 386 489
Average tangible ordinary shareholders' equity at 31 March 2011	33 199	41 200	93 795	1 012 779	234 766	935 103	140 649	2 491 491
Pre-tax return on average ordinary shareholders' equity – 30 Sept 2011	81.7%	9.9%	13.5%	(1.7%)	(3.8%)	27.5%	(9.8%)	12.7%
Pre-tax return on average ordinary shareholders' equity – 30 Sept 2010	59.7%	14.0%	25.5%	(0.5%)	26.9%	24.5%	(19.8%)	14.6%
Pre-tax return on average ordinary shareholders' equity – 31 March 2011	78.5%	16.5%	39.6%	(9.2%)	18.7%	19.8%	41.5%	13.5%
Pre-tax return on average tangible ordinary shareholders' equity – 30 Sept 2011	285.9%	56.4%	13.5%	(1.8%)	(4.2%)	29.9%	(9.9%)	15.5%
Pre-tax return on average tangible ordinary shareholders' equity – 30 Sept 2010	278.2%	85.4%	25.6%	(0.5%)	32.4%	26.7%	(19.9%)	17.4%
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2011	329.7%	78.7%	39.8%	(9.6%)	21.7%	21.5%	41.7%	15.8%

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

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

Total third party assets under management

£'million	30 Sept 2011	31 March 2011	30 Sept 2010
Investec Asset Management	53 073	58 802	49 491
UK and international	29 171	30 765	23 727
Southern Africa	23 902	28 037	25 764
Wealth & Investment*	26 344	29 448	27 692
UK and Europe	14 068	14 852	14 796
Southern Africa	12 276	14 596	12 896
Property Activities	362	292	262
UK and Europe	60	80	63
Southern Africa	135	46	47
Australia	167	166	152
Australia Private Equity and Capital Markets	221	336	375
Total	80 000	88 878	77 820

A further analysis of third party assets under management

30 Sept 2011 £'million	UK, Europe and Other	Southern Africa	Australia	Total
Investec Asset Management	29 171	23 902	–	53 073
– Institutional	15 140	15 620	–	30 760
– Retail	14 031	8 282	–	22 313
Wealth & Investment*	14 068	12 276	–	26 344
– Discretionary	8 924	1 880	–	10 804
– Non–discretionary and other	5 144	10 396	–	15 540
Property Activities	60	135	167	362
Australia Private Equity and Capital Markets	–	–	221	221
Total third party assets under management	43 299	36 313	388	80 000

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

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

A further analysis of third party assets under management (continued)

30 Sept 2010 £'million	UK, Europe and Other	Southern Africa	Australia	Total
Investec Asset Management	23 727	25 764	–	49 491
– Institutional	11 276	17 207	–	28 483
– Retail	12 451	8 557	–	21 008
Wealth & Investment*	14 796	12 896	–	27 692
– Discretionary	8 818	1 892	–	10 710
– Non–discretionary and other	5 978	11 004	–	16 982
Property Activities	63	47	152	262
Australia Private Equity and Capital Markets	–	–	375	375
Total third party assets under management	38 586	38 707	527	77 820

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

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

By division	AM*	WI*	PA*	PB*	IB*	CM*	GSO*	Total group
Number of employees – 30 Sept 2011	1 159	968	75	2 008	388	1 447	1 321	7 366
Number of employees – 31 March 2011	1 071	976	81	2 096	390	1 334	1 289	7 237
Number of employees – 30 Sept 2010	1 008	972	83	2 147	372	1 265	1 243	7 090
Number of employees – 31 March 2010	968	211	77	2 232	371	1 089	1 175	6 123
Average employees – 6 months to 30 Sept 2011	1 115	972	78	2 052	389	1 391	1 305	7 302
Average employees – 6 months to 30 Sept 2010	988	592	79	2 190	372	1 177	1 208	6 606
Operating profit/(loss)^ – 30 Sept 2011 (£'000)	65 578	21 559	11 688	(4 939)	3 262	155 548	(29 962)	222 734
Operating profit/(loss)^ – 30 Sept 2010 (£'000)	48 913	13 966	16 408	(4 051)	41 997	133 506	(25 754)	224 985
Operating profit/(loss) per employee^^ – 30 Sept 2011 (£'000)	58.8	22.2	149.8	(2.4)	8.4	111.8	(23.0)	30.5
Operating profit/(loss) per employee^^ – 30 Sept 2010 (£'000)	49.5	23.6	207.7	(1.8)	112.9	113.4	(21.3)	34.1

By geography	UK and Europe	Southern Africa	Australia	Total group
Number of employees – 30 Sept 2011	2 854	4 111	401	7 366
Number of employees – 31 March 2011	2 709	4 101	427	7 237
Number of employees – 30 Sept 2010	2 666	4 000	424	7 090
Number of employees – 31 March 2010	1 862	3 883	378	6 123
Average employees – 6 months to 30 Sept 2011	2 782	4 106	414	7 302
Average employees – 6 months to 30 Sept 2010	2 263	3 942	401	6 606
Operating profit/(loss)^ – 30 Sept 2011 (£'000)	93 448	150 702	(21 416)	222 734
Operating profit/(loss)^ – 30 Sept 2010 (£'000)	77 012	146 436	1 537	224 985
Operating profit/(loss) per employee^^ – 30 Sept 2011 (£'000)	33.6	36.7	(51.7)	30.5
Operating profit/(loss) per employee^^ – 30 Sept 2010 (£'000)	34.0	37.1	3.8	34.1

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

^ *Excluding operating income from associates.*

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

Number of employees

By division – permanent employees	30 Sept 2011	31 March 2011	30 Sept 2010	31 March 2010
Asset Management				
UK, Europe and Other	344	314	289	272
Southern Africa	727	672	640	627
Total	1 071	986	929	899
Wealth & Investment				
UK and Europe	676	663	672	–
Southern Africa	246	256	266	200
Total	922	919	938	200
Property Activities				
UK and Europe	4	3	6	5
Southern Africa	51	57	57	57
Australia	11	11	11	8
Total	66	71	74	70
Private Banking				
UK and Europe	395	404	429	502
Southern Africa	1 296	1 355	1 357	1 382
Australia	163	176	195	179
Total	1 854	1 935	1 981	2 063
Investment Banking				
UK, Europe and Hong Kong	187	169	162	164
Southern Africa	132	139	144	145
Australia	37	47	42	41
USA	15	15	14	13
Total	371	370	362	363
Capital Markets				
UK and Europe	888	798	753	587
Southern Africa	464	452	440	431
Australia	79	69	54	43
Total	1 431	1 319	1 247	1 061
Group Services and Other Activities				
UK and Europe	272	272	259	245
Southern Africa	781	749	711	700
Australia	94	95	86	83
Total	1 147	1 116	1 056	1 028
Total number of permanent employees	6 862	6 716	6 587	5 684

By geography	30 Sept 2011	31 March 2011	30 Sept 2010	31 March 2010	31 March 2009	31 March 2008
UK and Europe	2 748	2 606	2 556	1 763	1 706	1 812
SA and Other	3 697	3 680	3 615	3 542	3 541	3 666
Australia	388	401	390	356	354	424
USA	29	29	26	23	22	12
Temporary employees and contractors	504	521	503	439	328	419
Total number of employees	7 366	7 237	7 090	6 123	5 951	6 333

Additional information

Shareholder analysis

As at 30 September 2011 Investec plc and Investec Limited had 542.4 million and 276.0 million ordinary shares in issue, respectively.

Largest ordinary shareholders as at 30 September 2011

Investec plc

	Shareholder analysis by manager group	Number of shares	% holding
1	Public Investment Corporation (ZA)	82 788 855	15.3
2	Allan Gray (ZA)	35 099 240	6.5
3	Old Mutual Investment Group (ZA)	24 782 158	4.6
4	BlackRock Investment Mgt (BGI) (US, UK and Other)	22 406 332	4.1
5	Legal & General Investment Management Ltd (UK)	20 438 101	3.8
6	Coronation Fund Managers (ZA)	18 657 510	3.4
7	Abax Investments (ZA)	17 950 247	3.3
8	Sanlam Investment Mgt (ZA)	17 180 896	3.2
9	Prudential Portfolio Mgrs (ZA)	13 621 844	2.5
10	Deutsche Bank (UK)	13 288 695	2.4
	Cumulative total	266 213 878	49.1

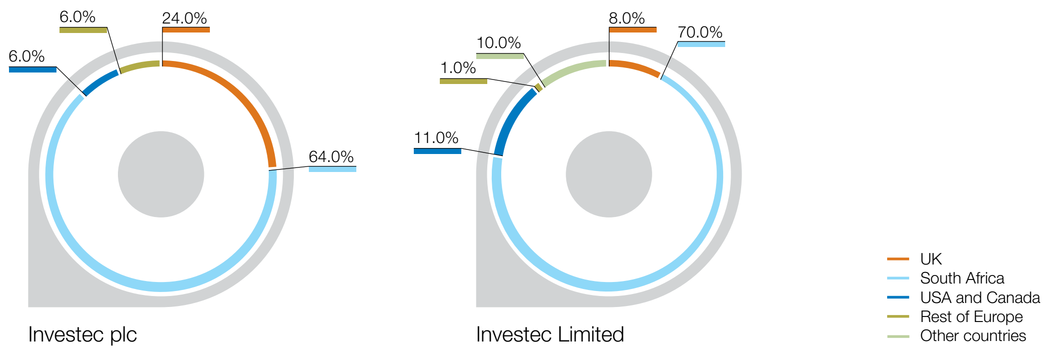
The top 10 shareholders account for 49.1% of the total shareholding in Investec plc. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated. The above analysis excludes shares held by Investec directors.

Investec Limited

	Shareholder analysis by manager group	Number of shares	% holding
1	Public Investment Corporation (ZA)	40 574 184	14.7
2	Entrepreneurial Development Trust (ZA)	23 343 161	8.5
3	Old Mutual Investment Group (ZA)	16 459 925	6.0
4	Investec Staff Share Scheme (ZA)	16 800 342	6.1
5	Sanlam Investment Mgt (ZA)	12 601 265	4.6
6	Dimensional Fund Advisors (US)	8 662 091	3.1
7	Afena Capital (ZA)	7 248 400	2.6
8	STANLIB Asset Mgt (ZA)	6 908 573	2.5
9	BlackRock Investment Mgt (BGI) (US and UK)	8 531 929	3.1
10	Tiso Group (ZA)	6 711 432	2.4
	Cumulative total	147 841 302	53.6

The top 10 shareholders account for 53.6% 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.

Geographic holding as at 30 September 2011



Share statistics

Investec plc ordinary shares in issue

For the period ended	30 Sept 2011	31 March 2011	30 Sept 2010	31 March 2010	30 Sept 2009	31 March 2009
Closing market price per share (Pounds)						
– period ended	3.49	4.78	5.09	5.39	4.58	2.92
– highest	5.22	5.50	5.51	5.62	4.58	4.21
– lowest	3.49	4.29	4.29	2.87	2.87	1.69
Number of ordinary shares in issue (million)	542.4	537.2	537.2	471.1	468.9	444.9
Market capitalisation (£'million)[1]	1 893	2 568	2 734	2 539	2 148	1 299
Daily average volume of shares traded ('000)	1 647	1 634	1 969	1 933	2 230	2 604

Investec Limited ordinary shares in issue

For the period ended	30 Sept 2011	31 March 2011	30 Sept 2010	31 March 2010	30 Sept 2009	31 March 2009
Closing market price per share (Rands)						
– period ended	44.20	52.80	59.47	62.49	57.13	38.86
– highest	57.36	65.50	65.50	65.40	58.63	63.19
– lowest	43.97	49.49	52.55	37.51	37.51	27.20
Number of ordinary shares in issue (million)	276.0	272.8	272.8	269.8	268.7	268.3
Market capitalisation (R'million)[2]	36 173	42 768	48 171	46 299	42 139	27 715
Market capitalisation (£'million)	2 855	3 872	4 123	3 378	3 515	2 083
Daily average volume of shares traded ('000)	981	794	900	1 068	1 226	1 168

1. *The LSE only include the shares in issue for Investec plc i.e. currently 542.4 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 818.4 million shares in issue.*

Risk management

As per Basel II regulations, the following risk management and capital section will provide detail on the quantitative risk disclosures required on a semi-annual basis. For any additional qualitative disclosures, definitions and descriptions, please refer to our annual financial statements for the year ended 31 March 2011.

Philosophy and approach

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

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

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

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

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

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

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

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

- Intimate involvement of senior management ensuring stringent management of risk, liquidity and capital
- Strong risk and capital management culture embedded into our day-to-day activities and values. We seek to achieve an appropriate balance between risk and reward in our business, taking cognisance of all stakeholders' interests
- Reward programmes that align directors' and employees' interests with those of stakeholders, ensuring that these programmes promote effective risk management. Annual bonuses are closely linked to business performance, determined in the main by realised economic value added profit performance against pre-determined targets above a risk and capital weighted return. This model has been consistently applied within the group for in excess of ten years
- Credit and counterparty exposures to a select target market; our risk appetite continues to favour lower risk, income-based lending, with credit risk taken over a short to medium term. Exposure is taken against defined target clients displaying a profile of good character, sound financial strength and integrity, a core competency and a sound track record in the activity funded. The credit loss ratio decreased from 1.27% at 31 March 2011 to 1.08%
- Limited exposure to rated and unrated structured credit investments; representing approximately 2% of total assets
- A low leverage (gearing) ratio of 11.5 times
- Low equity (investment) risk exposure; within total investments comprising 3.3% of total assets
- Modest proprietary market risk within our trading portfolio; value at risk and stress testing scenarios remain at prudent levels
- Potential losses that could arise in our trading book portfolio stress tested under extreme market conditions (i.e. per extreme value theory) amount to less than 0.5% of total operating income
- A high level of readily available, high quality liquid assets; average cash and near cash of approximately £9.7 billion, within our range of 25% to 35% of our liability base. We continue to maintain a low reliance on interbank wholesale funding to fund core lending asset growth

- Continued increase in retail customer deposits and a growing retail franchise
- Healthy capital ratios; we have always held capital in excess of regulatory requirements and we intend to perpetuate this philosophy
- 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 Europe		Southern Africa		Australia		Investec group	
	30 Sept 2011 £	31 March 2011 £	30 Sept 2011 R	31 March 2011 R	30 Sept 2011 A$	31 March 2011 A$	30 Sept 2011 £	31 March 2011 £
Net core loans and advances (million)	5 656	5 576	124 334	120 784	3 189	3 219	17 498	18 758
Gross defaults as a % of gross core loans and advances	6.78%	6.82%	4.33%	5.07%	12.77%	10.75%	6.10%	6.22%
Defaults (net of impairments) as a % of net core loans and advances	4.07%	4.23%	3.22%	3.97%	10.29%	9.54%	4.30%	4.66%
Net defaults (after collateral and impairments) as a % of net core loans and advances	–	–	–	–	–	–	–	–
Annualised credit loss ratio*	1.27%	2.19%	0.57%	0.71%	3.17%	1.53%	1.08%	1.27%
Structured credit investments as a % of total assets	3.16%	2.85%	1.23%	1.66%	1.95%	1.93%	2.13%	2.20%
Banking book investment and equity risk exposures as a % of total assets	1.67%	1.26%	5.13%	5.90%	0.66%	0.45%	3.31%	3.47%
Traded market risk: one-day value at risk (million)	0.9	1.1	6.0	3.8	–	–	n/a	n/a
Cash and near cash (million)	3 400	3 547	62 186	52 591	1 495	1 438	9 264	9 319
Customer accounts (deposits) (million)	9 106	8 812	172 079	154 504	2 317	2 211	24 185	24 441
Core loans to equity ratio	3.6x^	3.7x^	5.8x	5.8x	4.9x	4.7x	4.6x	4.7x
Total gearing/leverage ratio**	11.1x^	11.2x^	12.4x	11.5x	8.2x	7.8x	11.5x	11.3x
Core loans (excluding own originated assets which have been securitised) to customer deposits	67.8%^	70.0%^	68.6%	74.1%	103.9%	111.6%	68.2%	72.4%
Capital adequacy ratio	17.1%^	16.8%^	15.7%	15.9%	16.3%	17.6%	n/a	n/a
Tier 1 ratio	11.6%^	11.6%^	12.0%	11.9%	13.3%	14.7%	n/a	n/a

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

** *Total assets to total equity.*

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

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

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
  - 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 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 information

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

An analysis of gross credit and counterparty exposures

Credit and counterparty exposures decreased by 0.9% since 31 March 2011 to £39.8 billion largely as a result of the depreciation in the Rand relative to Pounds Sterling. Cash and near cash balances decreased by 0.6% since 31 March 2011 to £9.3 billion and are largely reflected in the following line items in the table below: debt instruments; bank placements and sovereign, government placements.

An analysis of gross credit and counterparty exposures

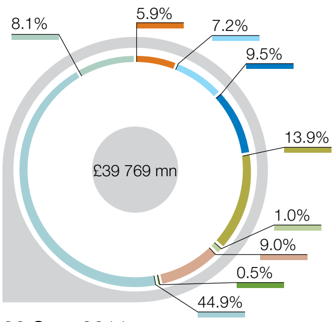
£'000	30 Sept 2011	31 March 2011	% change	Average*
On-balance sheet exposures	36 529 283	36 479 737	0.1%	36 504 513
Securitisation exposures arising from securitisation/principal finance activities	2 334 878	2 071 151	12.7%	2 203 016
Rated instruments	787 496	712 783	10.5%	750 140
Unrated instruments	147 959	224 264	(34.0%)	186 112
Other	1 399 423	1 134 104	23.4%	1 266 764
Debt instruments – non-sovereign, (NCDs, bonds held, debentures)	2 871 819	3 174 000	(9.5%)	3 022 910
Bank placements	3 789 091	3 173 678	19.4%	3 481 412
Sovereign, government placements and debt instruments	5 513 297	5 127 371	7.5%	5 320 307
Call facilities (non-bank entities)	397 417	535 983	(25.9%)	466 700
Trading exposures (positive fair value excluding potential future exposures)	3 580 028	3 120 144	14.7%	3 350 086
Other credit exposures	210 479	207 802	1.3%	209 141
Gross core loans and advances to customers**	17 832 274	19 069 608	(6.5%)	18 450 941
Off-balance sheet exposures	3 239 431	3 651 759	(11.3%)	3 445 596
Guarantees^	544 424	553 231	(1.6%)	548 828
Contingent liabilities, committed facilities, other	2 695 007	3 098 528	(13.0%)	2 896 768
Total gross credit and counterparty exposures pre collateral or other credit enhancements	39 768 714	40 131 496	(0.9%)	39 950 109

* *Where the average is based on a straight line average for the period 1 April 2011 to 30 September 2011.*

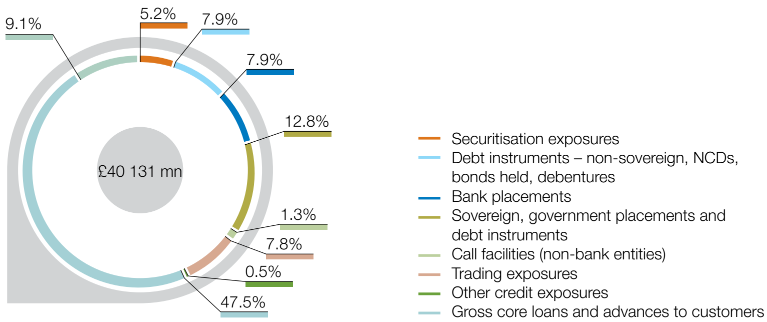
** *As calculated on page 57.*

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

An analysis of gross credit and counterparty exposures



30 Sept 2011

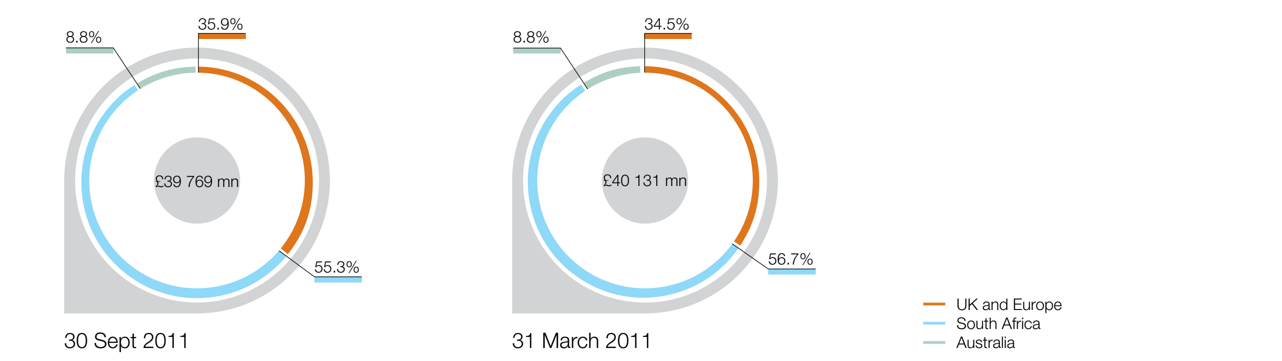


31 March 2011

An analysis of gross credit and counterparty exposures by geography

£'000	UK and Europe		Southern Africa		Australia		Total	
	30 Sept 2011	31 March 2011	30 Sept 2011	31 March 2011	30 Sept 2011	31 March 2011	30 Sept 2011	31 March 2011
On-balance sheet exposures	13 640 843	13 135 516	19 637 640	20 019 930	3 250 800	3 324 291	36 529 283	36 479 737
Securitisation exposures arising from securitisation/principal finance activities	1 945 764	1 641 153	324 472	363 648	64 642	66 350	2 334 878	2 071 151
Rated instruments	478 955	391 295	243 899	255 138	64 642	66 350	787 496	712 783
Unrated instruments	130 008	194 798	17 951	29 466	–	–	147 959	224 264
Other	1 336 801	1 055 060	62 622	79 044	–	–	1 399 423	1 134 104
Debt instruments (NCDs, bonds held, debentures)	216 176	623 807	2 129 424	1 783 175	526 219	767 018	2 871 819	3 174 000
Bank placements	1 934 270	1 666 304	1 778 701	1 410 902	76 120	96 472	3 789 091	3 173 678
Sovereign, government placements and debt instruments	1 872 744	1 585 366	3 299 782	3 386 868	340 771	155 137	5 513 297	5 127 371
Call facilities (non-bank entities)	–	–	397 417	535 983	–	–	397 417	535 983
Trading exposures (positive fair value excluding potential future exposures)	1 756 128	1 816 236	1 677 445	1 222 240	146 455	81 668	3 580 028	3 120 144
Other credit exposures	95 558	70 883	65 247	82 942	49 674	53 977	210 479	207 802
Gross core loans and advances to customers	5 820 203	5 731 767	9 965 152	11 234 172	2 046 919	2 103 669	17 832 274	19 069 608
Off-balance sheet exposures	598 798	730 962	2 425 200	2 716 051	215 433	204 746	3 239 431	3 651 759
Guarantees	36 270	11 982	474 492	501 312	33 662	39 937	544 424	553 231
Contingent liabilities, committed facilities, other	562 528	718 980	1 950 708	2 214 739	181 771	164 809	2 695 007	3 098 528
Total gross credit and counterparty exposures pre collateral or other credit enhancements	14 239 641	13 866 478	22 062 840	22 735 981	3 466 233	3 529 037	39 768 714	40 131 496

An analysis of gross credit and counterparty exposures by geography



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

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

£'000	Securitisation exposures arising from securitisation/principal finance activities: Total	Rated instruments	Unrated instruments	Other	Debt instruments non-sovereign (NCDs, bonds held, debentures)
As at 30 September 2011					
Cash and balances at central banks	–	–	–	–	–
Loans and advances to banks	–	–	–	–	–
Cash equivalent advances to customers	–	–	–	–	–
Reverse repurchase agreements and cash collateral on securities borrowed	–	–	–	–	32 052
Trading securities	60 646	38 595	22 051	–	887 714
Derivative financial instruments	11 109	–	–	11 109	–
Investment securities	27 662	18 913	8 749	–	1 872 658
Loans and advances to customers	1 559 589	709 923	73 468	776 198	79 395
Loans and advances to customers – Kensington warehouse assets	608 176	–	–	608 176	–
Securitised assets	63 756	20 065	43 691	–	–
Deferred taxation assets	–	–	–	–	–
Other assets	3 940	–	–	3 940	–
Interests in associated undertakings	–	–	–	–	–
Property and equipment	–	–	–	–	–
Investment properties	–	–	–	–	–
Goodwill	–	–	–	–	–
Intangible assets	–	–	–	–	–
Insurance assets	–	–	–	–	–
Total	2 334 878	787 496	147 959	1 399 423	2 871 819
As at 31 March 2011					
Cash and balances at central banks	–	–	–	–	–
Loans and advances to banks	–	–	–	–	–
Cash equivalent advances to customers	–	–	–	–	–
Reverse repurchase agreements and cash collateral on securities borrowed	–	–	–	–	105 642
Trading securities	47 373	26 441	20 932	–	924 756
Derivative financial instruments	7 521	–	–	7 521	–
Investment securities	78 553	55 934	22 619	–	2 063 778
Loans and advances to customers	1 207 475	604 161	99 525	503 789	79 824
Loans and advances to customers – Kensington warehouse assets	619 246	–	–	619 246	–
Securitised assets	107 435	26 247	81 188	–	–
Deferred taxation assets	–	–	–	–	–
Other assets	3 548	–	–	3 548	–
Interests in associated undertakings	–	–	–	–	–
Property and equipment	–	–	–	–	–
Investment properties	–	–	–	–	–
Goodwill	–	–	–	–	–
Intangible assets	–	–	–	–	–
Insurance assets	–	–	–	–	–
Total	2 071 151	712 783	224 264	1 134 104	3 174 000

1. *Largely relates to exposures that are classified as equity risk in the banking book. Further information is provided on pages 73 to 75.*
2. *Largely relates to impairments and the impact of hedge accounting.*
3. *Whilst the group manages all risks (including credit risk) from a day-to-day operational perspective, these assets are within special purpose vehicles that ring fence the assets to specific credit providers and limits security to the assets in the vehicle. The table above reflects the net credit exposure in the vehicles that the group has reflected in the 'total credit and counterparty exposure' with the*

Bank placements	Sovereign, government placements and debt instruments	Call facilities (non-bank entities)	Trading exposures (positive fair value excluding potential future exposures)	Other credit exposures	Gross core loans and advances to customers	Total credit and counter-party exposure	Assets that we deem to have no legal credit exposure	Note refer-ence	Total balance sheet
–	1 274 647	–	–	–	–	1 274 647	–		1 274 647
2 169 174	–	–	17 524	–	–	2 186 698	–		2 186 698
–	–	397 417	–	651	–	398 068	–		398 068
1 183 874	18 231	–	1 098 803	–	–	2 332 960	–		2 332 960
133 792	2 968 086	–	130 913	17 175	–	4 198 326	1 013 874	1	5 212 200
–	–	–	2 124 337	–	–	2 135 446	408 258		2 543 704
215 956	1 252 333	–	152	–	–	3 368 761	92 710	1	3 461 471
–	–	–	–	49 674	16 839 212	18 527 870	(589 628)	2	17 938 242
–	–	–	–	–	–	608 176	922 374	3	1 530 550
–	–	–	–	–	993 062	1 056 818	3 080 745	4	4 137 563
–	–	–	–	–	–	–	117 340		117 340
86 295	–	–	208 299	142 979	–	441 513	1 033 903		1 475 416
–	–	–	–	–	–	–	24 164		24 164
–	–	–	–	–	–	–	266 452		266 452
–	–	–	–	–	–	–	354 700		354 700
–	–	–	–	–	–	–	454 417		454 417
–	–	–	–	–	–	–	130 346		130 346
–	–	–	–	–	–	–	5 887 649		5 887 649
3 789 091	5 513 297	397 417	3 580 028	210 479	17 832 274	36 529 283	13 197 304		49 726 587
4 233	1 764 647	–	162	–	–	1 769 042	36		1 769 078
1 448 804	–	–	19 899	2	–	1 468 705	–		1 468 705
–	–	535 983	–	–	–	535 983	–		535 983
1 445 868	38 960	–	877 301	–	–	2 467 771	4		2 467 775
–	2 475 325	–	468 288	5 933	–	3 921 675	1 192 647	1	5 114 322
–	–	–	1 546 092	–	–	1 553 613	245 591		1 799 204
248 652	848 439	–	168	–	–	3 239 590	89 019	1	3 328 609
–	–	–	–	53 977	18 002 199	19 343 475	(584 951)	2	18 758 524
–	–	–	–	–	–	619 246	992 935	3	1 612 181
–	–	–	–	–	1 067 409	1 174 844	3 749 449	4	4 924 293
–	–	–	–	–	–	–	114 838		114 838
26 121	–	–	208 234	83 177	–	321 080	1 089 513		1 410 593
–	–	–	–	–	–	–	23 481		23 481
–	–	–	–	64 713	–	64 713	215 088		279 801
–	–	–	–	–	–	–	379 527		379 527
–	–	–	–	–	–	–	456 608		456 608
–	–	–	–	–	–	–	136 452		136 452
–	–	–	–	–	–	–	6 361 296		6 361 296
3 173 678	5 127 371	535 983	3 120 144	207 802	19 069 608	36 479 737	14 461 533		50 941 270

maximum credit exposure referenced to credit providers external to the group in the column headed 'assets that we deem to have no credit exposure'.

4. *Largely relates to net investments in Kensington securitised vehicles to which Investec has no direct exposure as discussed on pages 79 and 82. 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.*

Detailed analysis of gross credit and counterparty exposures by industry

£'000	HNW and professional individuals	Agriculture	Electricity, gas and water (utility services)	Public and non-business services
As at 30 September 2011				
On-balance sheet exposures	12 818 008	45 755	434 689	5 755 374
Securitisation exposures arising from securitisation/ principal finance activities	–	–	–	–
Rated instruments	–	–	–	–
Unrated instruments	–	–	–	–
Other	–	–	–	–
Debt instruments – non sovereign (NCDs, bonds held, debentures)	–	–	–	–
Bank placements	–	–	–	–
Sovereign, government placements and debt instruments	–	–	–	5 513 297
Call facilities (non-bank entities)	–	7 968	–	–
Trading exposures (positive fair value excluding potential future exposures)	–	1 266	29 793	28 189
Other credit exposures	–	–	–	1 173
Gross core loans and advances to customers	12 818 008*	36 521	404 896	212 715
Off-balance sheet exposures	2 321 794	4 956	91 948	21 872
Guarantees	321 979	–	5 526	47
Contingent liabilities, committed facilities, other	1 999 815	4 956	86 422	21 825
Total gross credit and counterparty exposures pre collateral or other credit enhancements	15 139 802	50 711	526 637	5 777 246
As at 31 March 2011				
On-balance sheet exposures	13 602 632	72 302	370 907	5 717 112
Securitisation exposures arising from securitisation/principal finance activities	–	–	–	–
Rated instruments	–	–	–	–
Unrated instruments	–	–	–	–
Other	–	–	–	–
Debt instruments – non sovereign (NCDs, bonds held, debentures)	–	–	–	–
Bank placements	–	–	–	–
Sovereign, government placements and debt instruments	–	–	–	5 127 371
Call facilities (non-bank entities)	–	9 250	–	–
Trading exposures (positive fair value excluding potential future exposures)	8 340	78	18 449	367 422
Other credit exposures	–	–	–	13 535
Gross core loans and advances to customers	13 594 292*	62 974	352 458	208 784
Off-balance sheet exposures	2 652 764	17 843	181 618	16 009
Guarantees	396 454	–	3 047	–
Contingent liabilities, committed facilities, other	2 256 310	17 843	178 571	16 009
Total gross credit and counterparty exposures pre collateral or other credit enhancements	16 255 396	90 145	552 525	5 733 121

* *A further analysis of our Private Banking loan book is provided on pages 70 and 71.*

Business services	Finance and insurance	Retailers and wholesalers	Manu-facturing and commerce	Real estate	Mining and resources	Leisure, entertain-ment and tourism	Transport and communi-cation	Total
451 685	11 819 664	535 657	1 023 445	2 339 418	362 093	240 063	703 432	36 529 283
–	836 216	–	–	1 498 662	–	–	–	2 334 878
–	685 726	–	–	101 770	–	–	–	787 496
–	76 759	–	–	71 200	–	–	–	147 959
–	73 731	–	–	1 325 692	–	–	–	1 399 423
–	2 863 751	–	–	–	–	–	8 068	2 871 819
–	3 789 091	–	–	–	–	–	–	3 789 091
–	–	–	–	–	–	–	–	5 513 297
9 139	77 428	115 587	116 429	–	41 706	–	29 160	397 417
11 093	3 186 271	54 581	57 057	159 066	34 467	4 459	13 786	3 580 028
75 352	77 364	–	1 142	50 549	4 899	–	–	210 479
356 101	989 543	365 489	848 817	631 141	281 021	235 604	652 418	17 832 274
48 626	221 217	36 566	95 664	27 897	251 378	28 752	88 761	3 239 431
2 176	79 744	4 287	19 781	3 565	103 081	555	3 683	544 424
46 450	141 473	32 279	75 883	24 332	148 297	28 197	85 078	2 695 007
500 311	12 040 881	572 223	1 119 109	2 367 315	613 471	268 815	792 193	39 768 714
439 371	11 128 990	556 802	1 148 292	2 077 872	314 855	303 814	746 788	36 479 737
–	808 211	–	–	1 262 940	–	–	–	2 071 151
–	603 697	–	–	109 086	–	–	–	712 783
–	117 950	–	–	106 314	–	–	–	224 264
–	86 564	–	–	1 047 540	–	–	–	1 134 104
–	3 160 929	–	–	–	–	–	13 071	3 174 000
–	3 173 678	–	–	–	–	–	–	3 173 678
	–	–	–	–	–	–	–	5 127 371
30 008	154 421	150 031	155 381	–	22 435	–	14 457	535 983
17 244	2 493 094	50 071	13 485	114 236	11 442	4 506	21 777	3 120 144
52 535	82 112	790	1 663	54 894	1 534	739	–	207 802
339 584	1 256 545	355 910	977 763	645 802	279 444	298 569	697 483	19 069 608
25 104	203 964	18 375	91 063	13 041	265 080	57 761	109 137	3 651 759
5 745	16 103	3 482	20 363	6 254	100 705	650	428	553 231
19 359	187 861	14 893	70 700	6 787	164 375	57 111	108 709	3 098 528
464 475	11 332 954	575 177	1 239 355	2 090 913	579 935	361 575	855 925	40 131 496

Summary analysis of gross credit and counterparty exposures by industry

Private Banking loans account for 71.9% of total core loans and advances, as represented by the industry classification 'HNW and professional individuals'. A more detailed analysis of the Private Banking loan portfolio is provided on pages 70 and 71. The remainder of core loans and advances largely reside within our Capital Markets division and are evenly spread across industry sectors. A more detailed analysis of the Capital Markets loan portfolio is provided on pages 70 and 71.

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

Breakdown of gross credit exposure by industry

£'000	Gross core loans and advances 30 Sept 2011	Gross core loans and advances 31 March 2011	Other credit and counterparty exposures 30 Sept 2011	Other credit and counterparty exposures 31 March 2011	Total 30 Sept 2011	Total 31 March 2011
HNW and professional individuals	12 818 008	13 594 292	2 321 794	2 661 104	15 139 802	16 255 396
Agriculture	36 521	62 974	14 190	27 171	50 711	90 145
Electricity, gas and water (utility services)	404 896	352 458	121 741	200 067	526 637	552 525
Public and non-business services	212 715	208 784	5 564 531	5 524 337	5 777 246	5 733 121
Business services	356 101	339 584	144 210	124 891	500 311	464 475
Finance and insurance	989 543	1 256 545	11 051 338	10 076 409	12 040 881	11 332 954
Retailers and wholesalers	365 489	355 910	206 734	219 267	572 223	575 177
Manufacturing and commerce	848 817	977 763	270 292	261 592	1 119 109	1 239 355
Real estate	631 141	645 802	1 736 174	1 445 111	2 367 315	2 090 913
Mining and resources	281 021	279 444	332 450	300 491	613 471	579 935
Leisure, entertainment and tourism	235 604	298 569	33 211	63 006	268 815	361 575
Transport and communication	652 418	697 483	139 775	158 442	792 193	855 925
Total	17 832 274	19 069 608	21 936 440	21 061 888	39 768 714	40 131 496

Gross credit and counterparty exposures by residual contractual maturity as at 30 September 2011

£'000	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	5 to 10 years	>10 years	Total
On-balance sheet exposures	11 945 006	2 517 572	4 343 880	9 838 961	2 947 774	4 936 090	36 529 283
Securitisation exposures arising from securitisation/principal finance activities	6	129	–	358 751	51 625	1 924 367	2 334 878
Rated instruments	–	–	–	288 574	38 327	460 595	787 496
Unrated instruments	6	129	–	7 555	1 575	138 694	147 959
Other	–	–	–	62 622	11 723	1 325 078	1 399 423
Debt instruments – non sovereign (NCDs, bonds held, debentures)	250 531	252 477	622 061	1 051 443	667 329	27 978	2 871 819
Bank placements	3 355 078	92 025	190 799	151 243	–	–	3 789 145
Sovereign, government placements and debt-instruments	3 123 489	948 260	961 652	230 729	58 950	190 163	5 513 243
Call facilities (non-bank entities)	397 417	–	–	–	–	–	397 417
Trading exposures (positive fair value excluding potential future exposures)	1 744 190	335 359	228 152	810 844	351 378	110 105	3 580 028
Other credit exposures	119 564	10 742	22 814	55 015	2 344	–	210 479
Gross core loans and advances to customers	2 954 731	878 580	2 318 402	7 180 936	1 816 148	2 683 477	17 832 274
Off–balance sheet exposures	2 239 795	127 840	317 480	443 655	103 535	7 126	3 239 431
Guarantees	132 663	35 801	239 271	113 491	23 198	–	544 424
Contingent liabilities, committed facilities and other	2 107 132	92 039	78 209	330 164	80 337	7 126	2 695 007
Total gross credit and counterparty exposures pre collateral or other credit enhancements	14 184 801	2 645 412	4 661 360	10 282 616	3 051 309	4 943 216	39 768 714

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

In order to assess and analyse the credit risk associated with loans and advances we believe that certain adjustments should be made to 'loans and advances to customers' as reflected on the IFRS consolidated balance sheet. We believe that these adjustments are necessary in order to derive a number that reflects actual core lending activities.

The following methodology has been applied:

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

Calculation of core loans and advances to customers

£'000	30 Sept 2011	31 March 2011
Loans (pre-impairments and intercompany loans)	18 527 870	19 343 475
Less: warehouse facilities and structured credit investments arising out of our securitisation and principal finance activities and other credit exposures (pre-impairments)	(1 688 658)	(1 341 276)
Add: own-originated securitised assets	993 062	1 067 409
Gross core loans and advances to customers (pre-impairments)	17 832 274	19 069 608

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

£'000	30 Sept 2011	31 March 2011
Gross core loans and advances to customers	17 832 274	19 069 608
Total impairments	(334 690)	(311 470)
Portfolio impairments	(11 394)	(30 844)
Specific impairments	(323 296)	(280 626)
Net core loans and advances to customers	17 497 584	18 758 138
Average gross core loans and advances to customers	18 450 941	18 583 373
Current loans and advances to customers	16 319 175	17 438 856
Past due and default core loans and advances to customers	1 513 099	1 630 752
Past due loans and advances to customers (1 – 60 days)	309 087	356 756
Special mention loans and advances to customers	116 673	87 541
Default loans and advances to customers	1 087 339	1 186 455
Gross core loans and advances to customers	17 832 274	19 069 608
Past due and default core loans and advances to customers	1 513 099	1 630 752
Default loans that are current and not impaired	8 250	6 746
Gross core loans and advances to customers that are past due but not impaired	617 953	803 813
Gross core loans and advances to customers that are impaired	886 896	820 193
Total income statement charge for core loans and advances	(107 126)	(248 343)
Gross default loans and advances to customers	1 087 339	1 186 455
Specific impairments	(323 296)	(280 626)
Portfolio impairments	(11 394)	(30 844)
Defaults net of impairments	752 649	874 985
Collateral and other credit enhancements	907 414	1 210 061
Net default loans and advances to customers (limited to zero)	–	17*
Ratios:		
Total impairments as a % of gross core loans and advances to customers	1.88%	1.63%
Total impairments as a % of gross default loans	30.78%	26.25%
Gross defaults as a % of gross core loans and advances to customers	6.10%	6.22%
Defaults (net of impairments) as a % of net core loans and advances to customers	4.30%	4.66%
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 loans and advances)	1.08%	1.27%

* *As reflected on page 63, exposures cannot be set-off against one another.*

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

£'000	UK and Europe 30 Sept 2011	UK and Europe 31 March 2011	Southern Africa 30 Sept 2011	Southern Africa 31 March 2011	Australia 30 Sept 2011	Australia 31 March 2011	Total 30 Sept 2011	Total 31 March 2011
Gross core loans and advances to customers	5 820 203	5 731 767	9 965 152	11 234 172	2 046 919	2 103 669	17 832 274	19 069 608
Total impairments	(164 316)	(155 515)	(113 821)	(127 727)	(56 553)	(28 228)	(334 690)	(311 470)
Portfolio impairments	–	–	(9 909)	(29 326)	(1 485)	(1 518)	(11 394)	(30 844)
Specific impairments	(164 316)	(155 515)	(103 912)	(98 401)	(55 068)	(26 710)	(323 296)	(280 626)
Net core loans and advances to customers	5 655 887	5 576 252	9 851 331	11 106 445	1 990 366	2 075 441	17 497 584	18 758 138
% of total	32.3%	29.7%	56.3%	59.2%	11.4%	11.1%	100.0%	100.0%
% change since 31 March 2011	1.5%	–	(11.3%)	–	(2.7%)	–	(6.5%)	–
Average gross core loans and advances to customers	5 775 985	5 634 261	10 599 662	10 971 050	2 075 294	1 978 062	18 450 941	18 583 373
Current loans and advances to customers	5 170 981	5 094 608	9 387 217	10 504 773	1 760 977	1 839 475	16 319 175	17 438 856
Past due and default core loans and advances to customers	649 222	637 159	577 935	729 399	285 942	264 194	1 513 099	1 630 752
Past due loans and advances to customers (1 – 60 days)	220 629	232 866	74 044	99 738	14 414	24 152	309 087	356 756
Special mention loans and advances to customers	34 008	13 161	72 593	60 489	10 072	13 891	116 673	87 541
Default loans and advances to customers	394 585	391 132	431 298	569 172	261 456	226 151	1 087 339	1 186 455
Gross core loans and advances to customers	5 820 203	5 731 767	9 965 152	11 234 172	2 046 919	2 103 669	17 832 274	19 069 608
Past due and default core loans and advances to customers	649 222	637 159	577 935	729 399	285 942	264 194	1 513 099	1 630 752
Default loans that are current and not impaired	–	–	8 250	6 746	–	–	8 250	6 746
Gross core loans and advances to customers that are past due but not impaired	312 212	300 874	240 334	362 600	65 407	140 339	617 953	803 813
Gross core loans and advances to customers that are impaired	337 010	336 285	329 351	360 053	220 535	123 855	886 896	820 193
Total income statement charge for core loans and advances	(42 952)	(140 598)	(31 291)	(77 538)	(32 883)	(30 207)	(107 126)	(248 343)
Gross default loans and advances to customers	394 585	391 132	431 298	569 172	261 456	226 151	1 087 339	1 186 455
Specific impairments	(164 316)	(155 515)	(103 912)	(98 401)	(55 068)	(26 710)	(323 296)	(280 626)
Portfolio impairments	–	–	(9 909)	(29 326)	(1 485)	(1 518)	(11 394)	(30 844)
Defaults net of impairments	230 269	235 617	317 477	441 445	204 903	197 923	752 649	874 985
Collateral and other credit enhancements	241 522	336 740	455 866	658 781	210 026	214 540	907 414	1 210 061
Net default loans and advances to customers (limited to zero)	–	17*	–	–	–	–	–	–

* *As reflected on page 63, exposures cannot be set-off against one another.*

£’000	UK and Europe 30 Sept 2011	UK and Europe 31 March 2011	Southern Africa 30 Sept 2011	Southern Africa 31 March 2011	Australia 30 Sept 2011	Australia 31 March 2011	Total 30 Sept 2011	Total 31 March 2011
Total impairments as a % of gross core loans and advances to customers	2.82%	2.71%	1.14%	1.14%	2.76%	1.34%	1.88%	1.63%
Total impairments as a % of gross default loans	41.64%	39.76%	26.39%	22.44%	21.63%	12.48%	30.78%	26.25%
Gross defaults as a % of gross core loans and advances to customers	6.78%	6.82%	4.33%	5.07%	12.77%	10.75%	6.10%	6.22%
Defaults (net of impairments) as a % of net core loans and advances to customers	4.07%	4.23%	3.22%	3.97%	10.29%	9.54%	4.30%	4.66%
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 loans and advances)	1.27%	2.22%	0.57%	0.71%	3.17%	1.53%	1.08%	1.27%

An analysis of core loans and advances to customers and asset quality by geography and division as at 30 September 2011

£'000	Private Bank** UK and Europe	Southern Africa	Australia	Total
Gross core loans and advances to customers	3 620 380	7 430 611	1 767 017	12 818 008
Total impairments	(135 538)	(94 967)	(56 165)	(286 670)
Portfolio impairments	–	(5 998)	(1 485)	(7 483)
Specific impairments	(135 538)	(88 969)	(54 680)	(279 187)
Net core loans and advances to customers	3 484 842	7 335 644	1 710 852	12 531 338
Average gross core loans and advances	3 570 131	7 828 291	1 807 727	13 206 149
Current loans and advances to customers	3 077 263	6 896 488	1 485 057	11 458 808
Past due and default core loans and advances to customers	543 117	534 123	281 960	1 359 200
Past due loans and advances to customers (1 – 60 days)	191 652	67 006	14 414	273 072
Special mention loans and advances to customers	17 968	64 294	8 723	90 985
Default loans and advances to customers	333 497	402 823	258 823	995 143
Gross core loans and advances to customers	3 620 380	7 430 611	1 767 017	12 818 008
Past due and default core loans and advances to customers	543 117	534 123	281 960	1 359 200
Default loans that are current and not impaired	–	8 250	–	8 250
Gross core loans and advances to customers that are past due but not impaired	266 915	224 997	61 677	553 589
Gross core loans and advances to customers that are impaired	276 202	300 876	220 283	797 361
Total income statement charge for impairments on loans and advances	(24 962)	(34 246)	(31 320)	(90 528)
Gross default loans and advances to customers	333 497	402 823	258 823	995 143
Specific impairments	(135 538)	(88 969)	(54 680)	(279 187)
Portfolio impairments	–	(5 998)	(1 485)	(7 483)
Defaults net of impairments	197 959	307 856	202 658	708 473
Collateral and other credit enhancements	198 313	440 776	207 645	846 734
Net default loans and advances to customers (limited to zero)	–	–	–	–
Total impairments as a % of gross core loans and advances to customers	3.74%	1.28%	3.18%	2.24%
Total impairments as a % of gross default loans	40.64%	23.58%	21.70%	28.81%
Gross defaults as a % of gross core loans and advances to customers	9.21%	5.42%	14.65%	7.76%
Defaults (net of impairments) as a % of net core loans and advances to customers	5.68%	4.20%	11.85%	5.65%
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 loans and advances)	1.40%	0.87%	3.47%	1.37%

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

** *A further analysis of our Private Bank and Capital Markets loan portfolios, broken down by type of loan, is provided on pages 70 and 71.*

Capital Markets**				Other*				
UK and Europe	Southern Africa	Australia	Total	UK and Europe	Southern Africa	Australia	Total	Total
2 028 350	2 168 828	279 550	4 476 728	171 473	365 713	352	537 538	17 832 274
(26 945)	(9 866)	(389)	(37 200)	(1 833)	(8 987)	–	(10 820)	(334 690)
–	(1 944)	–	(1 944)	–	(1 967)	–	(1 967)	(11 394)
(26 945)	(7 922)	(389)	(35 256)	(1 833)	(7 020)	–	(8 853)	(323 296)
2 001 405	2 158 962	279 161	4 439 528	169 640	356 726	352	526 718	17 497 584
2 032 505	2 364 067	266 458	4 663 030	173 348	407 305	1 109	581 762	18 450 941
1 924 333	2 142 609	275 568	4 342 510	169 384	348 121	352	517 857	16 319 175
104 017	26 219	3 982	134 218	2 089	17 592	–	19 681	1 513 099
28 722	–	–	28 722	256	7 037	–	7 293	309 087
16 040	6 517	1 349	23 906	–	1 782	–	1 782	116 673
59 255	19 702	2 633	81 590	1 833	8 773	–	10 606	1 087 339
2 028 350	2 168 828	279 550	4 476 728	171 473	365 713	352	537 538	17 832 274
104 017	26 219	3 982	134 218	2 089	17 592	–	19 681	1 513 099
–	–	–	–	–	–	–	–	8 250
45 042	6 517	3 730	55 289	256	8 819	–	9 075	617 953
58 975	19 702	252	78 929	1 833	8 773	–	10 606	886 896
(17 573)	(7 975)	(1 563)	(27 111)	(417)	10 930	–	10 513	(107 126)
59 255	19 702	2 633	81 590	1 833	8 773	–	10 606	1 087 339
(26 945)	(7 922)	(389)	(35 256)	(1 833)	(7 020)	–	(8 853)	(323 296)
–	(1 944)	–	(1 944)	–	(1 967)	–	(1 967)	(11 394)
32 310	9 836	2 244	44 390	–	(214)	–	(214)	752 649
43 210	12 572	2 381	58 163	–	2 517	–	2 517	907 414
–	–	–	–	–	–	–	–	–
1.33%	0.45%	0.14%	0.83%	1.07%	2.46%	–	2.01%	1.88%
45.47%	50.08%	14.77%	45.59%	>100%	>100%	–	>100%	30.78%
2.92%	0.91%	0.94%	1.82%	1.07%	2.40%	–	1.97%	6.10%
1.61%	0.46%	0.80%	1.00%	–	(0.06%)	–	(0.04%)	4.30%
–	–	–	–	–	–	–	–	–
1.16%	0.58%	1.17%	0.45%	0.48%	(5.37%)	–	(3.61%)	1.08%

An analysis of core loans and advances to customers and asset quality by geography and division as at 31 March 2011

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

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

** *A further analysis of our Private Bank and Capital Markets loan portfolios, broken down by type of loan, is provided on page 122.*

^ *Exposures cannot be set off against one another.*

Capital Markets**				Other*				
UK and Europe	Southern Africa	Australia	Total	UK and Europe	Southern Africa	Australia	Total	Total
2 036 660	2 559 305	253 366	4 849 331	175 222	448 897	1 866	625 985	19 069 608
(13 842)	(2 574)	(241)	(16 657)	–	(25 332)	–	(25 332)	(311 470)
–	(1 654)	–	(1 654)	–	(13 196)	–	(13 196)	(30 844)
(13 842)	(920)	(241)	(15 003)	–	(12 136)	–	(12 136)	(280 626)
2 022 818	2 556 731	253 125	4 832 674	175 222	423 565	1 866	600 653	18 758 138
1 907 079	2 575 797	212 029	4 694 905	143 436	414 688	1 808	559 932	18 583 373
1 948 588	2 547 067	247 960	4 743 615	174 966	420 097	1 866	596 929	17 438 856
88 072	12 238	5 406	105 716	256	28 800	–	29 056	1 630 752
27 761	1 555	–	29 316	239	11 825	–	12 064	356 756
487	6 786	1 263	8 536	–	1 595	–	1 595	87 541
59 824	3 897	4 143	67 864	17	15 380	–	15 397	1 186 455
2 036 660	2 559 305	253 366	4 849 331	175 222	448 897	1 866	625 985	19 069 608
88 072	12 238	5 406	105 716	256	28 800	–	29 056	1 630 752
–	–	–	–	–	–	–	–	6 746
28 483	8 341	5 135	41 959	239	13 420	–	13 659	803 813
59 589	3 897	271	63 757	17	15 380	–	15 397	820 193
(28 411)	13 662	(3 345)	(18 094)	11 704	3 023	–	14 727	(248 343)
59 824	3 897	4 143	67 864	17	15 380	–	15 397	1 186 455
(13 842)	(920)	(241)	(15 003)	–	(12 136)	–	(12 136)	(280 626)
–	(1 654)	–	(1 654)	–	(13 196)	–	(13 196)	(30 844)
45 982	1 323	3 902	51 207	17	(9 952)	–	(9 935)	874 985
45 983	2 977	3 902	52 862	–	4 412	–	4 412	1 210 061
–	–	–	–	17	–	–	17^	17^
0.68%	0.10%	0.10%	0.34%	–	5.64%	–	4.05%	1.63%
23.14%	66.05%	5.82%	24.54%	–	>100%	–	>100%	26.25%
2.94%	0.15%	1.64%	1.40%	0.01%	3.43%	–	2.46%	6.22%
2.27%	0.05%	1.54%	1.06%	0.01%	(2.35%)	–	(1.65%)	4.66%
–	–	–	–	–	–	–	–	–
1.07%	(0.49%)	1.58%	0.32%	(8.16%)	(0.73%)	–	(2.63%)	1.27%

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

£'000	30 Sept 2011	31 March 2011
Default loans that are current	98 682	59 170
1 – 60 days	381 364	414 546
61 – 90 days	60 853	66 944
91 – 180 days	411 029	431 589
181 – 365 days	94 590	230 810
>365 days	466 581	427 693
Past due and default core loans and advances to customers (actual capital exposure)	1 513 099	1 630 752
1 – 60 days	28 634	33 871
61 – 90 days	9 741	21 405
91 – 180 days	53 333	68 058
181 – 365 days	80 594	154 279
>365 days	431 789	381 518
Past due and default core loans and advances to customers (actual amount in arrears)	604 091	659 131

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 2011							
Watchlist loans neither past due nor impaired							
Total capital exposure	8 250	–	–	–	–	–	8 250
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	–	356 445	59 545	94 281	27 449	80 233	617 953
Amount in arrears	–	14 603	9 403	18 955	20 161	65 991	129 113
Gross core loans and advances to customers that are impaired							
Total capital exposure	90 432	24 919	1 308	316 748	67 141	386 348	886 896
Amount in arrears	–	14 031	338	34 378	60 433	365 798	474 978
As at 31 March 2011							
Watchlist loans neither past due nor impaired							
Total capital exposure	6 746	–	–	–	–	–	6 746
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	–	372 173	59 603	113 228	121 612	137 197	803 813
Amount in arrears	–	30 042	17 585	33 378	85 937	100 607	267 549
Gross core loans and advances to customers that are impaired							
Total capital exposure	52 424	42 373	7 341	318 361	109 198	290 496	820 193
Amount in arrears	–	3 829	3 820	34 680	68 342	280 911	391 582

An age analysis of past due and default core loans and advances to customers as at 30 September 2011 (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)	–	309 087	–	–	–	–	309 087
Special mention	–	45 468	58 683	3 991	4 458	4 073	116 673
Special mention (1 – 90 days)	–	45 468	24 547	3 991*	4 458*	4 073*	82 537
Special mention (61 – 90 days and item well secured)	–	–	34 136	–	–	–	34 136
Default	98 682	26 809	2 170	407 038	90 132	462 508	1 087 339
Sub-standard	4 938	534	114	187 797	16 873	44 590	254 846
Doubtful	93 744	26 275	2 056	56 387	73 259	412 465	664 186
Loss	–	–	–	162 854	–	5 453	168 307
Total	98 682	381 364	60 853	411 029	94 590	466 581	1 513 099

An age analysis of past due and default core loans and advances to customers as at 30 September 2011 (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)	–	14 150	–	–	–	–	14 150
Special mention	–	412	9 387	1 577	4 092	2 831	18 299
Special mention (1 – 90 days)	–	412	3 548	1 577*	4 092*	2 831*	12 460
Special mention (61 – 90 days and item well secured)	–	–	5 839	–	–	–	5 839
Default	–	14 072	354	51 756	76 502	428 958	571 642
Sub-standard	–	32	18	17 157	13 598	35 139	65 944
Doubtful	–	14 040	336	34 599	62 904	388 366	500 245
Loss	–	–	–	–	–	5 453	5 453
Total	–	28 634	9 741	53 333	80 594	431 789	604 091

* *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 is 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 31 March 2011 (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)	–	356 756	–	–	–	–	356 756
Special mention	–	6 118	58 314	19 870	550	2 689	87 541
Special mention (1 – 90 days)	–	6 118	25 051	19 870*	550*	2 689*	54 278
Special mention (61 – 90 days and item well secured)	–	–	33 263	–	–	–	33 263
Default	59 170	51 672	8 630	411 719	230 260	425 004	1 186 455
Sub-standard	4 869	39 545	842	182 075	109 083	106 997	443 411
Doubtful	54 301	12 127	7 788	55 861	121 177	313 475	564 729
Loss	–	–	–	173 783	–	4 532	178 315
Total	59 170	414 546	66 944	431 589	230 810	427 693	1 630 752

An age analysis of past due and default core loans and advances to customers as at 31 March 2011 (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)	–	28 280	–	–	–	–	28 280
Special mention	–	217	17 258	3 386	46	1 509	22 416
Special mention (1 – 90 days)	–	217	10 406	3 386*	46*	1 509*	15 564
Special mention (61 – 90 days and item well secured)	–	–	6 852	–	–	–	6 852
Default	–	5 374	4 147	64 672	154 233	380 009	608 435
Sub-standard	–	448	139	27 912	75 201	76 419	180 119
Doubtful	–	4 926	4 008	36 742	78 991	299 058	423 725
Loss	–	–	–	18	41	4 532	4 591
Total	–	33 871	21 405	68 058	154 279	381 518	659 131

* *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 is 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 2011								
Current core loans and advances	16 319 175	–	–	16 319 175	–	(8 880)	16 310 295	–
Past due (1 – 60 days)	–	309 087	–	309 087	–	(1 826)	307 261	14 150
Special mention	–	116 673	–	116 673	–	(688)	115 985	18 299
Special mention (1 – 90 days)	–	82 537	–	82 537	–	(615)	81 922	12 460
Special mention (61 – 90 days and item well secured)	–	34 136	–	34 136	–	(73)	34 063	5 839
Default	8 250	192 193	886 896	1 087 339	(323 296)	–	764 043	571 642
Sub-standard	4 451	148 294	102 101	254 846	(33 051)	–	221 795	65 944
Doubtful	3 799	43 899	616 488	664 186	(186 552)	–	477 634	500 245
Loss	–	–	168 307	168 307	(103 693)	–	64 614	5 453
Total	16 327 425	617 953	886 896	17 832 274	(323 296)	(11 394)	17 497 584	604 091
As at 31 March 2011								
Current core loans and advances	17 438 856	–	–	17 438 856	–	(29 430)	17 409 426	–
Past due (1 – 60 days)	–	356 756	–	356 756	–	(826)	355 930	28 280
Special mention	–	87 541	–	87 541	–	(588)	86 953	22 416
Special mention (1 – 90 days)	–	54 278	–	54 278	–	(295)	53 983	15 564
Special mention (61 – 90 days and item well secured)	–	33 263	–	33 263	–	(293)	32 970	6 852
Default	6 746	359 516	820 193	1 186 455	(280 626)	–	905 829	608 435
Sub-standard	4 863	304 471	134 077	443 411	(37 755)	–	405 656	180 119
Doubtful	1 883	55 045	507 801	564 729	(134 085)	–	430 644	423 725
Loss	–	–	178 315	178 315	(108 786)	–	69 529	4 591
Total	17 445 602	803 813	820 193	19 069 608	(280 626)	(30 844)	18 758 138	659 131

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

£'000	Current core loans and advances	Past due (1 – 60 days)	Special mention (1 – 90 days)
As at 30 September 2011			
Private Banking professional and HNW individuals	11 454 828	273 070	63 617
Corporate sector	3 470 724	28 724	18 920
Banking, insurance, financial services (excluding sovereign)	989 222	–	–
Public and government sector (including central banks)	212 000	–	–
Trade finance and other	192 401	7 293	–
Total gross core loans and advances to customers	16 319 175	309 087	82 537
As at 31 March 2011			
Private Banking professional and HNW individuals	12 092 906	315 376	47 492
Corporate sector	3 681 121	28 964	6 786
Banking, insurance, financial services (excluding sovereign)	1 255 864	352	–
Public and government sector (including central banks)	208 146	–	–
Trade finance and other	200 819	12 064	–
Total gross core loans and advances to customers	17 438 856	356 756	54 278

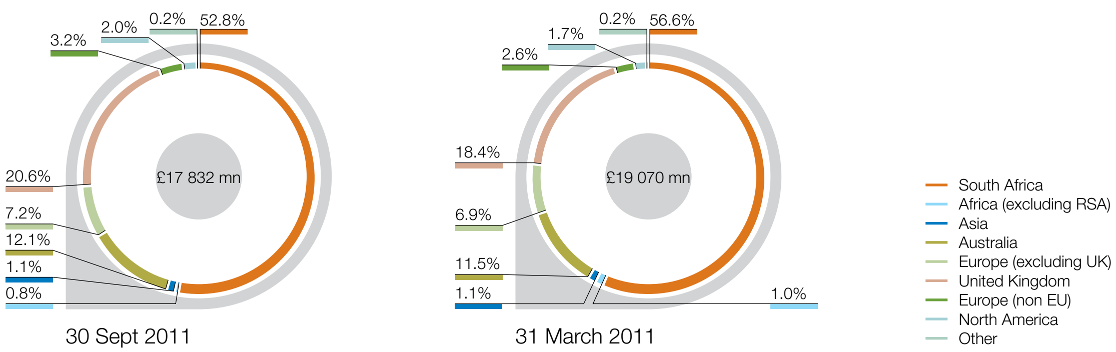
Summary analysis of gross core loans and advances to customers by counterparty type

£'000	30 Sept 2011	31 March 2011
Private Banking professional and HNW individuals	12 818 008	13 594 292
Corporate sector	3 604 036	3 787 358
Banking, insurance, financial services (excluding sovereign)	989 543	1 256 545
Public and government sector (including central banks)	212 715	208 784
Trade finance and other	207 972	222 629
Total gross core loans and advances to customers	17 832 274	19 069 608

	Special mention (61 – 90 days and well secured)	Sub-standard	Doubtful	Loss	Total gross core loans and advances to customers	Portfolio impairments	Specific impairments	Total impairments
	28 717	253 965	580 957	162 854	12 818 008	(7 502)	(279 576)	(287 078)
	3 637	766	75 812	5 453	3 604 036	(3 541)	(38 307)	(41 848)
	–	–	321	–	989 543	(278)	(203)	(481)
	–	–	715	–	212 715	(73)	(468)	(541)
	1 782	115	6 381	–	207 972	–	(4 742)	(4 742)
	34 136	254 846	664 186	168 307	17 832 274	(11 394)	(323 296)	(334 690)
	31 181	404 034	529 520	173 783	13 594 292	(16 008)	(253 729)	(269 737)
	487	39 288	26 180	4 532	3 787 358	(14 278)	(21 430)	(35 708)
	–	–	329	–	1 256 545	(558)	(198)	(756)
	–	–	638	–	208 784	–	(379)	(379)
	1 595	89	8 062	–	222 629	–	(4 890)	(4 890)
	33 263	443 411	564 729	178 315	19 069 608	(30 844)	(280 626)	(311 470)

Additional information

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

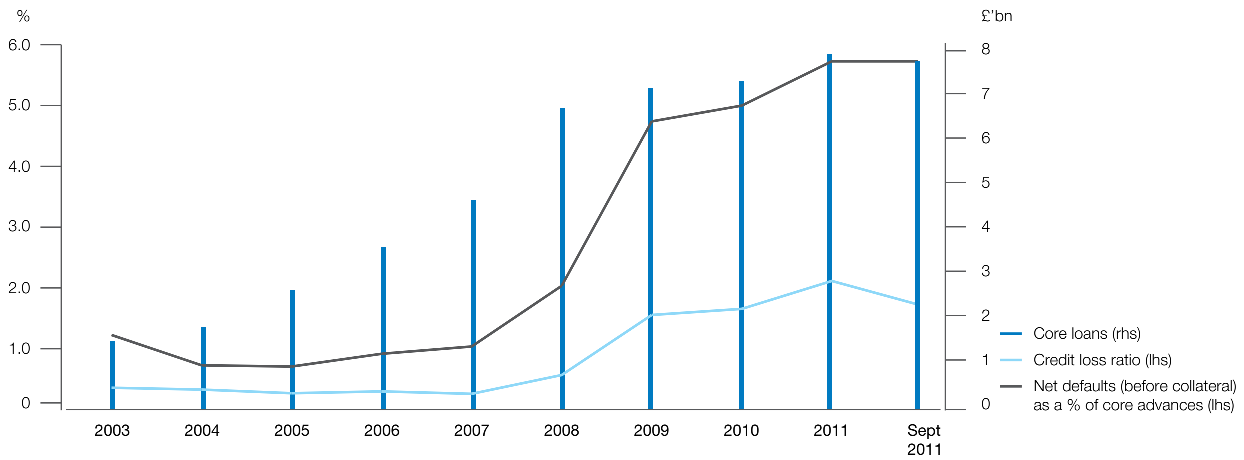


An analysis of default core loans and advances as at 30 September 2011

£'million	UK and Europe				Southern Africa			
	Gross core loans	Gross defaults	Collateral	Impairments	Gross core loans	Gross defaults	Collateral	Impairments
Private Bank								
Residential property	1 517	192	118	75	2 935	207	218	42
Residential property investment	587	6	5	1	263	30	32	5
Residential mortgages (owner occupied and second homes)	227	–	–	–	2 325	51	65	10
Residential property development	542	90	57	33	102	14	12	4
Residential estates/land	161	96	56	41	245	112	109	23
Commercial property	1 566	117	66	54	3 220	112	129	24
Commercial property investment	1 236	39	29	11	2 860	75	92	13
Commercial property land	225	66	31	36	252	36	36	11
Commercial property development	105	12	6	7	108	1	1	–
Other	537	24	14	7	1 276	84	94	29
Asset backed lending	332	1	–	1	367	45	54	18
Unlisted securities and general corporate lending	64	3	3	–	321	4	6	–
Unsecured lending	31	18	10	6	107	5	2	3
Other	110	2	1	–	481	30	32	8
Total Private Bank	3 620	333	198	136	7 431	403	441	95
Capital Markets								
Acquisition finance	643	5	11	5	193	–	–	–
Asset finance	359	16	6	10	251	–	–	1
Corporate loans	635	5	–	5	1 441	4	3	2
Project finance	356	33	26	7	180	16	10	7
Resource finance and commodities	35	–	–	–	104	–	–	–
Total Capital Markets	2 028	59	43	27	2 169	20	13	10
Other*	172	2	–	2	366	9	2	9
Total group	5 820	394	241	165	9 966	432	456	114

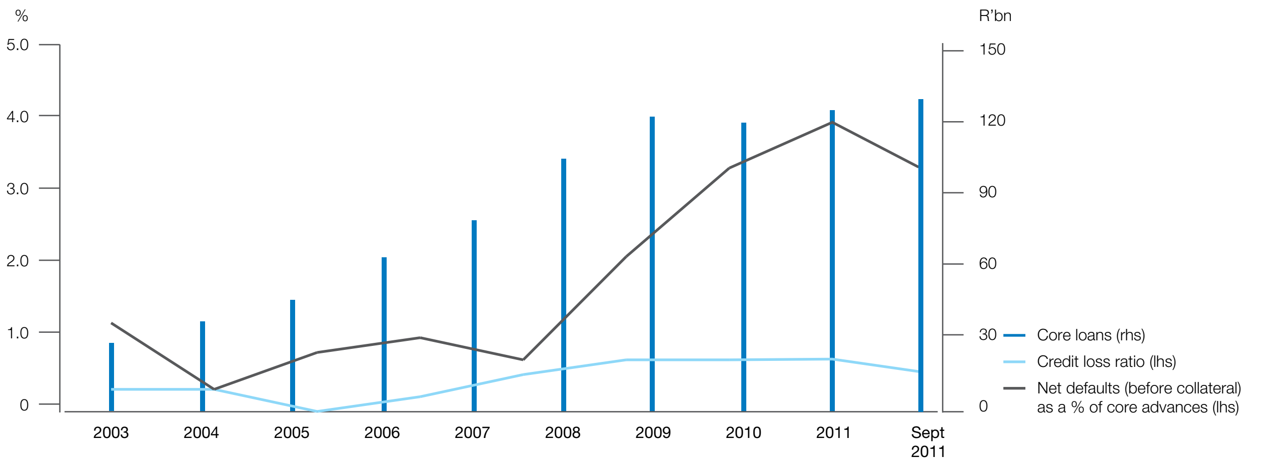
* *Largely includes lending activities within our Central Funding and International Trade Finance business.*

United Kingdom, Europe and Australia



Australia				Total group			
Gross core loans	Gross defaults	Collateral	Impairments	Gross core loans	Gross defaults	Collateral	Impairments
367	149	114	35	4 819	548	450	152
34	26	19	7	884	62	56	13
62	–	–	–	2 614	51	65	10
180	89	65	25	824	193	134	62
91	34	30	3	497	242	195	67
560	94	82	16	5 346	323	277	94
522	76	64	15	4 618	190	185	39
28	17	17	1	505	119	84	48
10	1	1	–	223	14	8	7
840	16	12	5	2 653	124	120	41
517	2	1	1	1 216	48	55	20
123	10	7	4	508	17	16	4
108	–	–	–	246	23	12	9
92	4	4	–	683	36	37	8
1 767	259	208	56	12 818	995	847	287
73	–	–	–	909	5	11	5
12	–	–	–	622	16	6	11
81	3	2	–	2 157	12	5	7
32	–	–	–	568	49	36	14
82	–	–	–	221	–	–	–
280	3	2	–	4 477	82	58	37
–	–	–	–	537	11	2	11
2 047	262	210	56	17 832	1 088	907	335

Southern Africa



Collateral

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

£'000	Collateral held against Core loans and advances	Collateral held against Other credit and counterparty exposures*	Total
As at 30 September 2011			
Eligible financial collateral	4 349 473	413 406	4 762 879
Listed shares	4 012 344	41 779	4 054 123
Cash	337 129	371 627	708 756
Debt securities issued by sovereigns	–	–	–
Mortgage bonds	11 381 284	132 870	11 514 154
Residential mortgages	4 182 065	–	4 182 065
Residential development	1 053 938	–	1 053 938
Commercial property development	1 043 050	1 204	1 044 254
Commercial property investments	5 102 231	131 666	5 233 897
Other collateral	9 168 646	870	9 169 516
Unlisted shares	2 205 775	–	2 205 775
Bonds other than mortgage bonds	299 475	–	299 475
Debtors, stock and other corporate assets	3 065 844	–	3 065 844
Guarantees	1 514 524	870	1 515 394
Credit derivatives	–	–	–
Other	2 083 028	–	2 083 028
Total collateral	24 899 403	547 146	25 446 549
As at 31 March 2011			
Eligible financial collateral	2 687 083	816 454	3 503 537
Listed shares	2 256 102	204 733	2 460 835
Cash	422 946	479 472	902 418
Debt securities issued by sovereigns	8 035	132 249	140 284
Mortgage bonds	19 459 165	137 433	19 596 598
Residential mortgages	7 368 151	–	7 368 151
Residential development	1 283 378	–	1 283 378
Commercial property development	858 367	1 398	859 765
Commercial property investments	9 949 269	136 035	10 085 304
Other collateral	8 382 223	98 558	8 480 781
Unlisted shares	1 633 746	–	1 633 746
Bonds other than mortgage bonds	555 128	20 240	575 368
Debtors, stock and other corporate assets	2 839 077	–	2 839 077
Guarantees	1 570 899	78 318	1 649 217
Credit derivatives	–	–	–
Other	1 783 373	–	1 783 373
Total collateral	30 528 471	1 052 445	31 580 916

* *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

Equity and investment risk description

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

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

Management of equity and investment risk

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

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

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

Valuation and accounting methodologies

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

£'000 Country/category	Income (pre funding costs)				Fair value through the equity
	Unrealised	Realised	Dividends, net interest and other	Total	
For the six months to 30 September 2011					
Unlisted investments	38 101	7 404	1 730	47 235	2 828
UK and Europe	11 381	3 196	(814)	13 763	3 337
South Africa	26 720	4 242	2 532	33 494	–
Australia	–	(34)	12	(22)	(509)
Listed equities	(30 322)	1 097	(4 278)	(33 503)	470
UK and Europe	(8 971)	450	(4 568)	(13 089)	3 608
South Africa	(21 351)	299	289	(20 763)	–
Australia	–	348	1	349	(3 138)
Investment and trading properties	9 713	228	5 015	14 956	–
UK and Europe	36	228	441	705	–
South Africa	9 677	–	3 995	13 672	–
Australia	–	–	579	579	–
Warrants, profit shares and other embedded derivatives	(2 206)	4 270	2 063	4 127	–
UK and Europe	(3 531)	–	2 254	(1 277)	–
South Africa	1 325	4 270	(191)	5 404	–
Australia	–	–	–	–	–
Total	15 286	12 999	4 530	32 815	3 298
For the year ended 31 March 2011					
Unlisted investments	(27 304)	67 041	19 214	58 951	(3 526)
UK and Europe	9 473	21 978	(2 696)	28 755	(2 608)
South Africa	(36 777)	42 076	21 706	27 005	–
Australia	–	2 987	204	3 191	(918)
Listed equities	37 748	5 679	(19 005)	24 422	7 155
UK and Europe	3 302	42	(19 240)	(15 896)	5 606
South Africa	34 446	1 764	(15)	36 195	64
Australia	–	3 873	250	4 123	1 485
Investment and trading properties	55 456	193	2 030	57 679	–
UK and Europe	472	193	614	1 279	–
South Africa	54 984	–	837	55 821	–
Australia	–	–	579	579	–
Warrants, profit shares and other embedded derivatives	6 098	23 142	(26)	29 214	–
UK and Europe	(936)	10 744	(26)	9 782	–
South Africa	7 034	12 398	–	19 432	–
Australia	–	–	–	–	–
Total	71 998	96 055	2 213	170 266	3 629

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.

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 2011	Valuation change stress test* 30 Sept 2011	On-balance sheet value of investments 31 March 2011	Valuation change stress test* 31 March 2011
Unlisted investments	704 357	105 653	681 730	102 260
UK and Europe	184 791	27 719	116 994	17 549
South Africa	512 083	76 812	558 184	83 728
Australia	7 483	1 122	6 552	983
Listed equities	136 926	34 233	187 402	46 850
UK and Europe	45 851	11 464	61 337	15 334
South Africa	84 906	21 227	117 124	29 281
Australia	6 169	1 542	8 941	2 235
Investment and trading properties	535 276	64 651	589 244	81 693
UK and Europe	21 497	4 299	30 554	6 111
South Africa	64 625	12 925	530 810	70 006
Australia	449 154	47 427	27 880	5 576
Warrants, profit shares and other embedded derivatives	72 798	25 479	85 432	29 902
UK and Europe	26 631	9 320	32 387	11 336
South Africa	46 167	16 159	53 045	18 566
Australia	–	–	–	–
Total	1 449 357	230 016	1 543 808	260 705

* *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%
Property sold to third parties	5%
Warrants, profit shares and other embedded derivatives	35%

Stress testing summary

Based on the information as at 30 September 2011, as reflected above we could have a £230 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.

Capital requirements

In terms of Basel II capital requirements, unlisted and listed equities within the banking book are represented under the category of 'equity risk' and investment properties, profit shares and embedded derivatives are considered in the calculation of capital required for credit risk. Refer to page 99 for further detail.

Securitisation/principal finance activities and exposures

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

UK and Europe

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

We retain residual net exposures amounting to £544 million to the assets originated, warehoused and securitised by Kensington. Further information is provided on pages 79 to 82.

South Africa

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

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

Furthermore, we provide standby liquidity facilities to two conduits, namely the Grayston Conduit 1 (Pty) Ltd Series 1 and Series 2, and to the securitisation structure of the Growthpoint Note Issuer Company (Series 1 Tranche 1; Series 1 Tranche 2; Series 2; and Series 3). These facilities, which totalled R0.6 billion as at 30 September 2011 (31 March 2011: R2.0 billion), have not been drawn on and are thus reflected as off-balance sheet contingent exposures in terms of our credit analysis (refer to pages 77 and 78). The liquidity risk associated with these facilities is included in the stress testing for the group and is managed in accordance with our overall liquidity position.

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

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

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

Total assets that have been originated and securitised by the Private Bank amount to R6.3 billion (March 2011: R6.3 billion) and include auto loans (R0.8 billion), residential mortgages (R5.2 billion) and commercial mortgages (R0.3 billion).These securitisation structures have all been rated by Moody's.

Australia

Investec Bank (Australia) Limited acquired Experien in October 2007. As is the case in the South African Private Banking division assets originated by the business have been securitised. These amount to A$784 million (31 March 2011: A$751 million).

Credit analysis

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

Nature of exposure/ activity	Exposure as at 30 Sept 2011 £'mn	Exposure as at 31 March 2011 £'mn	Credit analysis internal risk classification	Asset quality – relevant comments	Capital treatment
Structured credit investments*	930	900	On-balance sheet securitisation/principal finance exposure.		Risk-weighted or supervisory deductions against primary and secondary capital.
Rated	787	713			
Unrated	128	176			
Other	15	11			
Kensington – mortgage assets: Net exposures (after impairments) to the securitised book (i.e. those assets have been securitised)	31	65	On-balance sheet securitisation/principal finance exposure. Classified as 'unrated'. 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 79 to 82	Risk-weighted or supervisory deductions against primary and secondary capital.
Kensington – mortgage assets: Net exposures (after impairments) to the warehouse book (i.e. those assets that have been originated and placed in special purpose vehicles awaiting securitisation)	513	535	On-balance sheet securitisation/principal finance exposure. Classified as 'other'. We are required to fully consolidate assets acquired from Kensington. However, only those assets to which we are legally at risk are reflected in this analysis with the balance reflected under 'no credit exposures'.	Refer to pages 79 to 82	Risk-weighted.
Warehouse lines provided to, and investment in third party intermediary originating platforms (mortgage and auto loans)	382	428	On-balance sheet securitisation/principal finance exposure.		Risk-weighted depending on rating of counterparty.
Loans originated and/ or acquired – awaiting securitisation	389	69	On-balance sheet securitisation/principal finance exposure		Risk-weighted.
Private Banking division assets which have been securitised	993	1 067	On-balance sheet exposure – reclassified from 'accounting securitised assets' to core loans and advances for credit analysis purposes.	Analysed as part of the group's overall asset quality on core loans and advances as reflected on page 57	We apply securitisation rules: either risk-weighted or supervisory deductions against primary and secondary capital.
South Africa – liquidity facilities provided to third party corporate securitisation vehicles	48	188	Off-balance sheet credit exposure as these facilities have remained undrawn and reflect a contingent liability of the bank.		Unutilised facility that is risk-weighted.

* *Refer to page 78.*

*Analysis of structured rated and unrated credit investments

£'million	30 Sept 2011				31 March 2011			
	Rated**	Unrated	Other	Total	Rated	Unrated	Other	Total
US corporate loans	16	–	–	16	20	–	–	20
US ABS	3	–	–	3	3	–	–	3
European ABS	6	7	–	13	3	7	–	10
European RMBS	521	94	–	615	514	147	–	661
European CMBS	71	5	–	76	75	5	–	80
European credit cards	5	–	–	5	5	–	–	5
European corporate loans	75	22	–	97	–	17	–	17
South African RMBS	25	–	–	25	25	–	–	25
South African CMBS	–	–	–	–	2	–	–	2
Australian RMBS	65	–	–	65	66	–	–	66
Other (credit default swaps)	–	–	15	15	–	–	11	11
Total	787	128	15	930	713	176	11	900

**Further analysis of rated structured credit investments as at 30 September 2011

£'million	AAA	AA	A	BBB	BB	B	C and below	Total
US corporate loans	–	–	–	–	15	1	–	16
US ABS	–	–	–	–	–	–	3	3
European ABS	–	–	3	3	–	–	–	6
European RMBS	217	110	54	67	27	22	24	521
European CMBS	3	25	26	6	8	3	–	71
European credit cards	5	–	–	–	–	–	–	5
European corporate loans	68	7	–	–	–	–	–	75
South African RMBS	–	25	–	–	–	–	–	25
Australian RMBS	24	22	13	6	–	–	–	65
Total	317	189	96	82	50	26	27	787

Kensington group plc summary and statistics

As at 30 Sept 2011	Warehouse book	Securitised portfolio	Total	% of total
Assets and business activity statistics				
Mortgage assets under management (£'million)	1 531	2 050	3 581	
IFRS adjustments (£'million)	(50)	80	30	
Mortgage assets under management (£'million)	1 581	1 970^	3 551	
First charge % of total mortgage assets under management	93.9%	93.4%	94.2%	
Second charge % of total mortgage assets under management	6.1%	6.6%	5.8%	
Fixed rate loans % of total mortgage assets under management	0.7%	0.1%	0.3%	
Number of accounts	14 204	22 861	37 065	
Average loan balance (first charge) (£)	142 767	107 292	121 994	
Largest loan balance (£)	1 102 981	1 149 214	1 200 806	
Weighted average loan mature margin	4.1%	4.7%	4.4%	
Product mix (pre-IFRS adjustments) (£'million)	1 581	1 970	3 551	100.0%
Prime	6	–	6	0.2%
Near prime	529	398	927	26.1%
Prime buy to let	1	–	1	–
Adverse	373	1 460	1 833	51.6%
Adverse buy to let and right to buy	63	112	175	4.9%
Start – Irish operations	609	–	609	17.2%
Geographic distribution (£'million)	1 581	1 970	3 551	100.0%
UK – North	300	641	941	26.5%
UK – South West	74	139	213	6.0%
UK – South East	218	408	626	17.6%
Outer London	149	243	392	11.0%
Inner London	70	137	207	5.8%
Midlands	161	402	563	15.9%
Start – Irish operations	609	–	609	17.2%
Spread of value of properties	100.0%	100.0%	100.0%	
>£500 000	3.4%	1.1%	1.9%	
>£250 000 – <=£500 000	23.6%	10.0%	15.2%	
>£200 000 – <=£250 000	16.3%	11.6%	13.4%	
>£150 000 – <=£200 000	20.7%	20.0%	20.3%	
>£100 000 – <=£150 000	23.2%	30.5%	27.7%	
>£70 000 – <=£100 000	11.3%	20.7%	17.1%	
>£50 000 – <=£70 000	1.4%	5.1%	3.7%	
<£50 000	0.1%	1.0%	0.7%	
Asset quality statistics				
Weighted average current LTV of active portfolio (adjusted for house price deflation*)	99.4%	79.5%	88.4%	

* *Bad debt provision is based on house price index assumptions of:*
UK: calendar year: house price decline assumption of circa -5% for 2011, -7.5% for 2012 and flat thereafter, with an additional -10% haircut to the price to reflect forced sale discount
Ireland: calendar year: house price decline assumption of -11.4% for 2011, -3% for 2012 and house price growth assumption of 1% p.a. for 2013 to 2015 with an additional forced sale discount of 5-7%.

^ *The decrease since 31 March 2011 is due to repayments and the sale and deconsolidation of certain assets.*

Kensington group plc summary and statistics (continued)

As at 30 Sept 2011	Warehouse book	Securitised portfolio	Total	% of total
LTV spread – % of book	100.0%	100.0%	100.0%	
<= 65%	12.8%	21.4%	17.7%	
>65% – <70%	3.4%	6.5%	5.2%	
>70% – <75%	3.8%	8.2%	6.4%	
>75% – <80%	4.6%	9.6%	7.6%	
>80% – <85%	5.9%	11.4%	9.1%	
>85% – <90%	7.5%	12.2%	10.3%	
>90% – <95%	9.1%	9.8%	9.5%	
>95% – <100%	9.3%	7.4%	8.2%	
> 100%	43.6%	13.5%	26.0%	
% of accounts > 90 days in arrears	32.0%	30.5%	31.1%	
Number of accounts > 90 in arrears	4 544	6 952	11 496	
Total capital lent in arrears (£'million)	753	892	1 645	100.0%
Arrears 0 – 60 days	82	134	216	13.1%
Arrears 61 – 90 days	59	86	145	8.8%
Arrears >90 days	563	636	1 199	72.9%
Possession	49	36	85	5.2%
Debt to income ratio of clients %	20.4%	19.7%	20.0%	
Investec investment/exposure to assets reflected above (£'million)	608	48	656	
On balance sheet provision (£'million)	(95)	(17)	(112)	
Investec net investment/exposure to assets reflected above (£'million)	513	31	544	

Kensington group plc summary and statistics (continued)

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

* *Bad debt provision is based on house price index assumptions of:*
UK: calendar year 2011: house price decline assumption of circa -12.5% for 2011 and flat thereafter, and an additional –10% haircut to the price to reflect forced sale discount.
Ireland: calendar year 2011: house price decline assumption of -4.9%, and house price growth assumption of 1% for 2012 to 2015.

Kensington group plc summary and statistics (continued)

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

Traded market risk management

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 in changes in underlying market risk factors such as interest rates, equity markets, bond markets, commodity markets, exchange rates and volatilities) between now and a future point in time. The Market Risk Management team identifies, quantifies and manages the effects of these potential changes in accordance with Basel II and policies determined by the board.

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

Traded market risk governance structure

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

Management and measurement of traded market risk

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

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

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

Measurement techniques used to quantify market risk arising from our trading activities include sensitivity analysis, value at risk (VaR), stressed VaR, expected tail loss (ETL) and extreme value theory (EVT). Stress testing and scenario analysis are 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 and so trading capital is calculated as a function of the 99% 10-day VaR. Backtesting results and a detailed stress testing pack are submitted to the regulator on a monthly basis. In the UK, all desks are currently on capital adequacy (CAD) 1 level for regulatory capital.

VaR

	UK and Europe 95% (one-day)			
	Year end £'000	Average £'000	High £'000	Low £'000
30 September 2011				
Commodities	–	–	–	–
Equity derivatives	627	899	1 709	497
Foreign exchange	30	28	105	9
Interest rates	325	232	424	166
Consolidated*	912	1 000	1 621	731
31 March 2011				
Commodities	49	19	49	11
Equity derivatives	900	1 391	2 196	780
Foreign exchange	9	28	85	3
Interest rates	239	391	519	208
Consolidated*	1 129	1 592	2 260	997

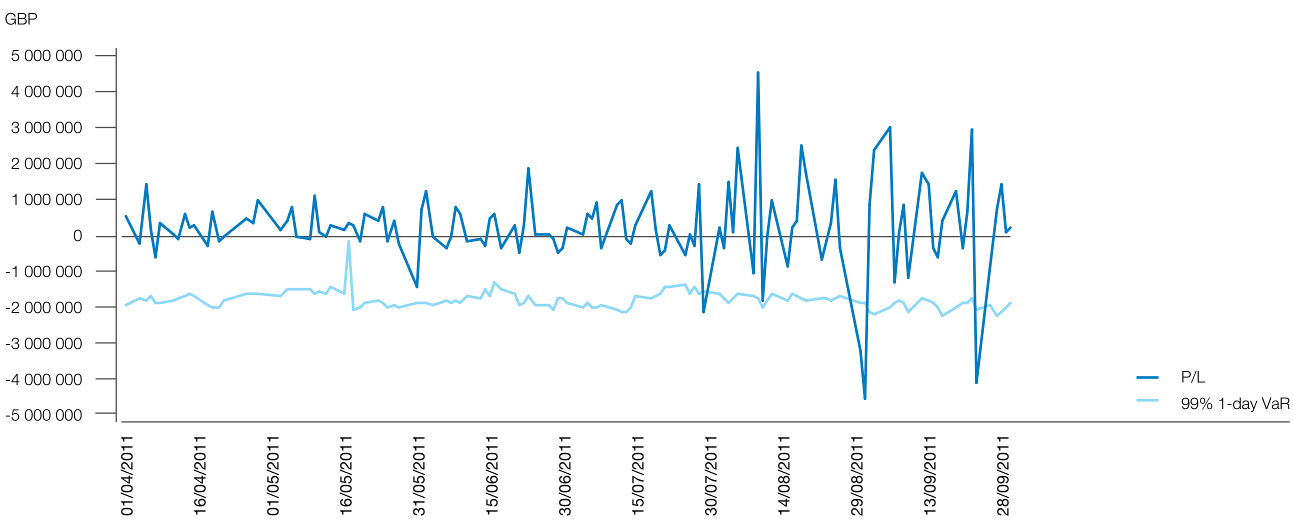
* *The consolidated VaR for each desk and each entity is lower than the sum of the individual VaR's. This arises from the consolidation offset between various asset classes (diversification).*

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

UK and Europe

There have been 4 backtesting exceptions over the period, i.e. where the loss on the previous day's positions was greater than the VaR. This is more than the expected one to two exceptions that we would expect to see over this period as a result of the significant increase in equity markets' volatility. The exceptions were driven by the Structured Equity desk and were all on days when equity markets rallied significantly and there were large falls in implied volatilities. Average VaR reduced significantly as a result of lower risk taking on the Structured Equity desk.

99% 1-day VaR backtesting

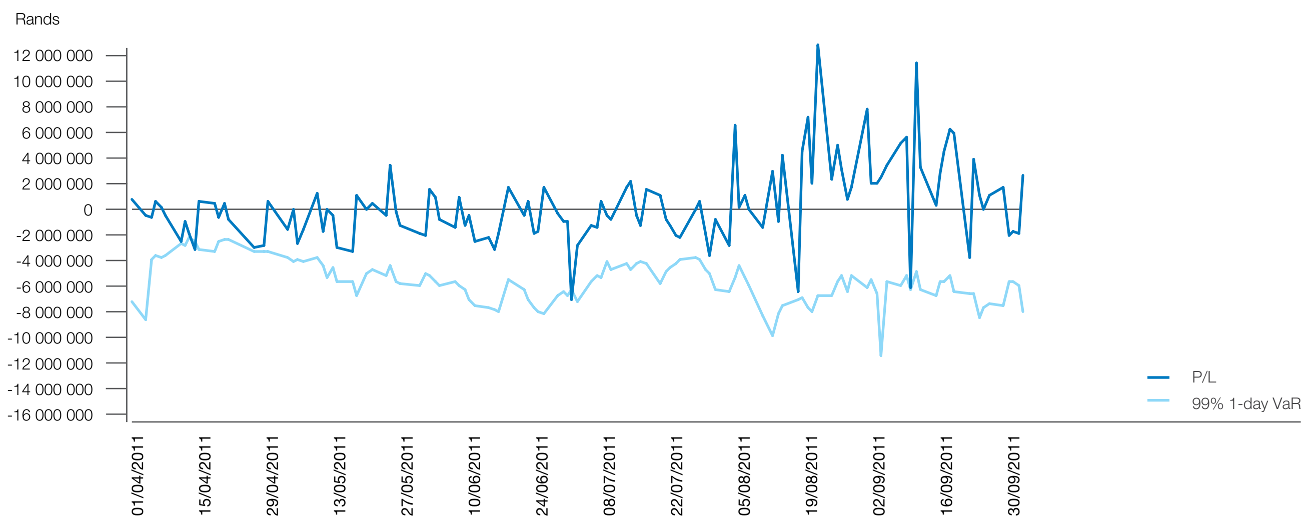


	South Africa – Limited 95% (one-day)				Australia 95% (one-day)			
	Year end R'mn	Average R'mn	High R'mn	Low R'mn	Year end A$'000	Average A$'000	High A$'000	Low A$'000
	0.1	0.1	0.5	–	–	–	–	–
	2.2	2.0	5.3	0.9	–	–	–	–
	4.5	2.0	8.9	0.7	25	23	100	1
	2.1	2.3	5.1	0.8	76	65	116	17
	6.0	4.2	9.6	2.7	67	72	125	19
	0.1	0.1	0.3	–	1	1	29	–
	1.6	1.8	9.1	0.6	–	–	–	–
	0.9	1.9	5.7	0.7	6	21	146	1
	1.3	2.4	5.1	0.9	17	82	198	11
	3.8	4.0	10.0	2.0	20	89	202	12

South Africa

Over the 6-month period the South African trading desks experienced four VaR exceptions. While this is more than expected, the losses were due to normal trading activities. These losses were driven by the extreme volatility in the markets, in particular the forex and interest rate markets.

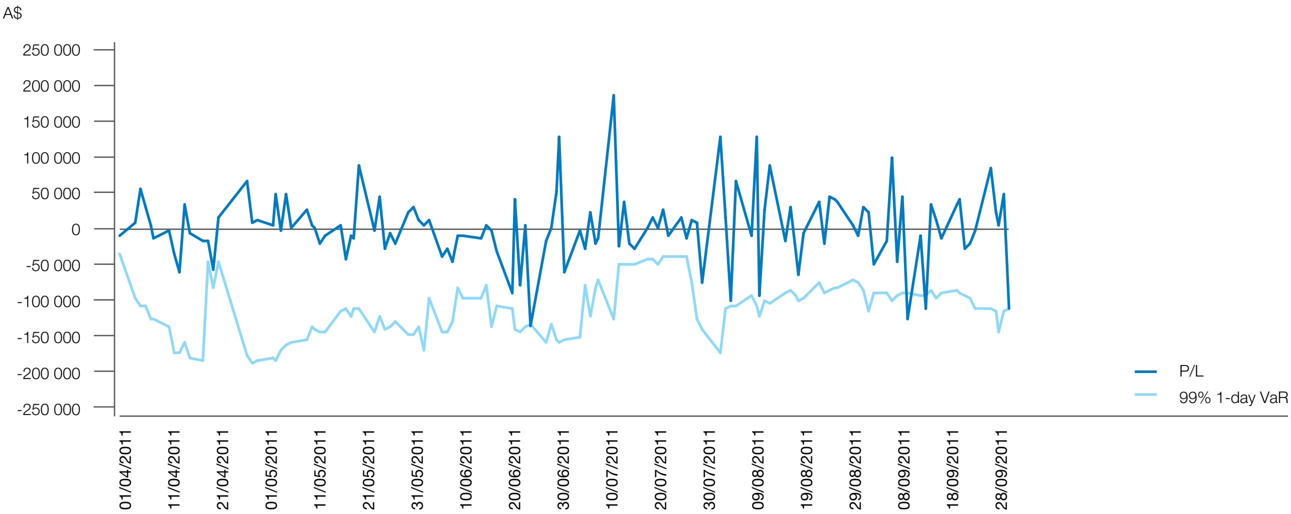
99% 1-day VaR backtesting



Australia

Trading activity was relatively muted during the first half of the year, with average VaR utilisation lower than the already moderate levels experienced in the financial year 2011. There have been three exceptions i.e. where the loss is greater than the VaR. This is more than the expected number of exceptions at the 99% level and is a result of unusually high levels of market volatility.

99% 1-day VaR backtesting



ETL

	UK and Europe 95% (one-day) £'000	Australia 95% (one-day) A$'000	South Africa 95% (one-day) R'mn
30 September 2011			
Commodities	2	–	0.1
Equity derivatives	1 235	–	3.2
Foreign exchange	56	31.3	5.5
Interest rates	469	116.5	2.8
Consolidated*	1 374	107.9	7.3
31 March 2011			
Commodities	71	10	0.1
Equity derivatives	1 339	–	3.3
Foreign exchange	13	8	1.3
Interest rates	409	30	2.4
Consolidated*	1 636	40	5.8

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

Stress testing

The table below indicates the potential losses that could arise if the portfolio is stress tested under extreme market conditions. These numbers do not assume normality but rather relies on fitting a distribution to the tails of the distribution. This method 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.

	UK and Europe using 99% EVT £'000	Australia using 99% EVT A$'000	South Africa using 99% EVT R'mn
30 September 2011			
Commodities	4	–	0.2
Equity derivatives	3 996	–	7.8
Foreign exchange	74	53	9.3
Interest rates	1 972	454	5.6
Consolidated	3 988	343	11.6

	UK and Europe using 99% EVT £'000	Australia using 99% EVT A$'000	South Africa using 99% EVT R'mn
31 March 2011			
Commodities	266	–	0.3
Equity derivatives	3 782	–	24.3
Foreign exchange	33	15	5.6
Interest rates	2 087	121	10.0
Consolidated	3 915	273	13.6

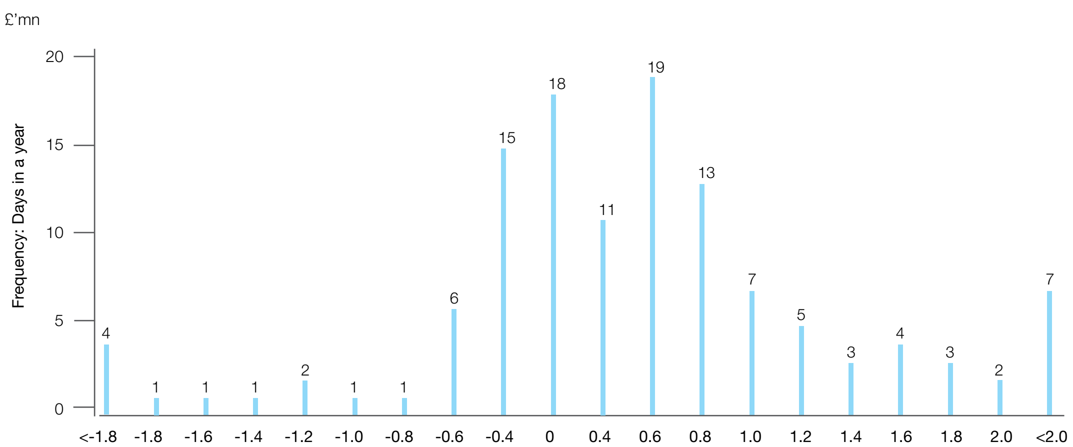
Profit and loss histograms

UK and Europe

The histogram below illustrates the distribution of daily revenue during the period for our trading businesses. The distribution is skewed to the profit side and the graph shows that positive trading revenue was realised on 74 days out of a total of 125 days in the trading business.

The average daily trading revenue generated for the six months ended 30 September 2011 was £216 602 (March 2011: £144 616).

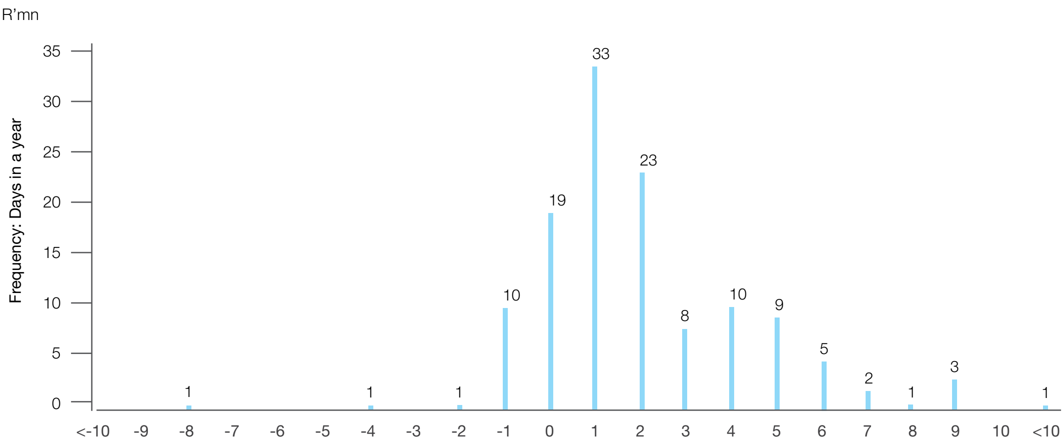
Profit and loss



South Africa

The histogram below illustrates the distribution of daily revenue during the period for our trading businesses. The distribution is skewed to the profit side and the graph shows that positive trading revenue was realised on 96 days out of a total of 128 days in the trading business. The average daily trading revenue generated for the six months ended 30 September 2011 was R1.6 million (March 2011: R1.2 million).

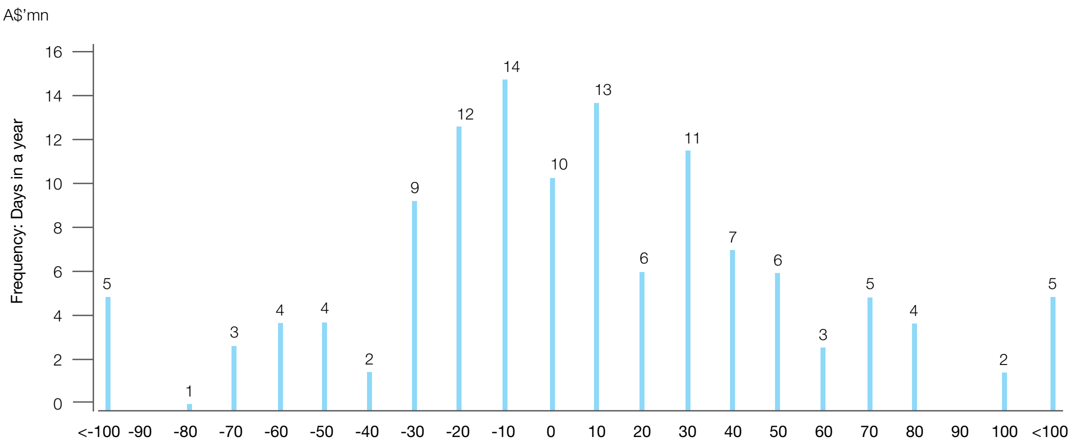
Profit and loss



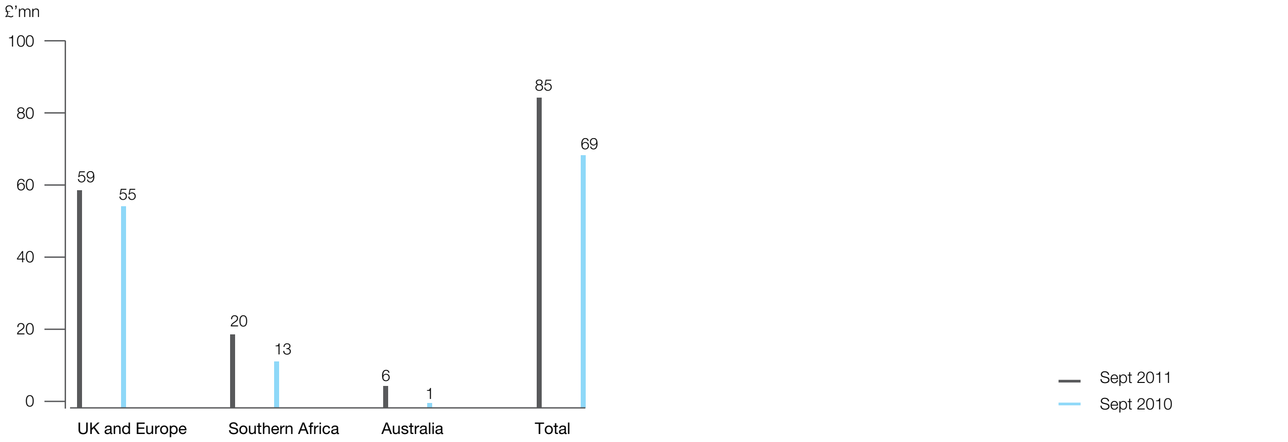
Australia

The histogram below illustrates the distribution of daily revenue during the period for our trading businesses. The graph shows that positive trading revenue was realised on 62 days out of a total of 126 days in the trading business. The average daily trading revenue generated for the six months ended 30 September 2011 was A$3 247 (March 2011: loss of A$1 393).

Profit and loss



Revenue from customer flow related trading activities within our Capital Markets division



Balance sheet risk management

Balance sheet risk description

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

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 banking-related risk exposures include potential adverse effect of volatility and changes in interest rate levels, the shape of the yield curves, basis risk spreads, and optionality inherent in certain products. These affect the interest rate margin realised between lending income and borrowing costs, when applied to our rate sensitive asset and liability portfolios, which has a direct effect on future net interest income and the economic value of equity. The mix of interest rate repricing characteristics is influenced by the underlying financial needs of customers.

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

Interest rate sensitivity gap

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

UK and Europe – interest rate sensitivity as at 30 September 2011

£'million	Not >3 months	>3 months but <6 months	>6 months but <1 year	>1 year but <5 years	>5 years	Non-rate	Total non-trading
Cash and short-term funds – banks	1 144	2	–	–	–	146	1 292
Investment/trading assets	2 566	97	88	216	338	350	3 655
Securitised assets	2 989	–	–	–	–	1	2 990
Advances	7 471	326	177	447	65	17	8 503
Other assets	–	–	–	175	–	1 546	1 721
Assets	**14 170**	**425**	**265**	**838**	**403**	**2 060**	**18 161**
Deposits – banks	(1 490)	(18)	(46)	(38)	–	–	(1 592)
Deposits – non-banks	(7 504)	(165)	(1 282)	(136)	–	(19)	(9 106)
Negotiable paper	(464)	(381)	(207)	(86)	–	–	(1 138)
Securitised liabilities	(2 531)	–	–	–	–	–	(2 531)
Investment/trading liabilities	(523)	–	–	(161)	–	(148)	(832)
Subordinated liabilities	(68)	–	–	–	(623)	(35)	(726)
Other liabilities	–	–	–	–	–	(1 015)	(1 015)
Liabilities	**(12 580)**	**(564)**	**(1 535)**	**(421)**	**(623)**	**(1 217)**	**(16 940)**
Intercompany loans	**(576)**	**(43)**	**35**	**634**	**389**	**(18)**	**421**
Shareholders' funds	**–**	**–**	**–**	**–**	**–**	**(1 702)**	**(1 702)**
Balance sheet	**1 014**	**(182)**	**(1 235)**	**1 051**	**169**	**(877)**	**(60)**
Off-balance sheet	417	183	337	(705)	(232)	316	316
Repricing gap	**1 431**	**1**	**(898)**	**346**	**(63)**	**(561)**	**256**
Cumulative repricing gap	1 431	1 432	534	880	817	256	

South Africa – interest rate sensitivity as at 30 September 2011

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	16 804	–	–	–	–	3 930	20 734
Cash and short-term funds – non-banks	5 025	–	–	–	–	–	5 025
Investment/trading assets and statutory liquids	20 319	17 014	15 752	6 973	6 932	14 170	81 160
Securitised assets	7 973	1	2	25	2	316	8 319
Advances	102 934	566	863	8 114	4 935	1 322	118 734
Other assets	–	–	–	–	5 321	1 373	6 694
Assets	**153 055**	**17 581**	**16 617**	**15 112**	**17 190**	**21 111**	**240 666**
Deposits – banks	(8 757)	(257)	(106)	(279)	–	–	(9 399)
Deposits – non-banks	(147 101)	(14 443)	(4 634)	(3 297)	(714)	(1 137)	(171 326)
Negotiable paper	(4 404)	(734)	(294)	(46)	(119)	(1)	(5 598)
Securitised liabilities	(6 258)	–	–	(218)	–	(645)	(7 121)
Investment/trading liabilities	(11 106)	–	–	–	–	(3 312)	(14 418)
Subordinated liabilities	(2 791)	(1 688)	–	(2 187)	(200)	(855)	(7 721)
Other liabilities	–	–	–	–	–	(7 217)	(7 217)
Liabilities	**(180 417)**	**(17 122)**	**(5 034)**	**(6 027)**	**(1 033)**	**(13 167)**	**(222 800)**
Intercompany loans	**11 448**	**848**	**(703)**	**(1 257)**	**(4 877)**	**(583)**	**4 876**
Shareholders' funds	**(3 179)**	**(17)**	**–**	**–**	**(871)**	**(17 489)**	**(21 556)**
Balance sheet	**(19 093)**	**1 290**	**10 880**	**7 828**	**10 409**	**(10 128)**	**1 186**
Off-balance sheet	20 754	5 685	(12 467)	(8 673)	(6 438)	(47)	(1 186)
Repricing gap	**1 661**	**6 975**	**(1 587)**	**(845)**	**3 971**	**(10 175)**	**–**
Cumulative repricing gap	1 661	8 636	7 049	6 204	10 175	–	

Australia – interest rate sensitivity as at 30 September 2011

A$'million	Not >3 months	>3 months but <6 months	>6 months but <1 year	>1 year but <5 years	>5 years	Non-rate	Total non-trading
Cash and short-term funds – banks	424	–	–	–	–	–	424
Investment/trading assets	1 031	–	19	184	–	25	1 259
Securitised assets	203	56	122	395	8	–	784
Advances	2 113	35	81	235	10	12	2 486
Other assets	–	–	–	–	–	407	407
Assets	**3 771**	**91**	**222**	**814**	**18**	**444**	**5 360**
Deposits – banks	–	–	–	–	–	–	–
Deposits – non-banks	(1 525)	(460)	(137)	(137)	(10)	(48)	(2 317)
Negotiable paper	(596)	(101)	(31)	(650)	–	(28)	(1 406)
Securitised liabilities	(770)	–	–	–	–	–	(770)
Subordinated loans	(76)	–	–	–	–	–	(76)
Other liabilities	–	–	–	–	–	(134)	(134)
Liabilities	**(2 967)**	**(561)**	**(168)**	**(787)**	**(10)**	**(210)**	**(4 703)**
Intercompany loans	**(27)**	**–**	**–**	**–**	**–**	**11**	**(16)**
Shareholders' funds	**–**	**–**	**–**	**–**	**–**	**(641)**	**(641)**
Balance sheet	**777**	**(470)**	**54**	**27**	**8**	**(396)**	**–**
Off-balance sheet	58	(45)	(39)	43	(7)	(10)	–
Repricing gap	**835**	**(515)**	**15**	**70**	**1**	**(406)**	**–**
Cumulative repricing gap	835	320	335	405	406	–	

Economic value sensitivity as at 30 September 2011

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

UK and Europe

	Sensitivity to the following interest rates (expressed in original currencies)			
’million	GBP	USD	EUR	All (GBP)
200bp down	(10.5)	0.4	0.4	(9.7)
200bp up	10.5	(0.4)	(0.4)	9.7

South Africa

	Sensitivity to the following interest rates (expressed in original currencies)						
’million	ZAR	GBP	USD	EUR	AUD	Other (ZAR)	All (ZAR)
200bp down	(28.4)	1.3	8.4	(1.5)	1.6	–	53.7
200bp up	3.0	(2.0)	(5.6)	0.5	(1.3)	0.1	(73.3)

Australia

’million	AUD
200bp down	(6.05)
200bp up	6.05

Liquidity risk

Liquidity risk description

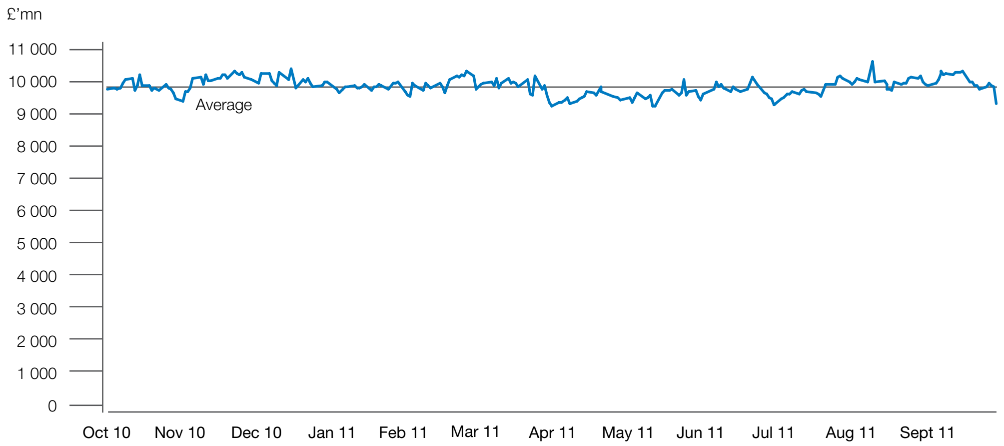
Liquidity risk is the risk that we have insufficient capacity to fund increases in assets, or are unable to meet our payment obligations as they fall due, without incurring unacceptable losses. This includes repaying depositors or maturing wholesale debt. This risk is inherent in all banking operations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

Liquidity risk is further broken down into:

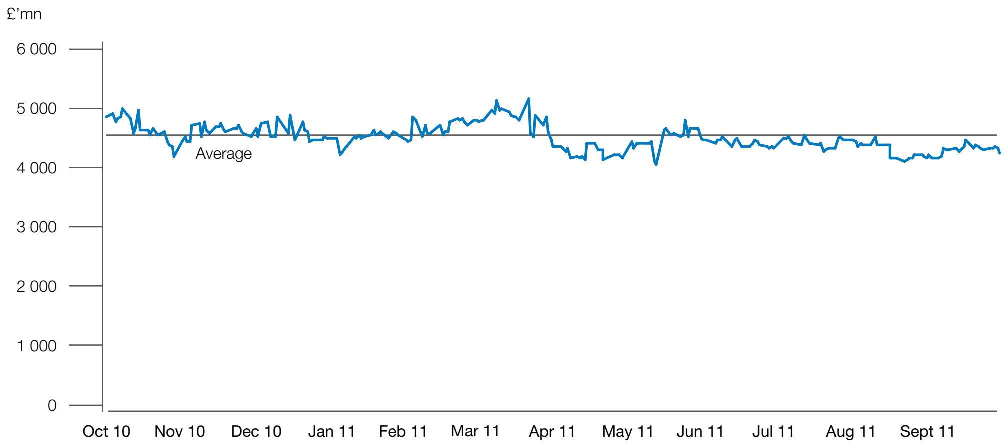
- Funding liquidity: which relates to the risk that the bank will be unable to meet current and/or future cash flow or collateral requirements without adversely affecting the normal course of business, its financial position or its reputation
- Market liquidity: which relates to the risk that the bank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

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

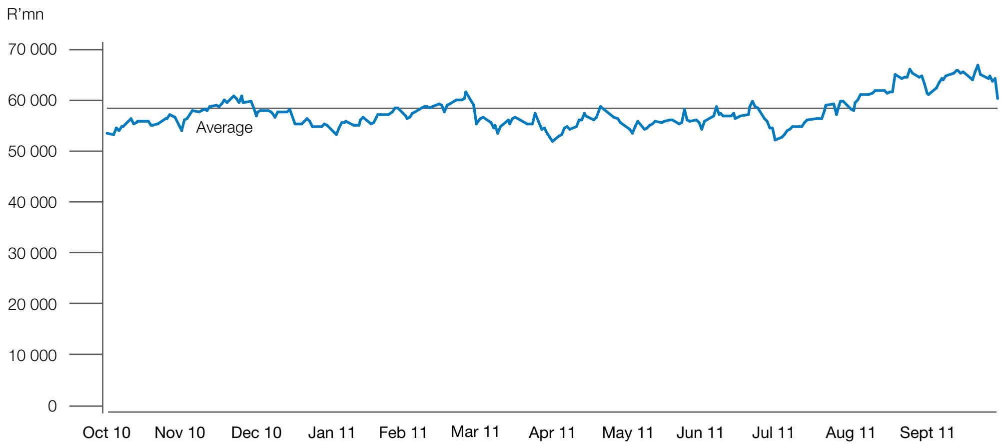
Total Investec group cash and near cash trend



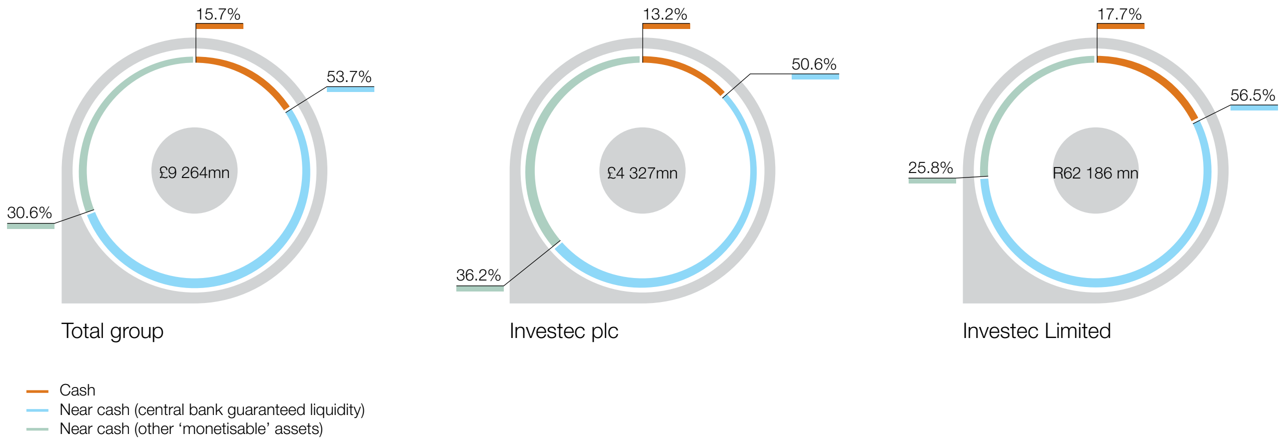
Investec plc (UK, Europe and Australia) cash and near cash trend



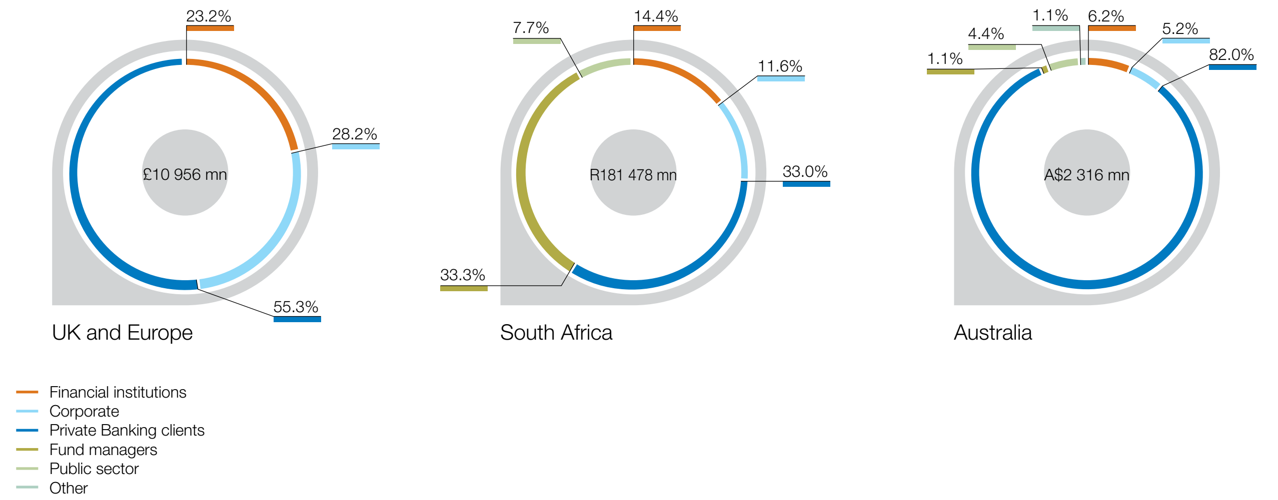
Investec Limited (Southern Africa) cash and near cash trend



An analysis of cash and near cash



Bank and non-bank depositor concentration by type



Liquidity mismatch

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

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

We maintained a strong liquidity profile throughout the year. Despite competitive pressures we were able to increase deposits taken from the retail market and raise additional liquidity. The tables reflect that loans and advances to customers are largely financed by stable funding sources.

With respect to the contractual liquidity mismatch:

- No assumptions are made except as mentioned below, and we record all asset and liabilities with the underlying contractual maturity as determined by the cash flow profile for each deal
- As an integral part of the broader liquidity generation strategy, we maintain a liquidity buffer in the form of unencumbered cash, government, or bank paper (typically eligible for repurchase with the central bank), and near cash as a buffer against both expected and unexpected cash flows

- The actual contractual profile of this asset class is of little consequence, as practically Investec would meet any unexpected net cash outflows by selling these securities, we have:
  - Set the time horizon to one month to monetise our cash and near cash portfolio of 'available- for-sale' discretionary treasury assets, where there are deep secondary markets for this elective asset class
  - Set the time horizon to 'on demand' to monetise our statutory liquid assets for which liquidity is guaranteed by the central bank
  - Reported the 'contractual' profile by way of a note to the tables.

With respect to the behavioural liquidity mismatch:

- The new funding we would require under normal business circumstances is shown in the 'behavioural mismatch'. To this end, behavioural profiling is applied to liabilities with an indeterminable maturity, as the contractual repayments of many customer accounts are on demand or at short notice but expected cash flows vary significantly from contractual maturity. An internal analysis model is used, based on statistical research of the historical series of products, which models the point of probable maturity. In addition, re-investment behaviour, with profile and attrition based on history, is applied to term deposits in the normal course of business.

UK and Europe

Contractual liquidity as at 30 September 2011

£'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	>5 years	Total
Cash and short-term funds – banks	1 358	161	12	1	–	–	–	1 532
Investment/trading assets	628	1 573	361	177	190	782	1 146	4 857
Securitised assets	51	–	–	1	3	20	2 915	2 990
Advances	–	625	564	332	817	2 605	3 560	8 503
Other assets	283	467	67	49	85	140	630	1 721
Assets	2 320	2 826	1 004	560	1 095	3 547	8 251	19 603
Deposits – banks	(110)^	(118)	(24)	(75)	(180)	(375)	(968)	(1 850)
Deposits – non-banks	(493)	(1 402)	(3 106)	(2 545)	(403)	(1 123)	(34)	(9 106)
Negotiable paper	(95)	(29)	(20)	(12)	(209)	(483)	(290)	(1 138)
Securitised liabilities	(265)	–	–	–	–	–	(2 266)	(2 531)
Investment/trading liabilities	(104)	(773)	(252)	(12)	(13)	(407)	(390)	(1 951)
Subordinated liabilities	–	–	–	–	–	(35)	(691)	(726)
Other liabilities	(211)	(476)	(3)	(48)	(127)	(66)	(89)	(1 020)
Liabilities	(1 278)	(2 798)	(3 405)	(2 692)	(932)	(2 489)	(4 728)	(18 322)
Intercompany loans	(23)	(7)	–	–	35	38	378	421
Shareholders' funds	–	–	–	–	–	–	(1 702)	(1 702)
Contractual liquidity gap	1 019	21	(2 401)	(2 132)	198	1 096	2 199	–
Cumulative liquidity gap	1 019	1 040	(1 361)	(3 493)	(3 295)	(2 199)	–	

Behavioural liquidity (as discussed above)

£'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	>5 years	Total
Behavioural liquidity gap	2 056	1 306	29	(41)	486	(5 000)	1 164	–
Cumulative	2 056	3 362	3 391	3 350	3 836	(1 164)	–	

^ *The deposits shown in the demand column at 30 September 2011 reflect cash margin deposits held.*

South Africa

Contractual liquidity as at 30 September 2011

R'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	>5 years	Total
Cash and short-term funds – banks*	17 537	2 090	135	15	32	1 210	–	21 019
Cash and short-term funds – non-banks	4 967	32	26	–	–	–	–	5 025
Investment/trading assets and statutory liquids**	31 954	22 727	1 498	2 005	5 019	27 305	17 761	108 269
Securitised assets	1 132	55	299	193	321	1 981	4 338	8 319
Advances	2 946	5 540	9 369	9 942	12 966	47 710	30 261	118 734
Other assets	–	250	–	–	748	625	5 683	7 306
Assets	58 536	30 694	11 327	12 155	19 086	78 831	58 043	268 672
Deposits – banks	(5 644)	(1 352)	(331)	(54)	(296)	(1 722)	–	(9 399)
Deposits – non-banks	(61 074)^	(20 791)	(35 214)	(19 178)	(18 064)	(15 785)	(1 973)	(172 079)
Negotiable paper	–	(239)	(1 485)	(2 041)	(760)	(409)	(664)	(5 598)
Securitised liabilities	(44)	(717)	(744)	–	–	(5 466)	(150)	(7 121)
Investment/trading liabilities	(7)	(9 559)	(1 731)	(1 402)	(2 202)	(16 974)	(5 544)	(37 419)
Subordinated liabilities	–	(1 710)	–	(1 688)	–	(3 628)	(695)	(7 721)
Other liabilities	(251)	(1 603)	(288)	(492)	(911)	(521)	(3 651)	(7 717)
Liabilities	(67 020)	(35 971)	(39 793)	(24 855)	(22 233)	(44 505)	(12 677)	(247 054)
Shareholders' funds	–	–	–	–	–	–	(21 618)	(21 618)
Contractual liquidity gap	(8 484)	(5 277)	(28 466)	(12 700)	(3 147)	34 326	23 748	–
Cumulative liquidity gap	(8 484)	(13 761)	(42 227)	(54 927)	(58 074)	(23 748)	–	

Note: contractual liquidity adjustments (as discussed on page 95)

R'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	>5 years	Total
*Cash and short-term funds – banks	13 622	2 090	135	15	32	1 210	3 915	21 019
**Investment/trading assets and statutory liquids	166	13 468	6 331	17 756	22 745	29 304	18 499	108 269

Behavioural liquidity (as discussed on page 95)

R'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	>5 years	Total
Behavioural liquidity gap	37 833	(4 375)	(3 644)	(2 513)	(771)	(62 658)	36 127	–
Cumulative	37 833	33 458	29 814	27 301	26 531	(36 127)	–	

^ *Includes call deposits of R58 billion and the balance reflects term deposits which have finally reached/are reaching contractual maturity.*

Australia

Contractual liquidity as at 30 September 2011

A$'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	>5 years	Total
Cash and short-term funds – banks	424	–	–	–	–	–	–	424
Investment/trading assets*	1 025	4	46	36	60	182	97	1 450
Securitised assets	1	26	57	73	164	453	8	782
Advances**	14	147	140	272	401	1 411	101	2 486
Other assets	–	–	–	–	–	–	217	217
External assets	1 464	177	243	381	625	2 046	423	5 359
Deposits – banks	–	–	–	–	–	–	–	–
Deposits – non-banks	(556)^	(217)	(765)	(454)	(138)	(176)	(10)	(2 316)
Negotiable paper	–	(34)	(92)	(111)	(202)	(968)	–	(1 407)
Securitised liabilities	(1)	(25)	(49)	(695)	–	–	–	(770)
Invest/trading liabilities	–	–	(14)	(10)	(16)	(49)	(26)	(115)
Subordinated liabilities	–	–	–	–	–	(76)	–	(76)
Other liabilities	–	–	–	–	–	–	(18)	(18)
Liabilities	(557)	(276)	(920)	(1 270)	(356)	(1 269)	(54)	(4 702)
Intercompany loans	7	5	–	–	–	(27)	–	(15)
Shareholders' funds	–	–	–	–	–	–	(642)	(642)
Contractual liquidity gap	914	(94)	(677)	(889)	269	750	(273)	–
Cumulative liquidity gap	914	820	143	(746)	(477)	273	–	

Note: contractual liquidity adjustments (as discussed on page 95)

A$'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	>5 years	Total
*Investment/trading assets	–	138	163	36	60	924	128	1 449
**Advances	498	143	131	250	357	1 005	101	2 485

Behavioural liquidity (as discussed on page 95)

A$'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	>5 years	Total
Behavioural liquidity gap	1 390	(173)	(869)	(1 001)	178	748	(273)	–
Cumulative	1 390	1 217	348	(653)	(475)	273	–	

^ *Includes call deposits of A$529 million and the balance reflects term deposits which have finally reached/are reaching contractual maturity.*

Capital management and allocation

Although Investec plc (and its subsidiaries) and Investec Limited (and its subsidiaries) are managed independently, 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 sufficiency of both Investec plc and Investec Limited.

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

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

Capital structure

	Investec plc £'mn	IBP* £'mn	IBAL* A$'mn	Investec Limited R'mn	IBL* R'mn
As at 30 September 2011					
Regulatory capital					
Tier 1					
Called up share capital	–	1 053	291	–	28
Share premium	1 104	119	–	10 887	12 793
Retained income	509	344	343	11 836	7 582
Treasury shares	(29)	–	–	(849)	–
Other reserves	266	196	(6)	144	6
Non-controlling interests in subsidiaries	166	(6)	–	–	–
Goodwill and intangible assets	(540)	(379)	(90)	(307)	(109)
Primary capital (tier 1)	1 476	1 327	538	21 711	20 300
Less: deductions	(18)	(18)	(92)	(278)	(278)
	1 458	1 309	446	21 433	20 022
Tier 2 capital					
Aggregate amount	753	608	106	6 809	6 809
Less: deductions	(18)	(18)	(5)	(278)	(278)
	735	590	101	6 531	6 531
Other deductions from tier 1 and tier 2	(32)	(26)	–	–	–
Total capital	2 161	1 873	547	27 964	26 553
As at 31 March 2011					
Regulatory capital					
Tier 1					
Called up share capital	–	1 026	292	–	27
Share premium	1 059	105	–	10 719	11 845
Retained income	491	314	364	10 903	7 067
Treasury shares	(11)	–	–	(807)	–
Other reserves	278	196	(5)	389	250
Non-controlling interests in subsidiaries	170	(7)	–	–	–
Goodwill and intangible assets	(542)	(381)	(90)	(314)	(108)
Total tier 1	1 445	1 253	561	20 890	19 081
Less: deductions	(24)	(22)	(63)	(297)	(297)
	1 421	1 231	498	20 593	18 784
Tier 2					
Aggregate amount	702	577	104	7 039	7 039
Less: deductions	(24)	(22)	(6)	(297)	(297)
	678	555	98	6 742	6 742
Other deductions from tier 1 and tier 2	(31)	(27)	–	–	–
Total capital	2 068	1 759	596	27 335	25 526

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

Capital requirements

	Investec plc £'mn	IBP* £'mn	IBAL* A$'mn	Investec Limited R'mn	IBL* R'mn
As at 30 September 2011					
Capital requirements	1 009	896	437	16 927	16 111
Credit risk – prescribed standardised exposure classes	783	721	376	12 324	12 177
Corporates	211	202	299	7 666	7 535
Secured on real estate property	277	267	6	1 196	1 196
Counterparty risk on trading positions	24	24	7	476	476
Short term claims on institutions and corporates	23	26	2	1 651	1 638
Retail	57	57	13	315	315
Institutions	21	21	13	931	931
Other exposure classes	170	124	36	89	86
Securitisation exposures	24	24	–	353	353
Equity risk – standardised approach	23	23	8	2 301	2 238
Listed equities	2	2	2	311	248
Unlisted equities	21	21	6	1 990	1 990
Market risk – portfolios subject to internal models approach	49	45	4	163	108
Interest rate	17	17	3	30	30
Foreign exchange	19	15	–	28	28
Commodities	–	–	1	1	1
Equities	13	13	–	104	49
Operational risk – standardised approach	130	83	49	1 786	1 235
As at 31 March 2011					
Capital requirements	983	872	442	16 377	15 537
Credit risk – prescribed standardised exposure classes	769	707	385	11 869	11 662
Corporates	225	219	295	7 541	7 369
Secured on real estate property	268	259	6	1 166	1 166
Counterparty risk on trading positions	18	17	9	395	364
Short term claims on institutions and corporates	20	19	3	1 553	1 553
Retail	53	53	11	291	291
Institutions	20	20	12	845	841
Other exposure classes	165	120	49	78	78
Securitisation exposures	23	23	–	450	450
Equity risk – standardised approach	21	21	8	2 160	2 109
Listed equities	2	2	3	346	295
Unlisted equities	19	19	5	1 814	1 814
Market risk – portfolios subject to internal models approach	52	50	2	129	90
Interest rate	14	14	1	40	40
Foreign exchange	20	20	–	21	21
Commodities	–	–	1	1	1
Equities	18	16	–	67	28
Operational risk – standardised approach	118	71	47	1 769	1 226

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Capital adequacy

As at 30 Sept 2011	Investec plc £'mn	IBP* £'mn	IBAL* A$'mn	Investec Limited R'mn	IBL* R'mn
Primary capital (tier 1)	1 476	1 327	538	21 711	20 300
Less: deductions	(18)	(18)	(92)	(278)	(278)
	1 458	1 309	446	21 433	20 022
Tier 2 capital					
Aggregate amount	753	608	106	6 809	6 809
Less: deductions	(18)	(18)	(5)	(278)	(278)
	735	590	101	6 531	6 531
Other deductions from tier 1 and tier 2	(32)	(26)	–	–	–
Total capital	2 161	1 873	547	27 964	26 553
Risk-weighted assets (banking and trading)	12 610	11 203	3 349	178 181	169 593
Credit risk – prescribed standardised exposure classes	9 778	9 010	2 877	129 730	128 181
Corporates	2 640	2 522	2 332	80 695	79 314
Secured on real estate property	3 464	3 339	43	12 592	12 592
Counterparty risk on trading positions	301	301	53	5 011	5 011
Short term claims on institutions and corporates	288	329	14	17 380	17 247
Retail	710	710	98	3 318	3 318
Institutions	260	260	96	9 797	9 797
Other exposure classes	2 115	1 549	241	937	902
Securitisation exposures	303	303	–	3 713	3 713
Equity risk – standardised approach	286	285	59	24 226	23 563
Listed equities	23	23	16	3 277	2 614
Unlisted equities	263	262	43	20 949	20 949
Market risk – portfolios subject to internal models approach	620	568	33	1 713	1 132
Interest rate	216	216	25	314	314
Foreign exchange	243	191	3	299	299
Commodities	–	–	5	8	8
Equities	161	161	–	1 092	511
Operational risk – standardised approach	1 623	1 037	380	18 799	13 004
Capital adequacy ratio	17.1%	16.7%	16.3%	15.7%	15.7%
Tier 1 ratio	11.6%	11.7%	13.3%	12.0%	11.8%
Capital adequacy ratio – pre operational risk	19.7%	18.4%	18.4%	17.5%	17.0%
Tier 1 ratio – pre operational risk	13.3%	12.9%	15.0%	13.4%	12.8%

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

Capital adequacy (continued)

As at 31 March 2011	Investec plc £'mn	IBP* £'mn	IBAL* A$'mn	Investec Limited R'mn	IBL* R'mn
Primary capital (tier 1)	1 445	1 253	561	20 890	19 081
Less: deductions	(24)	(22)	(63)	(297)	(297)
	1 421	1 231	498	20 593	18 784
Tier 2 capital					
Aggregate amount	702	577	104	7 039	7 039
Less: deductions	(24)	(22)	(6)	(297)	(297)
	678	555	98	6 742	6 742
Other deductions from tier 1 and tier 2	(31)	(27)	–	–	–
Total capital	2 068	1 759	596	27 335	25 526
Risk-weighted assets (banking and trading)	12 292	10 911	3 387	172 370	163 537
Credit risk – prescribed standardised exposure classes	9 623	8 851	2 957	124 918	122 751
Corporates	2 807	2 743	2 266	79 376	77 573
Secured on real estate property	3 354	3 232	44	12 270	12 270
Counterparty risk on trading positions	219	218	66	4 153	3 829
Short term claims on institutions and corporates	256	236	23	16 342	16 342
Retail	668	668	88	3 067	3 067
Institutions	253	253	95	8 892	8 852
Other exposure classes	2 066	1 501	375	818	818
Securitisation exposures	284	284	–	4 737	4 737
Equity risk – standardised approach	266	264	57	22 740	22 204
Listed equities	31	30	20	3 646	3 110
Unlisted equities	235	234	37	19 094	19 094
Market risk – portfolios subject to internal models approach	649	626	14	1 358	943
Interest rate	174	174	8	420	420
Foreign exchange	256	246	1	221	221
Commodities	–	–	5	9	9
Equities	219	206	–	708	293
Operational risk – standardised approach	1 470	886	359	18 617	12 902
Capital adequacy ratio	16.8%	16.1%	17.6%	15.9%	15.6%
Tier 1 ratio	11.6%	11.3%	14.7%	11.9%	11.5%
Capital adequacy ratio – pre operational risk	19.1%	17.5%	19.7%	17.8%	16.9%
Tier 1 ratio – pre operational risk	13.1%	12.3%	16.4%	13.4%	12.5%

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

Analysis of rated counterparties in each standardised credit exposure class

Investec plc

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

Credit quality step	Risk weight	30 Sept 2011 Exposure £'mn	30 Sept 2011 Exposure after credit risk mitigation £'mn	31 March 2011 Exposure £'mn	31 March 2011 Exposure after credit risk mitigation £'mn
Central banks and sovereigns					
1	0%	2 242	2 242	2 539	2 486
2	20%	–	–	–	–
3	50%	–	–	–	–
4	100%	–	–	–	–
5	100%	–	–	–	–
6	150%	–	–	–	–
Institutions original effective maturity of more than three months					
1	20%	385	385	804	804
2	50%	279	279	168	168
3	50%	3	3	5	4
4	100%	–	–	–	–
5	100%	–	–	–	–
6	150%	–	–	–	–
Short-term claims on institutions					
1	20%	617	437	546	467
2	20%	124	124	151	151
3	20%	62	62	392	276
4	50%	10	10	–	–
5	50%	–	–	–	–
6	150%	–	–	–	–
Counterparty credit risk – effective original maturity of more than three months					
1	20%	335	262	392	368
2	50%	56	34	77	51
3	50%	418	42	–	–
4	100%	–	–	1	1
5	100%	–	–	–	–
6	150%	–	–	–	–
Counterparty credit risk – effective original maturity of less than three months					
1	20%	1 865	477	1 072	69
2	20%	219	46	189	49
3	20%	–	–	159	12
4	50%	207	9	–	–
5	50%	–	–	–	–
6	150%	–	–	–	–
Corporates					
1	20%	26	26	128	128
2	50%	5	5	7	7
3	100%	5	5	171	171
4	100%	19	16	17	17
5	150%	28	14	14	14
6	150%	–			
Securitisation positions					
1	20%	138	138	196	196
2	50%	62	62	78	78
3	100%	46	46	41	41
4	350%	14	14	13	15
5	1 250%	37	37	47	47
Total rated counterparty exposure		7 202	4 755	7 207	5 620

Investec Limited

The capital requirement disclosed as held against credit risk as at 30 September 2011 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 Sept 2011		31 March 2011	
Credit quality step	Risk weight	Exposure R'mn	Exposure after credit risk mitigation R'mn	Exposure R'mn	Exposure after credit risk mitigation R'mn
Central banks and sovereigns					
1	0%	40 715	40 715	35 074	35 074
2	20%	–	–	–	–
3	50%	17	17	46	46
4	100%	–	–	–	–
5	100%	–	–	–	–
6	150%	–	–	–	–
Institutions original effective maturity of more than three months					
1	20%	1 632	1 558	2 993	2 993
2	50%	14 286	10 440	9 088	9 088
3	50%	7 924	7 815	6 540	6 384
4	100%	–	–	–	–
5	100%	–	–	–	–
6	150%	–	–	–	–
Short term claims on institutions					
1	20%	3 747	3 747	1 375	1 375
2	20%	3 199	3 199	743	743
3	20%	3 783	3 669	2 038	783
4	50%	–	–	–	–
5	50%	–	–	–	–
6	150%	–	–	–	–
Corporates					
1	20%	750	505	188	188
2	50%	191	106	57	57
3	100%	106	106	330	262
4	100%	123	123	116	116
5	150%	–	–	–	–
6	150%	–	–	55	55
Securitisation positions					
1	20%	1 735	1 735	2 017	2 017
2	50%	1 929	1 929	1 963	1 963
3	100%	993	993	1 150	1 150
4	350%	338	338	600	600
5	1 250%	556	556	583	583
Total rated counterparty exposure		82 024	77 551	64 956	63 477

04 Divisional and segmental review

Divisional review

Group operating structure

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

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

Asset Management and Wealth Management		**Specialist Bank**			
Asset Management	Wealth & Investment	Property Activities	Private Banking	Investment Banking	Capital Markets
• 4Factor equities • Contrarian • South African equities • Frontier • Commodities and resources • Fixed income and currency • Multi-asset	• Portfolio management • Stockbroking • Alternative investments • Investment advisory services • Electronic trading services • Retirement portfolios	• Fund management • Listed funds • Trading and development	• Banking activities • Growth and acquisition finance • Specialised lending • Structured property finance • Trust and fiduciary services	• Corporate finance • Institutional research, sales and trading • Principal investments	• Specialised lending • Structured derivatives • Securitisation and principal finance • Specialist funds
• Africa • Australia • Asia • Cross border (Europe, Japan, Latin America, Middle East) • USA • UK	• Southern Africa • UK and Europe	• Australia • Southern Africa • UK and Europe	• Australia • Southern Africa • UK and Europe	• Australia • Hong Kong • India • Southern Africa • UK and Europe • USA	• Australia • Canada • India • Southern Africa • UK and Europe

Group Services and Other Activities

Central Services | Central Funding | International Trade Finance

Integrated global management structure

Global roles

Chief executive officer – Stephen Koseff
Managing director – Bernard Kantor

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

Geographical business leaders

South Africa
Andy Leith, Glynn Burger, David Lawrence

United Kingdom
Steven Heilbron and David van der Walt

Australia
David Clarke

Specialist Bank

Property Activities
Sam Hackner

Private Banking
Steven Heilbron

Investment Banking
Andy Leith

Capital Markets
David van der Walt

Wealth & Investment Steve Elliott

Asset Management Hendrik du Toit

Support structures

Banking and institutions David Lawrence

Chief integrating officer Allen Zimbler

Corporate governance and compliance
Bradley Tapnack

Finance, IT and operations
Rayanne Jacobson

Marketing Raymond van Niekerk

Risk management Ciaran Whelan

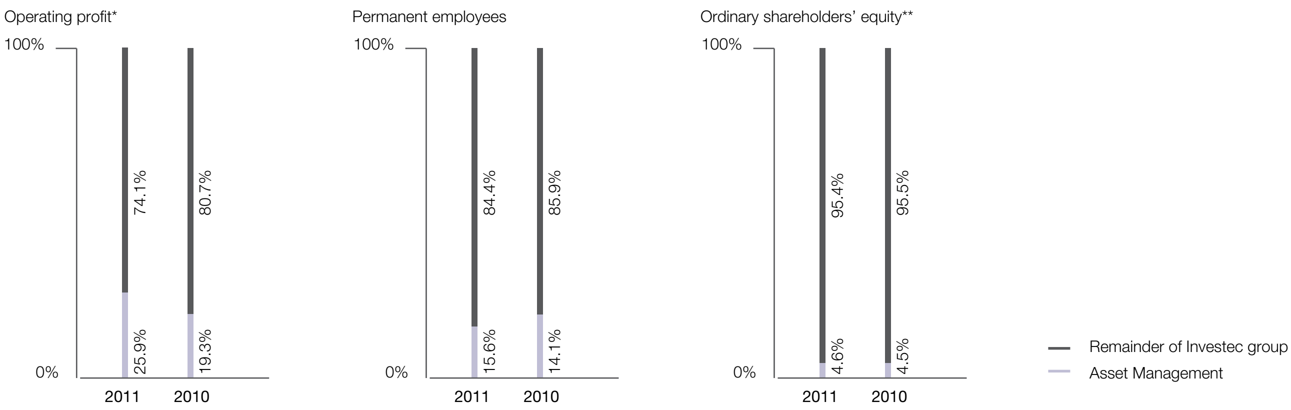
Share schemes and secretarial
Les Penfold

Asset Management

Overview and financial analysis

- Operating profit increased by 34.1% to £65.6 million, contributing 25.9% to group profit
- Notwithstanding net inflows of £2.2 billion, assets under management have decreased 9.7% since 31 March 2011 to £53.1 billion as a result of market and currency volatility.

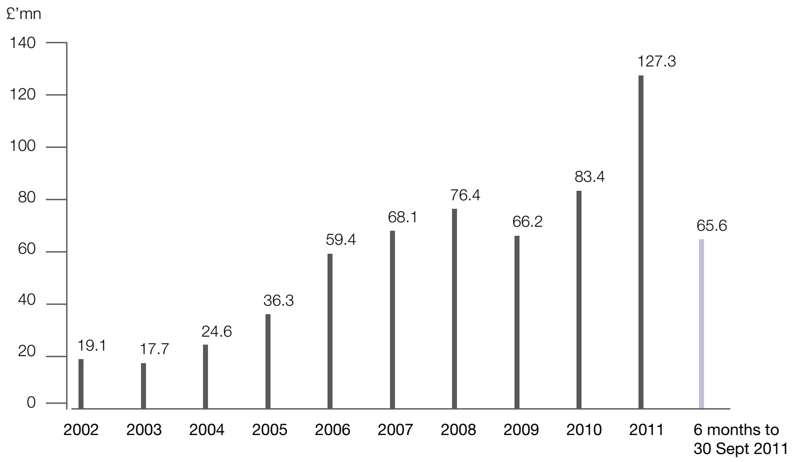
Contribution analysis



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

** *As calculated on page 41.*

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, non-operating items, taxation and after non-controlling interests. Prior to 2008 amounts have not been adjusted for non-controlling interests.*

Income statement analysis

£'000	30 Sept 2011	30 Sept 2010	Variance	% change
Net interest income	2 784	874	1 910	>100.0%
Net fee and commission income	183 181	142 600	40 581	28.5%
Other income	701	277	424	>100.0%
Total operating income	186 666	143 751	42 915	29.9%
Impairment losses on loans and advances	–	29	(29)	–
Operating costs	(120 862)	(94 703)	(26 159)	27.6%
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	**65 804**	**49 077**	**16 727**	**34.1%**
Earnings attributable to non-controlling interests	(226)	(164)	(62)	37.8%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	**65 578**	**48 913**	**16 665**	**34.1%**
UK and international	28 401	18 867	9 534	50.5%
Southern Africa	37 177	30 046	7 131	23.7%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	**65 578**	**48 913**	**16 665**	**34.1%**
Ordinary shareholders' equity*	143 011	138 367	4 644	3.4%
ROE (pre-tax)*	81.7%	59.7%		
Return on tangible equity (pre-tax)*	285.9%	278.2%		
Cost to income ratio	64.7%	65.9%		
Operating profit per employee (£'000)*	58.8	49.5	9.3	18.8%

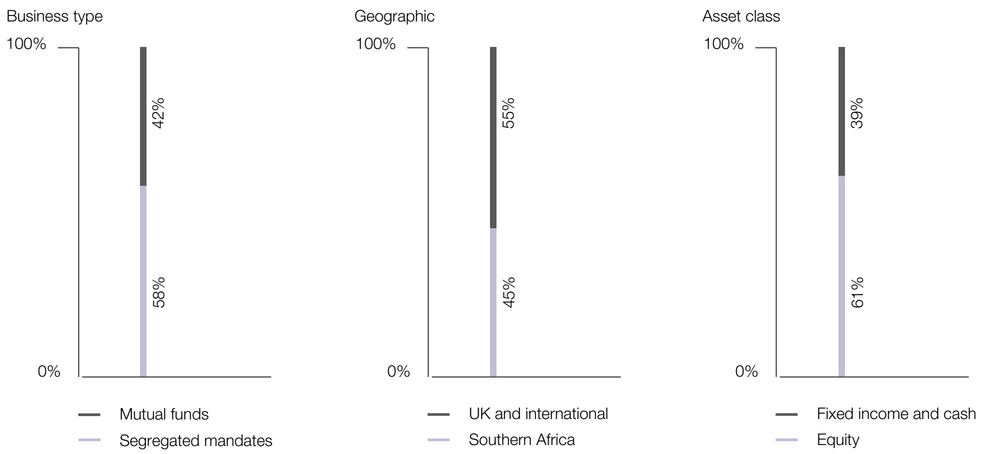
* *As calculated on pages 41 and 43.*

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

- Operating profit increased by 34.1% to £65.6 million
- The increase in profitability is due to higher average assets under management, positive net flows and increased performance fees
- Performance fee revenue increased to £15.6 million (2010: £10.5 million).

Analysis of key earnings drivers (assets under management)

Assets under management*



* *Managed basis.*

Asset Management (continued)

Movement in assets under management

	£'million			R'million
	Total	UK and international	Southern Africa	Southern Africa
31 March 2011	58 802	30 765	28 037	305 043
Net flows	2 200	2 205	(5)	(45)
Market/FX movement	(7 929)	(3 799)	(4 130)	(3 355)
30 September 2011	53 073	29 171	23 902	301 643
Segregated mandates	30 760	15 140	15 620	197 124
Mutual funds	22 313	14 031	8 282	104 519

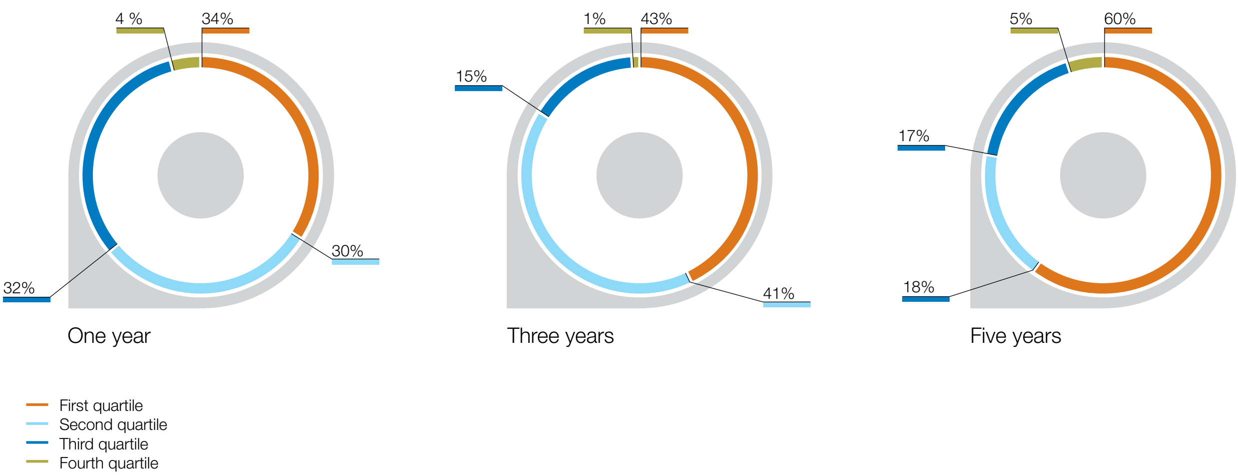
Developments

- Broadened geographic spread
- Focus on larger institutional accounts is paying off
- Assets under management at £53.1 billion, a similar level to November/December 2010
- Net inflows of £2.2 billion for the first half but market volatility may impact second half
- Investment performance remains competitive:
  - On a capability weighted basis, segregated mandate capabilities have all outperformed their benchmarks since either inception or GIPS (Global Investment Performance Standards) inception
  - 84% by value and 70% by number of mutual funds are first and second quartile over three years
  - 78% by value and 69% by number of mutual funds are first and second quartile over five years
- We have a stable and experienced team strengthened by additional new hires.

Investment performance

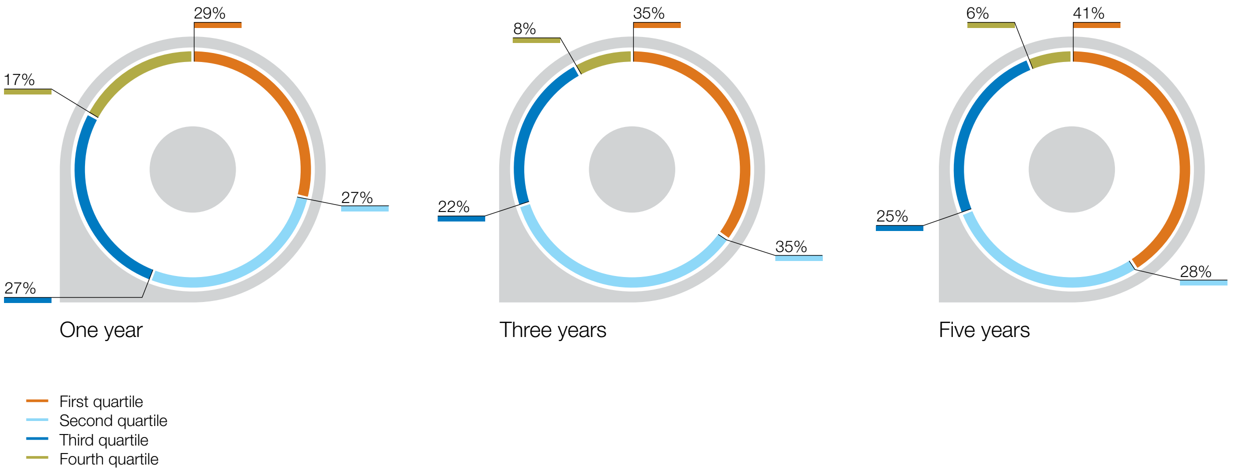
Mutual fund investment performance

By value of funds



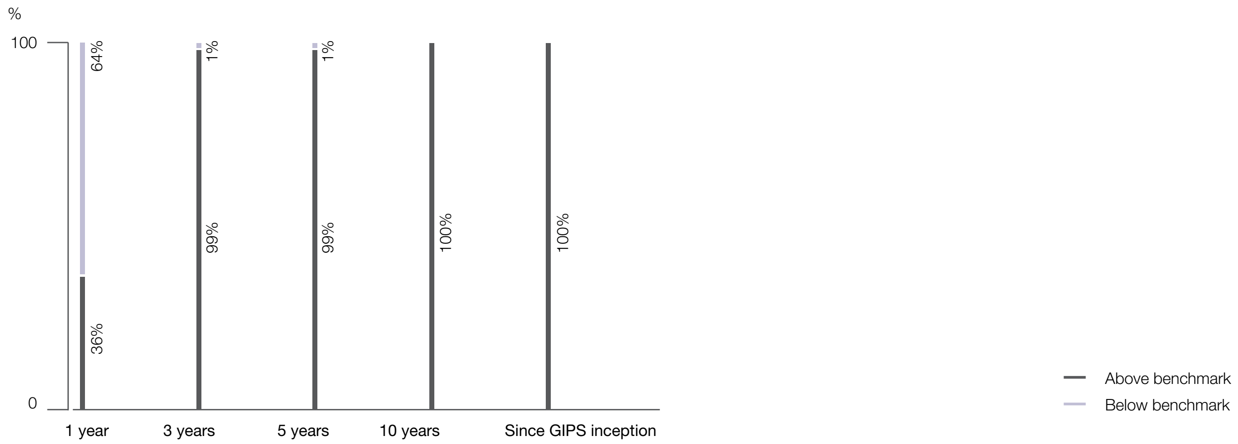
Calculated from Lipper and Morningstar data.
Excludes cash, cash plus and liquidity funds.

By number of funds



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

Investment performance of segregated mandates



Calculated by Investec Asset Management from StatPro composites, capability weighted.

Outlook

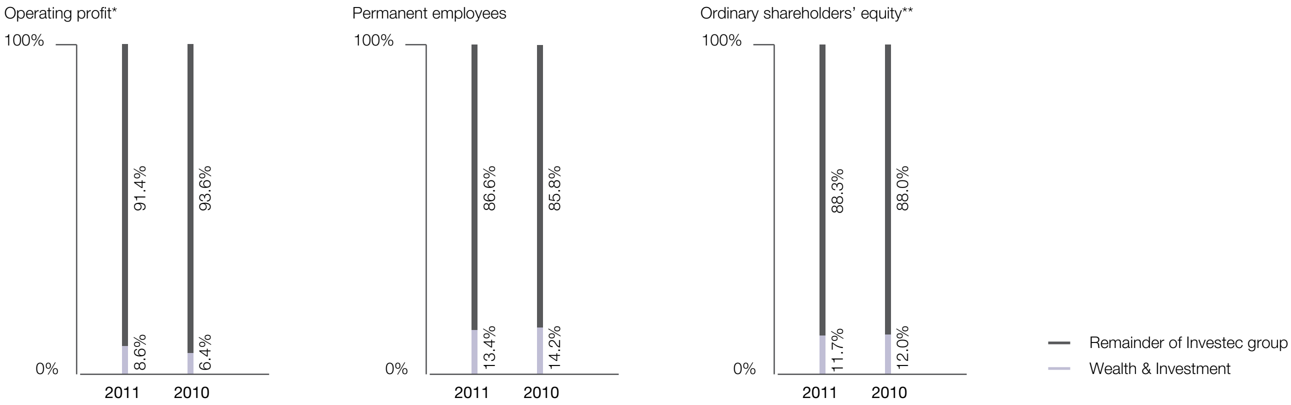
- The risks for our business include market levels, key staff retention, reputational risk and investment performance
- Momentum is positive and the business is benefiting from sustained performance over many years, albeit revenues will be under pressure in the second six months as a consequence of market corrections
- Weak markets will affect our revenues for the immediate future, but we will continue to invest in our portfolio of investment capabilities, which is well positioned to serve current and future investor demand.

Wealth & Investment

Overview and financial analysis

- Operating profit increased by 33.3% to £21.8 million, contributing 8.6% to group profit
- Since 31 March 2011, private client funds under management decreased 10.5% from £29.4 billion to £26.3 billion as a result of market and currency volatility. Net inflows of approximately £800 were million recorded.

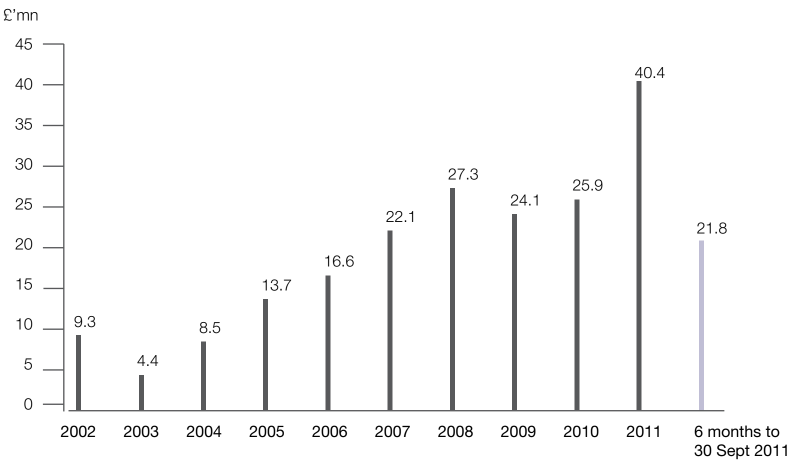
Contribution analysis



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

** *As calculated on page 41.*

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, non-operating items, taxation and after non-controlling interests. Prior to 2008 amounts have not been adjusted for non-controlling interests.*

Income statement analysis

£'000	30 Sept 2011	30 Sept 2010	Variance	% change
Net interest income	4 877	2 597	2 280	87.8%
Net fee and commission income	88 296	53 963	34 333	63.6%
Principal transactions	(3 629)	1 896	(5 525)	(>100.0%)
Other operating income and operating income from associates	229	2 376	(2 147)	(90.4%)
Total operating income	89 773	60 832	28 941	47.6%
Operating costs	(67 985)	(44 490)	(23 495)	52.8%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	**21 788**	**16 342**	**5 446**	**33.3%**
UK and Europe	13 217	8 996	4 221	46.9%
Southern Africa	8 571	7 346	1 225	16.7%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	**21 788**	**16 342**	**5 446**	**33.3%**
Ordinary shareholders' equity*	367 090	369 056	(1 966)	(0.5%)
ROE (pre-tax)*	9.9%	14.0%		
Return on tangible equity (pre-tax)*	56.4%	85.4%		
Cost to income ratio	75.7%	73.1%		
Operating profit per employee (£'000)*	22.2	23.6	(1.4)	(5.9%)

* *As calculated on pages 41 and 43.*

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

- The South African business has benefited from higher average assets under management
- The UK results have been positively impacted by the acquisition of Rensburg Sheppards plc which became effective on 25 June 2010. Prior to this date Investec's 47.1% interest in Rensburg Sheppards plc was accounted for as an associate. In addition, the UK Private Bank Wealth Management business became part of the Wealth & Investment division with effect from 1 July 2010.

Further analysis of operating income

UK and Europe

Investec Wealth & Investment Limited (formerly Rensburg Sheppards plc)

£'000	6 months to 30 Sept 2011	For illustrative purposes: 6 months to 30 Sept 2010^
Net interest income	3 010	2 432
Net fee and commission income	51 672	53 146
– Annuity fees	38 506	38 594
Trail commission	2 650	2 700
Fees earned on funds under management	33 574	33 944
Other**	2 282	1 950
– Deal/non-recurring fees	13 166	14 552
Dealing commission	11 818	12 804
Other***	1 348	1 748
Total operating income	54 682	55 578

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

*** *Comprises financial planning transaction based income and administration/other miscellaneous income.*

^ *Rensburg Sheppards plc became a wholly-owned subsidiary of the Investec group on 25 June 2010. Prior to this date, Rensburg Sheppards plc was accounted for as an associate. Disclosure reflects the full year results of the Rensburg Sheppards plc business for the six months to 30 September 2010 as if it were a standalone group. On 18 January 2011 the group sold Rensburg Fund Management Limited (RFM).*

Southern Africa

£'000	6 months to 30 Sept 2011	6 months to 30 Sept 2010
Net interest income	732	933
Net fee and commission income	27 354	24 978
– Annuity fees	26 484	23 767
Trail commission	3 866	3 965
Fees earned on funds under management	19 405	16 865
Other^	3 213	2 937
– Deal/non-recurring fees	870	1 211
Other#	870	1 211
Other income*	390	137
Total operating income	28 476	26 048

^ *Mainly comprises JSET, admin and other miscellaneous fees.*
# *Mainly brokerage fees.*
* *Mainly comprises income from specialised securities.*

Analysis of key earnings drivers (total funds under management)

	£'million			£'million		
	30 Sept 2011	31 March 2011	% change	30 Sept 2010	31 March 2010	% change
UK, Europe and Other	14 068	14 852	(5.3%)	14 795	15 086	(1.9%)
Discretionary	8 924	9 571	(6.8%)	8 818	8 517	3.5%
Non-discretionary and other	5 144	5 281	(2.6%)	5 977	6 569	(9.0%)
Southern Africa	12 276	14 596	(15.9%)	12 896	12 052	7.0%
Discretionary	1 880	2 076	(9.4%)	1 892	1 776	6.5%
Non-discretionary	10 396	12 520	(17.0%)	11 004	10 276	7.1%
Total	26 344	29 448	(10.5%)	27 691	27 138	2.0%

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

	£'million			£'million		
Funds under management as at	30 Sept 2011	31 March 2011	% change	30 Sept 2010	31 March 2010	% change
Investec Wealth & Investment Limited (formerly Rensburg Sheppards)	11 750	12 735	(7.7%)	12 791	12 899	(0.8%)
Discretionary	8 924	9 571	(6.8%)	8 818	8 517	3.5%
Non-discretionary	2 826	3 164	(10.7%)	3 077	3 082	(0.2%)
Other^^	–	–	–	896	1 300	(31.1%)
UK, Europe and Other**	2 318	2 117	9.5%	2 004	2 187	(8.4%)
Total	14 068	14 852	(5.3%)	14 795	15 086	(1.9%)

^^ *Reflects funds under management relating to RFM. RFM was sold on 18 January 2011.*
** *Now incorporates funds under advice as previously reported within the Private Bank. Historic numbers have been restated accordingly.*

Further analysis of Investec Wealth & Investment Limited (formerly Rensburg Sheppards)

	30 Sept 2011	31 March 2011	% change	30 Sept 2010	31 March 2010	% change
Funds under management (£'billion)	11.75	12.74	(7.7%)	11.89	11.60	2.5%
FTSE/APCIMS Private Investors Balanced Index (at period end)	2 735	2 985	(8.4%)	2 843	2 862	(0.6%)
Annualised underlying rate of net organic growth in total funds under management*	3.3%	4.2%	–	4.7%	6.0%	–
% of total funds managed on a discretionary basis	75.9%	75.2%	–	74.1%	73.4%	–

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

	£'billion		£'billion	
Analysis of funds under management	30 Sept 2011	31 March 2011	30 Sept 2010	31 March 2010
At the beginning of the period	12.74	11.60	11.60	8.93
Inflows	0.49	1.08	0.54	1.06
Inflows – acquired	–	–	–	0.05
Outflows	(0.28)	(0.59)	(0.28)	(0.52)
Outflows – exceptional	–	–	–	(0.58)
Market adjustment^	(1.20)	0.65	0.03	2.66
At the end of the period	11.75	12.74	11.89	11.60

^ *Impact of market movement and relative performance.*

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

	R'million			£'million		
Funds under management as at	30 Sept 2011	31 March 2011	% change	30 Sept 2011	31 March 2011	% change
Discretionary	23 724	22 585	5.0%	1 880	2 076	(9.4%)
Non-discretionary**	131 202	136 216	(3.7%)	10 396	12 520	(17.0%)
Total	154 926	158 801	(2.4%)	12 276	14 596	(15.9%)

	R'million	
Net inflows at cost over the period	30 Sept 2011	31 March 2011
Discretionary	1 977	1 182
Non-discretionary	4 862	11 544
Total	6 839	12 726

	R'million			£'million		
Funds under management as at	30 Sept 2010	31 March 2010	% change	30 Sept 2010	31 March 2010	% change
Discretionary	20 811	19 726	5.5%	1 892	1 776	6.5%
Non-discretionary**	121 045	114 168	6.0%	11 004	10 276	7.1%
Total	141 856	133 894	5.9%	12 896	12 052	7.0%

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

Wealth & Investment (continued)

Net inflows/(outflows) at cost over the period	R'million 30 Sept 2010	R'million 31 March 2010
Discretionary	619	537
Non-discretionary	6 989	(999)
Total	7 608	(462)

Developments

UK and Europe

- The UK business, formerly known as Rensburg Sheppards, was successfully rebranded Investec Wealth & Investment on 31 May 2011. The advantages of raising the profile of the business under the Investec brand are already becoming apparent
- Equity markets remained relatively settled during the first four months of the financial year. However, continuing fears over world economic performance, sovereign debt and the Eurozone crisis culminated in sharp falls in key equity indices during early August 2011, followed by a period of considerable volatility, which has continued into the second half of the 2012 financial year. The FTSE 100 index closed on 30 September 2011 more than 13% lower than it had begun the financial year on 1 April 2011. The level of the equity markets is a key factor influencing the value of client portfolios, which in turn determines the level of annuity investment management fees
- On 9 September 2011 it was announced that agreement had been reached on the terms of a recommended offer under which Investec will acquire the entire issued ordinary share capital of Evolution Group plc. One of the two principal divisions of Evolution Group plc is Williams de Broë, one of the UK's leading private client investment managers which provides a range of discretionary and advisory investment management services and had assets under management of approximately £6.0 billion as at 30 June 2011. In October 2011, Williams de Broë acquired BNP Paribas Private Investment Management Limited, which as at 30 June 2011 had assets under management of approximately £1.8 billion. The transaction is still subject to regulatory approval.

Southern Africa

- The integration of the Private Bank Wealth Management business following last year's merger has essentially been completed
- There were some notable acknowledgments for Investec Wealth & Investment during the period under review, namely:
  - The business was awarded first place by its industry peers in the 2011 PricewaterhouseCoopers survey
  - Investec Wealth & Investment received top ranking by Business Day/Investor Monthly in its 2011 Stockbroker Awards for "Best Stockbroker for Sophisticated Investors". This was for the second year running.

Outlook

UK and Europe

- Completion of the acquisition of Evolution Group plc, which is subject to regulatory approval, will significantly strengthen the UK Wealth & Investment business. The existing UK business has a proven and scalable settlement and support capability and we intend to achieve operational synergies as a result of the integration process
- Equity markets remain volatile and sensitive to continuing economic uncertainty. Future business performance will be influenced principally by the prevailing level of equity market indices and investor confidence. Transaction volumes may be adversely affected if continuing short term volatility impairs investment activity
- The implications for the UK industry of the implementation of the Retail Distribution Review (RDR) are still emerging and we continue to monitor progress in order to ensure our own compliance and to identify opportunities that may arise within the industry as a result of the impact of the review
- We are continuing to progress a number of strategic initiatives to build on opportunities both within the group and in the national and international marketplace.

Southern Africa

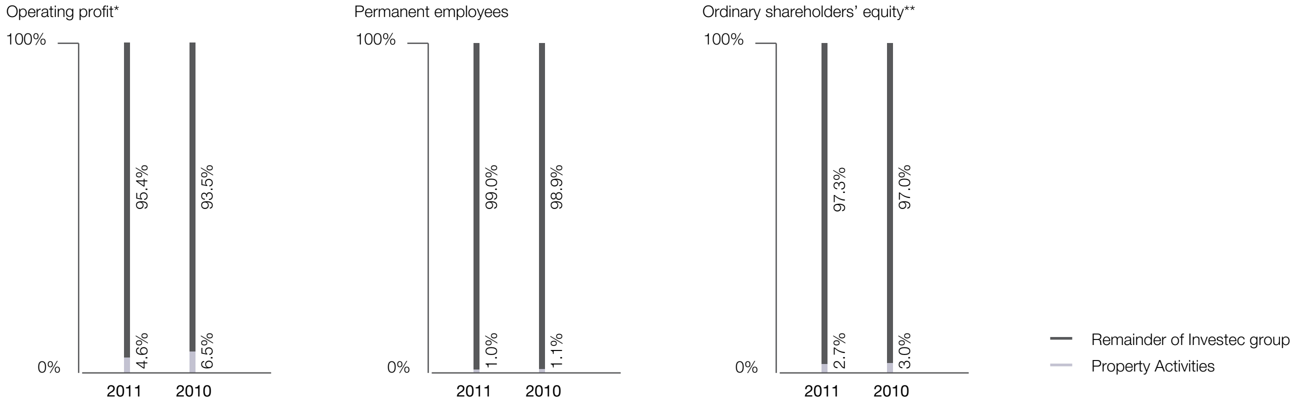
- The first six months of the financial year have been characterised by particularly volatile markets which have further impaired investors' tolerance for risk. The absence of definable market trends given ongoing global financial and economic uncertainty has impacted turnover across the board. Speculative trading activity by our clients has been worst affected, which causes us to be cautious in our outlook for the non-discretionary stockbroking business in the near term
- The investment management business, which incorporates wealth management and discretionary portfolio management activities, is expected to steadily increase its annuity fee paying assets as we roll-out new products and mandates in this space
- Cost containment remains a key consideration for management as we move into the second part of the financial year. A number of strategic IT development and systems projects are expected to be delivered before year end which is expected to result in meaningful operational efficiencies
- The progressive roll-out of our comprehensive international investment services platform in conjunction with Investec Wealth & Investment UK, marks a new phase in our future growth strategy. We are well positioned to capitalise on future developments in this regard and to be able to offer clients a seamless investment management service internationally.

Property Activities

Overview and financial analysis

- Operating profit decreased by 28.8% to £11.7 million, contributing 4.6% to group profit.

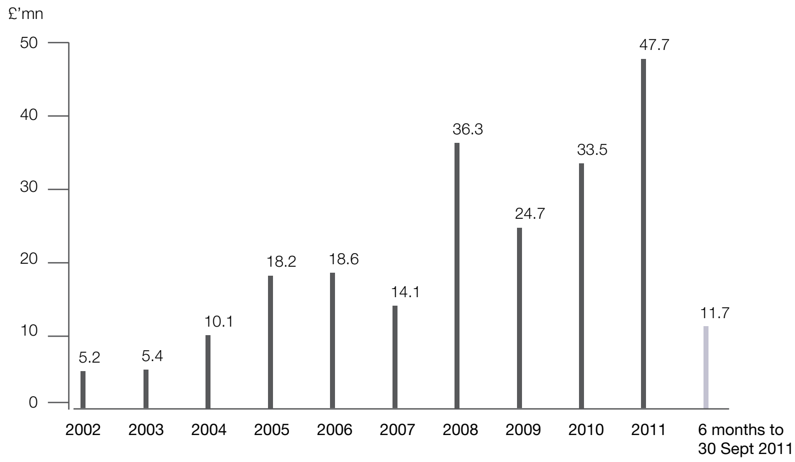
Contribution analysis



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

** *As calculated on page 41.*

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, non-operating items, taxation and after non-controlling interests. Prior to 2008 amounts have not been adjusted for non-controlling interests.*

Income statement analysis

£'000	30 Sept 2011	30 Sept 2010	Variance	% change
Net interest income	793	(3 887)	4 680	>100.0%
Net fee and commission income	8 076	10 974	(2 898)	(26.4%)
Other income	11 815	18 576	(6 761)	(36.4%)
Total operating income	20 684	25 663	(4 979)	(19.4%)
Operating costs	(8 996)	(9 255)	259	(2.8%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	11 688	16 408	(4 720)	(28.8%)
UK and Europe	(20)	(443)	423	95.5%
Southern Africa	10 453	14 540	(4 087)	(28.1%)
Australia	1 255	2 311	(1 056)	(45.7%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	11 688	16 408	(4 720)	(28.8%)
Ordinary shareholders' equity*	84 847	91 860	(7 013)	(7.6%)
ROE (pre-tax)*	13.5%	25.5%		
Return on tangible equity (pre-tax)*	13.5%	25.6%		
Cost to income ratio	43.5%	36.1%		
Operating profit per employee (£'000)*	149.8	207.7	(57.9)	(27.9%)

* *As calculated on pages 41 and 43.*

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

- In South Africa, the revaluation of investment properties net of funding costs amounted to R82.4 million (2010: R142.5 million). In addition, the business sold a number of its assets into Investec Property Fund Limited, which listed on the JSE in April 2011.

Analysis of key earnings drivers (funds under management)

Total funds under management as at	£'million			Home currency 'million		
	30 Sept 2011	31 March 2011	% change	30 Sept 2011	31 March 2011	% change
UK and Europe	60	80	(25.0%)	£60	£80	(25.0%)
South Africa	135	46	>100.0%	R1 708	R503	>100.0%
Australia	167	166	0.6%	A$267	A$258	3.5%
	362	292	24.0%			

Total funds under management as at	£'million			Home currency 'million		
	30 Sept 2010	31 March 2010	% change	30 Sept 2010	31 March 2010	% change
UK and Europe	63	73	(13.7%)	£63	£73	(13.7%)
South Africa	47	61	(23.0%)	R518	R677	(23.5%)
Australia	152	127^	19.7%	A$248	A$211^	17.5%
	262	261	0.4%			

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

Property Activities (continued)

Developments

UK and Europe

- We continue to be joint managers with GLL for the Investec GLL Global Special Opportunities Real Estate fund with an investment capacity of €375 million.

Southern Africa

- Investec Property Fund Limited was successfully listed on the JSE in April 2011. It is a diversified property fund valued at R1.7 billion comprising former Investec group owned assets
- The fund is attracting solid investment opportunities which are being investigated
- The development business has successfully procured a number of development and re-development projects for major clients
- Notwithstanding the tight financial markets, enquiries for significant property projects are being quoted for and will hopefully lead to development opportunities in the medium term.

Australia

- Our investment funds continue to perform well and are anticipated to provide good returns for investors
- The portfolio of distressed loans that we acquired is performing well, with one of the properties having been realised at a profit. We aim to realise the remainder over the medium term with strong returns anticipated.

Outlook

The global market remains volatile; the business however, believes that this provides opportunities to acquire investment and development opportunities at attractive prices.

Southern Africa

- The business outlook for the next six months remains cautious; we are however, experiencing interest from retailers and industrialists and have had a number of positive enquiries which we are in the process of evaluating. We are also fortunate to have direct holdings that will enable us to entertain new developments
- Our development teams are well established and well respected in the market and we have signed a number of development projects that will be commencing in the next few months.

Australia

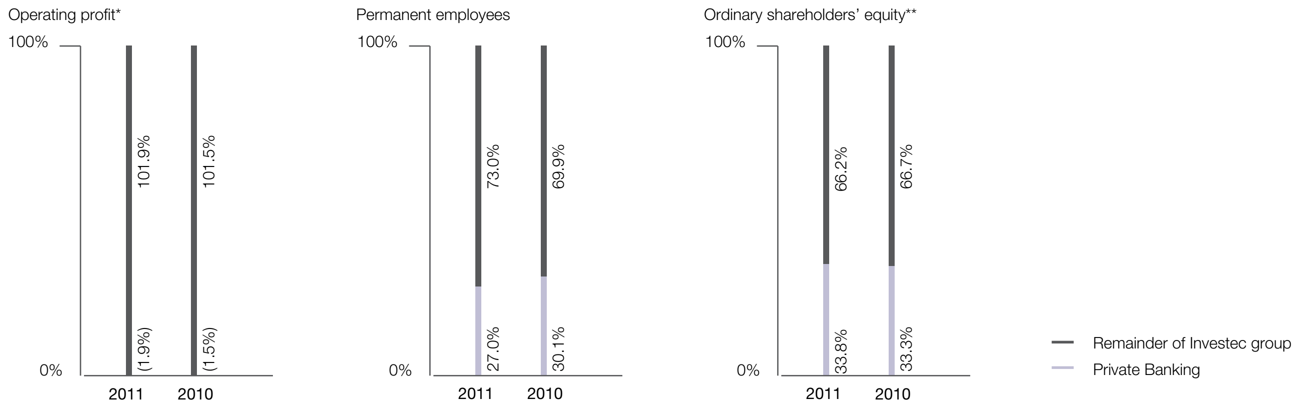
- Our medium-term focus is to fully invest the Investec Property Opportunity fund 2 (IPOF2) and maximise the value of the current portfolio
- Thereafter we will continue to source and manage value adding property opportunities for both the balance sheet and investors while actively managing our existing portfolio.

Private Banking

Overview and financial analysis

- Private Banking reported a loss of £4.9 million (2010: loss of £3.9 million). If one excludes the property development portfolio which is being run-off in Australia and Ireland, the Private Bank made a profit of £37.1 million (2010: £29.9 million)
- Key earnings drivers:
  - Core loans and advances decreased by 6.0% to £12.5 billion since 31 March 2011
  - The deposit book decreased by 3.8% to £12.0 billion since 31 March 2011.

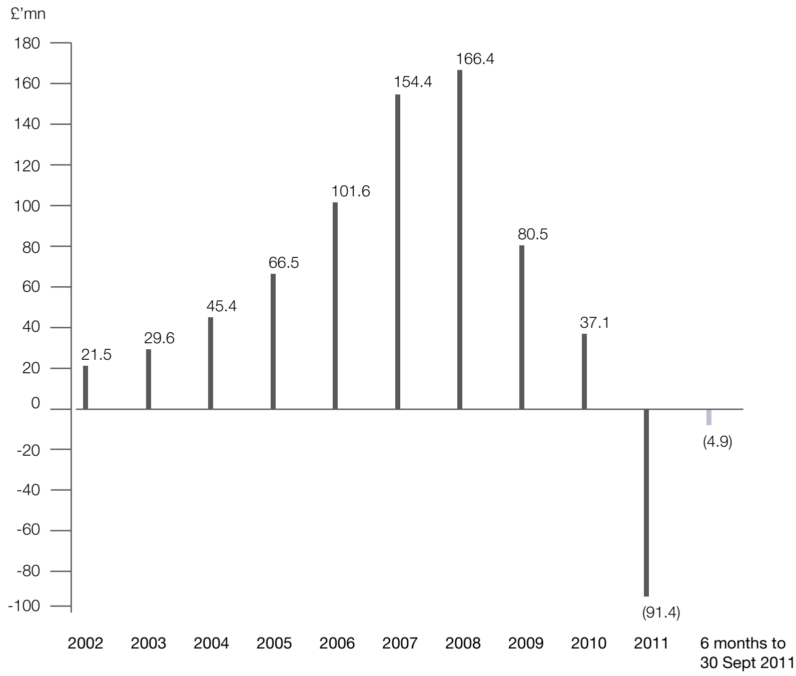
Contribution analysis



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

** *As calculated on page 41.*

Operating profit/(loss)^ – track record



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Income statement analysis

£'000	30 Sept 2011	30 Sept 2010	Variance	% change
Net interest income	169 060	152 200	16 860	11.1%
Net fee and commission income	31 262	30 445	817	2.7%
Principal transactions	4 853	11 549	(6 696)	(58.0%)
Other operating income and operating income from associates	35	172	(137)	(79.7%)
Total operating income	205 210	194 366	10 844	5.6%
Impairment losses on loans and advances	(90 528)	(72 262)	(18 266)	25.3%
Operating costs	(119 584)	(125 983)	6 399	(5.1%)
Operating loss before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	(4 902)	(3 879)	(1 023)	(26.4%)
UK and Europe**	3 779	(12 486)	16 265	>100.0%
Southern Africa	14 701	14 150	551	3.9%
Australia**	(23 382)	(5 543)	(17 839)	(>100.0%)
Operating loss before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	(4 902)	(3 879)	(1 023)	(26.4%)
Ordinary shareholders' equity*	1 056 830	1 023 696	33 134	3.2%
ROE (pre-tax)*	(1.7%)	(0.5%)		
Return on tangible equity (pre-tax)*	(1.8%)	(0.5%)		
Cost to income ratio	58.3%	64.8%		
Operating loss per employee (£'000)*	(2.4)	(1.8)	(0.6)	(33.3%)

* *As calculated on pages 41 and 43.*

** *Refer to further analysis below, which reflects the impact of the property development books in Ireland and Australia which are being run-off. We have ceased lending in these businesses.*

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

- The increase in net interest income is mainly due to reduced funding costs in South Africa and growth in the loan portfolio in South Africa. Net interest income in the UK business was largely in line with the prior period
- Net fee and commission income have benefited from a good performance in the transactional banking businesses. This has been partially offset by lower relative lending activity levels, the closure of the trust office in Guernsey and the successful migration of the Private Bank Wealth Management business to the Investec Wealth & Investment pillar
- Principal transactions include the revaluations and realisations of equity and warrant positions held. The decrease in principal transactions reflects lower relative activity levels and the decrease in the value of equity held, largely in the South African business
- Impairment losses on loans and advances on the property development book which is being run-off, have increased substantially in Australia given the deterioration in the economic outlook in the region. Impairments in the South African business have increased over the comparative period, although they are significantly lower than that reported in the second half of the 2011 financial year. Impairments in the UK and European business have declined over the period. Refer to page 34 for further commentary on the group's view on impairments
- The decrease in expenses was mainly driven by reduced variable remuneration and a drop in the average headcount in the UK business in relation to the migration of the Private Bank Wealth Management business to the new Investec Wealth & Investment pillar and the closure of the trust office in Guernsey.

Further analysis of operating profit/(loss)

30 Sept 2011 £'000	UK and Europe	Southern Africa	Australia	Total
Core Private Bank	9 163	14 701	13 258	37 122
Property development portfolio being run-off^	(5 384)	–	(36 640)	(42 024)
Operating profit/(loss)	3 779	14 701	(23 382)	(4 902)

30 Sept 2010 £'000	UK and Europe	Southern Africa	Australia	Total
Core Private Bank	9 536	14 150	6 177	29 863
Property development portfolio being run-off^	(22 022)	–	(11 720)	(33 742)
Operating profit/(loss)	(12 486)	14 150	(5 543)	(3 879)

^ *Residual property development loan portfolios in Ireland and Australia which have been ring-fenced for collection and recovery and are being run-off.*

For the six months ended £'000	Private Bank core business 30 Sept 2011	Private Bank core business 30 Sept 2010	Property development portfolio being run-off* 30 Sept 2011	Property development portfolio being run-off* 30 Sept 2010	Total Private Bank 30 Sept 2011	Total Private Bank 30 Sept 2010
Net interest income	173 264	150 131	(4 204)	2 069	169 060	152 200
Other income	36 150	42 166	–	–	36 150	42 166
Total operating income	209 414	192 297	(4 204)	2 069	205 210	194 366
Impairment losses on loans and advances	(54 442)	(39 627)	(36 086)	(32 635)	(90 528)	(72 262)
Operating costs	(117 850)	(122 807)	(1 734)	(3 176)	(119 584)	(125 983)
Operating profit/(loss)	37 122	29 863	(42 024)	(33 742)	(4 902)	(3 879)

* *Residual property development loan portfolios in Ireland and Australia which have been ring-fenced for collection and recovery and are being run-off.*

Further analysis of operating income and impairments

	UK and Europe		Southern Africa		Australia		Total	
Operating income £'000	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
Structured Property Finance	35 009	28 640	42 312	41 390	1 598	7 034	78 919	77 064
Growth and Acquisition Finance	8 604	9 320	13 843	15 722	5 935	2 349	28 382	27 391
Specialised Lending	3 356	3 665	5 901	7 555	4	470	9 261	11 690
Banking	13 448	15 693	50 701	39 087	17 321	11 514	81 470	66 294
Wealth Management	–	2 769	–	–	(12)	872	(12)	3 641
Trust and Fiduciary	6 334	7 201	856	961	–	124	7 190	8 286
Total	66 751	67 288	113 613	104 715	24 846	22 363	205 210	194 366

	UK and Europe		Southern Africa		Australia		Total	
Impairment losses on loans and advances £'000	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
Structured Property Finance	(18 255)	(24 579)	(15 004)	(9 423)	(28 514)	(10 327)	(61 773)	(44 329)
Growth and Acquisition Finance	(6 690)	(6 000)	(10 111)	(5 212)	(1 445)	(86)	(18 246)	(11 298)
Specialised Lending	–	267	(96)	(990)	–	(2)	(96)	(725)
Banking	(17)	(2 478)	(9 040)	(12 434)	(1 361)	(1 457)	(10 418)	(16 369)
Wealth Management	–	476	6	–	–	(2)	6	474
Trust and Fiduciary	–	–	(1)	(16)	–	1	(1)	(15)
Total	(24 962)	(32 314)	(34 246)	(28 075)	(31 320)	(11 873)	(90 528)	(72 262)

	UK and Europe		Southern Africa		Australia		Total	
Net operating income £'000	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
Structured Property Finance	16 754	4 061	27 308	31 967	(26 916)	(3 293)	17 146	32 735
Growth and Acquisition Finance	1 914	3 320	3 732	10 510	4 490	2 263	10 136	16 093
Specialised Lending	3 356	3 932	5 805	6 565	4	468	9 165	10 965
Banking	13 431	13 215	41 661	26 653	15 960	10 057	71 052	49 925
Wealth Management	–	3 245	6	–	(12)	870	(6)	4 115
Trust and Fiduciary	6 334	7 201	855	945	–	125	7 189	8 271
Total	41 789	34 974	79 367	76 640	(6 474)	10 490	114 682	122 104

Analysis of key earnings drivers (loans and deposits)

£'million As at	UK and Europe 30 Sept 2011	UK and Europe 31 March 2011	Southern Africa 30 Sept 2011	Southern Africa 31 March 2011	Australia 30 Sept 2011	Australia 31 March 2011	Total 30 Sept 2011	Total 31 March 2011
Residential property	1 517	1 447	2 935	3 346	367	424	4 819	5 217
Residential property investment	587	547	263	325	34	41	884	913
Residential mortgages (owner occupied and second homes)	227	191	2 325	2 548	62	67	2 614	2 806
Residential property development	542	537	102	134	180	218	824	889
Residential estates/land	161	172	245	339	91	98	497	609
Commerical property	1 566	1 538	3 220	3 475	560	609	5 346	5 622
Commercial property investment	1 236	986	2 860	3 061	522	555	4 618	4 602
Commercial property land	225	281	252	288	28	28	505	597
Commercial property development	105	271	108	126	10	26	223	423
Other	537	535	1 276	1 404	840	815	2 653	2 754
Asset backed lending	332	252	367	204	517	530	1 216	986
Unlisted securities and general corporate lending	64	82	321	580	123	117	508	779
Unsecured lending	31	57	107	134	108	66	246	257
Other	110	144	481	486	92	102	683	732
Total gross core loans and advances	3 620	3 520	7 431	8 225	1 767	1 848	12 818	13 593
Specific impairments	(136)	(142)	(89)	(85)	(55)	(26)	(280)	(253)
Portfolio impairments	–	–	(6)	(14)	(1)	(2)	(7)	(16)
	(136)	(142)	(95)	(99)	(56)	(28)	(287)	(269)
Net core loans and advances	3 484	3 378	7 336	8 126	1 711	1 820	12 531	13 324
Asset quality								
Gross defaults	333	331	403	550	259	222	995	1 103
Collateral value	(198)	(291)	(441)	(651)	(208)	(211)	(847)	(1 153)
Impairments	(136)	(142)	(95)	(99)	(56)	(28)	(287)	(269)
Net defaults (limited to zero)	–	–	–	–	–	–	–	–
Gross defaults as a % of gross core loans and advances	9.2%	9.4%	5.4%	6.7%	14.7%	12.0%	7.8%	8.1%
Defaults (net of impairments) as a % of net core loans and advances	5.7%	5.6%	4.2%	5.5%	11.9%	10.7%	5.7%	6.2%
Credit loss ratio	1.4%	3.5%	0.9%	1.2%	3.5%	1.5%	1.4%	1.8%

* *Further information is provided on pages 70 and 71.*

Net core loans and advances as at	£'million 30 Sept 2011	£'million 31 March 2011	£'million % change	Home currency 'million 30 Sept 2011	Home currency 'million 31 March 2011	Home currency 'million % change
UK and Europe	3 484	3 378	3.1%	£3 484	£3 378	3.1%
Southern Africa	7 336	8 126	(9.7%)	R92 595	R 88 374	4.8%
Australia	1 711	1 820	(6.0%)	A$2 744	A$2 825	(2.9%)
	12 531	13 324	(6.0%)			

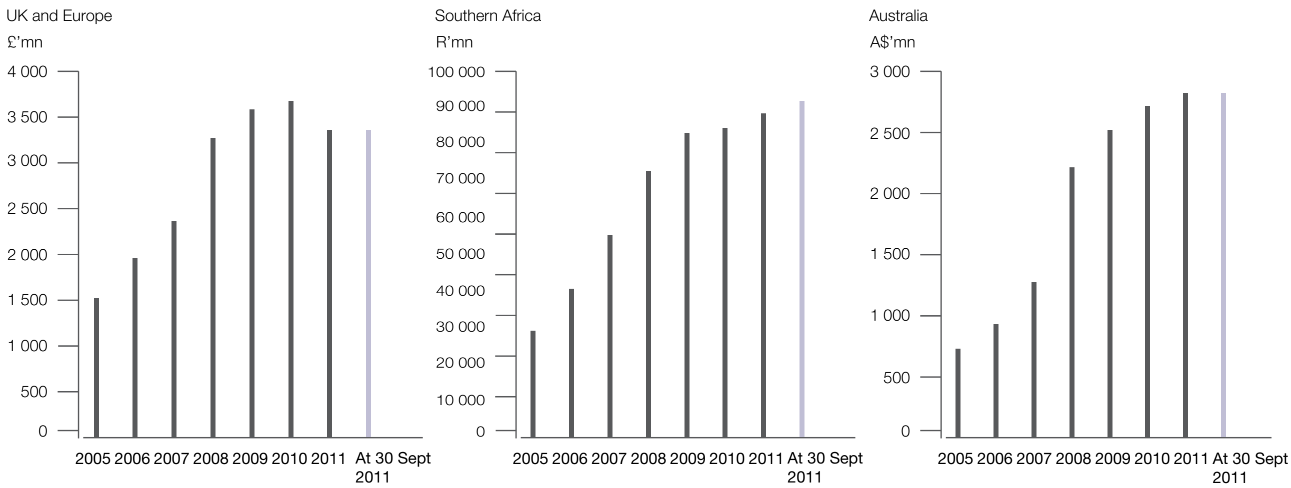
Total deposits as at	£'million 30 Sept 2011	£'million 31 March 2011	£'million % change	Home currency 'million 30 Sept 2011	Home currency 'million 31 March 2011	Home currency 'million % change
UK and Europe	6 063	6 100	(0.6%)	£6 063	£6 100	(0.6%)
Southern Africa	4 749	5 155	(7.9%)	R59 935	R56 081	6.9%
Australia	1 186	1 211	(2.1%)	A$1 898	A$1 877	1.1%
	11 998	12 466	(3.8%)			

Net core loans and advances as at	£'million 30 Sept 2010	£'million 31 March 2010	£'million % change	Home currency 'million 30 Sept 2010	Home currency 'million 31 March 2010	Home currency 'million % change
UK and Europe	3 363	3 585	(6.2%)	£3 363	£3 585	(6.2%)
Southern Africa	7 906	7 698	2.7%	R86 953	R85 500	1.7%
Australia	1 687	1 649	2.3%	A$2 747	A$2 729	0.7%
	12 956	12 932	0.2%			

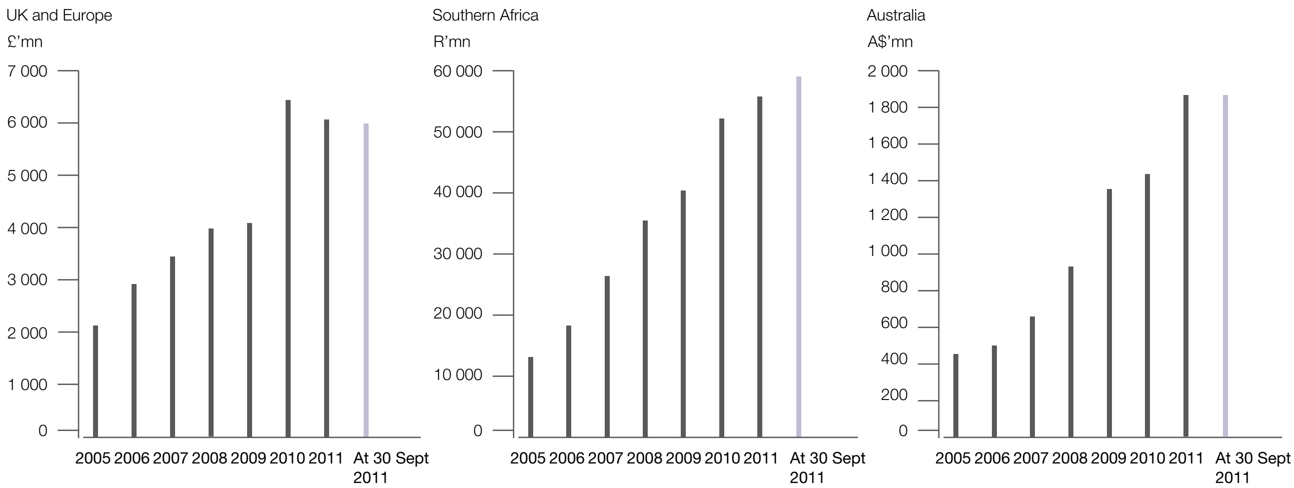
Total deposits as at	£'million 30 Sept 2010	£'million 31 March 2010	£'million % change	Home currency 'million 30 Sept 2010	Home currency 'million 31 March 2010	Home currency 'million % change
UK and Europe	6 127	6 308	(2.9%)	£6 127	£6 308	(2.9%)
Southern Africa	4 902	4 607	6.4%	R53 921	R51 181	5.4%
Australia	1 127	851	32.4%	A$1 837	A$1 413	30.0%
	12 156	11 766	3.3%			

Further analysis of key earnings drivers

Net core loans and advances



Deposits



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

Developments

UK and Europe

- Private Bank UK and Europe can be categorised into three distinct areas: the core banking business, Ireland and the Trust business
- The core banking business has experienced:
  - A further period of improved activity levels in the specialist lending niches
  - A reduction in exposure to the development and planning components of the property portfolio
  - A significant fall in impairments from the second half of the prior year
  - The deposit book has remained broadly flat as the group focused on managing its cost of funds and excess levels of liquidity
  - A tougher regulatory and compliance environment
  - Continued investment in operational infrastructure to support the planned future growth of transactional banking
- The focus in Ireland is to manage the historical loan portfolio, minimising losses and actively managing assets where necessary. Impairments are down materially on both the first and second half of last year. No new business is being written within this geography
- The Trust business is reaping the benefits of last year's strategic review with a significantly reduced headcount and cost base. The emphasis now is new business development.

Southern Africa

- Private Banking activities have been separated into two focus areas, namely high income and high net worth in order to enhance the offering and the commensurate profitability
- This renewed focus on core banking in the high income space is aimed at improving the client experience, increasing our client acquisition and utilisation of our core products
- The raising of retail, private client and SME deposits is an important focus for the business. New products are being developed in an effort to drive growth and the duration of our deposit base
- Lending activity levels have improved significantly compared to the previous year. Due to growth in repayments, overall asset growth was moderate
- The economic environment remains subdued. However, the Private Bank experienced a significant decrease in new defaults and impairments since 31 March 2011
- Costs have been well contained during this period through an ongoing process of realignment of structures and processes.

Australia

- Private Banking activities have four key areas of focus: professional finance, growth and acquisition finance, high net worth property lending and the private client treasury
- The Professional Finance business continues to grow substantially in both the commercial and residential loan books:
  - Margins remain strong with no change in the low level of bad debts
  - Growth is maintained through both increasing the number of consultants and broadening the product base
  - New products launching over the next year will substantially increase the reach of the business into the specialised client base
- The Growth and Acquisition Finance team continues to bank wealthy families and their private companies. A number of structured transactions were closed during the first half of the year and the team exited some equity positions at reasonable levels. The loan book has remained fairly constant during the period
- The High Net Worth Property Lending business continues to reposition itself within the high net worth market:
  - The run-off of the property development loan book continues
  - The group continues to seek new high quality lending transactions within the high net worth space with a strong focus on client and asset quality
- Private Client Treasury continues to grow its deposit book both in terms of size and number of clients. The Treasury has also increased the range of products and services it offers its clients. Most recently the Treasury has added foreign exchange and commodity products.

Outlook

The operating environment in each of our three geographies remains challenging. Despite this, there remains, within our chosen niches, pockets of opportunity.

UK and Europe

The key objectives of the core bank remain broadly consistent with those stated in March 2011. These are to:

- Entrench our positioning with the entrepreneurial class endeavouring to meet both their personal and business banking requirements
- Focus on new business development to facilitate our clients taking advantage of opportunities in the market
- Manage our cost of funds and broaden our funding channels
- Reduce the property concentration in the loan portfolio
- Balance cost containment with investment for the future
- Diversify revenue streams through the development of non-interest income
- Provide a fresh alternative to our selected clients within transactional banking.

Southern Africa

The key objectives for the forthcoming period are:

- Restoration of profitability largely due to improved activity levels in both lending and funding activities and a further anticipated reduction in impairments
- Growing our client base within our key target markets
- Reduce the risk profile through increased focus on lower risk lending activities
- Increase in annuity income through a focus on banking activities and transactional activities
- Diversifying our deposit base
- Balance cost containment with investment for the future
- Continue to align processes and structures to support a client focused business
- Ongoing focus on default deals to ensure actual losses are minimised.

Australia

The key objectives for the forthcoming period are:

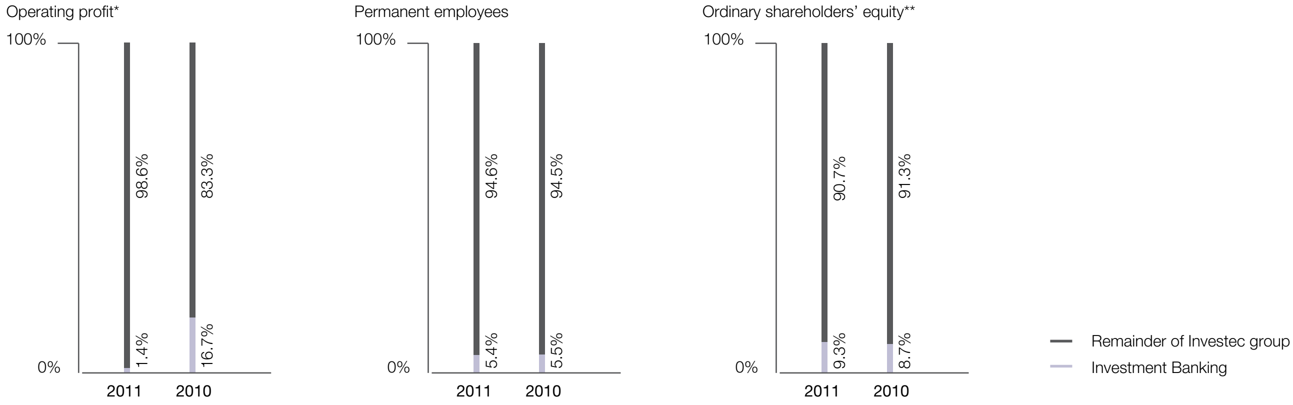
- Continue to grow the Professional Finance business through increased distribution capability and a broader product range
- Build the portfolio of growth and acquisition finance transactions with high net worth individuals and their businesses
- Continue to attract smaller deposits in order to mitigate any impact of the forthcoming changes to the Financial Claims Scheme
- A sharp focus on the back book to identify and manage any deterioration in the quality of the loan portfolio in the current economic situation.

Investment Banking

Overview and financial analysis

- Operating profit decreased by 91.4% to £3.7 million, contributing 1.4% to group profit.

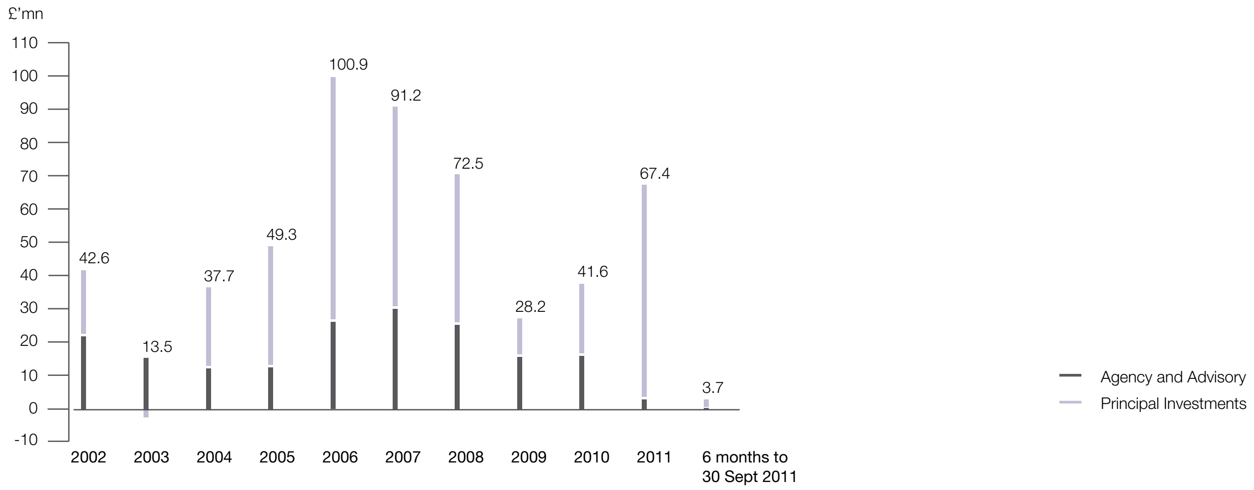
Contribution analysis



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

** *As calculated on page 41.*

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, non-operating items, taxation and after non-controlling interests. Prior to 2008 amounts have not been adjusted for non-controlling interests.*

Income statement analysis

£'000	30 Sept 2011	30 Sept 2010	Variance	% change
Net interest income	9 202	(1 950)	11 152	>100.0%
Net fee and commission income	45 465	40 998	4 467	10.9%
Principal transactions	(3 146)	61 722	(64 868)	(>100.0%)
Other operating income and operating income from associates	397	4 877	(4 480)	(91.9%)
Total operating income	51 918	105 647	(53 729)	(50.9%)
Impairment losses on loans and advances	1 415	218	1 197	>100.0%
Operating costs	(50 426)	(70 924)	20 498	(28.9%)
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	**2 907**	**34 941**	**(32 034)**	**(91.7%)**
Earnings attributable to non-controlling interests	752	7 569	(6 817)	(90.1%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	**3 659**	**42 510**	**(38 851)**	**(91.4%)**
Corporate Finance	8 684	4 595	4 089	89.0%
Institutional Research, Sales and Trading	(8 677)	(1 072)	(7 605)	(>100.0%)
Principal Investments	3 652	38 987	(35 335)	(90.6%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	**3 659**	**42 510**	**(38 851)**	**(91.4%)**
UK, Europe and Other	(2 059)	8 816	(10 875)	(>100.0%)
Southern Africa	7 488	36 845	(29 357)	(79.7%)
Australia	(1 770)	(3 151)	1 381	43.8%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	**3 659**	**42 510**	**(38 851)**	**(91.4%)**
Ordinary shareholders' equity*	290 142	266 541	23 601	8.9%
ROE (pre-tax)*	(3.8%)	26.9%		
Return on tangible equity (pre-tax)*	(4.2%)	32.4%		
Cost to income ratio	97.1%	67.1%		
Operating profit per employee (£'000)*	8.4	112.9	(104.5)	(92.6%)

* *As calculated on pages 41 and 43.*

Investment Banking (continued)

A further analysis of operating profit

30 Sept 2011 £'000	UK, Europe and Other	Southern Africa	Australia	Total
Corporate Finance	4 782	4 804	(902)	8 684
Institutional Research, Sales and Trading	(4 274)	(4 403)	–	(8 677)
Principal Investments (Direct Investments and Private Equity)	(2 567)	7 087	(868)	3 652
	(2 059)	7 488	(868)	3 659
Consolidated investments	–	–	–	–
Total	(2 059)	7 488	(1 770)	3 659

30 Sept 2010 £'000	UK, Europe and Other	Southern Africa	Australia	Total
Corporate Finance	4 538	1 875	(1 818)	4 595
Institutional Research, Sales and Trading	(530)	(542)	–	(1 072)
Principal Investments (Direct Investments and Private Equity)	13 996	35 512	(31)	49 477
	18 004	36 845	(1 849)	53 000
Consolidated investments	(9 188)	–	(1 302)	(10 490)
Total	8 816	36 845	(3 151)	42 510

Corporate Finance and Institutional Research, Sales and Trading

£'000	30 Sept 2011	30 Sept 2010	Variance	% change
Net interest income	115	(296)	411	>100.0%
Net fee and commission income	45 308	40 592	4 716	11.6%
Principal transactions	(1 946)	5 598	(7 544)	(>100.0%)
Total operating income	43 477	45 894	(2 417)	(5.3%)
Operating costs	(43 470)	(42 371)	(1 099)	2.6%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	7	3 523	(3 516)	(99.8%)

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

- The Corporate Finance divisions have benefited from a good deal pipeline, with the South African business recording a strong increase in net fees and commissions. The UK business achieved an increased share of announced (actual or proposed) UK public bid activitiy in what was a quiet market
- The Institutional Research, Sales and Trading operations in the UK and South Africa continued to be negatively impacted by reduced trading volumes and pressure on commission rates.

Principal Investments

£'000	30 Sept 2011	30 Sept 2010	Variance	% change
Net interest income	9 087	(1 654)	10 741	>100.0%
Net fee and commission income	157	406	(249)	(61.3%)
Principal transactions	(1 200)	56 124	(57 324)	(>100.0%)
Other operating income and operating income from associates	397	4 877	(4 480)	(91.9%)
Total operating income	8 441	59 753	(51 312)	(85.9%)
Impairment losses on loans and advances	1 415	218	1 197	>100.0%
Operating costs	(6 956)	(28 553)	21 597	(75.6%)
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	2 900	31 418	(28 518)	(90.8%)
Earnings attributable to non-controlling interests	752	7 569	(6 817)	(90.1%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	3 652	38 987	(35 335)	(90.6%)

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

- Principal transaction income represents the year to date cumulative increase/decrease in the value of the division's Direct Investments and Private Equity portfolios, the profit/loss on realisation of these investments and dividends and other income received (further analysis provided below)
- Weaker economic conditions have impacted the timing of realisations and the performance of the listed portfolio. Dividends received have also been lower in the current period.

Analysis of operating profit for the six months to 30 September 2011

£'million	Realised	Un-realised	Divi-dends	Funding costs	Principal trans-actions total	Interest and other	Net income	Ex-penses	Net profit	Non-control-ling interests	Opera-ting profit
UK Private Equity and Direct Investments	–	(6.6)	0.4	–	(6.2)	0.5	(5.7)	(0.2)	(5.9)	1.1	(4.8)
SA Direct Investments	1.1	2.8	–	(5.2)	(1.3)	4.0	2.7	(0.6)	2.1	–	2.1
SA Private Equity	–	8.8	–	(2.0)	6.8	1.4	8.2	(2.9)	5.3	(0.3)	5.0
Australia	–	–	–	–	–	0.5	0.5	(1.3)	(0.8)	–	(0.8)
Hong Kong Direct Investments	–	(0.5)	–	–	(0.5)	4.6	4.1	(1.9)	2.2	–	2.2
Total	1.1	4.5	0.4	(7.2)	(1.2)	11.0	9.8	(6.9)	2.9	0.8	3.7

Analysis of operating profit for the six months to 30 September 2010

£'million	Realised	Un-realised	Divi-dends	Funding costs	Principal trans-actions total	Interest and other	Net income	Ex-penses	Net profit	Non-control-ling interests	Opera-ting profit
UK Private Equity and Direct Investments	–	4.8	–	–	4.8	0.3	5.1	(17.7)	(12.6)	7.3	(5.3)
SA Direct Investments	8.1	20.9	0.1	(5.4)	23.7	(1.0)	22.7	(0.7)	22.0	–	22.0
SA Private Equity	–	15.7	4.2	(1.9)	18.0	(0.2)	17.8	(4.3)	13.5	–	13.5
Australia	–	–	–	–	–	(0.1)	(0.1)	(1.5)	(1.6)	0.3	(1.3)
Hong Kong Direct Investments	8.1	1.5	–	–	9.6	4.9	14.5	(4.4)	10.1	–	10.1
Total	16.2	42.9	4.3	(7.3)	56.1	3.9	60.0	(28.6)	31.4	7.6	39.0

Value of trading investments on balance sheet as at 30 September 2011

£'million	Listed	Unlisted	Advances	Total
UK Private Equity and Direct Investments	39	57	–	96
SA Direct Investments	64	128	6	198
SA Private Equity	–	305	29	334
Australia	4	4	–	8
Hong Kong Direct Investments	–	39	37	76
	107	533	72	712

Value of trading investments on balance sheet as at 30 September 2010

£'million	Listed	Unlisted	Advances	Total
UK Private Equity and Direct Investments	19	48	–	67
SA Direct Investments	21	140	9	170
SA Private Equity	–	296	31	327
Australia	–	7	–	7
Hong Kong Direct Investments	–	14	–	14
	40	505	40	585

Developments

Corporate Finance

UK and Europe

- The six month period was reasonably active across M&A, fundraisings and debt advisory
- We completed 14 M&A transactions with a value of £1.7 billion (2010: 9 transactions with a value of £1.6 billion). The most notable transaction was the sale of Forth Ports plc for £760 million
- We completed 7 fundraisings during the period raising in aggregate £281 million (2010: 3 fundraisings raising in aggregate £197 million). This included a £112 million fundraising for Chemring Group plc and UK IPO's for Circle Holdings plc and Enteq Upstream plc
- We continue to add to our corporate client list. We now have 87 quoted clients with an average market cap of £307 million, of which 26 are FTSE 250 companies. We have gained six new clients since the beginning of the financial year.

Southern Africa

- We have maintained our strong positioning
- Our focus was on local and cross-border M&A, capital raisings and restructuring transactions
- We retained our major clients and gained several new mandates during the period
- Numerous new mandates were entered into; however, it remains difficult to close deals given current market conditions.

Australia

- We have a significant pipeline with a number of advisory mandates won
- A strengthened and reorganised Sydney based team is well positioned to drive the business going forward
- While broader markets remain challenging, the business in Australia continues to win advisory mandates and strengthen its pipeline of work
- We have executed a number of equity raisings over the last 12 months and have secured first rights of refusal over several upcoming raisings.

Institutional Research, Sales and Trading

UK and Europe

- Commission levels have remained in line with the prior period. While both market volumes and index levels have fallen we have managed to increase market share
- The challenging and volatile market conditions have led to increased facilitation loss ratios and reduced profitability across the trading books
- In the Extel survey issued in June 2011 we once again achieved first place in the category of Leading Pan European Brokerage firm for UK small and midcap (up to $2bn market cap) and were voted first in the individual categories of sales, research, trading and execution, and corporate broking. Six of our research sectors were voted first, reflecting the strength of our corporate and institutional relationships in the UK. For the first time we also achieved second place in the All UK Brokerage firm category (across all market caps) against very strong competition.

Southern Africa

- In light of the challenging operating environment, the business underwent a strategic review during the period. This resulted in the closure of non-core activities and the narrowing of our research coverage model to better align with the buy-side brokerage allocation process. In total, headcount was reduced by 20%
- The focus on building our international distribution platform is ongoing and over the period, the positive momentum was maintained.

Australia

- New accounts have been opened and the trading activities are going well with encouraging trends in volumes
- Our research product continues to strengthen with the addition of a new research analyst. We continue to publish quarterly research which is receiving very positive investor feedback
- Investec has played a leading role in several on market corporate transactions for high profile clients and has successfully raised capital for several leading resources companies.

Principal Investments

Southern Africa

- The Direct Investments portfolio increased to R2 516 million at 30 September 2011 (March 2011: R2 511 million)
- The Private Equity portfolio was R4 211 million at 30 September 2011 (March 2011: R3 838 million). We continue to expand the capacity of our private equity investments through the acquisition of three new private equity assets and increased our shareholdings in three of our equity investments as we believe these represented good value. We have also undertaken further capital projects and expenditure within the portfolio. The benefits of these activities will only be felt in future financial years. The increase in value in the current year was driven by a solid performance of the underlying investments and acquisitions mentioned.

Australia

- Private Equity is focused on managing and maximising the value of the existing investments in the Private Equity funds. As markets improve, subject to achieving appropriate value, Private Equity will look to progressively realise the remaining investments and return funds to investors
- The Direct Investments business is active in sourcing private equity investments for the bank and, where appropriate, to selected private clients on a syndication basis.

Outlook

Corporate Finance

- While the UK pipeline is positive current market conditions are not conducive to M&A and fundraising activity
- The deal pipeline in the South African business remains reasonable
- The Australian M&A and capital markets remain challenging but are showing signs of improvement. Continuing economic uncertainty suggests M&A and capital markets will recover slowly.

Institutional Research, Sales and Trading

- Due to concerns over the Eurozone the outlook for the markets remains challenging. However, in the UK, the strength of our research product, our international leverage and improving market share leave us well placed to grow revenues
- The strategic review process and resultant action has left the business in South Africa in a much healthier position to face the future and, although the operating environment is expected to remain challenging, the benefits of a lower cost profile and tighter business focus should deliver some benefits in the second half of the year
- Revenues in the Australian business will continue to be set by the ability to open accounts and obtain corporate transactions, both on-market and capital raisings. Account opening success will provide improved market share despite the lower volume market outlook.

Principal Investments

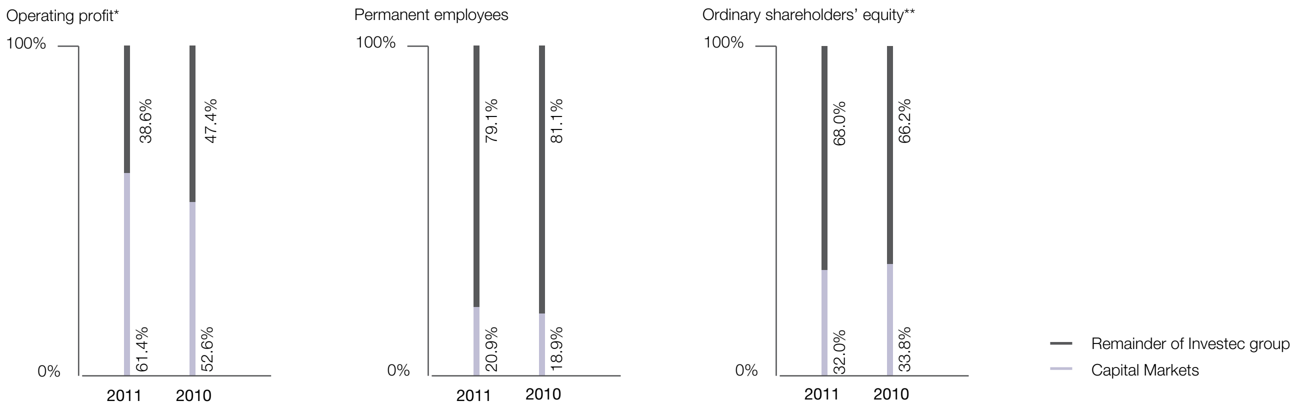
- We remain active in seeking direct investment opportunities, while continuing to unlock further value from the portfolio in South Africa. All of the companies in our Private Equity portfolio in South Africa are trading profitably in very difficult market conditions and the overall outlook remains positive for future growth
- The Private Equity business in Australia is actively pursuing divestment opportunities for its existing portfolio. The companies in the Australian Direct Investments portfolio are trading well and are on target to execute their growth plans. The outlook remains positive for these investments.

Capital Markets

Overview and financial analysis

- Operating profit increased by 16.6% to £155.6 million, contributing 61.4% to group profit
- Core loans and advances have decreased by 8.1% to £4.4 billion since 31 March 2011.

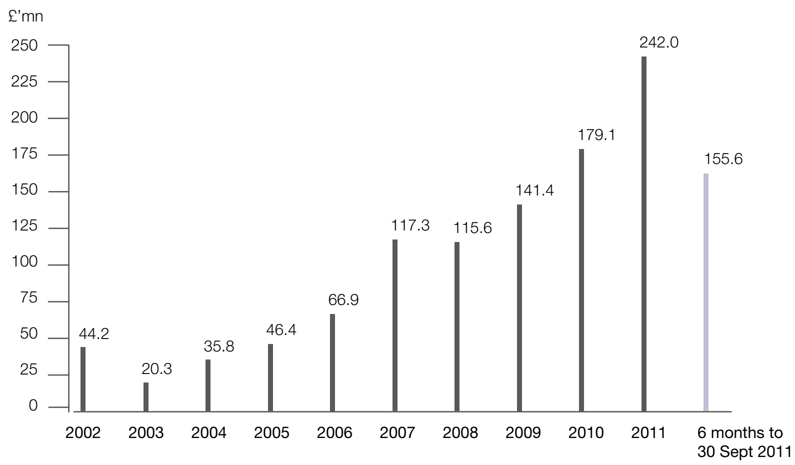
Contribution analysis



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

** As calculated on page 41.

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, non-operating items, taxation and after non-controlling interests. Prior to 2008 amounts have not been adjusted for non-controlling interests.*

Income statement analysis

£'000	30 Sept 2011	30 Sept 2010	Variance	% change
Net interest income	167 698	156 430	11 268	7.2%
Net fee and commission income	82 437	54 120	28 317	52.3%
Principal transactions	131 693	107 979	23 714	22.0%
Other operating income and operating income from associates	43 334	–	43 334	100.0%
Total operating income	425 162	318 529	106 633	33.5%
Impairment losses on loans and advances	(63 313)	(39 458)	(23 855)	60.5%
Operating costs	(183 838)	(145 608)	(38 230)	26.3%
Depreciation on operating leased assets	(22 154)	–	(22 154)	(100.0%)
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	155 857	133 463	22 394	16.8%
Earnings attributable to non-controlling interests	(242)	43	(285)	(>100.0%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	155 615	133 506	22 109	16.6%
UK and Europe	98 892	88 385	10 507	11.9%
Southern Africa	54 806	40 364	14 442	35.8%
Australia	1 917	4 757	(2 840)	(59.7%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	155 615	133 506	22 109	16.6%
Ordinary shareholders' equity*	1 000 774	1 039 718	(38 944)	(3.7%)
ROE (pre-tax)*	27.5%	24.5%		
Return on tangible equity (pre-tax)*	29.9%	26.7%		
Cost to income ratio^	45.6%	45.7%		
Operating profit per employee (£'000)*	111.8	113.4	(1.6)	(1.4%)

* *As calculated on pages 41 and 43.*

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

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

- The increase in net interest income is largely due to the investment in higher yielding trading assets and reduced funding costs
- The increase in net fee and commission income is largely attributable to increased levels of activity within the Project and Infrastructure, Corporate Treasury and Asset Finance teams, notably in South Africa
- Principal transaction income benefited from realisations within the fixed income portfolio and an increase in the value of equity investments held, largely in the UK business. Customer flow activity remained at reasonable levels
- Other operating income reflects income earned on operating leases acquired in December 2010
- Impairments on core loans have increased in all three core geographies but remain limited to a handful of deals. Impairments on the Kensington mortgage assets have increased largely as a result of the continued weak economic conditions
- Expenses have increased largely due to acquisitions made and an increase in headcount and related expenses.

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

£'000	30 Sept 2011	30 Sept 2010	Variance
UK and Europe	291 307	219 541	71 766
Treasury and trading activities	59 320	54 976	4 344
Financial products	136 726	133 204	3 522
Lending and leasing activities	95 261	31 361	63 900
Southern Africa	116 379	87 533	28 846
Trading activities	19 937	13 273	6 664
Treasury activities	53 701	31 103	22 598
Lending activities	42 741	43 157	(416)
Australia	17 476	11 455	6 021
Treasury and trading activities	6 405	589	5 816
Lending activities	11 071	10 866	205
Total	425 162	318 529	106 633

UK and Europe

For the six months to 30 Sept 2011 £'000	Net interest income	Net fee and commission income	Principal transactions	Other income	Total operating income
Treasury and trading activities	5 137	26 295	27 888	–	59 320
Financial products	69 043	8 837	58 846	–	136 726
Lending and leasing activities	25 274	12 588	14 065	43 334	95 261
Total	99 454	47 720	100 799	43 334	291 307

For the 6 months to 30 Sept 2010 £'000	Net interest income	Net fee and commission income	Principal transactions	Other income	Total operating income
Treasury and trading activities	(3 170)	31 269	26 877	–	54 976
Financial products	86 024	(691)	47 871	–	133 204
Lending and leasing activities	22 407	8 710	244	–	31 361
Total	105 261	39 288	74 992	–	219 541

Southern Africa

For the six months to 30 Sept 2011 £'000	Net interest income	Net fee and commission income	Principal transactions	Total operating income
Trading activities	–	(87)	20 024	19 937
Treasury activities	32 479	18 378	2 844	53 701
Lending activities	28 930	10 776	3 035	42 741
Total	61 409	29 067	25 903	116 379

For the six months to 30 Sept 2010 £'000	Net interest income	Net fee and commission income	Principal transactions	Total operating income
Trading activities	(49)	(1 015)	14 337	13 273
Treasury activities	15 176	10 388	5 539	31 103
Lending activities	31 817	3 245	8 095	43 157
Total	46 944	12 618	27 971	87 533

Australia

For the six months to 30 Sept 2011 £'000	Net interest income	Net fee and commission income	Principal transactions	Total operating income
Treasury and trading activities	2 376	(93)	4 122	6 405
Lending activities	4 459	5 743	869	11 071
Total	6 835	5 650	4 991	17 476

For the six months to 30 Sept 2010 £'000	Net interest income	Net fee and commission income	Principal transactions	Total operating income
Treasury and trading activities	1 006	(36)	(381)	589
Lending activities	3 219	2 250	5 397	10 866
Total	4 225	2 214	5 016	11 455

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

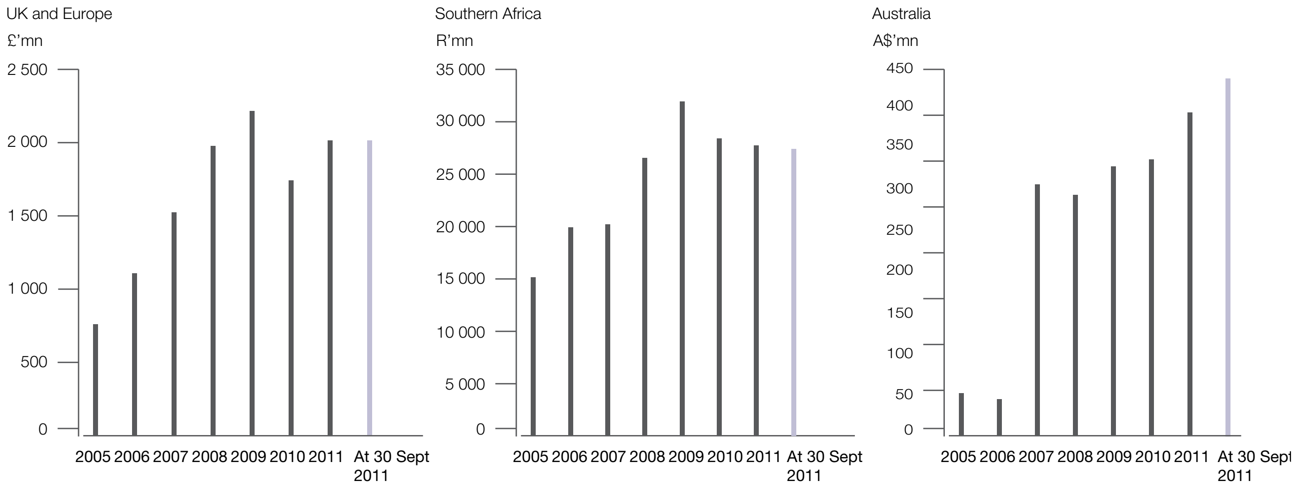
	UK and Europe		Southern Africa		Australia		Total	
£'million As at	30 Sept 2011	31 March 2011	30 Sept 2011	31 March 2011	30 Sept 2011	31 March 2011	30 Sept 2011	31 March 2011
Acquisition finance	643	732	193	282	73	22	909	1 036
Asset finance	359	341	251	250	12	10	622	601
Corporate loans	635	628	1 441	1 737	81	99	2 157	2 464
Project finance	356	284	180	184	32	72	568	540
Resource finance and commodities	35	52	104	106	82	50	221	208
Total gross core loans and advances	2 028	2 037	2 169	2 559	280	253	4 477	4 849
Specific impairments	(27)	(14)	(8)	(1)	–	–	(35)	(15)
Portfolio impairments	–	–	(2)	(2)	–	–	(2)	(2)
Net core loans and advances	2 001	2 023	2 159	2 556	280	253	4 440	4 832
Asset quality*								
Gross defaults	59	60	20	4	2	4	81	68
Collateral value	(43)	(46)	(13)	(3)	(2)	(4)	(58)	(53)
Impairments	(27)	(14)	(10)	(3)	–	–	(37)	(17)
Net defaults (limited to zero)	–	–	–	–	–	–	–	–
Gross defaults as a % of gross core loans and advances	2.9%	2.9%	0.9%	0.2%	0.9%	1.6%	1.8%	1.4%
Defaults (net of impairments) as a % of net core loans and advances	1.6%	2.3%	0.5%	0.1%	0.8%	1.5%	1.0%	1.1%
Credit loss ratio	1.2%	1.1%	0.6%	(0.5%)	1.2%	1.6%	0.5%	0.3%

* *Further information is provided on pages 70 and 71.*

	£'million			Home currency 'million		
Net core loans and advances as at	30 Sept 2011	31 March 2011	% change	30 Sept 2011	31 March 2011	% change
UK and Europe	2 001	2 023	(1.1%)	£2 001	£2 023	(1.1%)
Southern Africa	2 159	2 556	(15.5%)	R27 251	R27 804	(2.0%)
Australia	280	253	10.7%	A$ 448	A$ 393	14.0%
Net core loans and advances	4 440	4 832	(8.1%)			

	£'million			Home currency 'million		
Net core loans and advances as at	30 Sept 2010	31 March 2010	% change	30 Sept 2010	31 March 2010	% change
UK and Europe	1 898	1 752	8.3%	£1 898	£1 752	8.3%
Southern Africa	2 599	2 591	0.3%	R28 587	R28 778	(0.7%)
Australia	196	166	18.1%	A$320	A$275	16.4%
Net core loans and advances	4 693	4 509	4.1%			

Net core loans and advances (excluding Kensington)



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

Developments

UK and Europe

- The Project Finance team continues to be a leader in the UK PFI advisory business, and the office in Canada, set up to service the North American PFI market, is performing very well
- The Credit Investments business has continued to take advantage of the condition of the credit markets through its fixed income investments and trading operations
- We successfully established a Debt Capital Markets business which will be scaled up by the acquisition of the Evolution Group
- The Kensington business remains profitable. We have continued to extend the product range during the period and volumes are increasing
- The Asset Finance business continues to grow. Outstanding performance from the Masterlease book purchase was demonstrated during the period
- The Foreign Exchange and Interest Rate Trading and Sales business has shown increased growth and profitability as the client base has grown and product offerings have broadened
- The Structured Equity retail distribution platforms are well established and we have recently marketed launch 28 in the UK market. We are currently one of the top two retail structured product issuers in the UK market and have recently won a number of awards for our efforts in this area.

Southern Africa

- The corporate market continues to remain weak with low levels of activity leading to depressed lending activity. We have however, seen an increase in pipeline in project and resource finance activities
- Significant surplus liquidity levels were maintained during the period and we continue to be a provider of liquidity to the South African interbank market
- We grew our portfolio of highly rated yield enhancing fixed income investments as opportunities presented themselves
- Financial markets continue to be affected by increased volatility and uncertain global markets
- We have increased coverage of Africa to take advantage of the growth story.

Capital Markets (continued)

Australia

- After an extensive approval and set up phase the Equity Derivatives business is expected to launch shortly
- A new business called FICC (Fixed Income, Currencies and Commodities) was established with a mandate to trade, structure, and market spot and derivative products in the fixed income, currency and commodity markets
- Project Finance had a strong six months participating in a number of large transactions including the Royal Adelaide Hospital project. In that particular transaction Investec was a mandated lead arranger for the $2.5 billion funding package
- The Resource Finance team is on track for another successful year with a number of key clients approaching Investec for funding and/or advice on major transactions
- The Corporate and Leveraged Debt team continues to grow its book and maintain margins in a volatile market. The team is now looking to expand its range of products in the asset finance space.

Outlook

UK and Europe

- The economic outlook remains uncertain with the second half of the year remaining challenging
- We continue to build a balanced business model, where we can easily switch between primary and secondary markets
- The business is well positioned to grow significantly from current levels as market conditions improve.

Southern Africa

- Our business is well positioned to grow significantly with a recovery in the South African market and improved levels of fixed direct investment
- We continue to build and grow sustainable businesses on the back of client driven transactional flow in derivatives and financial markets
- Net margin income is expected to remain stable over the coming months as net advances are expected to be positive.

Australia

- The focus for the Australian division is to build a balanced business model. This means driving annuity income as well as trading income. The division has undertaken a number of new initiatives that will help to achieve this balance over the next six to 12 months
- The short-term outlook is dependent on a pipeline of transactions that are expected to close in the second half of the financial year or the first six months of the following year.

Group Services and Other Activities

Financial analysis

£'000	30 Sept 2011	30 Sept 2010	Variance	% change
International Trade Finance	4 902	3 692	1 210	32.8%
Central Funding	10 873	9 176	1 697	18.5%
Central Services	(45 572)	(38 511)	(7 061)	(18.3%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	**(29 797)**	**(25 643)**	**(4 154)**	**(16.2%)**

30 Sept 2011 £'000	UK and Europe	Southern Africa	Australia	Total group
International Trade Finance	1 064	3 838	–	4 902
Central Funding	(30 474)	33 457	7 890	10 873
Central Services	(18 466)	(19 817)	(7 289)	(45 572)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	**(47 876)**	**17 478**	**601**	**(29 797)**

30 Sept 2010 £'000	UK and Europe	Southern Africa	Australia	Total group
International Trade Finance	741	2 951	–	3 692
Central Funding	(14 336)	16 770	6 742	9 176
Central Services	(18 502)	(16 602)	(3 407)	(38 511)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	**(32 097)**	**3 119**	**3 335**	**(25 643)**

Developments

Central Services

- We have a policy of allocating costs housed in the centre that are, in effect, performing a function for the divisions of the group
- There are certain costs that are strategic in nature which have not been allocated for pure segmental disclosure, amounting to £45.6 million (2010: £38.5 million). However, a portion thereof (£36.5 million) is allocated to the operating divisions for purposes of determining return on adjusted capital per business segment. Refer to page 41 for further details
- Central Services incurred an increase in personnel and systems related costs.

Central Funding

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

Group Services and Other Activities (continued)

£'000	30 Sept 2011	30 Sept 2010	Variance	% change
Net interest income (excluding interest on sub debt and debentures)	62 624	47 333	15 291	32.3%
Principal transactions	(3 484)	6 688	(10 172)	(>100.0%)
Other income	4 683	8 706	(4 023)	(46.2%)
	63 823	62 727	1 096	1.7%
Interest paid on sub-debt and debentures	(60 745)	(39 298)	(21 447)	54.6%
Impairment losses on loans and advances	9 877	(10 657)	20 534	(>100.0%)
Operating costs	(6 366)	(6 985)	619	(8.9%)
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	6 589	5 787	802	13.9%
Earnings attributable to non-controlling interests	4 284	3 389	895	26.4%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	10 873	9 176	1 697	18.5%

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

- Net interest income was largely impacted by:
  - Investment of surplus cash in higher yielding assets, notably in the UK
  - An increase in interest paid on sub-debt as a the result of debt issuance both in the UK and South Africa
- The decrease in principal transaction income largely reflects weak and volatile trading conditions
- The group has decreased its portfolio impairments.

Segmental geographic analysis – income statement

For the 6 months to 30 Sept 2011 £'000	UK and Europe	Southern Africa	Australia	Total group
Interest income	341 094	714 461	128 010	1 183 565
Interest expense	(205 159)	(521 753)	(91 941)	(818 853)
Net interest income	135 935	192 708	36 069	364 712
Fee and commission income	302 169	187 267	18 544	507 980
Fee and commission expense	(58 045)	(2 803)	(1 964)	(62 812)
Principal transactions	88 372	43 277	6 612	138 261
Investment income on assurance activities	–	11 630	–	11 630
Premiums and reinsurance recoveries on insurance contracts	–	4 198	–	4 198
Other operating income	44 452	89	(251)	44 290
Other income	376 948	243 658	22 941	643 547
Claims and reinsurance premiums on insurance business	–	(15 856)	–	(15 856)
Total operating income net of insurance claims	512 883	420 510	59 010	992 403
Impairment losses on loans and advances	(79 154)	(31 291)	(32 883)	(143 328)
Operating income	433 729	389 219	26 127	849 075
Operating costs	(321 848)	(238 506)	(47 506)	(607 860)
Depreciation on operating leased assets	(22 154)	–	–	(22 154)
Operating profit before goodwill and acquired intangibles	89 727	150 713	(21 379)	219 061
Operating losses attributable to non-controlling interests	4 607	(39)	–	4 568
Operating profit before goodwill, acquired intangibles and after non-controlling interests	94 334	150 674	(21 379)	223 629
Core business	99 718	150 674	15 261	265 653
Property development portfolio being run-off*	(5 384)	–	(36 640)	(42 024)
Impairment of goodwill	–	(672)	–	(672)
Amortisation of acquired intangibles	(4 096)	–	–	(4 096)
Earnings attributable to shareholders before taxation	90 238	150 002	(21 379)	218 861
Taxation on operating profit before goodwill	(19 151)	(29 186)	6 352	(41 985)
Taxation on intangibles and sale of subsidiaries	2 044	–	–	2 044
Earnings attributable to shareholders	73 131	120 816	(15 027)	178 920
Selected returns and key statistics				
ROE (post-tax)	9.2%	16.2%	(7.0%)	10.1%
Return on tangible equity (post-tax)	14.4%	16.4%	(8.0%)	12.3%
Cost to income ratio	65.6%	56.7%	80.5%	62.6%
Staff compensation to operating income	43.4%	37.5%	59.0%	41.8%
Operating profit/(loss) per employee (£'000)	33.6	36.7	(51.7)	30.5
Effective operational tax rate	21.6%	19.4%	(29.7%)	19.2%
Total assets (£'million)	19 242	27 149	3 336	49 727

* *Residual property development loan portfolios in Ireland and Australia which have been ring-fenced for collection and recovery and are being run-off.*

Segmental geographic analysis – income statement (continued)

For the 6 months to 30 Sept 2010 £'000	UK and Europe	Southern Africa	Australia	Total group
Interest income	304 221	699 422	114 717	1 118 360
Interest expense	(175 693)	(536 441)	(85 052)	(797 186)
Net interest income	128 528	162 981	29 665	321 174
Fee and commission income	230 252	145 725	13 984	389 961
Fee and commission expense	(43 690)	(3 932)	(1 845)	(49 467)
Principal transactions	107 384	90 699	10 623	208 706
Investment income on assurance activities	–	17 986	–	17 986
Premiums and reinsurance recoveries on insurance contracts	–	5 028	–	5 028
Other operating income	9 756	34	(1 403)	8 387
Other income	303 702	255 540	21 359	580 601
Claims and reinsurance premiums on insurance business	–	(20 727)	–	(20 727)
Total operating income net of insurance claims	432 230	397 794	51 024	881 048
Impairment losses on loans and advances	(77 617)	(33 361)	(11 872)	(122 850)
Operating income	354 613	364 433	39 152	758 198
Operating costs	(287 187)	(215 975)	(37 716)	(540 878)
Operating profit before goodwill and acquired intangibles	67 426	148 458	1 436	217 320
Operating losses attributable to non-controlling interests	12 612	(2 048)	273	10 837
Operating profit before goodwill, acquired intangibles and after non-controlling interests	80 038	146 410	1 709	228 157
Core business	102 060	146 410	13 429	261 899
Property development portfolio being run-off*	(22 022)	–	(11 720)	(33 742)
Impairment of goodwill	–	(2 763)	–	(2 763)
Amortisation of acquired intangibles	(2 254)	–	–	(2 254)
Profit arising from associate converted to subsidiary	73 465	–	–	73 465
Net los on sale of subsidiaries	(7 942)	–	–	(7 942)
Loss on subsidiaries attributable to non-controlling interests	1 481	–	–	1 481
Earnings attributable to shareholders before taxation	144 788	143 647	1 709	290 144
Taxation on operating profit before goodwill	(13 646)	(29 962)	(220)	(43 828)
Taxation on intangibles and sale of subsidiaries	677	–	–	677
Earnings attributable to shareholders	131 819	113 685	1 489	246 993
Selected returns and key statistics				
ROE (post-tax)	10.5%	16.0%	0.7%	11.5%
Return on tangible equity (post-tax)	15.8%	16.3%	0.8%	13.7%
Cost to income ratio	66.4%	54.3%	73.9%	61.4%
Staff compensation to operating income	43.1%	35.6%	50.2%	40.1%
Operating profit per employee (£'000)	34.0	37.1	3.8	34.1
Effective operational tax rate	20.1%	20.2%	17.4%	20.2%
Total assets (£'million)	18 896	25 897	4 185	48 978

* *Residual property development loan portfolios in Ireland and Australia which have been ring-fenced for collection and recovery and are being run-off.*

Segmental business analysis – income statement

For the 6 months to 30 Sept 2011 £'000	AM*	WI*	PA*	PB*	IB*	CM*	GSO*	Total group
Net interest income	2 784	4 877	793	169 060	9 202	167 698	10 298	364 712
Fee and commission income	227 024	92 424	8 644	34 544	46 638	90 382	8 324	507 980
Fee and commission expense	(43 843)	(4 128)	(568)	(3 282)	(1 173)	(7 945)	(1 873)	(62 812)
Principal transactions	8	(3 629)	11 908	4 853	(3 146)	131 693	(3 426)	138 261
Investment income on assurance activities	–	–	–	–	–	–	11 630	11 630
Premiums and reinsurance recoveries on insurance contracts	–	–	–	–	–	–	4 198	4 198
Other operating income	693	229	(93)	35	397	43 334	(305)	44 290
Other income	183 882	84 896	19 891	36 150	42 716	257 464	18 548	643 547
Claims and reinsurance premiums on insurance business	–	–	–	–	–	–	(15 856)	(15 856)
Total operating income net of insurance claims	186 666	89 773	20 684	205 210	51 918	425 162	12 990	992 403
Impairment losses on loans and advances	–	–	–	(90 528)	1 415	(63 313)	9 098	(143 328)
Operating income	186 666	89 773	20 684	114 682	53 333	361 849	22 088	849 075
Operating costs	(120 862)	(67 985)	(8 996)	(119 584)	(50 426)	(183 838)	(56 169)	(607 860)
Depreciation on operating leased assets	–	–	–	–	–	(22 154)	–	(22 154)
Operating profit before goodwill and acquired intangibles	65 804	21 788	11 688	(4 902)	2 907	155 857	(34 081)	219 061
Operating losses attributable to non-controlling interests	(226)	–	–	–	752	(242)	4 284	4 568
Operating profit before goodwill, acquired intangibles and after non-controlling interests	65 578	21 788	11 688	(4 902)	3 659	155 615	(29 797)	223 629
Core business	65 578	21 788	11 688	37 122	3 659	155 615	(29 797)	265 653
Property development portfolio being run-off**	–	–	–	(42 024)	–	–	–	(42 024)
Selected returns and key statistics								
ROE (pre-tax)	81.7%	9.9%	13.5%	(1.7%)	(3.8%)	27.5%	(9.8%)	12.7%
Return on tangible equity (pre-tax)	285.9%	56.4%	13.5%	(1.8%)	(4.2%)	29.9%	(9.9%)	15.5%
Cost to income ratio	64.7%	75.7%	43.5%	58.3%	97.1%	45.6%	432.4%	62.6%
Staff compensation to operating income	46.4%	55.6%	31.9%	29.9%	62.6%	25.8%	525.8%	41.8%
Operating profit/(loss) per employee (£'000)	58.8	22.2	149.8	(2.4)	8.4	111.8	(23.0)	30.5
Total assets (£'million)	768	770	356	13 679	1 189	25 968	6 997	49 727

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

** *Residual property development loan portfolios in Ireland and Australia which have been ring-fenced for collection and recovery and are being run-off.*

Segmental business analysis – income statement (continued)

For the 6 months to 30 Sept 2010 £'000	AM*	WI*	PA*	PB*	IB*	CM*	GSO*	Total group
Net interest income	874	2 597	(3 887)	152 200	(1 950)	156 430	14 910	321 174
Fee and commission income	174 813	55 030	11 797	33 790	45 011	64 039	5 481	389 961
Fee and commission expense	(32 213)	(1 067)	(823)	(3 345)	(4 013)	(9 919)	1 913	(49 467)
Principal transactions	5	1 896	18 788	11 549	61 722	107 979	6 767	208 706
Investment income on assurance activities	–	–	–	–	–	–	17 986	17 986
Premiums and reinsurance recoveries on insurance contracts	–	–	–	–	–	–	5 028	5 028
Other operating income	272	2 376	(212)	172	4 877	–	902	8 387
Other income	142 877	58 235	29 550	42 166	107 597	162 099	38 077	580 601
Claims and reinsurance premiums on insurance business	–	–	–	–	–	–	(20 727)	(20 727)
Total operating income net of insurance claims	143 751	60 832	25 663	194 366	105 647	318 529	32 260	881 048
Impairment losses on loans and advances	29	–	–	(72 262)	218	(39 458)	(11 377)	(122 850)
Operating income	143 780	60 832	25 663	122 104	105 865	279 071	20 883	758 198
Operating costs	(94 703)	(44 490)	(9 255)	(125 983)	(70 924)	(145 608)	(49 915)	(540 878)
Operating profit before goodwill and acquired intangibles	49 077	16 342	16 408	(3 879)	34 941	133 463	(29 032)	217 320
Operating losses attributable to non-controlling interests	(164)	–	–	–	7 569	43	3 389	10 837
Operating profit before goodwill, acquired intangibles and after non-controlling interests	48 913	16 342	16 408	(3 879)	42 510	133 506	(25 643)	228 157
Core business	48 913	16 342	16 408	29 863	42 510	133 506	(25 643)	261 899
Property development portfolio being run-off**	–	–	–	(33 742)	–	–	–	(33 742)
Selected returns and key statistics								
ROE (pre-tax)	59.7%	14.0%	25.5%	(0.5%)	26.9%	24.5%	(19.8%)	14.6%
Return on tangible equity (pre-tax)	278.2%	85.4%	25.6%	(0.5%)	32.4%	26.7%	19.9%	17.4%
Cost to income ratio	65.9%	73.1%	36.1%	64.8%	67.1%	45.7%	154.7%	61.4%
Staff compensation to operating income	45.6%	50.6%	27.3%	36.4%	38.5%	26.0%	173.6%	40.1%
Operating profit/(loss) per employee (£'000)	49.5	23.6	207.7	(1.8)	112.9	113.4	(21.3)	34.1
Total assets (£'million)	421	781	455	14 571	1 147	23 438	8 165	48 978

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

** *Residual property development loan portfolios in Ireland and Australia which have been ring-fenced for collection and recovery and are being run-off.*

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

£'000	6 months to 30 Sept 2011	6 months to 30 Sept 2010	% change
Asset Management	65 578	48 913	34.1%
Wealth & Investment	21 788	16 342	33.3%
Property Activities	11 688	16 408	(28.8%)
Private Banking	(4 902)	(3 879)	26.4%
Core banking	37 122	29 863	24.3%
Property development portfolio being run-off*	(42 024)	(33 742)	(24.5%)
Investment Banking			
Corporate Finance	8 684	4 595	89.0%
Institutional Research, Sales and Trading	(8 677)	(1 072)	(>100.0%)
Principal investments	3 652	38 987	(90.6%)
	3 659	42 510	(91.4%)
Capital Markets	155 615	133 506	16.6%
Group Services and Other Activities			
International Trade Finance	4 902	3 692	32.8%
Central Funding	10 873	9 176	18.5%
Central Services Costs	(45 572)	(38 511)	(18.3%)
	(29 797)	(25 643)	(16.2%)
Total group	223 629	228 157	(2.0%)

* *Residual property development loan portfolios in Ireland and Australia which have been ring-fenced for collection and recovery and are being run-off.*

Segmental geographic analysis – balance sheet assets and liabilities

At 30 Sept 2011 £'000	UK and Europe	Southern Africa	Australia	Total group
Assets				
Cash and balances at central banks	536 870	549 205	188 572	1 274 647
Loans and advances to banks	994 550	1 116 028	76 120	2 186 698
Cash equivalent advances to customers	–	398 068	–	398 068
Reverse repurchase agreements and cash collateral on securities borrowed	1 653 410	679 550	–	2 332 960
Trading securities	896 693	4 286 481	29 026	5 212 200
Derivative financial instruments	927 753	1 498 521	117 430	2 543 704
Investment securities	1 295 638	1 409 119	756 714	3 461 471
Loans and advances to customers	6 660 991	9 726 158	1 551 093	17 938 242
Loans and advances to customers – Kensington warehouse assets	1 530 550	–	–	1 530 550
Securitised assets	2 989 592	659 024	488 947	4 137 563
Interests in associated undertakings	18 366	4 564	1 234	24 164
Deferred taxation assets	52 792	31 909	32 639	117 340
Other assets	952 880	481 441	41 095	1 475 416
Property and equipment	220 772	41 426	4 254	266 452
Investment properties	–	354 700	–	354 700
Goodwill	395 949	15 362	43 106	454 417
Intangible assets	115 508	8 874	5 964	130 346
	19 242 314	21 260 430	3 336 194	43 838 938
Other financial instruments at fair value through profit or loss in respect of				
– Liabilities to customers	–	5 887 649	–	5 887 649
Total assets	19 242 314	27 148 079	3 336 194	49 726 587
Liabilities				
Deposits by banks	951 483	744 587	–	1 696 070
Deposits by banks – Kensington warehouse funding	898 564	–	–	898 564
Derivative financial instruments	494 465	1 443 787	72 035	2 010 287
Other trading liabilities	552 391	282 026	–	834 417
Repurchase agreements and cash collateral on securities lent	904 497	817 048	–	1 721 545
Customer accounts (deposits)	9 106 118	13 632 575	1 445 880	24 184 573
Debt securities in issue	828 921	443 355	877 280	2 149 556
Liabilities arising on securitisation	2 530 969	564 141	480 683	3 575 793
Current taxation liabilities	67 550	139 748	–	207 298
Deferred taxation liabilities	65 000	73 110	–	138 110
Other liabilities	877 671	403 941	16 003	1 297 615
	17 277 629	18 544 318	2 891 881	38 713 828
Liabilities to customers under investment contracts	–	5 885 448	–	5 885 448
Insurance liabilities, including unit-linked liabilities	–	2 201	–	2 201
	17 277 629	24 431 967	2 891 881	44 601 477
Subordinated liabilities	691 098	599 696	37 332	1 328 126
	17 968 727	25 031 663	2 929 213	45 929 603

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

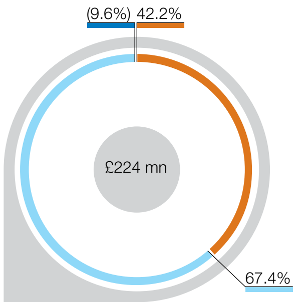
Segmental geographic analysis – balance sheet assets and liabilities
(continued)

At 30 Sept 2010 £'000	UK and Europe	Southern Africa*	Australia	Total group
Assets				
Cash and balances at central banks	1 083 648	342 767	124 392	1 550 807
Loans and advances to banks	1 200 067	966 569	91 105	2 257 741
Cash equivalent advances to customers	–	527 758	–	527 758
Reverse repurchase agreements and cash collateral on securities borrowed	804 660	402 595	–	1 207 255
Trading securities	395 988	4 942 582	103	5 338 673
Derivative financial instruments	874 173	1 024 592	71 905	1 970 670
Investment securities	1 434 463	463 610	1 017 896	2 915 969
Loans and advances to customers	6 186 335	10 489 224	1 434 651	18 110 210
Loans and advances to customers – Kensington warehouse assets	1 683 586	–	–	1 683 586
Securitised assets	3 822 559	832 350	495 512	5 150 421
Interests in associated undertakings	16 928	3 823	1 552	22 303
Deferred taxation assets	75 813	33 944	22 495	132 252
Other assets	607 407	541 906	39 365	1 188 678
Property and equipment	35 136	17 924	4 714	57 774
Investment properties	–	324 672	–	324 672
Goodwill	401 058	22 603	42 464	466 125
Intangible assets	152 842	9 275	5 389	167 506
Non-current assets classified as held for sale	122 133	–	–	122 133
	18 896 796	20 946 194	3 351 543	43 194 533
Other financial instruments at fair value through income in respect of				
– Liabilities to customers	–	5 781 206	–	5 781 206
– Assets related to reinsurance contracts	–	2 699	–	2 699
Total assets	18 896 796	26 730 099	3 351 543	48 978 438
Liabilities				
Deposits by banks	1 104 566	1 076 997	–	2 181 563
Deposits by banks – Kensington warehouse funding	1 082 431	–	–	1 082 431
Derivative financial instruments	617 559	943 942	57 489	1 618 990
Other trading liabilities	239 969	300 285	–	540 254
Repurchase agreements and cash collateral on securities lent	378 846	563 853	–	942 699
Customer accounts (deposits)	8 506 525	13 724 188	1 263 095	23 493 808
Debt securities in issue	575 358	511 077	1 096 677	2 183 112
Liabilities arising on securitisation	3 306 526	699 104	482 615	4 488 245
Current taxation liabilities	85 874	111 171	(5 485)	191 560
Deferred taxation liabilities	93 862	109 076	–	202 938
Other liabilities	679 553	497 239	17 150	1 193 942
Pension fund liabilities	487	–	–	487
Liabilities directly associated with non-current assets held for sale	103 465	–	–	103 465
	16 775 021	18 536 932	2 911 541	38 223 494
Liabilities to customers under investment contracts	–	5 776 517	–	5 776 517
Insurance liabilities, including unit-linked liabilities	–	4 689	–	4 689
Reinsured liabilities	–	2 699	–	2 699
	16 775 021	24 320 837	2 911 541	44 007 399
Subordinated liabilities	529 280	612 241	31 723	1 173 244
	17 304 301	24 933 078	2 943 264	45 180 643

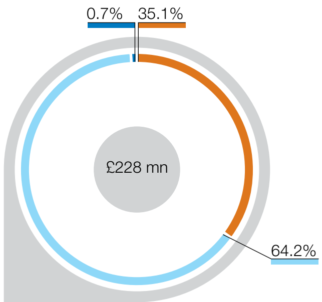
* *As restated for reclassifications detailed in the commentary section of this report.*

Segmental geographical and business analysis

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



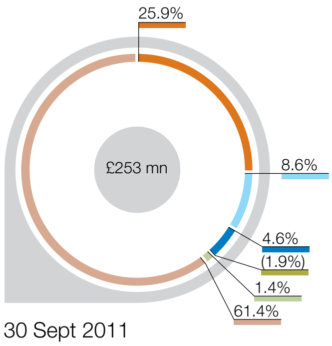
30 Sept 2011



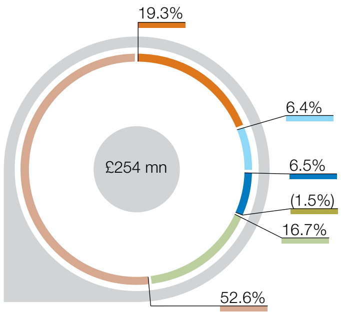
30 Sept 2010

- UK and Europe
- Southern Africa
- Australia

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



30 Sept 2011



30 Sept 2010

- Asset Management
- Wealth & Investment
- Property Activities
- Private Banking
- Investment Banking
- Capital Markets

05

Annexures

Annexure 1 Definitions

Adjusted shareholders' equity	Refer to calculation on pages 39 and 40
Cost to income ratio	Operating costs divided by operating income (net of depreciation on leased assets). Depreciation on operating leased assets has been netted off against operating income
Core loans and advances	Refer to calculation on page 57
Dividend cover	Adjusted earnings per ordinary share before goodwill and non-operating items divided by dividends per ordinary share
Earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	Refer to page 22
Adjusted earnings per ordinary share before goodwill, acquired intangibles and non-operating items	Refer to page 22
Effective operational tax rate	Tax on profit on ordinary activities (excluding exceptional items) divided by operating profit (excluding profit from associates)
Market capitalisation	Total number of shares in issue (including Investec plc and Investec Limited) multiplied by the closing share price of Investec plc on the London Stock Exchange
Net tangible asset value per share	Refer to calculation on page 39
Non-operating items	Reflects profits and/or losses on termination or disposal of group operations
Operating profit	Operating income less administrative expenses, impairments for bad and doubtful debts and depreciation of tangible fixed assets. This amount is before goodwill, acquired intangibles and non-operating items
Operating profit per employee	Refer to calculation on page 43
Recurring income	Net interest income plus net annuity fees and commissions expressed as a percentage of total operating income net of insurance claims
Return on average adjusted shareholders' equity	Refer to calculation on pages 39 and 40
Return on average adjusted tangible shareholders' equity	Refer to calculation on pages 39 and 40
Staff compensation to operating income ratio	All employee related costs expressed as a percentage of operating income
Third party assets under administration	Includes third party assets under administration managed by the Wealth and Investment, Asset Management and Property businesses
Total capital resources	Includes shareholders' equity, subordinated liabilities and 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 22

Annexure 2 Dividend announcements

Investec plc

Ordinary dividend announcement

Registration number: 3633621
Share code: INP
ISIN: GB00BI7BBQ50

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 19 of 8 pence (2010: 8 pence) per ordinary share has been declared by the board in respect of the six months ended 30 September 2011 payable to shareholders recorded in the members' register of the company at the close of business on Friday, 09 December 2011, which will be paid as follows:

- for non-South African resident Investec plc shareholders, through a dividend payment by Investec plc of 8 pence per ordinary share
- for South African resident shareholders of Investec plc, through a dividend payment by Investec plc of 0.5 pence per ordinary share and through a dividend paid by Investec Limited, on the SA DAS share equivalent to 7.5 pence per ordinary share

The relevant dates for the payment of dividend number 19 are as follows:

Last day to trade cum-dividend	
On the Johannesburg Stock Exchange (JSE)	Friday, 02 December 2011
On the London Stock Exchange (LSE)	Tuesday, 06 December 2011
Shares commence trading ex-dividend	
On the Johannesburg Stock Exchange (JSE)	Monday, 05 December 2011
On the London Stock Exchange (LSE)	Wednesday, 07 December 2011
Record date (on the JSE and LSE)	Friday, 09 December 2011
Payment date (on the JSE and LSE)	Tuesday, 20 December 2011

Share certificates on the South African branch register may not be dematerialised or rematerialised between Monday, 05 December 2011 and Friday, 09 December 2011, both dates inclusive, nor may transfers between the UK and SA registers take place between Monday, 05 December 2011 and Friday, 09 December 2011, both dates inclusive.

Shareholders registered on the South African register are advised that the distribution of 8 pence, equivalent to 103 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, 16 November 2011.

By order of the board

D Miller
Company Secretary

Investec plc

Preference share dividend announcement

Registration number: 3633621
Share code: INP
ISIN: GB00B19RX541

Non-redeemable non-cumulative non-participating preference shares

Declaration of dividend number 11

Notice is hereby given that preference dividend number 11 has been declared for the period 01 April 2011 to 30 September 2011 amounting to 7.52 pence per share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 02 December 2011.

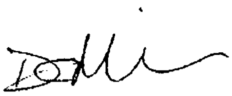
For shares trading on the Johannesburg Stock Exchange (JSE), the dividend of 7.52 pence per share is equivalent to 97 cents per share, which has been determined using the Rand/Pound Sterling average buy/sell forward rate as at 11h00 (SA Time) on Wednesday, 16 November 2011.

The relevant dates relating to the payment of dividend number 11 are as follows:

Last day to trade cum-dividend	
On the Johannesburg Stock Exchange (JSE)	Friday, 25 November 2011
On the Channel Islands Stock Exchange (CISX)	Tuesday, 29 November 2011
Shares commence trading ex-dividend	
On the Johannesburg Stock Exchange (JSE)	Monday, 28 November 2011
On the Channel Islands Stock Exchange (CISX)	Wednesday, 30 November 2011
Record date (on the JSE and CISX)	Friday, 02 December 2011
Payment date (on the JSE and CISX)	Tuesday, 13 December 2011

Share certificates may not be dematerialised or rematerialised between Monday, 28 November 2011 and Friday, 02 December 2011, both dates inclusive, nor may transfers between the UK and SA registers take place between Monday, 28 November 2011 and Friday, 02 December 2011, both dates inclusive.

By order of the board



D Miller
Company Secretary

Investec plc

Rand denominated preference share dividend announcement

Registration number:	3633621
Share code:	INPPR
ISIN:	GB00B4B0Q974

Rand denominated non-redeemable, non-cumulative, non-participating perpetual preference shares

Declaration of dividend number 1

Notice is hereby given that preference dividend number 1 has been declared for the period 29 June 2011 to 30 September 2011 amounting to 220.19 cents per share payable to holders of the Rand denominated non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 02 December 2011.

The relevant dates relating to the payment of dividend number 1 are as follows:

Last day to trade cum-dividend	Friday, 25 November 2011
Shares commence trading ex-dividend	Monday, 28 November 2011
Record date	Friday, 02 December 2011
Payment date	Tuesday, 13 December 2011

Share certificates may not be dematerialised or rematerialised between Monday, 28 November 2011 and Friday, 02 December 2011, both dates inclusive, nor may transfers between the UK and SA registers take place between Monday, 28 November 2011 and Friday, 02 December 2011, both dates inclusive.

By order of the board

D Miller
Company Secretary

Investec Limited

Ordinary dividend announcement

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

Notice is hereby given that an interim dividend number 112 of 103 cents (2010: 90 cents) per ordinary share has been declared by the board in respect of the six months ended 30 September 2011 payable to shareholders recorded in the members' register of the company at the close of business on Friday, 09 December 2011.

The relevant dates for the payment of dividend number 112 are as follows:

Last day to trade cum-dividend	Friday, 02 December 2011
Shares commence trading ex-dividend	Monday, 05 December 2011
Record date (on the JSE)	Friday, 09 December 2011
Payment date (on the JSE)	Tuesday, 20 December 2011

The interim dividend of 103 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, 16 November 2011.

Share certificates may not be dematerialised or rematerialised between Monday, 05 December 2011 and Friday, 09 December 2011, both dates inclusive.

By order of the board

B Coetsee
Company Secretary

Investec Limited

Preference share dividend announcement

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

Non-redeemable non-cumulative non-participating preference shares

Declaration of dividend number 14

Notice is hereby given that preference dividend number 14 has been declared for the period 01 April 2011 to 30 September 2011 amounting to 315.86 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, 02 December 2011.

The relevant dates for the payment of dividend number 112 are as follows:

Last day to trade cum-dividend	Friday, 25 November 2011
Shares commence trading ex-dividend	Monday, 28 November 2011
Record date	Friday, 02 December 2011
Payment date	Tuesday, 13 December 2011

Share certificates may not be dematerialised or rematerialised between Monday, 28 November 2011 and Friday, 02 December 2011, both dates inclusive.

By order of the board

B Coetsee
Company Secretary

Annexure 3 Corporate information

Investec Bank Limited

Dividend announcement

Registration number:	1969/004763/06
Share code:	INLP
ISIN:	ZAE000048393

Non-redeemable non- cumulative non-participating preference shares

Declaration of dividend number 17

Notice is hereby given that preference dividend number 17 has been declared for the period 01 April 2011 to 30 September 2011 amounting to 338.42 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, 02 December 2011.

The relevant dates for the payment of dividend number 17 are as follows:

Last day to trade cum-dividend	Friday, 25 November 2011
Shares commence trading ex-dividend	Monday, 28 November 2011
Record date	Friday, 02 December 2011
Payment date	Tuesday, 13 December 2011

Share certificates may not be dematerialised or rematerialised between Monday, 28 November 2011 and Friday, 02 December 2011, both dates inclusive.

By order of the board

B Coetsee
Company Secretary

Annexure 3 Corporate information

Investec plc and Investec Limited

Secretary and registered office

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Internet address

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Registration number

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

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Ernst & Young Inc.

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Directorate

Executive directors

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

Non-executive directors

Sam E Abrahams
George FO Alford (senior independent NED)
Cheryl A Carolus
PKO Crosthwaite
Olivia C Dickson
Bradley Fried
Haruko Fukuda OBE
Ian R Kantor
M Peter Malungani
Sir David Prosser (joint non-executive chairman)
Peter RS Thomas
Fani Titi (joint non-executive chairman)

For queries regarding information in this document:

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