30 September 2012

Interim results presentation

for the six months ended

Out of the Ordinary®

Investec

Specialist Banking | Asset Management | Wealth & Investment

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Registration number

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

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Directorate

Executive directors

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

Non-executive directors

Sir David Prosser (joint chairman)
Fani Titi (joint chairman)
Sam E Abrahams
George FO Alford (senior independent NED)
Cheryl A Carolus
Perry KO Crosthwaite
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Overview of results

Overview of the Investec group

Who we are

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

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

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

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

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 an international specialist bank and asset manager that provides a diverse range of financial products and services to a niche client base in three principal markets, the UK, South Africa and Australia as well as certain other countries. Investec focuses on delivering distinctive profitable solutions for its clients in three core areas of activity namely, Asset Management, Wealth & Investment and Specialist Banking.

Our strategic goals and objectives are based on the aspiration to be recognised as a distinctive specialist bank and asset manager. This distinction is embodied in our entrepreneurial culture, which is balanced by a strong risk management discipline, client-centric approach and 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.

Doing the right thing for clients, employees and communities is integral to our way of doing business.

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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 activities with financial risk activities
- 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 10% of our issued share capital.

Doing the right thing

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

Presentation of financial information

Introduction

Investec operates under a DLC structure with 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 2012		31 March 2012		30 Sept 2011	
Currency per £1.00	Period end	Average	Period end	Average	Period end	Average
South African Rand	13.39	12.96	12.27	11.85	12.62	11.25
Australian Dollar	1.55	1.54	1.54	1.52	1.60	1.53
Euro	1.26	1.24	1.20	1.16	1.16	1.13
US Dollar	1.61	1.58	1.60	1.60	1.56	1.63

Exchange rates between local currencies and Pounds Sterling have fluctuated over the period. The most significant impact arises from the volatility of the Rand. The average Rand: Pounds Sterling exchange rate over the period has depreciated by 15.2% and the closing rate has depreciated by 9.1% since 31 March 2012.

Amounts represented on a currency neutral basis for balance sheet items assume that the closing exchange rates of the group's relevant exchange rates, as reflected below, remain the same as at 30 September 2012 when compared to 31 March 2012. Whilst, amounts represented on a currency neutral basis for income statement items assume that the average exchange rates of the group's relevant exchange rates, as reflected below, remain the same as at 30 September 2012 when compared to 30 September 2011.

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

	Results reported at 30 Sept 2012	Currency neutral results reported at 30 Sept 2012**
Southern African operating profit (£'000)*	135 688	157 499
Southern African profit after tax and non-controlling interests (£'000)*	135 096	156 907
Total group operating profit before tax (£'000)*	222 401	244 212
Total group adjusted earnings attributable to ordinary shareholders (£'000)*	168 575	184 986
Adjusted EPS (pence)*	19.7	21.6
Total assets (£'million)	50 208	52 708
Total shareholders' equity (£'million)	3 977	4 126

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

** *For balance sheet items we have assumed that the Rand: Pounds Sterling closing exchange rate has remained neutral since 31 March 2012. For income statement items we have used the average Rand: Pounds Sterling exchange rate that was applied in the comparative period, i.e. 11.25.*

Presentation of financial information (continued)

Operating environment

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

	Period ended 30 Sept 2012	Period ended 31 March 2012	Average for the six months: 1 April 2012 to 30 Sept 2012	Period ended 30 Sept 2011	Period ended 31 March 2011	Average for the six months: 1 April 2011 to 30 Sept 2011
Market indicators						
FTSE All share	2 999	3 003	2 935	2 654	3 068	2 956
JSE All share	35 758	33 554	34 439	29 674	32 204	31 292
Australia All ords	4 406	4 420	4 281	4 070	4 929	4 562
S&P 500	1 441	1 408	1 375	1 131	1 326	1 273
Nikkei	8 870	10 084	8 967	8 700	9 755	9 432
Dow Jones	13 437	13 212	12 936	10 913	12 320	12 016
Exchange rates						
Rand:Pounds Sterling	13.39	12.27	12.96	12.62	10.88	11.25
Rand:Dollar	8.31	7.67	8.19	8.11	6.77	6.89
US Dollar:Euro	1.29	1.33	1.27	1.34	1.42	1.43
Euro:Pounds Sterling	1.26	1.20	1.24	1.16	1.13	1.13
Australian Dollar:Pounds Sterling	1.55	1.54	1.54	1.60	1.55	1.53
US Dollar:Pounds Sterling	1.61	1.60	1.58	1.56	1.60	1.63
Rates						
UK overnight	0.39%	0.48%	0.47%	0.50%	0.45%	0.51%
UK 10 year	1.54%	2.20%	1.68%	2.43%	3.69%	3.05%
UK clearing banks base rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
LIBOR – three month	0.60%	1.03%	0.86%	0.95%	0.82%	0.85%
SA R157 (2015)	5.38%	6.69%	5.97%	6.99%	7.82%	7.29%
Rand overnight	4.77%	5.26%	5.07%	5.24%	5.23%	5.24%
SA prime overdraft rate	8.50%	9.00%	8.80%	9.00%	9.00%	9.00%
JIBAR – three month	5.06%	5.60%	5.39%	5.75%	5.58%	5.58%
Reserve Bank of Australia cash target rate	3.50%	4.25%	3.67%	4.75%	4.75%	4.75%
US 10 year	1.64%	2.21%	1.71%	1.92%	3.47%	2.80%
Commodities						
Gold	USD1 774/oz	USD1 667/oz	USD1 632/oz	USD1 624/oz	USD1 432/oz	USD1 607/oz
Gas Oil	USD982/mt	USD1 014/mt	USD939/mt	USD884/mt	USD993/mt	USD953/mt
Platinum	USD1 668/oz	USD1 639/oz	USD1 498/oz	USD1 526/oz	USD1 768/oz	USD1 778/oz

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

Overview of results

	30 Sept 2012	30 Sept 2011	% change Sept 2012 vs Sept 2011	31 March 2012
Income statement and selected returns				
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	168 575	162 867	3.5%	257 579
Headline earnings (£'000)	136 373	147 918	(7.8%)	217 253
Operating profit (£'000)*	229 419	223 629	2.6%	358 625
Operating profit: Southern Africa (% of total)*	58.9%	67.4%		80.7%
Operating profit: UK, Europe, Australia and Other (% of total)*	41.1%	32.6%		19.3%
Cost to income ratio	64.7%	62.6%		64.7%
Staff compensation to operating income ratio	43.2%	41.8%		43.0%
Annualised return on average adjusted shareholders' equity (post tax)	10.1%	10.1%		7.8%
Annualised return on average adjusted tangible shareholders' equity (post tax)	12.5%	12.3%		9.5%
Operating profit per employee (£'000)	29.1	30.6	(4.9%)	47.8
Net interest income as a % of operating income	36.2%	36.8%		36.2%
Non-interest income as a % of operating income	63.8%	63.2%		63.8%
Recurring income as a % of operating income	69.3%	67.8%		67.7%
Effective operational tax rate	19.0%	19.2%		18.1%
Balance sheet				
Total capital resources (including subordinated liabilities) (£'million)	5 631	5 125	9.9%	5 505
Total shareholders' equity (including preference shares and non-controlling interests) (£'million)	3 977	3 797	4.7%	4 013
Shareholders' equity (excluding non-controlling interests) (£'million)	3 700	3 504	5.6%	3 716
Total assets (£'million)	50 208	49 727	1.0%	51 550
Net core loans and advances to customers (including own originated securitised assets) (£'million)	17 752	17 498	1.5%	18 226
Core loans and advances to customers as a % of total assets	35.4%	35.2%		35.4%
Cash and near cash balances (£'million)	10 370	9 264	11.9%	10 251
Customer accounts (deposits) (£'million)	24 689	24 185	2.1%	25 344
Third party assets under management (£'million)	99 522	80 000	24.4%	96 776
Capital adequacy ratio: Investec plc	17.2%	17.1%		17.5%
Capital adequacy tier 1 ratio: Investec plc	11.3%	11.6%		11.6%
Capital adequacy ratio: Investec Limited	17.2%	15.7%		16.1%
Capital adequacy tier 1 ratio: Investec Limited	11.6%	12.0%		11.6%
Credit loss ratio (i.e. income statement impairment change as a % of average gross core loans and advances)	0.85%	1.08%		1.12%
Defaults (net of impairments and before collateral) as a % of net core loans and advances to customers	3.07%	4.30%		3.31%
Gearing/leverage ratio (assets excluding assurance assets to total equity)	11.1x	11.5x		11.3x
Core loans to equity ratio	4.5x	4.6x		4.5x
Loans and advances to customers as a % of customer deposits	68.2%	68.2%		67.8%
Salient financial features and key statistics				
Adjusted earnings per share (pence)	19.7	20.6	(4.4%)	31.8
Headline earnings per share (pence)	15.9	18.7	(15.0%)	26.8
Basic earnings per share (pence)	16.8	19.2	(12.5%)	25.7
Diluted earnings per share (pence)	15.9	18.1	(12.2%)	24.3
Dividends per share (pence)	8.0	8.0	–	17.0
Dividend cover (times)	2.5	2.6	(3.8%)	1.9
Net tangible asset value per share (pence)	311.6	321.0	(2.9%)	317.0
Tangible asset value per share (pence)	385.8	391.2	(1.4%)	392.0
Weighted number of ordinary shares in issue (million)	855.2	792.1	8.0%	809.6
Total number of shares in issue (million)	884.8	818.0	8.1%	874.0
Closing share price (pence)	382	349	9.5%	382
Market capitalisation (£'million)	3 380	2 855	18.4%	3 339
Number of employees in the group (including temps and contractors)	7 999	7 366	8.6%	7 781
Closing ZAR/£: exchange rate	13.39	12.62	6.1%	12.27
Average ZAR/£: exchange rate	12.96	11.25	15.2%	11.85

Note:
Refer to definitions and calculations on page 135.

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

Commentary

Overall group performance

Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after non-controlling interests ("operating profit") increased 2.6% to £229.4 million (2011: £223.6 million).

The South African business reported an increase in operating profit of 6.6% in Rand terms benefiting from growth in revenue and cost containment. The Australian business returned to profitability as a result of a significant decline in impairments. The UK business reported results marginally behind the prior period due to lower investment income.

The group's low-capital intensive asset and wealth management businesses were supported by continued net inflows, with these businesses accounting for 39.3% of the group's operating profit. Overall results have been impacted by the depreciation of the average Rand: Pounds Sterling exchange rate of approximately 15% and low activity levels given the volatile economic environment.

The main features of the period under review are:

- Adjusted earnings attributable to shareholders before goodwill, acquired intangibles and non-operating items increased 3.5% to £168.6 million (2011: £162.9 million) – an increase of 13.6% on a currency neutral basis.
- Adjusted earnings per share (EPS) before goodwill, acquired intangibles and non-operating items decreased 4.4% from 20.6 pence to 19.7 pence – an increase of 4.9% on a currency neutral basis.
- Recurring income as a percentage of total operating income amounts to 69.3% (2011: 67.8%).
- The credit loss charge as a percentage of average gross core loans and advances has improved from 1.12% at 31 March 2012 to 0.85%.
- Third party assets under management increased 2.8% to £99.5 billion (31 March 2012: £96.8 billion) – an increase of 6.7% on a currency neutral basis.
- Customer accounts (deposits) decreased 2.6% to £24.7 billion (31 March 2012: £25.3 billion) – an increase of 2.3% on a currency neutral basis.
- Core loans and advances decreased 2.5% to £17.8 billion (31 March 2012: £18.2 billion) – an increase of 2.5% on a currency neutral basis.
- The board declared a dividend of 8.0 pence per ordinary share (2011: 8.0 pence) resulting in a dividend cover based on the group's adjusted EPS before goodwill and non-operating items of 2.5 times (2011: 2.6 times), consistent with the group's dividend policy.

Business unit review

The successful strategic alignment of the group towards low capital intensive businesses over the past few years has resulted in a scaleable platform from which the group's asset management and wealth management businesses can continue to grow. These businesses have sound franchises and are well placed to broaden their client base and maintain net inflows. Substantial effort through the "One-Bank" process has being made to align infrastructure and processes and to create the appropriate platforms for future growth and development of the Specialist Bank. The focus of the group remains on efficiency and balance sheet optimisation within the banking businesses, whilst growing the business organically and running down the legacy portfolios. The group has a strong core banking franchise which it will continue to broaden and develop.

Asset Management

Asset Management increased operating profit 2.5% to £67.2 million (2011: £65.6 million) benefiting from higher average funds under management with net inflows of £1.5 billion recorded. Total funds under management amount to £62.4 billion (31 March 2012: £61.6 billion).

Wealth & Investment

Wealth & Investment increased operating profit 4.9% to £22.9 million (2011: £21.8 million) benefiting from higher average funds under management with net inflows of £0.6 billion recorded. Total funds under management amount to £36.7 billion (31 March 2012: £34.8 billion). The integration of Williams de Broë is progressing well. Williams de Broë migrated onto the group's platforms in August 2012 and the business has been rebranded Investec Wealth & Investment. Costs relating to the integration of these acquisitions will however, still reflect in the group's 2013 financial results.

Specialist Banking

Specialist Banking increased operating profit 2.3% to £139.4 million (2011: £136.3 million).

In South Africa the division has reported an increase in net interest due to higher lending and fixed income balances and a solid performance from the principal investment and investment properties portfolios. Net fees and commissions and customer flow trading income have been negatively impacted by lower activity in the corporate and institutional banking businesses.

In the UK the division benefited from improved margins and an increase in net fees and commissions in the corporate advisory business. Levels of transactional activity within the corporate and institutional banking businesses however, remain mixed.

The Australian division reported a significant decrease in impairments, with revenue and costs remaining largely in line with the prior year.

Outlook

The financial system has started to show signs of increased stability, as the process of deleveraging slows down and the capital and liquidity structures of the major global banks continue to improve. However, the volatile global economic environment and some unresolved macro risks remain a significant feature. Investec's business model has been substantially realigned and the focus going forward is to consolidate the gains made in its asset management business and broaden the distribution of the wealth management offering. The group will continue its focus on building on the progress made in clearing legacy issues and improving returns in its specialist banking business. Overall, Investec's balanced business model positions the group to adapt to an uncertain and changing environment and ensures it is well placed to benefit from an improvement in market conditions.

On behalf of the boards of Investec plc and Investec Limited

Sir David Prosser
Joint chairman

Fani Titi
Joint chairman

Stephen Koseff
Chief executive officer

Bernard Kantor
Managing director

14 November 2012

Additional information

Acquisitions

On 11 June 2012, Investec completed the acquisition of 100% of the issued share capital of Neontar Limited (parent of the NCB group). The assets and liabilities at the date of acquisition, goodwill arising on the above (and other minor transactions) and total consideration paid are disclosed in the table below:

	Book value at date of acquisition £'000	Fair values at date of acquisition £'000
Loans and advances to banks	10 400	10 400
Trading securities	799	799
Investment securities	6 627	6 627
Deferred taxation assets	70	884
Other assets	52 008	51 117
Property and equipment	1 179	1 179
Intangible assets	–	4 063
Goodwill	–	8 683
	71 083	83 752
Current taxation liabilities	75	75
Deferred taxation liabilities	–	311
Other trading liabilities	281	281
Other liabilities	45 909	51 405
	46 265	52 072
Net assets/fair value of net assets acquired	24 818	31 680

The goodwill arising from the acquisition of the NCB Group is £6.0 million, and consists largely of the benefits expected to arise from the enhancement of Investec's business in Ireland with particular reference to Investec's wealth and investment offering. The remaining goodwill arises from non-material acquisitions.

Accounting policies and disclosures

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

The accounting policies applied in the preparation of the results for the six months ended 30 September 2012 are consistent with those adopted in the financial statements for the year ended 31 March 2012. The financial results have been prepared under the supervision of Glynn Burger the Group Risk and Finance Director.

Restatements and presentation

Please refer to pages 136 to 139.

Proviso

- Please note that matters discussed in this announcement may contain forward looking statements which are subject to various risks and uncertainties and other factors, including, but not limited to:
  - the further development of standards and interpretations under IFRS applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS.
  - domestic and global economic and business conditions.
  - market related risks.
- A number of these factors are beyond the group's control.
- These factors may cause the group's actual future results, performance or achievements in the markets in which it operates to differ from those expressed or implied.
- Any forward looking statements made are based on the knowledge of the group at 14 November 2012.
- The information in the announcement for the six months ended 30 September 2012, which was approved by the board of directors on 14 November 2012, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. The 31 March 2012 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.
- The interim financial statements for the six months ended 30 September 2012 will be posted to shareholders on 30 November 2012.

Financial results
(Investec plc and Investec Limited)

Combined consolidated income statement

£'000	Six months to 30 Sept 2012	Six months to 30 Sept 2011*	Year to 31 March 2012
Interest income	1 127 516	1 183 565	2 299 925
Interest expense	(777 797)	(818 853)	(1 600 878)
Net interest income	349 719	364 712	699 047
Fee and commission income	534 981	507 980	1 013 379
Fee and commission expense	(73 270)	(62 812)	(129 145)
Investment income	75 775	85 022	174 327
Trading income arising from			
– customer flow	34 223	35 907	77 066
– balance sheet management and other trading activities	25 003	17 332	32 204
Other operating income	20 976	44 262	65 128
Total operating income before impairment on loans and advances	967 407	992 403	1 932 006
Impairment losses on loans and advances	(115 640)	(143 328)	(325 118)
Operating income	851 767	849 075	1 606 888
Operating costs	(619 601)	(607 860)	(1 230 628)
Depreciation on operating leased assets	(9 765)	(22 154)	(28 670)
Operating profit before goodwill and acquired intangibles	222 401	219 061	347 590
Impairment of goodwill	(4 751)	(672)	(24 366)
Amortisation of acquired intangibles	(6 631)	(4 096)	(9 530)
Costs arising from integration of acquired subsidiaries	(9 462)	–	(17 117)
Operating profit	201 557	214 293	296 577
Non-operational costs arising from acquisition of subsidiary	(1 903)	–	(5 342)
Profit before taxation	199 654	214 293	291 235
Taxation on operating profit before goodwill	(42 222)	(41 985)	(62 907)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	4 022	2 044	8 164
Profit after taxation	161 454	174 352	236 492
Operating losses attributable to non-controlling interests	7 018	4 568	11 035
Earnings attributable to shareholders	168 472	178 920	247 527
Earnings per share (pence)			
– Basic	16.8	19.2	25.7
– Diluted	15.9	18.1	24.3

* *As restated for reclassifications detailed on page 136.*

Combined consolidated statement of comprehensive income

£'000	Six months to 30 Sept 2012	Six months to 30 Sept 2011	Year to 31 March 2012*
Profit after taxation	161 454	174 352	236 492
Other comprehensive income/(loss):			
Cash flow hedge movements taken directly to other comprehensive income*	(10 186)	(34 524)	(34 691)
Gains on realisation of available-for-sale assets recycled to the income statement*	(11 007)	(1 070)	(12 891)
Fair value movements on available-for-sale assets taken directly to other comprehensive income*	10 778	(22 115)	(312)
Foreign currency adjustments on translating foreign operations	(145 257)	(237 073)	(196 351)
Pension fund actuarial gains	–	–	282
Total comprehensive income/(loss)	5 782	(120 430)	(7 471)
Total comprehensive loss attributable to non-controlling interests	(19 607)	(19 971)	(21 798)
Total comprehensive income/(loss) attributable to ordinary shareholders	368	(127 189)	(24 979)
Total comprehensive income attributable to perpetual preferred securities	25 021	26 730	39 306
Total comprehensive income/(loss)	5 782	(120 430)	(7 471)

* *Net of taxation of £3.1 million (six months to 30 September 2011: £5.7 million, year to 31 March 2012: (£8.4 million)).*

Combined consolidated balance sheet

£'000	30 Sept 2012	31 March 2012*	30 Sept 2011*
Assets			
Cash and balances at central banks	1 964 616	2 593 851	1 274 647
Loans and advances to banks	2 548 691	2 725 347	2 186 698
Non-sovereign and non-bank cash placements	736 548	642 480	398 068
Reverse repurchase agreements and cash collateral on securities borrowed	2 268 021	975 992	2 332 960
Sovereign debt securities	4 078 756	4 067 093	3 718 994
Bank debt securities	2 452 196	3 081 061	2 873 850
Other debt securities	379 491	377 832	217 544
Derivative financial instruments	1 941 073	1 913 650	2 543 704
Securities arising from trading activities	742 879	640 146	997 590
Investment portfolio	835 136	890 702	825 040
Loans and advances to customers	16 834 925	17 192 208	16 505 560
Own originated loans and advances to customers securitised	917 033	1 034 174	992 024
Other loans and advances	2 193 571	2 829 189	2 963 232
Other securitised assets	3 303 116	3 101 422	3 145 539
Interests in associated undertakings	27 425	27 506	24 164
Deferred taxation assets	153 849	150 381	117 340
Other assets	1 410 455	1 802 121	1 516 069
Property and equipment	132 491	171 685	266 452
Investment properties	395 202	407 295	354 700
Goodwill	470 716	468 320	454 417
Intangible assets	187 249	192 099	130 346
	43 973 439	45 284 554	43 838 938
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	6 234 294	6 265 846	5 887 649
	50 207 733	51 550 400	49 726 587
Liabilities			
Deposits by banks	2 732 271	2 967 428	2 594 634
Derivative financial instruments	1 560 408	1 421 130	2 010 287
Other trading liabilities	676 970	612 884	834 417
Repurchase agreements and cash collateral on securities lent	1 936 204	1 864 137	1 721 545
Customer accounts (deposits)	24 688 559	25 343 771	24 184 573
Debt securities in issue	1 624 648	2 243 948	2 149 556
Liabilities arising on securitisation of own originated loans and advances	922 347	1 036 674	997 254
Liabilities arising on securitisation of other assets	2 541 900	2 402 043	2 578 539
Current taxation liabilities	210 724	209 609	207 298
Deferred taxation liabilities	113 254	102 478	138 110
Other liabilities	1 335 279	1 575 154	1 297 615
	38 342 564	39 779 256	38 713 828
Liabilities to customers under investment contracts	6 232 217	6 263 913	5 885 448
Insurance liabilities, including unit-linked liabilities	2 077	1 933	2 201
	44 576 858	46 045 102	44 601 477
Subordinated liabilities	1 654 206	1 492 776	1 328 126
	46 231 064	47 537 878	45 929 603
Equity			
Ordinary share capital	223	221	210
Perpetual preference share capital	153	153	153
Share premium	2 502 909	2 457 019	2 292 401
Treasury shares	(74 746)	(72 820)	(62 313)
Other reserves	(60 326)	82 327	38 838
Retained income	1 332 068	1 249 515	1 234 384
Shareholders' equity excluding non-controlling interests	3 700 281	3 716 415	3 503 673
Non-controlling interests	276 388	296 107	293 311
– Perpetual preferred securities issued by subsidiaries	273 880	291 769	293 829
– Non-controlling interests in partially held subsidiaries	2 508	4 338	(518)
Total equity	3 976 669	4 012 522	3 796 984
Total liabilities and equity	50 207 733	51 550 400	49 726 587

* *As restated for reclassifications detailed on pages 137 and 138.*

Summarised combined consolidated cash flow statement

£'000	Six months to 30 Sept 2012	Six months to 30 Sept 2011	Year to 31 March 2012
Cash inflows from operations	366 363	394 574	658 379
Increase in operating assets	(1 827 308)	(3 428 440)	(2 538 282)
Increase in operating liabilities	636 863	2 834 291	3 393 045
Net cash (outflow)/inflow from operating activities	(824 082)	(199 575)	1 513 142
Net cash (outflow)/inflow from investing activities	(78 825)	(19 493)	39 560
Net cash inflow from financing activities	203 386	28 144	105 679
Effects of exchange rate changes on cash and cash equivalents	(118 413)	(129 249)	(102 563)
Net (decrease)/increase in cash and cash equivalents	(817 934)	(320 173)	1 555 818
Cash and cash equivalents at the beginning of the period	4 942 806	3 386 988	3 386 988
Cash and cash equivalents at the end of the period	4 124 872	3 066 815	4 942 806

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

2

Combined consolidated statement of changes in equity

£'000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
At 1 April 2011	208	153	2 242 067	(42 713)
Movement in reserves 1 April 2011 – 30 September 2011				
Profit after taxation	–	–	–	–
Cash flow hedge movements taken directly to other comprehensive income	–	–	–	–
Gains on realisation of available-for-sale assets recycled through the income statement	–	–	–	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	–	–
Total comprehensive loss for the period	–	–	–	–
Share-based payment adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of ordinary shares	2	–	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 to retained income	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	13 549
At 30 September 2011	210	153	2 292 401	(62 313)
Movement in reserves 1 October 2011 – 31 March 2012				
Profit after taxation	–	–	–	–
Cash flow hedge movements taken directly to other comprehensive income	–	–	–	–
Gains on realisation of available-for-sale assets recycled through the income statement	–	–	–	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	–	–
Pension fund actuarial gains	–	–	–	–
Total comprehensive income for the period	–	–	–	–
Share-based payment adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of ordinary shares	11	–	179 601	–
Share issue expenses	–	–	(20)	–
Issue of equity by subsidiaries	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–
Non-controlling interest relating to disposal of subsidiaries	–	–	–	–
Movement of treasury shares	–	–	(14 963)	(23 355)
Transfer from capital reserve account	–	–	–	–
Transfer from regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	12 848
At 31 March 2012	221	153	2 457 019	(72 820)

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
–	–	–	–	–	68 607	68 607	(6 467)	62 140
–	431	–	(598)	–	–	(167)	–	(167)
–	(11 821)	–	–	–	–	(11 821)	–	(11 821)
–	21 803	–	–	–	–	21 803	–	21 803
1	120	745	(179)	35 005	390	36 082	4 640	40 722
–	–	–	–	–	282	282	–	282
1	10 533	745	(777)	35 005	69 279	114 786	(1 827)	112 959
–	–	–	–	–	33 136	33 136	–	33 136
–	–	–	–	–	(63 878)	(63 878)	–	(63 878)
–	–	–	–	–	(12 576)	(12 576)	4 038	(8 538)
–	–	–	–	–	–	–	(4 038)	(4 038)
–	–	–	–	–	–	–	(143)	(143)
–	–	–	–	–	–	179 612	–	179 612
–	–	–	–	–	–	(20)	–	(20)
–	–	–	–	–	–	–	72	72
–	–	–	–	–	–	–	(483)	(483)
–	–	–	–	–	–	–	5 177	5 177
–	–	–	–	–	–	(38 318)	–	(38 318)
(136)	–	–	–	–	136	–	–	–
–	–	(1 882)	–	–	1 882	–	–	–
–	–	–	–	–	(12 848)	–	–	–
11 127	9 113	34 596	(31 632)	59 123	1 249 515	3 716 415	296 107	4 012 522

Combined consolidated statement of changes in equity (continued)

£'000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
At 31 March 2012	221	153	2 457 019	(72 820)
Movement in reserves 1 April 2012 – 30 September 2012				
Profit after taxation	–	–	–	–
Cash flow hedge movements taken directly to other comprehensive income	–	–	–	–
Gains on realisation of available-for-sale assets recycled through the income statement	–	–	–	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	–	–
Total comprehensive income for the period	–	–	–	–
Share-based payment adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of ordinary shares	2	–	34 683	–
Issue of perpetual preference shares	–	–	24 263	–
Acquisition of non-controlling interests	–	–	–	–
Non-controlling interest relating to disposal of subsidiaries	–	–	–	–
Movement of treasury shares	–	–	(13 056)	(14 372)
Transfer from regulatory general risk reserve to retained income	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	12 446
At 30 September 2012	223	153	2 502 909	(74 746)

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
11 127	9 113	34 596	(31 632)	59 123	1 249 515	3 716 415	296 107	4 012 522
–	–	–	–	–	168 472	168 472	(7 018)	161 454
–	(651)	–	(9 535)	–	–	(10 186)	–	(10 186)
–	(11 007)	–	–	–	–	(11 007)	–	(11 007)
–	10 778	–	–	–	–	10 778	–	10 778
–	11	(101)	64	(132 778)	136	(132 668)	(12 589)	(145 257)
–	(869)	(101)	(9 471)	(132 778)	168 608	25 389	(19 607)	5 782
–	–	–	–	–	34 382	34 382	–	34 382
–	–	–	–	–	(78 622)	(78 622)	–	(78 622)
–	–	–	–	–	(25 021)	(25 021)	15 358	(9 663)
–	–	–	–	–	–	–	(15 358)	(15 358)
–	–	–	–	–	–	–	(116)	(116)
–	–	–	–	–	–	34 685	–	34 685
–	–	–	–	–	–	24 263	–	24 263
–	–	–	–	–	(3 895)	(3 895)	(216)	(4 111)
–	–	–	–	–	–	–	220	220
–	–	–	–	–	113	(27 315)	–	(27 315)
–	–	566	–	–	(566)	–	–	–
–	–	–	–	–	(12 446)	–	–	–
11 127	8 244	35 061	(41 103)	(73 655)	1 332 068	3 700 281	276 388	3 976 669

Dividends and earnings per share

	30 Sept 2012	30 Sept 2011
Ordinary dividends – pence per share		
Interim	8.0	8.0
Earnings	£'000	£'000
Earnings attributable to shareholders	168 472	178 920
Preference dividends paid	(25 021)	(26 730)
Earnings attributable to ordinary shareholders	143 451	152 190
Earnings resulting from future dilutive instruments	–	–
Diluted earnings attributable to ordinary shareholders	143 451	152 190
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	880 542 451	814 524 088
Weighted average number of treasury shares	(25 306 313)	(22 400 795)
Weighted average number of shares in issue during the year	855 236 138	792 123 293
Weighted average number of shares resulting from future dilutive potential shares	47 180 846	47 502 636
Adjusted weighted number of shares potentially in issue	902 416 984	839 625 929
Earnings per share – pence Basic earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders in Investec plc and Investec Limited by the weighted average number of ordinary shares in issue during the year	16.8	19.2
Diluted earnings per share – pence Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the year plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the year	15.9	18.1
Adjusted earnings per share – pence Adjusted earnings per share is calculated by dividing the earnings before goodwill, acquired intangibles and non-operating items attributable to the ordinary shareholders and after taking into account earnings attributable to perpetual preference shareholders, by the weighted average number of ordinary shares in issue during the year	19.7	20.6
	£'000	£'000
Earnings attributable to shareholders	168 472	178 920
Impairment of goodwill	4 751	672
Amortisation of acquired intangibles, net of taxation	4 907	2 052
Non-operational costs arising from acquisition of subsidiary (including integration costs), net of taxation	9 067	–
Preference dividends paid	(25 021)	(26 730)
Additional earnings attributable to other equity holders*	5 818	6 201
Currency hedge attributable to perpetual equity instruments	581	1 752
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	168 575	162 867

* *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 2012	30 Sept 2011
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	15.9	18.7
	£'000	£'000
Earnings attributable to shareholders	168 472	178 920
Impairment of goodwill	4 751	672
Preference dividends paid	(25 021)	(26 730)
Other headline adjustments**	(11 829)	(4 944)
Headline earnings attributable to ordinary shareholders	136 373	147 918

** *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 £4.4 million (2011: £3.9 million) with no impact on earnings attributable to non-controlling interests.*

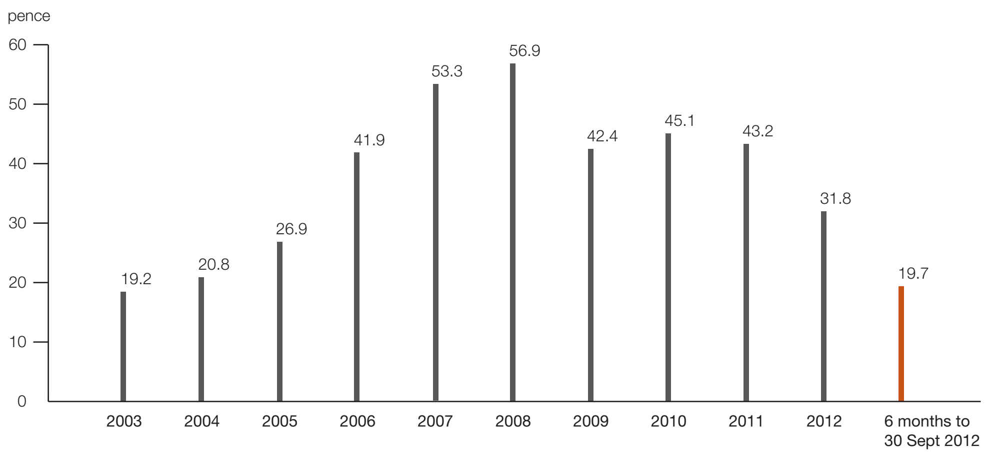
Financial review and additional information

Financial review

This commentary and analysis of our financial results for the period ended 30 September 2012 provides an overview of our financial performance relative to the group's results for the period ended 30 September 2011. 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.

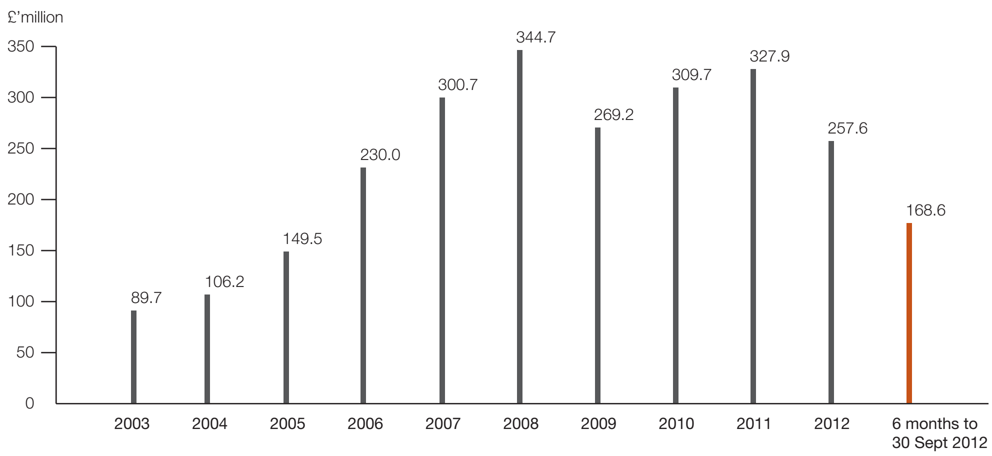
Track record

Adjusted earnings per share*



Down 4.4% to 19.7p
(Sept 2011: 20.6p)

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

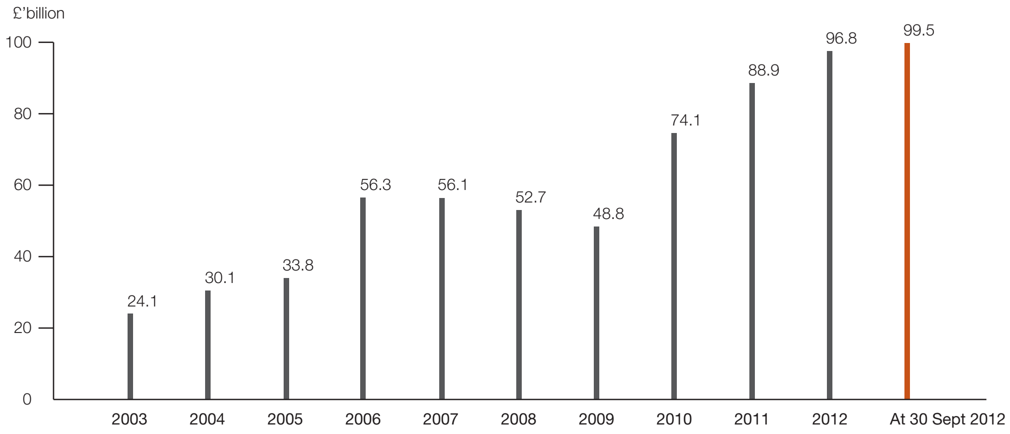


Up 3.5% to £168.6mn
(Sept 2011: £162.9mn)

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.

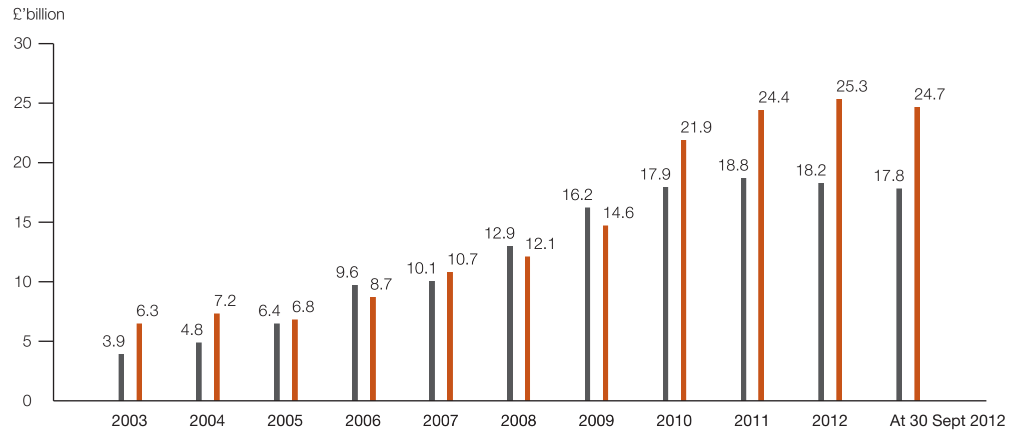
* *Historical EPS numbers have been adjusted for the 5:1 share split that took place on 4 September 2006.*

Third party assets under management



Up 2.8% to £99.5bn since 31 March 2012 – an increase of 6.7% on a currency neutral basis*
Net inflows of £2.1bn

Core loans and customer deposits



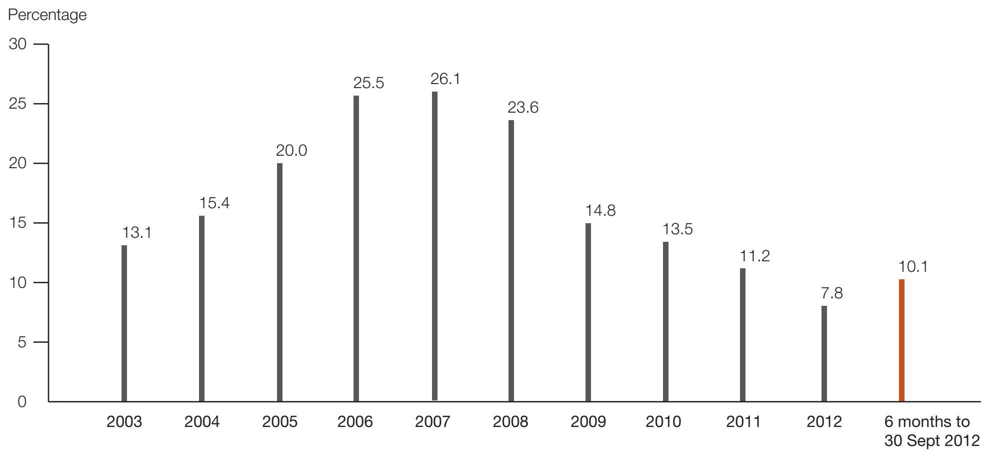
Core loans: down 2.5% to £17.8bn since 31 March 2012 – an increase of 2.5% on a currency neutral basis*
Deposits: down 2.6% to £24.7bn since 31 March 2012 – an increase of 2.3% on a currency neutral basis*

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 2012 when compared to 31 March 2012.*

Financial objectives

ROE*

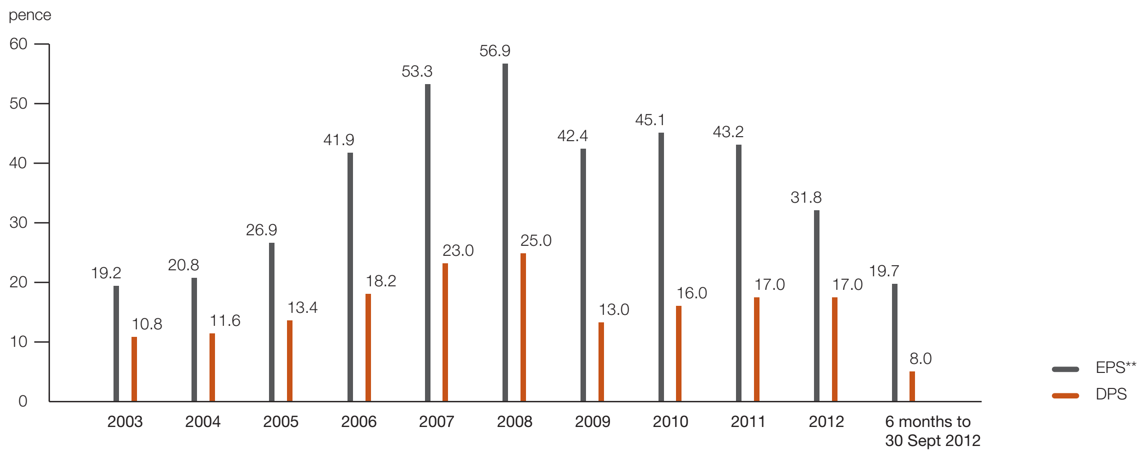


* *ROE is post-tax return on adjusted average shareholders' equity as calculated on page 40.*

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

- Group ROE: target 12% to 16% over a rolling five-year period in Pounds Sterling

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

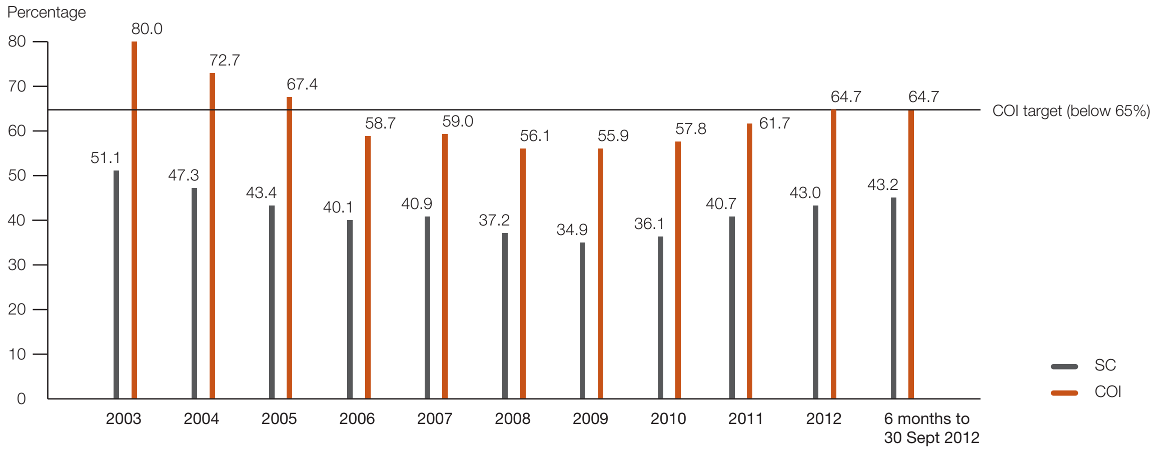


** *Adjusted EPS before goodwill, acquired intangibles and non-operating items as defined on page 20. The numbers have been adjusted for the 5:1 share split that took place on 4 September 2006.*

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 26.

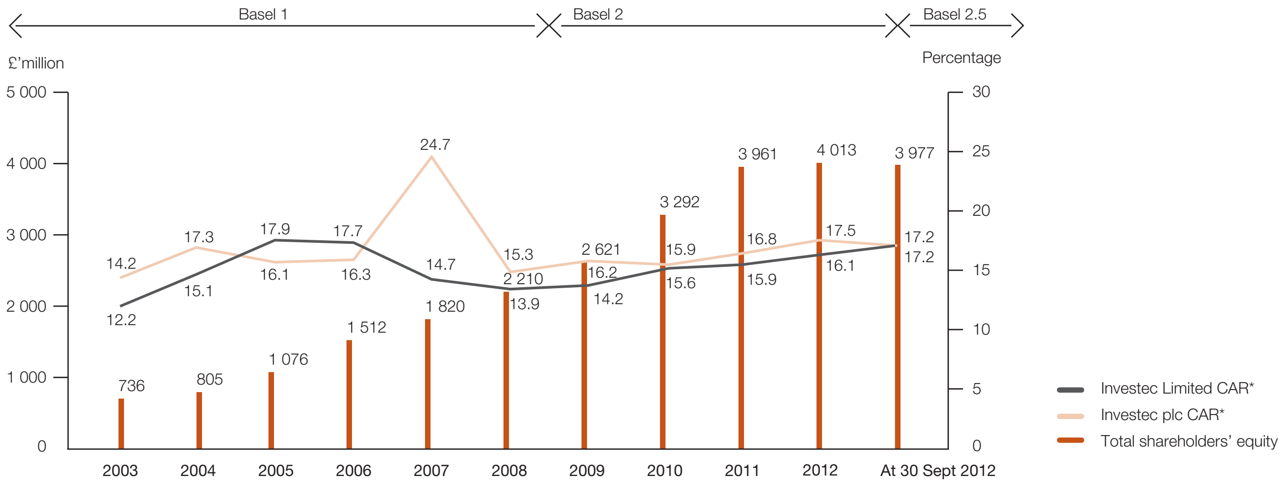
Cost to income ratio (COI) and staff compensation to operating income ratio (SC)



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 and after 31 March 2012 under Basel 2.5.*

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 15% and 18% on a consolidated basis for Investec plc and Investec Limited and we target a minimum tier 1 ratio range of between 11% and 12%.

Note:
The numbers shown in the financial objectives graphs on pages 25 and 26 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 three principal business divisions: Asset Management, Wealth & Investment and Specialist Banking.

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

Business activity	Key income drivers	Income impacted primarily by	Income statement – primarily 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
Specialist Banking			
	• Lending activities	• Rate environment • Size of portfolios • Clients' capital and infrastructural investments • Client activity	• Net interest income • Fees and commissions • Investment income
	• Cash and near-cash balances	• Rate environment • Capital employed in the business and capital adequacy targets • Asset and liability management policies and risk appetite • Regulatory requirements	• Net interest income • Trading income arising from balance sheet management activities

An overview of our key income drivers (continued)

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

Risks relating to our operations

An overview of key risks

In our ordinary course of business we face a number of risks that could affect our business operations. These risks are summarised briefly below:

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

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 107 to 125.

Total operating income

Total operating income before impairment on loans and advances decreased by 2.5% to £967.4 million (2011: £992.4 million). The various components of total operating income are analysed below.

£'000	30 Sept 2012	% of total income	30 Sept 2011	% of total income	% change
Net interest income	349 719	36.2%	364 712	36.7%	(4.1%)
Net fee and commission income	461 711	47.7%	445 168	44.9%	3.7%
Investment income	75 775	7.8%	85 022	8.6%	(10.9%)
Trading income arising from					
– customer flow	34 223	3.5%	35 907	3.6%	(4.7%)
– balance sheet management and other trading activities	25 003	2.6%	17 332	1.7%	44.3%
Other operating income	20 976	2.2%	44 262	4.5%	(52.6%)
Total operating income before impairment on loans and advances	967 407	100.0%	992 403	100.0%	(2.5%)

Financial review (continued)

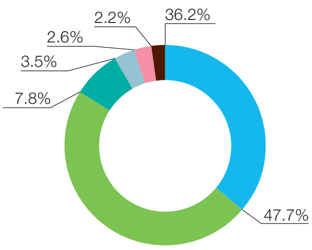
The following table sets out information on total operating income before impairment on loans and advances by geography for the period under review.

£'000	30 Sept 2012	% of total income	30 Sept 2011	% of total income	% change
UK and Europe	523 417	54.1%	512 883	51.7%	2.1%
Southern Africa	383 773	39.7%	420 510	42.4%	(8.7%)
Australia	60 217	6.2%	59 010	5.9%	2.0%
Total operating income before impairment on loans and advances	967 407	100.0%	992 403	100.0%	(2.5%)

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

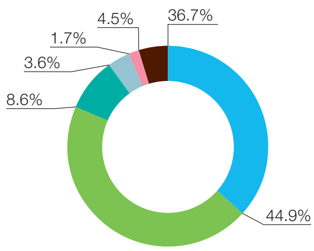
£'000	30 Sept 2012	% of total income	30 Sept 2011	% of total income	% change
Asset Management	192 603	19.9%	186 666	18.8%	3.2%
Wealth & Investment	118 590	12.3%	89 773	9.1%	32.1%
Specialist Banking	656 214	67.8%	715 964	72.1%	(8.3%)
Total operating income before impairment on loans and advances	967 407	100.0%	992 403	100.0%	(2.5%)

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



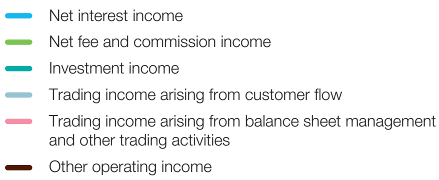
30 September 2012

£967.4 million



30 September 2011

£992.4 million



Net interest income

Net interest income decreased by 4.1% to £349.7 million (2011: £364.7 million) largely as a result of the depreciation of the Rand. The South African and UK businesses both reported an increase in net interest.

£'000	30 Sept 2012	30 Sept 2011	Variance	% change
Asset Management	2 190	2 784	(594)	(21.3%)
Wealth & Investment	5 881	4 877	1 004	20.6%
Specialist Banking	341 648	357 051	(15 403)	(4.3%)
Net interest income	349 719	364 712	14 993	(4.1%)

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

For the six months to 30 September 2012 £'000	Notes	UK and Europe		Southern Africa		Australia		Total group	
		Balance sheet value	Interest received	Balance sheet value	Interest received	Balance sheet value	Interest received	Balance sheet value	Interest received
Cash, near cash and bank debt and sovereign debt securities	1	5 365 488	22 546	7 899 276	190 461	784 064	18 793	14 048 828	231 800
Core loans and advances	2	5 777 920	166 474	9 983 155	430 511	1 990 883	90 809	17 751 958	687 794
Private client		3 507 041	89 254	7 477 180	310 344	1 255 726	67 403	12 239 947	467 001
Corporate, institutional and other clients		2 270 879	77 220	2 505 975	120 167	735 157	23 406	5 512 011	220 793
Other debt securities and other loans and advances		1 977 939	75 871	547 521	10 947	47 602	990	2 573 062	87 808
Other interest earning assets	3	3 191 006	92 295	112 110	27 819	–	–	3 303 116	120 114
Total interest earning assets		16 312 353	357 186	18 542 062	659 738	2 822 549	110 592	37 676 964	1 127 516

For the six months to 30 September 2012 £'000	Notes	UK and Europe		Southern Africa		Australia		Total group	
		Balance sheet value	Interest paid	Balance sheet value	Interest paid	Balance sheet value	Interest paid	Balance sheet value	Interest paid
Deposits by banks and other debt-related securities	4	3 128 278	43 125	2 637 403	34 551	527 442	16 179	6 293 123	93 855
Customer accounts (deposits)		9 673 272	114 268	13 370 810	390 163	1 644 477	43 943	24 688 559	548 374
Other interest bearing liabilities	5	2 505 072	27 556	505 613	26 593	453 562	16 210	3 464 247	70 359
Subordinated liabilities		694 847	32 551	914 310	31 445	45 049	1 213	1 654 206	65 209
Total interest bearing liabilities		16 001 469	217 500	17 428 136	482 752	2 670 530	77 545	36 100 135	777 797
Net interest income			139 686		176 986		33 047		349 719

For the six months to 30 September 2011 £'000	Notes	UK and Europe		Southern Africa		Australia		Total group	
		Balance sheet value	Interest received	Balance sheet value	Interest received	Balance sheet value	Interest received	Balance sheet value	Interest received
Cash, near cash and bank debt and sovereign debt securities	1	4 434 238	27 795	7 430 063	182 276	920 916	22 881	12 785 217	232 952
Core loans and advances	2	5 655 886	164 365	9 851 332	473 432	1 990 366	101 878	17 497 584	739 675
Private client		3 484 842	94 660	7 335 644	340 389	1 710 852	76 931	12 531 338	511 980
Corporate, institutional and other clients		2 171 044	69 705	2 515 688	133 043	279 514	24 947	4 966 246	227 695
Other debt securities and other loans and advances		2 935 587	59 624	108 677	10 643	136 512	2 952	3 180 776	73 219
Other interest earning assets	3	2 989 591	89 310	155 948	48 110	41 095	299	3 186 634	137 719
Total interest earning assets		16 015 302	341 094	17 546 020	714 461	3 088 889	128 010	36 650 211	1 183 565

Notes:

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

Net interest income (continued)

For the six months to 30 September 2011 £'000	Notes	UK and Europe		Southern Africa		Australia		Total group	
		Balance sheet value	Interest paid	Balance sheet value	Interest paid	Balance sheet value	Interest paid	Balance sheet value	Interest paid
Deposits by banks and other debt-related securities	4	3 583 465	45 598	2 004 990	29 822	877 280	26 749	6 465 735	102 169
Customer accounts (deposits)		9 106 118	100 485	13 632 575	413 229	1 445 880	46 691	24 184 573	560 405
Other interest bearing liabilities	5	2 530 968	32 484	564 142	41 542	480 683	17 077	3 575 793	91 103
Subordinated liabilities		691 098	26 592	599 696	37 160	37 332	1 424	1 328 126	65 176
Total interest bearing liabilities		15 911 649	205 159	16 801 403	521 753	2 841 175	91 941	35 554 227	818 853
Net interest income			135 935		192 708		36 069		364 712

Notes:

4. *Comprises (as per the balance sheet) deposits by banks; debt securities in issue; reverse repurchase agreements.*
5. *Comprises (as per the balance sheet) liabilities arising on securitisation of own originated assets; liabilities arising on securitisation.*

Net fee and commission income

Net fee and commission income increased by 3.7% to £461.7 million (2011: £445.2 million). The group benefited from higher average funds under management, solid net inflows and the acquisitions of the Evolution Group plc and the NCB Group. The Specialist Banking business recorded a decrease in net fees and commissions largely due to lower levels of activity in the Corporate and Institutional Banking businesses.

£'000	30 Sept 2012	30 Sept 2011	Variance	% change
Asset Management	188 322	183 181	5 141	2.8%
Wealth & Investment	111 762	88 296	23 466	26.6%
Specialist Banking	161 627	173 691	(12 064)	(6.9%)
Net fee and commission income	461 711	445 168	16 543	3.7%

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

For the six months to 30 September 2012 £'000	UK and Europe	Southern Africa	Australia	Total group
Fund management fees/fees for assets under management	219 824	95 958	2 608	318 390
Private client transactional fees	37 707	31 227	6 339	75 273
Corporate and institutional transactional and advisory services	85 652	40 674	14 992	141 318
Fee and commission income	343 183	167 859	23 939	534 981
Fee and commission expense	(66 608)	(5 032)	(1 630)	(73 270)
Net fees and commissions	276 575	162 827	22 309	461 711
Deal	92 314	35 948	12 551	140 813
Annuity fees (net of fees payable)	184 261	126 879	9 758	320 898

For the six months to 30 September 2011 £'000	UK and Europe	Southern Africa	Australia	Total group
Fund management fees/fees for assets under management	195 381	93 554	2 640	291 575
Private client transactional fees	32 245	36 317	8 221	76 783
Corporate and institutional transactional and advisory services	74 543	57 396	7 683	139 622
Fee and commission income	302 169	187 267	18 544	507 980
Fee and commission expense	(58 045)	(2 803)	(1 964)	(62 812)
Net fees and commissions	244 124	184 464	16 580	445 168
Deal	75 896	51 861	9 020	136 777
Annuity fees (net of fees payable)	168 228	132 603	7 560	308 391

Investment income

Investment income decreased by 10.9% to £75.8 million (2011: £85.0 million) due to a weaker performance from the fixed income and investment portfolios in the UK. The unlisted investment portfolios in South Africa and Hong Kong continued to perform in line with expectations.

£'000	30 Sept 2012	30 Sept 2011	Variance	% change
Asset Management	7	8	(1)	(12.5%)
Wealth & Investment	492	(210)	702	>100.0%
Specialist Banking	75 276	85 224	(9 948)	(11.7%)
Investment income	75 775	85 022	(9 247)	(10.9%)

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

For the six months to 30 September 2012 £'000	UK and Europe	Southern Africa	Australia	Total group
Realised	44 749	38 961	3 185	86 895
Unrealised	169	(11 405)	–	(11 236)
Dividend income	1 201	5 515	–	6 716
Funding and net other related costs	813	(8 005)	592	(6 600)
Investment income	46 932	25 066	3 777	75 775

For the six months to 30 September 2012 £'000	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
UK and Europe	(2 034)	43 247	–	5 719	46 932
Realised	662	41 388	–	2 699	44 749
Unrealised	(3 897)	1 859	–	2 207	169
Dividend income	1 201	–	–	–	1 201
Funding and net other related costs	–	–	–	813	813
Southern Africa	7 704	6 175	13 217	(2 030)	25 066
Realised	38 659	366	1 554	(1 618)	38 961
Unrealised	(29 357)	5 809	12 183	(40)	(11 405)
Dividend income	4 917	–	598	–	5 515
Funding and net other related costs	(6 515)	–	(1 118)	(372)	(8 005)
Australia	1 685	–	–	2 092	3 777
Realised	1 685	–	–	1 500	3 185
Unrealised	–	–	–	–	–
Dividend income	–	–	–	–	–
Funding and net other related costs	–	–	–	592	592
Investment income	7 355	49 422	13 217	5 781	75 775

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

For the six months to 30 September 2011 £'000	UK and Europe	Southern Africa	Australia	Total group
Realised	38 779	15 034	671	54 484
Unrealised	21 462	13 059	(37)	34 484
Dividend income	776	2 928	535	4 239
Funding and net other related costs	(77)	(8 510)	402	(8 185)
Investment income	60 940	22 511	1 571	85 022

For the six months to 30 September 2011 £'000	Investment portfolio (listed and unlisted equities)	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
UK and Europe	9 361	45 777	–	5 802	60 940
Realised	5 045	27 969	–	5 765	38 779
Unrealised	3 618	17 844	–	–	21 462
Dividend income	776	–	–	–	776
Funding and net other related costs	(78)	(36)	–	37	(77)
Southern Africa	1 951	8 993	11 438	129	22 511
Realised	11 037	2 665	1 317	15	15 034
Unrealised	(3 357)	6 342	9 677	397	13 059
Dividend income	2 484	–	444	–	2 928
Funding and net other related costs	(8 213)	(14)	–	(283)	(8 510)
Australia	993	176	–	402	1 571
Realised	495	176	–	–	671
Unrealised	(37)	–	–	–	(37)
Dividend income	535	–	–	–	535
Funding and net other related costs	–	–	–	402	402
Investment income	12 305	54 946	11 438	6 333	85 022

Trading income

Trading income arising from customer flow decreased by 4.7% to £34.2 million (2011: £35.9 million) whilst trading income arising from other trading activities increased by 44.3% to £25.0 million (2011: £17.3 million) due to effective balance sheet management.

Arising from customer flow

For the six months to £'000	30 Sept 2012	30 Sept 2011	Variance	% change
Asset Management	–	–	–	–
Wealth & Investment	(81)	(3 177)	3 096	97.5%
Specialist Banking	34 304	39 084	(4 780)	(12.2%)
Trading income arising from customer flow	34 223	35 907	(1 684)	(4.7%)

Arising from balance sheet management and other trading activities

For the six months to £'000	30 Sept 2012	30 Sept 2011	Variance	% change
Asset Management	(459)	–	(459)	(>100.0%)
Wealth & Investment	228	(242)	470	>100.0%
Specialist Banking	25 234	17 574	7 660	43.6%
Trading income arising from balance sheet management and other trading activities	25 003	17 332	7 671	44.3%

Other operating income

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

Impairment losses on loans and advances

Impairments in South Africa and the UK increased from £74.2 million to £80.8 million, whilst impairments in Australia decreased from £32.9 million to £6.4 million, resulting in a total decrease in impairments on loans and advances from £107.1 million to £87.2 million (excluding Kensington). This current impairment charge is 26.4% lower than that recorded in the second half of the group's 2012 financial year.

Since 31 March 2012 the level of defaults has improved marginally with the percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounting to 3.07% (31 March 2012: 3.31%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.29 times (31 March 2012: 1.39 times). The credit loss charge as a percentage of average gross core loans and advances has improved from 1.12% at 31 March 2012 to 0.85%.

Impairment losses on loans and advances relating to the Kensington business decreased from £36.2 million to £28.4 million.

For the six months to £'000	30 Sept 2012	30 Sept 2011	Variance	% change
UK and Europe	78 211	79 154	(943)	(1.2%)
Southern Africa	31 013	31 291	(278)	(0.9%)
Australia	6 416	32 883	(26 467)	(80.5%)
Impairment losses on loans and advances	**115 640**	**143 328**	**(27 688)**	**(19.3%)**
Impairment losses on loans and advances in home currency				
Southern Africa (R'mn)	403	351	52	14.8%
Australia (A$'mn)	9.8	50.9	(41.1)	(80.7%)

Operating costs and depreciation

The ratio of operating costs to total operating income amounted to 64.7% (2011: 62.6%).

Total operating expenses grew by 1.9% to £619.6 million (2011: £607.9 million) largely as a result of the acquisitions of the Evolution Group plc and the NCB Group. Excluding these acquisitions, costs in the UK business were marginally lower than the prior period, whilst costs in the South African business increased by 4.8% in Rands.

For the six months to £'000	30 Sept 2012	% of total expenses	30 Sept 2011	% of total expenses	% change
Staff costs	417 609	66.4%	414 944	65.9%	0.6%
– fixed	298 152	47.4%	291 270	46.3%	2.4%
– variable	119 457	19.0%	123 674	19.6%	(3.4%)
Business expenses	95 634	15.2%	87 849	13.9%	8.9%
Equipment (excluding depreciation)	27 935	4.4%	28 316	4.5%	(1.3%)
Premises (excluding depreciation)	36 177	5.7%	36 687	5.8%	(1.4%)
Marketing expenses	26 867	4.3%	25 991	4.1%	3.4%
Depreciation and impairment of property, equipment and software	15 379	2.4%	14 073	2.3%	9.3%
Total operating expenses	**619 601**	**98.4%**	**607 860**	**96.5%**	**1.9%**
Depreciation on operating leased assets	9 765	1.6%	22 154	3.5%	(55.9%)
Total expenses	**629 366**	**100.0%**	**630 014**	**100.0%**	**(0.1%)**

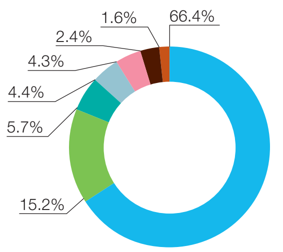
The following table sets out certain information on total expenses by geography for the period under review.

For the six months to £'000	30 Sept 2012	% of total expenses	30 Sept 2011	% of total expenses	% change
UK and Europe	363 248	57.7%	344 002	54.6%	5.6%
Southern Africa	217 072	34.5%	238 506	37.9%	(9.0%)
Australia	49 046	7.8%	47 506	7.5%	3.2%
Total expenses	**629 366**	**100.0%**	**630 014**	**100.0%**	**(0.1%)**

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

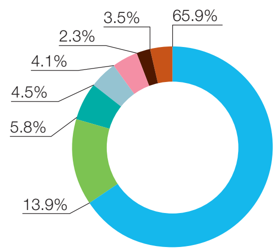
For the six months to £'000	30 Sept 2012	% of total expenses	30 Sept 2011	% of total expenses	% change
Asset Management	125 223	19.9%	120 862	19.2%	3.6%
Wealth & Investment	95 739	15.2%	67 985	10.8%	40.8%
Specialist Banking	408 404	64.9%	441 167	70.0%	(7.4%)
Total expenses	629 366	100.0%	630 014	100.0%	(0.1%)

% of total expenses



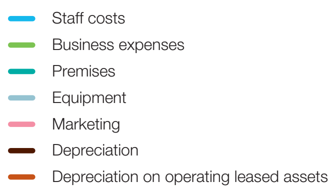
30 September 2012

£629.4 million



30 September 2011

£630.0 million



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

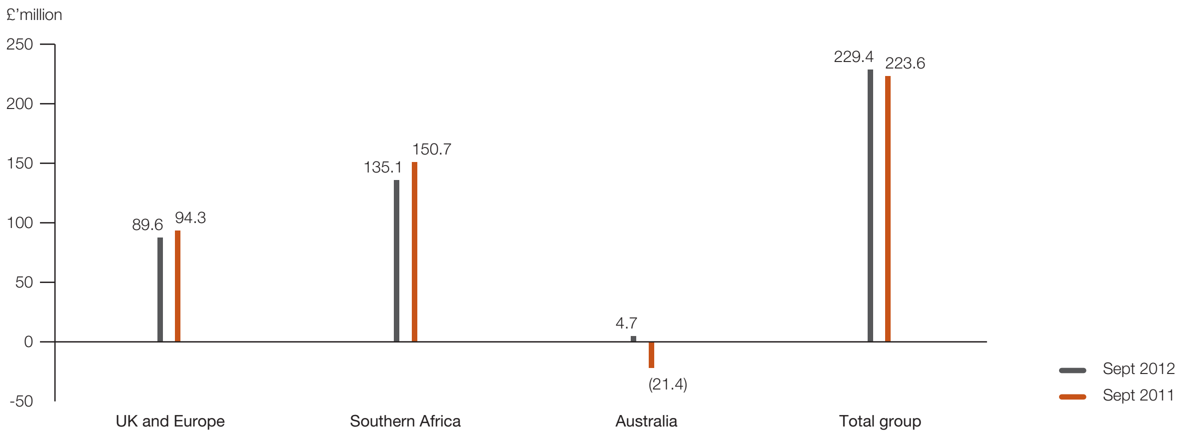
As a result of the foregoing factors, our operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests increased by 2.6% from £223.6 million to £229.4 million.

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

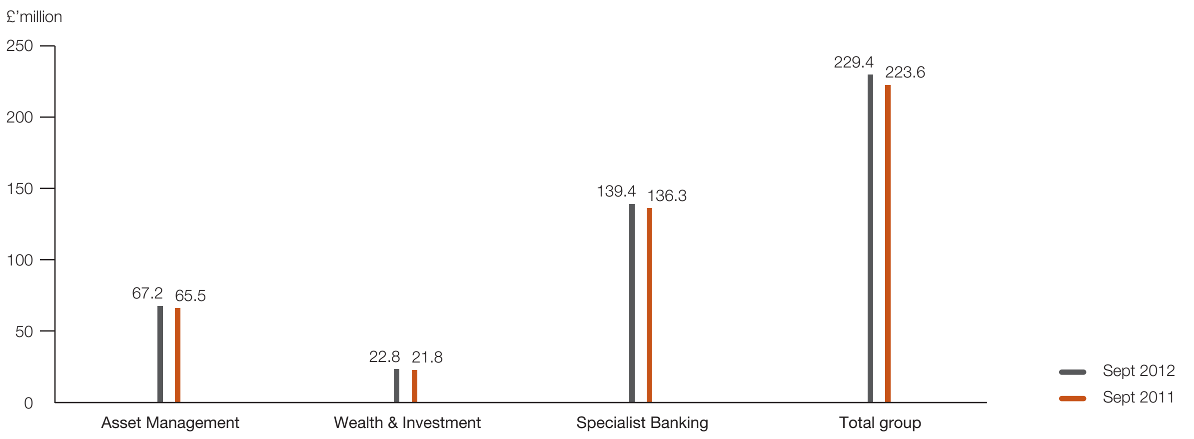
For the six months to 30 September 2012 £'000	UK and Europe	Southern Africa	Australia	Total group	% change	% of total
Asset Management	28 081	39 116	–	67 197	2.5%	29.3%
Wealth & Investment	14 223	8 628	–	22 851	4.9%	10.0%
Specialist Banking	47 264	87 352	4 755	139 371	2.3%	60.7%
Property activities	318	10 822	2 193	13 333	14.1%	9.6%
Private Banking activities	2 263	19 511	(3 222)	18 552	>100.0%	13.3%
Corporate Advisory and Investment activities	(2 147)	10 784	2 747	11 384	>100.0%	8.2%
Corporate and Institutional Banking activities	59 844	42 120	5 328	107 292	(31.1%)	76.9%
Group Services and Other activities	(13 014)	4 115	(2 291)	(11 190)	62.4%	(8.0%)
Total group	89 568	135 096	4 755	229 419	2.6%	100.0%
Non-controlling interest – equity				(7 018)		
Operating profit				222 401		
% change	(5.1%)	(10.3%)	>100.0%	2.6%		
% of total	39.0%	58.9%	2.1%	100.0%		

For the six months to 30 September 2011 £'000	UK and Europe	Southern Africa	Australia	Total group	% of total
Asset Management	28 401	37 177	–	65 578	29.3%
Wealth & Investment	13 217	8 571	–	21 788	9.7%
Specialist Banking	52 716	104 926	(21 379)	136 263	61.0%
Property activities	(20)	10 453	1 255	11 688	8.6%
Private Banking activities	3 779	14 701	(23 382)	(4 902)	(3.6%)
Corporate Advisory and Investment activities	(2 059)	7 488	(1 770)	3 659	2.7%
Corporate and Institutional Banking activities	98 892	54 806	1 917	155 615	>100.0%
Group Services and Other activities	(47 876)	17 478	601	(29 797)	(21.9%)
Total group	94 334	150 674	(21 379)	223 629	100.0%
Non-controlling interest – equity				(4 568)	
Operating profit				219 061	
% of total	42.2%	67.4%	(9.6%)	100.0%	

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



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



Impairment of goodwill

The current period's goodwill impairment relates to Asset Management businesses acquired in prior years and the Swiss Trust business.

Goodwill and intangible assets analysis – balance sheet information

£'000	30 Sept 2012	31 March 2012	30 Sept 2011
UK and Europe	411 976	409 837	395 949
Asset Management	88 045	88 045	88 045
Wealth & Investment	233 120	233 120	197 119
Specialist Banking	90 811	88 672	110 785
Southern Africa	11 617	13 696	15 362
Asset Management	8 684	10 487	12 258
Wealth & Investment	2 604	2 850	2 755
Specialist Banking	329	359	349
Australia	47 123	44 787	43 106
Specialist Banking	47 123	44 787	43 106
Total goodwill	470 716	468 320	454 417
Intangible assets	187 249	192 099	130 346
Total goodwill and intangible assets	657 965	660 419	584 763

Amortisation of acquired intangibles

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

Costs arising from acquisitions

As anticipated in the 2012 financial year, a further cost of £9.5 million (before tax) arose on the integration of the Evolution Group plc and £1.9 million arose on the acquisition of the NCB Group.

Taxation

The effective tax rate amounts to 19.0% (2011: 19.2%).

	Effective operational tax rates				
	30 Sept 2012	30 Sept 2011	30 Sept 2012 £'000	30 Sept 2011 £'000	% change
UK and Europe	21.8%	21.6%	17 852	19 151	(6.8%)
Southern Africa	16.8%	19.4%	22 793	29 186	(21.9%)
Australia	33.2%	(29.7%)	1 577	(6 352)*	>100.0%
Tax	19.0%	19.2%	42 222	41 985	0.6%

* *Represents a taxation saving.*

Losses attributable to non-controlling interests

Losses attributable to non-controlling interests largely comprise £7.4 million relating to Euro denominated preferred securities issued by a subsidiary of Investec plc which are reflected on the balance sheet as part of non-controlling interests. (The transaction is hedged and a forex transaction loss arising on the hedge is reflected in operating profit before goodwill with the equal and opposite impact reflected in earnings attributable to non-controlling interests.)

Earnings attributable to shareholders

As a result of the abovementioned factors, earnings attributable to shareholders decreased from £178.9 million to £168.5 million.

Dividends and earnings per share

Information with respect to dividends and earnings per share is provided on page 20 and pages 140 to 146.

Balance sheet analysis

Since 31 March 2012:

- Total shareholders' equity (including non-controlling interests) decreased by 0.9% to £4.0 billion – an increase of 2.8% on a currency neutral basis. The weakening of the closing Rand exchange rate relative to Pounds Sterling has resulted in a reduction in total equity of £149.2 million
- Net asset value per share decreased by 1.6% to 385.8 pence and net tangible asset value per share (which excludes goodwill and intangible assets) decreased by 1.7% to 311.6 pence largely as a result of the depreciation of the Rand as described above
- The return on adjusted average shareholders' equity increased from 7.8% to 10.1%, however, this percentage was in line with that reported at 30 September 2011

The group's gearing ratios remain low with core loans and advances to equity at 4.5 times (2011: 4.6 times) and total assets (excluding assurance assets) to equity at 11.1 times (2011: 11.5 times).

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. As at 30 September 2012 the group held £10.4 billion in cash and near cash balances (£5.7 billion in Investec Limited and £4.7 billion in Investec plc) which amounted to 33.0% of its liability base. Loans and advances to customers as a percentage of customer deposits amounted to 68.2% (31 March 2012: 67.8%).

Further information on our balance sheet management is provided on pages 91 to 99.

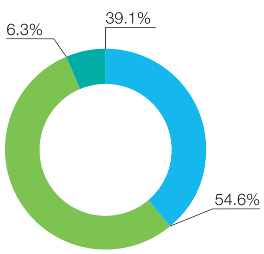
Capital adequacy

The group met its capital adequacy targets of a minimum tier one capital ratio range of 11% to 12% and a total capital adequacy ratio range of 15% to 18% 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, as reflected in the table below.

£'000	Basel 2.5 ratios 30 Sept 2012	Basel 2.5 ratios 31 March 2012	Basel 2 ratios 30 Sept 2011
Investec plc			
Capital adequacy ratio	17.2%	17.5%	17.1%
Tier 1 ratio	11.3%	11.6%	11.6%
Investec Limited			
Capital adequacy ratio	17.2%	16.1%	15.7%
Tier 1 ratio	11.6%	11.6%	12.0%

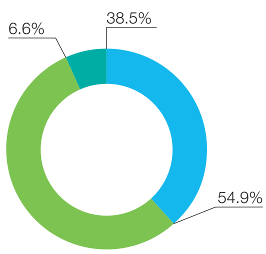
Further information on our capital structure and capital adequacy is provided on pages 100 to 103.

Assets by geography



30 September 2012

£50 208 million



31 March 2012

£51 550 million

UK and Europe
Southern Africa
Australia

Net tangible asset value per share

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

£'000	30 Sept 2012	31 March 2012	30 Sept 2011
Shareholders' equity	3 700 281	3 716 415	3 503 673
Less: perpetual preference shares issued by holding companies	(387 223)	(384 229)	(377 746)
Less: goodwill and intangible assets (excluding software)	(637 131)	(637 773)	(560 778)
Net tangible asset value	2 675 927	2 694 413	2 565 149
Number of shares in issue (million)	884.8	874.0	818.0
Treasury shares (million)	(26.0)	(24.0)	(19.0)
Number of shares in issue in this calculation (million)	858.8	850.0	799.0
Net tangible asset value per share (pence)	311.6	317.0	321.0
Net asset value per share (pence)	385.8	392.0	391.2

ROE – assessment of economic capital utilised

Return on capital by segment

Methodology based on segmental information after reallocation of:

- A notional return on capital (net of the cost of subordinated debt) which is managed and borne in the centre to the business segments based on their total capital utilisation.

£'000	30 Sept 2012	31 March 2012	Average	30 Sept 2011	31 March 2011	Average
Calculation of average ordinary shareholders' equity						
Ordinary shareholders' equity	3 313 058	3 332 186	3 322 622	3 125 927	3 253 213	3 189 570
Goodwill and intangible assets (excluding software)	(637 131)	(637 773)	(637 452)	(560 778)	(564 726)	(562 752)
Adjusted tangible shareholders' equity	2 675 927	2 694 413	2 685 170	2 565 149	2 688 487	2 626 818

£'000	30 Sept 2012	30 Sept 2011	31 March 2012
Operating profit before goodwill, impairment and acquired intangibles	222 401	219 061	347 590
Non-controlling interests	7 018	4 568	11 035
Preference dividends	(19 203)	(20 529)	(39 863)
Revised operating profit	210 216	203 100	318 762
Tax on ordinary activities	(42 222)	(41 985)	(62 907)
Revised operating profit after tax	167 994	161 115	255 855
Pre-tax return on average ordinary shareholders' equity	12.7%	12.7%	9.7%
Post-tax return on average ordinary shareholders' equity	10.1%	10.1%	7.8%
Pre-tax return on average ordinary tangible shareholders' equity	15.7%	15.5%	11.8%
Post-tax return on average ordinary tangible shareholders' equity	12.5%	12.3%	9.5%

ROE by geography

£'000	UK and Europe	Southern Africa	Australia	Total group
Total operating profit before goodwill and acquired intangibles	81 958	135 688	4 755	222 401
Tax on profit on ordinary activities	(17 852)	(22 793)	(1 577)	(42 222)
Non-controlling interests	7 610	(592)	–	7 018
Preference dividends	(7 573)	(11 630)	–	(19 203)
Revised operating profit after taxation – 30 September 2012	64 143	100 673	3 178	167 994
Revised operating profit after taxation – 30 September 2011	62 492	113 650	(15 027)	161 115
Ordinary shareholders' equity – 30 September 2012	1 545 949	1 381 687	385 422	3 313 058
Goodwill and intangible assets (excluding software)	(562 484)	(11 616)	(63 031)	(637 131)
Ordinary tangible shareholders' equity – 30 September 2012	983 465	1 370 071	322 391	2 675 927
Ordinary shareholders' equity – 31 March 2012	1 515 289	1 429 170	387 727	3 332 186
Goodwill and intangible assets (excluding software)	(562 675)	(13 697)	(61 401)	(637 773)
Ordinary tangible shareholders' equity – 31 March 2012	952 614	1 415 473	326 326	2 694 413
Ordinary shareholders' equity – 30 September 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)
Ordinary tangible shareholders' equity – 30 September 2011	898 160	1 319 194	347 795	2 565 149
Average ordinary shareholders' equity – 30 September 2012	1 530 619	1 405 428	386 575	3 322 622
Average ordinary shareholders' equity – 30 September 2011	1 359 304	1 403 679	426 587	3 189 570
Average tangible shareholders' equity – 30 September 2012	968 040	1 392 771	324 359	2 685 170
Average tangible shareholders' equity – 30 September 2011	865 518	1 386 635	374 665	2 626 818
Post-tax return on average ordinary shareholders' equity – 30 September 2012	8.4%	14.3%	1.6%	10.1%
Post-tax return on average ordinary shareholders' equity – 30 September 2011	9.2%	16.2%	(7.0%)	10.1%
Post-tax return on average ordinary tangible shareholders' equity – 30 September 2012	13.2%	14.4%	2.0%	12.5%
Post-tax return on average ordinary tangible shareholders' equity – 30 September 2011	14.4%	16.4%	(8.0%)	12.3%

ROE by business

£'000	Asset Management	Wealth & Investment	Specialist Banking	Total group	Adjusted Wealth & Investment^
Total operating profit, after non-controlling interests	67 197	22 851	139 371	229 419	22 851
Notional return on regulatory capital	858	499	(1 357)	–	499
Notional cost of statutory capital	(1 479)	(913)	2 392	–	(913)
Cost of subordinated debt	(488)	(282)	770	–	(282)
Cost of preference shares	(212)	(143)	(18 848)	(19 203)	(143)
Absorption of additional residual costs **	(3 193)	(2 280)	5 473	–	(2 280)
Adjusted earnings/(losses) – 30 September 2012	62 683	19 732	127 801	210 216	19 732
Adjusted earnings/(losses) – 30 September 2011	58 148	18 272	126 680	203 100	18 272
Ordinary shareholders' equity – 30 September 2012	126 296	423 407	2 763 355	3 313 058	264 357
Goodwill and intangible assets (excluding software)	(96 729)	(398 717)	(141 685)	(637 131)	(239 667)
Tangible ordinary shareholders' equity – 30 September 2012	29 567	24 690	2 621 670	2 675 927	24 690
Ordinary shareholders' equity – 30 September 2011	143 011	367 090	2 615 826	3 125 927	208 040
Goodwill and intangible assets (excluding software)	(100 303)	(303 153)	(157 322)	(560 778)	(148 557)
Tangible ordinary shareholders' equity – 30 September 2011	42 708	63 937	2 458 504	2 565 149	59 483
Ordinary shareholders' equity – 31 March 2012	142 602	475 325	2 714 259	3 332 186	316 275
Goodwill and intangible assets (excluding software)	(98 532)	(402 343)	(136 898)	(637 773)	(243 293)
Tangible ordinary shareholders' equity – 31 March 2012	44 070	72 982	2 577 361	2 694 413	72 982
Average tangible shareholders' equity – 30 September 2012	134 449	449 366	2 738 807	3 322 622	290 316
Average tangible shareholders' equity – 30 September 2011	142 310	370 128	2 677 132	3 189 570	211 078
Average tangible ordinary shareholders' equity – 30 September 2012	36 819	48 836	2 599 515	2 685 170	42 087
Average tangible ordinary shareholders' equity – 30 September 2011	40 671	67 748	2 518 399	2 626 818	67 748
Pre-tax return on average ordinary shareholders' equity – 30 September 2012	93.2%	8.8%	9.3%	12.7%	13.6%
Pre-tax return on average ordinary shareholders' equity – 30 September 2011	81.7%	9.9%	9.5%	12.7%	17.3%
Pre-tax return on average tangible ordinary shareholders' equity – 30 September 2012	340.5%	80.8%	9.8%	15.7%	46.9%
Pre-tax return on average tangible ordinary shareholders' equity – 30 September 2011	285.9%	53.9%	10.1%	15.5%	27.0%

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

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

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

Total third party assets under management

£'million	30 Sept 2012	31 March 2012	30 Sept 2011
Asset Management	62 372	61 555	53 073
UK and international	36 034	36 154	29 171
Southern Africa	26 338	25 401	23 902
Wealth & Investment	36 716	34 771	26 344
UK and Europe	22 492	20 969	14 068
Southern Africa	14 224	13 802	12 276
Property and other activities	434	450	583
UK and Europe	–	–	60
Southern Africa	108	81	135
Australia	326	369	388
Total third party assets under management	99 522	96 776	80 000

A further analysis of third party assets under management

At 30 September 2012 £'million	UK, Europe and Other	Southern Africa	Australia	Total
Asset Management	36 034	26 338	–	62 372
Mutual funds	16 150	10 438	–	26 588
Segregated mandates	19 884	15 900	–	35 784
Wealth & Investment	22 492	14 224	–	36 716
Discretionary	14 786	2 311	–	17 097
Non-discretionary and other funds	7 706	11 913	–	19 619
Property and other activities	–	108	326	434
Total third party assets under management	58 526	40 670	326	99 522

At 31 March 2012 £'million	UK, Europe and Other	Southern Africa	Australia	Total
Asset Management	36 154	25 401	–	61 555
Mutual funds	17 490	9 683	–	27 173
Segregated mandates	18 664	15 718	–	34 382
Wealth & Investment	20 969	13 802	–	34 771
Discretionary	14 187	2 185	–	16 372
Non-discretionary and other funds	6 782	11 617	–	18 399
Property and other activities	–	81	369	450
Total third party assets under management	57 123	39 284	369	96 776

At 30 September 2011 £'million	UK, Europe and Other	Southern Africa	Australia	Total
Asset Management	29 171	23 902	–	53 073
Mutual funds	14 031	8 282	–	22 313
Segregated mandates	15 140	15 620	–	30 760
Wealth & Investment	14 068	12 276	–	26 344
Discretionary	8 924	1 880	–	10 804
Non-discretionary and other funds	5 144	10 396	–	15 540
Property and other activities	60	135	388	583
Total third party assets under management	43 299	36 313	388	80 000

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

By division	Asset Management	Wealth & Investment	Specialist Banking	Total group
Number of employees – 30 September 2012	1 233	1 310	5 456	7 999
Number of employees – 31 March 2012	1 173	1 319	5 289	7 781
Number of employees – 30 September 2011	1 159	968	5 239	7 366
Number of employees – 31 March 2011	1 071	976	5 190	7 237
Average employees – six months to 30 September 2012	1 203	1 315	5 373	7 891
Average employees – six months to 30 September 2011	1 115	972	5 215	7 302
Operating profit – 30 September 2012 (£'000)	67 197	22 851	139 371	229 419
Operating profit – 30 September 2011 (£'000)	65 578	21 788	136 263	223 629
Operating profit per employee^ – 30 September 2012 (£'000)	55.9	17.4	25.9	29.1
Operating profit per employee^ – 30 September 2011 (£'000)	58.8	22.4	26.1	30.6

By geography	UK and Europe	Southern Africa	Australia	Total group
Number of employees – 30 September 2012	3 402	4 120	477	7 999
Number of employees – 31 March 2012	3 289	4 068	424	7 781
Number of employees – 30 September 2011	2 854	4 111	401	7 366
Number of employees – 31 March 2011	2 709	4 101	427	7 237
Average employees – six months to 30 September 2012	3 346	4 094	451	7 891
Average employees – six months to 30 September 2011	2 782	4 106	414	7 302
Operating profit – 30 September 2012 (£'000)	89 568	135 096	4 755	229 419
Operating profit/(loss) – 30 September 2011 (£'000)	94 334	150 674	(21 379)	223 629
Operating profit per employee^ – 30 September 2012 (£'000)	26.8	33.0	10.5	29.1
Operating profit/(loss) per employee^ – 30 September 2011 (£'000)	33.9	36.7	(51.6)	30.6

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

Number of employees

By division – permanent employees	30 Sept 2012	30 Sept 2011
Asset Management		
UK, Europe and Other	367	344
Southern Africa	749	727
Total	1 116	1 071
Wealth & Investment		
UK and Europe*	976	676
Southern Africa	270	246
Total	1 246	922
Specialist Banking		
UK, Europe and Hong Kong	1 953	1 746
Southern Africa	2 690	2 724
Australia	459	384
USA	15	15
Total	5 117	4 869
Total number of permanent employees	7 479	6 862

By geography	30 Sept 2012	31 March 2012	30 Sept 2011	31 March 2011	31 March 2010	31 March 2009
UK and Europe	3 296	3181	2 766	2 606	1 763	1 706
Southern Africa	3 709	3 661	3 697	3 680	3 542	3 541
Australia	459	411	384	401	356	354
USA	15	33	15	29	23	22
Temporary employees and contractors	520	495	504	521	439	328
Total number of employees	7 999	7 781	7 366	7 237	6 123	5 951

* *Increase reflects the acquisition of the Evolution Group plc.*

Shareholder analysis

Investec ordinary shares

As at 30 September 2012 Investec plc and Investec Limited had 605.2 million and 279.6 million ordinary shares in issue, respectively.

Largest ordinary shareholders as at 30 September 2012

In accordance with the terms provided for in Section 793 of the UK Companies Act 2006 and Section 140A of the South African Companies Act, 1973, the group has conducted investigations into the registered holders of its ordinary shares (including nominee and asset management companies) and the results are as disclosed below.

3

Investec plc

Shareholder analysis by manager group

		Number of shares	% holding
1	Public Investment Corporation (ZA)	79 727 125	13.2
2	Coronation Fund Managers (ZA)	57 730 535	9.5
3	Allan Gray (ZA)	52 853 749	8.7
4	Old Mutual (ZA)	29 174 967	4.8
5	Sanlam Group (ZA)	26 289 642	4.3
6	BlackRock Inc (US and UK)	24 860 368	4.1
7	Legal & General Investment Management (UK)	18 087 782	3.0
8	Norges Bank Investment Management (Oslo)	17 854 738	3.0
9	Prudential Group (ZA)	16 864 879	2.8
10	Investec Wealth & Investment (UK)*	11 587 821	1.9
	Cumulative total	335 031 606	55.3

The top 10 shareholders account for 55.3% of the total shareholding in Investec plc. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated. The above analysis excludes shares held by Investec directors.

Investec Limited

Shareholder analysis by manager group

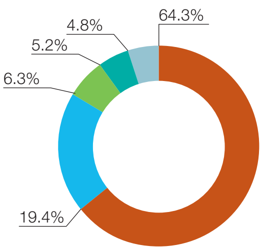
		Number of shares	% holding
1	Public Investment Corporation (ZA)	27 658 220	9.9
2	Old Mutual Investment Group (ZA)	18 266 542	6.5
3	Investec Staff Share Schemes (UK and ZA)	17 332 821	6.2
4	Sanlam Group (ZA)	17 422 497	6.2
5	Entrepreneurial Development Trust (ZA)**	14 270 033	5.1
6	MMI Holdings (UK and ZA)	13 871 021	5.0
7	BlackRock Inc (UK and US)	10 766 179	3.9
8	Coronation Fund Managers (ZA)	9 500 158	3.4
9	Afena Capital (ZA)	9 458 246	3.4
10	Dimensional Fund Advisors (UK)	8 219 885	2.9
	Cumulative total	146 765 602	52.5

The top 10 shareholders account for 52.5% of the total shareholding in Investec Limited. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated. The above analysis excludes shares held by Investec directors.

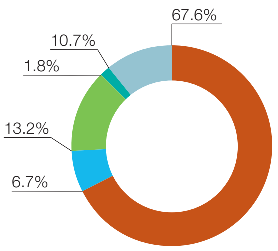
* *Held on behalf of clients.*

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

Geographical holding by beneficial ordinary share owner as at 30 September 2012



Investec plc



Investec Limited

South Africa
UK
USA and Canada
Rest of Europe
Other countries (including unknown)

Share statistics

Investec plc ordinary shares in issue

For the period ended	30 Sept 2012	31 March 2012	30 Sept 2011	31 March 2011	30 Sept 2010	31 March 2010	30 Sept 2009
Closing market price per share (Pounds)							
Period end	3.82	3.82	3.49	4.78	5.09	5.39	4.58
Highest	4.01	5.22	5.22	5.50	5.51	5.62	4.58
Lowest	3.10	3.18	3.49	4.29	4.29	2.87	2.87
Number of ordinary shares in issue (million)	605.2	598.3	542.4	537.2	537.2	471.1	468.9
Market capitalisation (£'million)[1]	2 312	2 286	1 893	2 568	2 734	2 539	2 148
Daily average volume of shares traded ('000)	1 201	1 683	1 647	1 634	1 969	1 933	2 230

Investec Limited ordinary shares in issue

For the period ended	30 Sept 2012	31 March 2012	30 Sept 2011	31 March 2011	30 Sept 2010	31 March 2010	30 Sept 2009
Closing market price per share (Rands)							
Period end	51.10	47.16	44.20	52.80	59.47	62.49	57.13
Highest	52.80	57.36	57.36	65.50	65.50	65.40	58.63
Lowest	41.31	42.00	43.97	49.49	52.55	37.51	37.51
Number of ordinary shares in issue (million)	279.6	276.0	276.0	272.8	272.8	269.8	268.7
Market capitalisation (R'million)[2]	45 213	41 232	36 173	42 768	48 171	46 299	42 139
Market capitalisation (£'million)	3 380	3 340	2 856	3 872	4 123	3 378	3 515
Daily average volume of shares traded ('000)	1 029	1 033	981	794	900	1 068	1 226

1. *The LSE only include the shares in issue for Investec plc i.e. currently 605.2 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 884.8 million shares in issue.*

Risk management

As per Basel II requirements, the following risk management and capital section will provide detail on the quantitative risk disclosures required on a semi-annual basis. For any additional qualitative disclosures, definitions and descriptions, please refer to our annual financial statements for the year ended 31 March 2012.

Philosophy and approach

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

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

Group Risk Management monitors, manages and reports on our 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 risks that arise.

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

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

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

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

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

- Intimate involvement of executive management ensuring stringent management of risk, liquidity and capital
- Strong risk and capital management culture embedded into our day-to-day activities and values. We seek to achieve an appropriate balance between risk and reward in our business, taking cognisance of all stakeholders' interests
- Reward programmes that align directors' and employees' interests with those of stakeholders, ensuring that these programmes promote effective risk management. Annual bonuses are closely linked to business performance, determined 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 sound financial strength and integrity, a core competency and an established track record. Since 31 March 2012 the level of defaults has improved marginally with the percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounting to 3.07% (31 March 2012: 3.31%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.29 times (31 March 2012: 1.39 times). The credit loss charge as a percentage of average gross core loans and advances has improved from 1.12% at 31 March 2012 to 0.85%.
- Limited exposure to structured credit investments; representing approximately 1.71% of total assets
- No exposures to peripheral European sovereign debt and limited private client and corporate client exposures to peripheral Europe amounting to approximately 1% of total assets. In addition the group has certain branch-related activities in Ireland, with total assets representing approximately 2% of group assets
- A low leverage (gearing) ratio of 11.1 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 when 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; cash and near cash of £10.4 billion, representing 33% 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 with our banks in the UK and Australia meeting Basel III liquidity requirements
- Healthy capital ratios; we have always held capital well in excess of regulatory requirements and we intend to perpetuate this philosophy. We have continued to strengthen our capital base during the year
- 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 2012 £	31 March 2012 £	30 Sept 2012 R	31 March 2012 R	30 Sept 2012 A$	31 March 2012 A$	30 Sept 2012 £	31 March 2012 £
Net core loans and advances (million)	5 778	5 788	133 633	128 747	3 093	3 005	17 752	18 226
Gross defaults as a % of gross core loans and advances	7.53%	7.35%	3.55%	3.71%	1.80%	2.31%	4.67%	4.73%
Defaults (net of impairments) as a % of net core loans and advances	4.77%	4.92%	2.44%	2.73%	1.35%	1.70%	3.07%	3.31%
Net defaults (after collateral and impairments) as a % of net core loans and advances	–	–	0.07%	–	–	–	0.04%	–
Credit loss ratio*	1.33%	1.22%	0.60%	0.65%	0.65%	3.13%	0.85%	1.12%
Structured credit investments as a % of total assets	2.94%	2.85%	0.91%	0.80%	0.95%	1.55%	1.71%	1.65%
Banking book investment and equity risk exposures as a % of total assets	2.07%	2.03%	4.88%	4.89%	1.61%	1.65%	3.34%	3.39%
Traded market risk: one-day value at risk (million)	0.6	0.6	5.4	4.2	–	–	n/a	n/a
Cash and near cash (million)	3 940	3 565	75 112	69 077	1 207	1 555	10 370	10 251
Customer accounts (deposits) (million)	9 673	9 459	178 979	176 094	2 554	2 370	24 689	25 344
Core loans to equity ratio	3.5x	3.5x^	5.7x	5.8x	5.2x	5.0x	4.5x	4.5x
Total gearing/leverage ratio**	10.5x	10.8x^	12.1x	12.2x	8.3x	8.7x	11.1x	11.3x
Core loans (excluding own originated assets which have been securitised) to customer deposits	64.5%	65.4%^	71.2%	69.6%	93.2%	92.0%	68.2%	67.8%
Capital adequacy ratio	17.2%^	17.5%^	17.2%	16.1%	16.4%	17.5%	n/a	n/a
Tier 1 ratio	11.3%^	11.6%^	11.6%	11.6%	13.4%	14.6%	n/a	n/a

* *Income statement impairment charge on loans as a percentage of average advances.*
** *Total assets excluding assurance 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 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.

3

Credit and counterparty risk

Credit and counterparty risk description

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

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

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

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

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

Credit and counterparty risk information

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

An analysis of gross credit and counterparty exposures

Credit and counterparty exposures decreased by 2.6% to £39.7 billion largely as a result of the depreciation of the Rand against Pounds Sterling and a decrease in off-balance sheet exposures in the UK. Cash and near cash balances increased by 1.2% to £10.4 billion and are largely reflected in the following line items in the table below: cash and balances at central banks, loans and advances to banks, non-sovereign and non-bank cash placements, sovereign debt securities.

£'000	30 Sept 2012	31 March 2012	% change	Average*
Cash and balances at central banks	1 964 549	2 593 813	(24.3%)	2 279 181
Loans and advances to banks	2 548 691	2 725 347	(6.5%)	2 637 019
Non-sovereign and non-bank cash placements	736 548	642 480	14.6%	689 514
Reverse repurchase agreements and cash collateral on securities borrowed	2 268 021	975 992	>100.0%	1 622 007
Sovereign debt securities	4 078 756	4 067 093	0.3%	4 072 925
Bank debt securities	2 452 196	3 081 061	(20.4%)	2 766 629
Other debt securities	341 307	364 976	(6.5%)	353 142
Derivative financial instruments	1 582 764	1 489 835	6.2%	1 536 300
Securities arising from trading activities	429 766	369 408	16.3%	399 587
Loans and advances to customers (gross)	17 130 943	17 461 667	(1.9%)	17 296 305
Own originated loans and advances to customers securitised (gross)	918 169	1 035 913	(11.4%)	977 041
Other loans and advances (gross)	1 798 553	2 380 037	(24.4%)	2 089 295
Other securitised assets (gross)	54 150	67 350	(19.6%)	60 750
Other assets	63 945	43 087	48.4%	53 516
Property and equipment	9 383	19 761	(52.5%)	14 572
Total on-balance sheet exposures	36 377 741	37 317 820	(2.5%)	36 847 781
Guarantees^	550 320	510 975	7.7%	530 648
Contingent liabilities, committed facilities and other	2 755 062	2 921 977	(5.7%)	2 838 520
Total off-balance sheet exposures	3 305 382	3 432 952	(3.7%)	3 369 167
Total gross credit and counterparty exposures pre collateral or other credit enhancements	39 683 123	40 750 772	(2.6%)	40 216 948

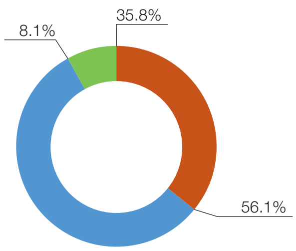
* *Where the average is based on a straight-line average for the period 1 April 2012 to 30 September 2012.*

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

An analysis of gross credit and counterparty exposures by geography

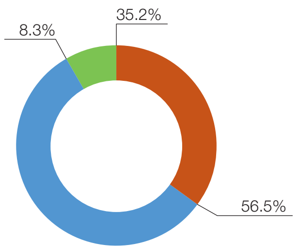
£'million	UK and Europe		Southern Africa		Australia		Total	
	30 Sept 2012	31 March 2012	30 Sept 2012	31 March 2012	30 Sept 2012	31 March 2012	30 Sept 2012	31 March 2012
Cash and balances at central banks	1 575	1 656	299	758	91	180	1 965	2 594
Loans and advances to banks	978	986	1 482	1 671	89	68	2 549	2 725
Non-sovereign and non-bank cash placements	–	–	736	642	–	–	736	642
Reverse repurchase agreements and cash collateral on securities borrowed	1 240	522	1 028	454	–	–	2 268	976
Sovereign debt securities	1 291	1 415	2 627	2 420	161	232	4 079	4 067
Bank debt securities	283	294	1 726	2 257	443	530	2 452	3 081
Other debt securities	80	87	214	196	47	82	341	365
Derivative financial instruments	532	519	919	837	132	134	1 583	1 490
Securities arising from trading activities	326	243	101	119	3	7	430	369
Loans and advances to customers (gross)	5 950	5 940	9 639	10 095	1 542	1 427	17 131	17 462
Own originated loans and advances to customers securitised (gross)	–	–	460	501	458	535	918	1 036
Other loans and advances (gross)	1 465	2 047	334	333	–	–	1 799	2 380
Other securitised assets (gross)	54	67	–	–	–	–	54	67
Other assets	36	2	28	41	–	–	64	43
Property and equipment	9	20	–	–	–	–	9	20
Total on-balance sheet exposures	13 819	13 798	19 593	20 324	2 966	3 195	36 378	37 317
Guarantees	41	24	468	455	41	32	550	511
Contingent liabilities, committed facilities and other	363	522	2 215	2 235	177	166	2 755	2 923
Total off-balance sheet exposures	404	546	2 683	2 690	218	198	3 305	3 434
Total gross credit and counterparty exposures pre collateral or other credit enhancements	14 223	14 344	22 276	23 014	3 184	3 393	39 683	40 751

An analysis of gross credit and counterparty exposures by geography



30 September 2012

£39 683 million



31 March 2012

£40 751 million

UK and Europe
Southern Africa
Australia

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

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

£'000	Total credit and counterparty exposure	Assets that we deem to have no legal credit exposure	Note reference	Total balance sheet
As at 30 September 2012				
Cash and balances at central banks	1 964 549	67		1 964 616
Loans and advances to banks	2 548 691	–		2 548 691
Non-sovereign and non-bank cash placements	736 548	–		736 548
Reverse repurchase agreements and cash collateral on securities borrowed	2 268 021	–		2 268 021
Sovereign debt securities	4 078 756	–		4 078 756
Bank debt securities	2 452 196	–		2 452 196
Other debt securities	341 307	38 184		379 491
Derivative financial instruments	1 582 764	358 309		1 941 073
Securities arising from trading activities	429 766	313 113		742 879
Investment portfolio	–	835 136	1	835 136
Loans and advances to customers	17 130 943	(296 018)	2	16 834 925
Own originated loans and advances to customers securitised	918 169	(1 136)	2	917 033
Other loans and advances	1 798 553	395 018	3	2 193 571
Other securitised assets	54 150	3 248 966	4	3 303 116
Interest in associated undertakings	–	27 425		27 425
Deferred taxation assets	–	153 849		153 849
Other assets	63 945	1 346 510	5	1 410 455
Property and equipment	9 383^	123 108		132 491
Investment properties	–	395 202		395 202
Goodwill	–	470 716		470 716
Intangible assets	–	187 249		187 249
Insurance assets	–	6 234 294		6 234 294
Total on-balance sheet exposures	36 377 741	13 829 992		50 207 733

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

Notes:

1. *Largely relates to exposures that are classified as equity risk in the banking book. Further information is provided on pages 75 to 77.*
2. *Largely relates to impairments and the impact of hedge accounting.*
3. *Whilst the group manages all risks (including credit risk) from a day-to-day operational perspective, these assets are within special purpose vehicles that ring-fence the assets to specific credit providers and limit security to the assets in the vehicle. The table above reflects the net credit exposure in the vehicles that the group has reflected in the 'total credit and counterparty exposure' with the maximum credit exposure referenced to credit providers external to the group in the column headed 'assets that we deem to have no legal credit exposure'.*
4. *Largely relates to net investments in Kensington securitised vehicles to which Investec has no direct exposure as discussed on pages 81 to 84. Also includes liquidity facilities provided to third party corporate securitisation vehicles in South Africa. These facilities have remained undrawn and are reflected as a contingent liability, i.e. off-balance sheet exposure of the bank.*
5. *Other assets include settlement debtors which we deem to have no credit risk exposure as they are settled on a delivery against payment basis.*

£'000	Total credit and counterparty exposure	Assets that we deem to have no legal credit exposure	Note refer-ence	Total balance sheet
As at 31 March 2012				
Cash and balances at central banks	2 593 813	38		2 593 851
Loans and advances to banks	2 725 347	–		2 725 347
Non-sovereign and non-bank cash placements	642 480	–		642 480
Reverse repurchase agreements and cash collateral on securities borrowed	975 992	–		975 992
Sovereign debt securities	4 067 093	–		4 067 093
Bank debt securities	3 081 061	–		3 081 061
Other debt securities	364 976	12 856		377 832
Derivative financial instruments	1 489 835	423 815		1 913 650
Securities arising from trading activities	369 408	270 738		640 146
Investment portfolio	–	890 702	1	890 702
Loans and advances to customers	17 461 667	(269 459)	2	17 192 208
Own originated loans and advances to customers securitised	1 035 913	(1 739)	2	1 034 174
Other loans and advances	2 380 037	449 152	3	2 829 189
Other securitised assets	67 350	3 034 072	4	3 101 422
Interest in associated undertakings	–	27 506		27 506
Deferred taxation assets	–	150 381		150 381
Other assets	43 087	1 759 034	5	1 802 121
Property and equipment	19 761	151 924		171 685
Investment properties	–	407 295		407 295
Goodwill	–	468 320		468 320
Intangible assets	–	192 099		192 099
Insurance assets	–	6 265 846		6 265 846
Total on-balance sheet exposures	37 317 820	14 232 580		51 550 400

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

Notes:

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

Summary analysis of gross credit and counterparty exposures by industry

Private client loans account for 68.9% of total net core loans and advances, as represented by the industry classification 'HNW and professional individuals'. A more detailed analysis of the private client loan portfolio is provided on pages 72 and 73. The remainder of core loans and advances largely reside within our Corporate Client division and are evenly spread across industry sectors. A more detailed analysis of the corporate client loan portfolio is provided on pages 72 and 73.

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 Client division clients.

Breakdown of gross credit exposure by industry

£'000	Gross core loans and advances		Other credit and counterparty exposures		Total	
	30 Sept 2012	31 March 2012	30 Sept 2012	31 March 2012	30 Sept 2012	31 March 2012
HNW and professional individuals	12 470 529	13 085 039	2 391 473	2 463 094	14 862 002	15 548 133
Agriculture	40 011	50 046	32 617	8 692	72 628	58 738
Electricity, gas and water (utility services)	465 599	474 685	94 431	72 223	560 030	546 908
Public and non-business services	213 733	217 031	6 276 977	6 592 056	6 490 710	6 809 087
Business services	437 396	431 421	109 742	93 293	547 138	524 714
Finance and insurance	855 508	799 931	9 670 364	9 531 254	10 525 872	10 331 185
Retailers and wholesalers	387 754	432 205	208 314	271 867	596 068	704 072
Manufacturing and commerce	721 106	849 478	357 625	336 107	1 078 731	1 185 585
Construction	100 687	85 927	71 636	89 238	172 323	175 165
Commercial real estate	941 502	782 779	209 714	219 837	1 151 216	1 002 616
Residential mortgages	–	–	1 433 537	1 905 755	1 433 537	1 905 755
Mining and resources	419 716	310 040	406 958	359 772	826 674	669 812
Leisure, entertainment and tourism	194 666	229 299	34 003	55 403	228 669	284 702
Transport and communication	800 905	749 699	336 620	254 601	1 137 525	1 004 300
Total	18 049 112	18 497 580	21 634 011	22 253 192	39 683 123	40 750 772

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	Business services	Finance and insurance
As at 30 September 2012						
Cash and balances at central banks	–	–	–	1 874 030	–	90 519
Loans and advances to banks	–	–	–	–	–	2 548 691
Non-sovereign and non-bank cash placements	–	18 812	–	–	5 819	166 843
Reverse repurchase agreements and cash collateral on securities borrowed	13 133	–	108	1 694	–	2 252 916
Sovereign debt securities	–	–	–	4 078 756	–	–
Bank debt securities	–	–	–	–	–	2 452 196
Other debt securities	–	–	24 783	–	–	203 369
Derivative financial instruments	8 131	181	22 041	–	12 734	1 328 925
Securities arising from trading activities	–	–	262	308 228	–	114 967
Loans and advances to customers (gross)	11 552 360	40 011	465 599	213 733	437 396	855 508
Own originated loans and advances to customers securitised (gross)	918 169	–	–	–	–	–
Other loans and advances (gross)	8	–	–	–	–	364 961
Other securitised assets (gross)	–	–	–	–	–	28 179
Other assets	32	–	–	–	–	63 812
Property and equipment	–	–	27	132	2 272	382
Total on-balance sheet exposures	12 491 833	59 004	512 820	6 476 573	458 221	10 471 268
Guarantees	374 672	–	16 598	44	1 291	4 477
Contingent liabilities, committed facilities and other	1 995 497	13 624	30 612	14 093	87 626	50 127
Total off-balance sheet exposures	2 370 169	13 624	47 210	14 137	88 917	54 604
Total gross credit and counterparty exposures pre collateral or other credit enhancements	14 862 002	72 628	560 030	6 490 710	547 138	10 525 872
As at 31 March 2012						
Cash and balances at central banks	–	–	–	2 413 753	–	180 060
Loans and advances to banks	–	–	–	–	367	2 724 980
Non-sovereign and non-bank cash placements	–	8 170	–	–	29 683	103 241
Reverse repurchase agreements and cash collateral on securities borrowed	2 996	–	–	3 476	–	969 520
Sovereign debt securities	–	–	–	3 890 011	–	177 082
Bank debt securities	–	–	–	–	–	3 081 061
Other debt securities	–	–	–	9 010	–	205 347
Derivative financial instruments	1 817	124	20 600	–	11 017	1 282 143
Securities arising from trading activities	–	–	–	256 974	–	108 268
Loans and advances to customers (gross)	12 049 126	50 046	474 685	217 031	431 421	799 931
Own originated loans and advances to customers securitised (gross)	1 035 913	–	–	–	–	–
Other loans and advances (gross)	–	–	–	–	–	474 282
Other securitised assets (gross)	–	–	–	–	–	34 800
Other assets	–	–	–	–	–	43 087
Property and equipment	–	398	442	1 101	5 390	1 035
Total on-balance sheet exposures	13 089 852	58 738	495 727	6 791 356	477 878	10 184 837
Guarantees	334 484	–	5 879	48	1 622	8 578
Contingent liabilities, committed facilities and other	2 123 797	–	45 302	17 683	45 214	137 770
Total off-balance sheet exposures	2 458 281	–	51 181	17 731	46 836	146 348
Total gross credit and counterparty exposures pre collateral or other credit enhancements	15 548 133	58 738	546 908	6 809 087	524 714	10 331 185

Retailers and wholesalers	Manufacturing and commerce	Construction	Commercial real estate	Residential mortgages	Mining and resources	Leisure, entertainment and tourism	Transport and communication	Total
–	–	–	–	–	–	–	–	1 964 549
–	–	–	–	–	–	–	–	2 548 691
122 091	259 731	9 365	–	–	97 374	–	56 513	736 548
–	–	–	–	–	–	–	170	2 268 021
–	–	–	–	–	–	–	–	4 078 756
–	–	–	–	–	–	–	–	2 452 196
40 880	–	6 874	34 247	–	7 827	–	23 327	341 307
19 529	21 404	30 017	114 819	–	8 616	5 445	10 922	1 582 764
–	–	–	–	–	1 430	–	4 879	429 766
387 754	721 106	100 687	941 502	–	419 716	194 666	800 905	17 130 943
–	–	–	–	–	–	–	–	918 169
–	–	–	–	1 433 537	–	–	47	1 798 553
–	–	–	25 971	–	–	–	–	54 150
–	–	–	5	–	96	–	–	63 945
1 558	2 575	220	808	–	29	147	1 233	9 383
571 812	1 004 816	147 163	1 117 352	1 433 537	535 088	200 258	897 996	36 377 741
4 881	15 366	5 867	–	–	83 830	9 016	34 278	550 320
19 375	58 549	19 293	33 864	–	207 756	19 395	205 251	2 755 062
24 256	73 915	25 160	33 864	–	291 586	28 411	239 529	3 305 382
596 068	1 078 731	172 323	1 151 216	1 433 537	826 674	228 669	1 137 525	39 683 123
–	–	–	–	–	–	–	–	2 593 813
–	–	–	–	–	–	–	–	2 725 347
183 162	208 865	14 155	–	–	66 569	–	28 635	642 480
–	–	–	–	–	–	–	–	975 992
–	–	–	–	–	–	–	–	4 067 093
–	–	–	–	–	–	–	–	3 081 061
33 788	–	6 831	75 691	–	8 354	12 313	13 642	364 976
16 645	22 800	17 118	93 102	–	8 446	4 565	11 458	1 489 835
2 086	1 880	–	–	–	200	–	–	369 408
432 205	849 478	85 927	782 779	–	310 040	229 299	749 699	17 461 667
–	–	–	–	–	–	–	–	1 035 913
–	–	–	–	1 905 755	–	–	–	2 380 037
–	–	–	32 550	–	–	–	–	67 350
–	–	–	–	–	–	–	–	43 087
2 569	4 375	553	1 633	–	–	330	1 935	19 761
670 455	1 087 398	124 584	985 755	1 905 755	393 609	246 507	805 369	37 317 820
4 169	15 364	17 819	–	–	110 866	8 575	3 571	510 975
29 448	82 823	32 762	16 861	–	165 337	29 620	195 360	2 921 977
33 617	98 187	50 581	16 861	–	276 203	38 195	198 931	3 432 952
704 072	1 185 585	175 165	1 002 616	1 905 755	669 812	284 702	1 004 300	40 750 772

3

Gross credit and counterparty exposures by residual contractual maturity as at 30 September 2012

£'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
Cash and balances at central banks	1 961 724	–	–	–	–	2 825	1 964 549
Loans and advances to banks	2 306 780	30 404	4 278	198 243	8 986	–	2 548 691
Non-sovereign and non-bank cash placements	736 485	–	–	63	–	–	736 548
Reverse repurchase agreements and cash collateral on securities borrowed	2 126 075	21 051	44 196	76 699	–	–	2 268 021
Sovereign debt securities	1 414 358	760 167	529 334	859 681	146 573	368 643	4 078 756
Bank debt securities	140 483	252 846	522 494	1 298 519	237 854	–	2 452 196
Other debt securities	25 006	206	4 294	112 149	91 289	108 363	341 307
Derivative financial instruments	143 321	67 058	57 393	928 389	271 095	115 508	1 582 764
Securities arising from trading activities	63 212	–	–	192 827	68 661	105 066	429 766
Loans and advances to customers	3 062 481	943 226	1 668 521	7 495 797	1 548 834	2 412 084	17 130 943
Own originated loans and advances to customers securitised	59 587	50 406	96 663	307 605	49 631	–	918 169
Other loans and advances	4 209	–	–	53 365	7 133	1 733 846	1 798 553
Other securitised assets	–	–	–	–	–	54 150	54 150
Other assets	63 945	–	–	–	–	–	63 945
Property and equipment	2 349	2 059	2 834	2 141	–	–	9 383
Total on-balance sheet exposures	12 110 015	2 127 423	2 930 007	11 525 478	2 430 056	5 254 762	36 377 741
Guarantees	148 597	–	76 093	85 604	3 460	236 566	550 320
Contingent liabilities, committed facilities and other	609 349	97 481	236 727	636 186	113 498	1 061 821	2 755 062
Total off-balance sheet exposures	757 946	97 481	312 820	721 790	116 958	1 298 387	3 305 382
Total gross credit and counterparty exposures pre collateral or other credit enhancements	12 867 961	2 224 904	3 242 827	12 247 268	2 547 014	6 553 149	39 683 123

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

Calculation of core loans and advances to customers

£'000	30 Sept 2012	31 March 2012
Loans and advances to customers as per the balance sheet	16 834 925	17 192 208
Add: own originated loans and advances securitised as per the balance sheet	917 033	1 034 174
Net core loans and advances to customers	17 751 958	18 226 382

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

£'000	30 Sept 2012	31 March 2012
Gross core loans and advances to customers	18 049 112	18 497 580
Total impairments	(297 154)	(271 198)
Portfolio impairments	(28 596)	(20 159)
Specific impairments	(268 558)	(251 039)
Net core loans and advances to customers	17 751 958	18 226 382
Average gross core loans and advances to customers	18 273 346	18 783 594
Current loans and advances to customers	16 884 202	17 231 735
Past due loans and advances to customers (1 – 60 days)	214 585	290 513
Special mention loans and advances to customers	107 520	100 561
Default loans and advances to customers	842 805	874 771
Gross core loans and advances to customers	18 049 112	18 497 580
Current loans and advances to customers	16 884 202	17 231 735
Default loans that are current and not impaired	26 144	10 632
Gross core loans and advances to customers that are past due but not impaired	416 311	523 369
Gross core loans and advances to customers that are impaired	722 455	731 844
Gross core loans and advances to customers	18 049 112	18 497 580
Total income statement charge for impairments on core loans and advances	(82 234)	(225 687)
Gross default loans and advances to customers	842 805	874 771
Specific impairments	(268 558)	(251 039)
Portfolio impairments	(28 596)	(20 159)
Defaults net of impairments	545 651	603 573
Collateral and other credit enhancements	704 758	827 572
Net default loans and advances to customers (limited to zero)	6 960*	–
Ratios:		
Total impairments as a % of gross core loans and advances to customers	1.65%	1.47%
Total impairments as a % of gross default loans	35.26%	31.00%
Gross defaults as a % of gross core loans and advances to customers	4.67%	4.73%
Defaults (net of impairments) as a % of net core loans and advances to customers	3.07%	3.31%
Net defaults as a % of gross core loans and advances to customers	0.04%	–
Annualised credit loss ratio (i.e. income statement impairment charge as a % of average gross loans and advances)	0.85%	1.12%

* *Exposures cannot be set-off against one another as reflected on pages 62 and 63.*

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

£'000	UK and Europe 30 Sept 2012	UK and Europe 31 March 2012	Southern Africa 30 Sept 2012	Southern Africa 31 March 2012	Australia 30 Sept 2012	Australia 31 March 2012	Total 30 Sept 2012	Total 31 March 2012
Gross core loans and advances to customers	5 950 156	5 940 213	10 098 971	10 596 805	1 999 985	1 960 562	18 049 112	18 497 580
Total impairments	(172 236)	(152 086)	(115 816)	(106 858)	(9 102)	(12 254)	(297 154)	(271 198)
Portfolio impairments	(10 593)	(1 668)	(16 457)	(16 948)	(1 546)	(1 543)	(28 596)	(20 159)
Specific impairments	(161 643)	(150 418)	(99 359)	(89 910)	(7 556)	(10 711)	(268 558)	(251 039)
Net core loans and advances to customers	5 777 920	5 788 127	9 983 155	10 489 947	1 990 883	1 948 308	17 751 958	18 226 382
% of total	32.5%	31.7%	56.2%	57.6%	11.3%	10.7%	100.0%	100.0%
% change since 31 March 2012*	(0.2%)	–	(4.8%)	–	2.2%	–	(2.6%)	–
Average gross core loans and advances to customers	5 945 185	5 835 990	10 347 887	10 915 488	1 980 274	2 032 116	18 273 346	18 783 594
Current loans and advances to customers	5 341 427	5 278 440	9 600 371	10 053 758	1 942 404	1 899 537	16 884 202	17 231 735
Past due loans and advances to customers (1 – 60 days)	136 830	215 758	65 218	60 460	12 537	14 295	214 585	290 513
Special mention loans and advances to customers	23 915	9 411	74 466	89 727	9 139	1 423	107 520	100 561
Default loans and advances to customers	447 984	436 604	358 916	392 860	35 905	45 307	842 805	874 771
Gross core loans and advances to customers	5 950 156	5 940 213	10 098 971	10 596 805	1 999 985	1 960 562	18 049 112	18 497 580
Current loans and advances to customers	5 341 427	5 278 440	9 600 371	10 053 758	1 942 404	1 899 537	16 884 202	17 231 735
Default loans that are current and not impaired	6 871	–	19 273	10 632	–	–	26 144	10 632
Gross core loans and advances to customers that are past due but not impaired	163 470	230 488	216 410	266 745	36 431	26 136	416 311	523 369
Gross core loans and advances to customers that are impaired	438 388	431 285	262 917	265 670	21 150	34 889	722 455	731 844
Gross core loans and advances to customers	5 950 156	5 940 213	10 098 971	10 596 805	1 999 985	1 960 562	18 049 112	18 497 580
Total income statement charge for impairments on core loans and advances	(44 804)	(88 489)	(31 013)	(69 326)	(6 417)	(67 872)	(82 234)	(225 687)
Gross default loans and advances to customers	447 984	436 604	358 916	392 860	35 905	45 307	842 805	874 771
Specific impairments	(161 643)	(150 418)	(99 359)	(89 910)	(7 556)	(10 711)	(268 558)	(251 039)
Portfolio impairments	(10 593)	(1 668)	(16 457)	(16 948)	(1 546)	(1 543)	(28 596)	(20 159)
Defaults net of impairments	275 748	284 518	243 100	286 002	26 803	33 053	545 651	603 573
Collateral and other credit enhancements	286 824	311 329	384 989	480 460	32 945	35 783	704 758	827 572
Net default loans and advances to customers (limited to zero)	–	–	6 960**	–	–	–	6 960**	–

* *Largely impacted by the depreciation of the Rand against Pounds Sterling over the period, with the currency neutral increase in core loans and advances amounting to 2.5%.*

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

	UK and Europe		Southern Africa		Australia		Total	
	30 Sept 2012	31 March 2012	30 Sept 2012	31 March 2012	30 Sept 2012	31 March 2012	30 Sept 2012	31 March 2012
Total impairments as a % of gross core loans and advances to customers	2.89%	2.56%	1.15%	1.01%	0.46%	0.63%	1.65%	1.47%
Total impairments as a % of gross default loans	38.45%	34.83%	32.27%	27.20%	25.35%	27.05%	35.26%	31.00%
Gross defaults as a % of gross core loans and advances to customers	7.53%	7.35%	3.55%	3.71%	1.80%	2.31%	4.67%	4.73%
Defaults (net of impairments) as a % of net core loans and advances to customers	4.77%	4.92%	2.44%	2.73%	1.35%	1.70%	3.07%	3.31%
Net defaults as a % of core loans and advances to customers	–	–	0.07%	–	–	–	0.04%	–
Annualised credit loss ratio (i.e. income statement impairment charge as a % of average gross loans and advances)	1.33%	1.22%	0.60%	0.65%	0.65%	3.13%	0.85%	1.12%

An analysis of core loans and advances to customers and asset quality by geography and client type as at 30 September 2012

£'000	Private Client** UK and Europe	Southern Africa	Australia	Total
Gross core loans and advances to customers	3 651 109	7 555 304	1 264 116	12 470 529
Total impairments	(144 067)	(78 123)	(8 392)	(230 582)
Portfolio impairments	–	(7 053)	(1 546)	(8 599)
Specific impairments	(144 067)	(71 070)	(6 846)	(221 983)
Net core loans and advances to customers	3 507 042	7 477 181	1 255 724	12 239 947
Average gross core loans and advances	3 606 608	7 736 536	1 434 640	12 777 784
Current loans and advances to customers	3 117 145	7 136 783	1 218 787	11 472 715
Past due loans and advances to customers (1 – 60 days)	131 935	47 274	5 048	184 257
Special mention loans and advances to customers	23 711	70 779	8 880	103 370
Default loans and advances to customers	378 318	300 468	31 401	710 187
Gross core loans and advances to customers	3 651 109	7 555 304	1 264 116	12 470 529
Current loans and advances to customers	3 117 145	7 136 783	1 218 787	11 472 715
Default loans that are current and not impaired	–	16 947	–	16 947
Gross core loans and advances to customers that are past due but not impaired	157 937	190 524	25 481	373 942
Gross core loans and advances to customers that are impaired	376 027	211 050	19 848	606 925
Gross core loans and advances to customers	3 651 109	7 555 304	1 264 116	12 470 529
Total income statement charge for impairments on core loans and advances	(19 491)	(21 059)	(9 390)	(49 940)
Gross default loans and advances to customers	378 318	300 468	31 401	710 187
Specific impairments	(144 067)	(71 070)	(6 846)	(221 983)
Portfolio impairments	–	(7 053)	(1 546)	(8 599)
Defaults net of impairments	234 251	222 345	23 009	479 605
Collateral and other credit enhancements	239 180	363 871	29 046	632 097
Net default loans and advances to customers (limited to zero)	–	–	–	–
Total impairments as a % of gross core loans and advances to customers	3.95%	1.03%	0.66%	1.85%
Total impairments as a % of gross default loans	38.08%	26.00%	26.73%	32.47%
Gross defaults as a % of gross core loans and advances to customers	10.36%	3.98%	2.48%	5.69%
Defaults (net of impairments) as a % of net core loans and advances to customers	6.68%	2.97%	1.83%	3.92%
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%	0.54%	1.26%	0.77%

* *Largely includes lending activities within our central funding and international trade finance businesses.*
** *A further analysis of our private client and corporate client loan portfolios, broken down by type of loan, is provided on pages 72 and 73.*
^ *Exposures cannot be set-off against one another.*

Corporate Client*				Other*				
UK and Europe	Southern Africa	Australia	Total	UK and Europe	Southern Africa	Australia	Total	Total
2 159 576	2 169 924	675 462	5 004 962	139 471	373 743	60 407	573 621	18 049 112
(16 380)	(22 045)	(710)	(39 135)	(11 789)	(15 648)	–	(27 437)	(297 154)
–	(1 768)	–	(1 768)	(10 593)	(7 636)	–	(18 229)	(28 596)
(16 380)	(20 277)	(710)	(37 367)	(1 196)	(8 012)	–	(9 208)	(268 558)
2 143 196	2 147 879	674 752	4 965 827	127 682	358 095	60 407	546 184	17 751 958
2 196 889	2 220 301	485 401	4 902 591	141 688	391 050	60 233	592 971	18 273 346
2 090 501	2 112 876	663 210	4 866 587	133 781	350 712	60 407	544 900	16 884 202
4 877	6 178	7 489	18 544	18	11 766	–	11 784	214 585
175	3 005	259	3 439	29	682	–	711	107 520
64 023	47 865	4 504	116 392	5 643	10 583	–	16 226	842 805
2 159 576	2 169 924	675 462	5 004 962	139 471	373 743	60 407	573 621	18 049 112
2 090 501	2 112 876	663 210	4 866 587	133 781	350 712	60 407	544 900	16 884 202
6 871	2 326	–	9 197	–	–	–	–	26 144
5 486	13 436	10 950	29 872	47	12 450	–	12 497	416 311
56 718	41 286	1 302	99 306	5 643	10 581	–	16 224	722 455
2 159 576	2 169 924	675 462	5 004 962	139 471	373 743	60 407	573 621	18 049 112
(15 118)	(9 031)	2 696	(21 453)	(10 195)	(923)	277	(10 841)	(82 234)
64 023	47 865	4 504	116 392	5 643	10 583	–	16 226	842 805
(16 380)	(20 277)	(710)	(37 367)	(1 196)	(8 012)	–	(9 208)	(268 558)
–	(1 768)	–	(1 768)	(10 593)	(7 636)	–	(18 229)	(28 596)
47 643	25 820	3 794	77 257	(6 146)	(5 065)	–	(11 211)	545 651
47 644	18 860	3 899	70 403	–	2 258	–	2 258	704 758
–	6 960^	–	6 960^	–	–	–	–	6 960^
0.76%	1.02%	0.11%	0.78%	8.45%	4.19%	–	4.78%	1.65%
25.58%	46.06%	15.76%	33.62%	>100.00%	>100.00%	–	>100.00%	35.26%
2.96%	2.21%	0.67%	2.33%	4.05%	2.83%	–	2.83%	4.67%
2.22%	1.20%	0.56%	1.56%	(4.81%)	(1.42%)	–	(2.05%)	3.07%
–	0.32%	–	0.14%	–	–	–	–	0.04%
1.02%	0.68%	(1.14%)	0.71%	13.64%	0.46%	(1.21%)	3.64%	0.85%

An analysis of core loans and advances to customers and asset quality by geography and client type as at 31 March 2012

£'000	Private Client: UK and Europe	Private Client: Southern Africa	Private Client: Australia	Private Client: Total
Gross core loans and advances to customers	3 562 106	7 917 770	1 605 163	13 085 039
Total impairments	(130 686)	(81 037)	(11 563)	(223 286)
Portfolio impairments	–	(6 682)	(1 543)	(8 225)
Specific impairments	(130 686)	(74 355)	(10 020)	(215 061)
Net core loans and advances to customers	3 431 420	7 836 733	1 593 600	12 861 753
Average gross core loans and advances	3 540 997	8 071 867	1 726 800	13 339 664
Current loans and advances to customers	3 008 546	7 429 345	1 551 702	11 989 593
Past due loans and advances to customers (1 – 60 days)	192 924	37 167	9 992	240 083
Special mention loans and advances to customers	8 834	86 574	972	96 380
Default loans and advances to customers	351 802	364 684	42 497	758 983
Gross core loans and advances to customers	3 562 106	7 917 770	1 605 163	13 085 039
Current loans and advances to customers	3 008 546	7 429 545	1 551 702	11 989 593
Default loans that are current and not impaired	–	9 767	–	9 767
Gross core loans and advances to customers that are past due but not impaired	206 810	240 300	20 177	467 287
Gross core loans and advances to customers that are impaired	346 750	238 358	33 284	618 392
Gross core loans and advances to customers	3 562 106	7 917 770	1 605 163	13 085 039
Total income statement charge for impairments on core loans and advances	(52 188)	(60 856)	(72 647)	(185 691)
Gross default loans and advances to customers	351 802	364 684	42 497	758 983
Specific impairments	(130 686)	(74 355)	(10 020)	(215 061)
Portfolio impairments	–	(6 682)	(1 543)	(8 225)
Defaults net of impairments	221 116	283 647	30 934	535 697
Collateral and other credit enhancements	222 625	460 399	33 235	716 259
Net default loans and advances to customers (limited to zero)	–	–	–	–
Total impairments as a % of gross core loans and advances to customers	3.67%	1.02%	0.72%	1.71%
Total impairments as a % of gross default loans	37.15%	22.22%	27.21%	29.42%
Gross defaults as a % of gross core loans and advances to customers	9.88%	4.61%	2.65%	5.80%
Defaults (net of impairments) as a % of net core loans and advances to customers	6.44%	3.62%	1.94%	4.17%
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)	1.47%	0.75%	4.21%	1.39%

* *Largely includes lending activities within our central funding and international trade finance businesses.*

Corporate Client				Other*				
UK and Europe	Southern Africa	Australia	Total	UK and Europe	Southern Africa	Australia	Total	Total
2 234 201	2 270 678	295 340	4 800 219	143 905	408 359	60 058	612 322	18 497 580
(19 732)	(9 678)	(690)	(30 100)	(1 668)	(16 144)	–	(17 812)	(271 198)
–	(1 919)	–	(1 919)	(1 668)	(8 347)	–	(10 015)	(20 159)
(19 732)	(7 759)	(690)	(28 181)	–	(7 797)	–	(7 797)	(251 039)
2 214 469	2 261 000	294 650	4 770 119	142 237	392 215	60 058	594 510	18 226 382
2 135 431	2 414 992	274 353	4 824 776	159 564	428 628	30 962	619 154	18 783 594
2 126 551	2 236 789	287 777	4 651 117	143 341	387 626	60 058	591 025	17 231 735
22 819	16 637	4 303	43 759	15	6 656	–	6 671	290 513
537	–	451	988	40	3 153	–	3 193	100 561
84 294	17 252	2 809	104 355	509	10 924	–	11 433	874 771
2 234 201	2 270 678	295 340	4 800 219	143 905	408 359	60 058	612 322	18 497 580
2 126 551	2 236 789	287 777	4 651 117	143 341	387 626	60 058	591 025	17 231 735
–	865	–	865	–	–	–	–	10 632
23 623	16 637	5 958	46 218	55	9 809	–	9 864	523 369
84 027	16 387	1 605	102 019	509	10 924	–	11 433	731 844
2 234 201	2 270 678	295 340	4 800 219	143 905	408 359	60 058	612 322	18 497 580
(37 104)	(12 414)	4 787	(44 731)	803	3 944	(12)	4 735	(225 687)
84 294	17 252	2 809	104 355	509	10 924	–	11 433	874 771
(19 732)	(7 759)	(690)	(28 181)	–	(7 797)	–	(7 797)	(251 039)
–	(1 919)	–	(1 919)	(1 668)	(8 347)	–	(10 015)	(20 159)
64 562	7 574	2 119	74 255	(1 159)	(5 220)	–	(6 379)	603 573
88 152	16 354	2 549	107 055	552	3 706	–	4 258	827 572
–	–	–	–	–	–	–	–	–
0.88%	0.43%	0.23%	0.63%	1.16%	3.95%	–	2.91%	1.47%
23.41%	56.10%	24.56%	28.84%	>100.0%	>100.0%	–	>100.0%	31.00%
3.77%	0.76%	0.95%	2.17%	0.35%	2.68%	–	1.87%	4.73%
2.92%	0.33%	0.72%	1.56%	(0.81%)	(1.33%)	–	(1.07%)	3.31%
–	–	–	–	–	–	–	–	–
1.17%	0.44%	(1.74%)	0.72%	(0.50%)	(0.92%)	0.04%	(0.76%)	1.12%

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

£'000	30 Sept 2012	31 March 2012
Default loans that are current	493 889	461 086
1 – 60 days	276 799	347 693
61 – 90 days	37 461	52 386
91 – 180 days	57 873	61 864
181 – 365 days	73 909	62 197
>365 days	224 979	280 619
Past due and default core loans and advances to customers (actual capital exposure)	1 164 910	1 265 845
1 – 60 days	54 051	57 159
61 – 90 days	8 958	26 273
91 – 180 days	28 393	22 847
181 – 365 days	37 739	28 106
>365 days	190 183	227 802
Past due and default core loans and advances to customers (actual amount in arrears)	319 324	362 187

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 2012							
Watchlist loans neither past due nor impaired							
Total capital exposure	26 144	–	–	–	–	–	26 144
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	–	270 254	34 939	43 372	20 013	47 733	416 311
Amount in arrears	–	48 085	8 456	23 818	11 322	37 598	129 279
Gross core loans and advances to customers that are impaired							
Total capital exposure	467 745	6 545	2 522	14 501	53 896	177 246	722 455
Amount in arrears	–	5 966	502	4 575	26 417	152 585	190 045
As at 31 March 2012							
Watchlist loans neither past due nor impaired							
Total capital exposure	10 632	–	–	–	–	–	10 632
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	–	341 236	50 361	42 529	24 499	64 744	523 369
Amount in arrears	–	54 816	25 504	15 673	18 320	51 928	166 241
Gross core loans and advances to customers that are impaired							
Total capital exposure	450 454	6 457	2 025	19 335	37 698	215 875	731 844
Amount in arrears	–	2 343	769	7 174	9 786	175 874	195 946

An age analysis of past due and default core loans and advances to customers as at 30 September 2012 (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)	–	214 585	–	–	–	–	214 585
Special mention	–	52 966	32 938	3 733	7 029	10 854	107 520
Special mention (1 – 90 days)	–	52 966	12 557	3 733*	7 029*	10 854*	87 139
Special mention (61 – 90 days and item well secured)	–	–	20 381	–	–	–	20 381
Default	493 889	9 248	4 523	54 140	66 880	214 125	842 805
Sub-standard	202 422	2 702	2 001	35 420	37 560	38 862	318 967
Doubtful	121 093	6 546	2 522	18 720	29 287	173 517	351 685
Loss	170 374	–	–	–	33	1 746	172 153
Total	493 889	276 799	37 461	57 873	73 909	224 979	1 164 910

An age analysis of past due and default core loans and advances to customers as at 30 September 2012 (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)	–	16 045	–	–	–	–	16 045
Special mention	–	31 552	8 387	2 928	6 818	8 224	57 909
Special mention (1 – 90 days)	–	31 552	7 524	2 928*	6 818*	8 224*	57 046
Special mention (61 – 90 days and item well secured)	–	–	863	–	–	–	863
Default	–	6 454	571	25 465	30 921	181 959	245 370
Sub-standard	–	488	69	20 584	8 741	29 822	59 704
Doubtful	–	5 966	502	4 881	22 147	150 391	183 887
Loss	–	–	–	–	33	1 746	1 779
Total	–	54 051	8 958	28 393	37 739	190 183	319 324

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

An age analysis of past due and default core loans and advances to customers as at 31 March 2012 (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)	–	290 513	–	–	–	–	290 513
Special mention	–	35 488	42 178	7 164	5 795	9 936	100 561
Special mention (1 – 90 days)	–	35 488	9 495	7 164*	5 795*	9 936*	67 878
Special mention (61 – 90 days and item well secured)	–	–	32 683	–	–	–	32 683
Default	461 086	21 692	10 208	54 700	56 402	270 683	874 771
Sub-standard	187 427	831	7 835	28 728	33 585	24 703	283 109
Doubtful	129 879	20 861	2 373	25 972	22 817	245 980	447 882
Loss	143 780	–	–	–	–	–	143 780
Total	461 086	347 693	52 386	61 864	62 197	280 619	1 265 845

An age analysis of past due and default core loans and advances to customers as at 31 March 2012 (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)	–	13 992	–	–	–	–	13 992
Special mention	–	33 430	17 666	4 402	4 103	7 899	67 500
Special mention (1 – 90 days)	–	33 430	6 614	4 402*	4 103*	7 899*	56 448
Special mention (61 – 90 days and item well secured)	–	–	11 052	–	–	–	11 052
Default	–	9 737	8 607	18 445	24 003	219 903	280 695
Sub-standard	–	458	7 835	9 040	14 718	20 627	52 678
Doubtful	–	9 279	772	9 405	9 285	199 276	228 017
Loss	–	–	–	–	–	–	–
Total	–	57 159	26 273	22 847	28 106	227 802	362 187

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

An analysis of core loans and advances to customers

£'000	Gross core loans and advances that are neither past due nor impaired	Gross core loans and advances that are past due but not impaired	Gross core loans and advances that are impaired	Total gross core loans and advances (actual capital exposure)	Specific impairments	Portfolio impairments	Total net core loans and advances (actual capital exposure)	Actual amount in arrears
As at 30 September 2012								
Current core loans and advances	16 884 202	–	–	16 884 202	–	(24 674)	16 859 528	–
Past due (1 – 60 days)	–	214 587	–	214 585	–	(227)	214 358	16 045
Special mention	–	107 520	–	107 520	–	(556)	106 964	57 909
Special mention (1 – 90 days)	–	87 139	–	87 139	–	(507)	86 632	57 046
Special mention (61 – 90 days and item well secured)	–	20 381	–	20 381	–	(49)	20 332	863
Default	26 144	94 206	722 455	842 805	(268 558)	(3 139)	571 108	245 370
Sub-standard	23 818	89 953	205 196	318 967	(40 326)	–	278 641	59 704
Doubtful	2 326	4 253	345 106	351 685	(136 870)	(1 546)	213 269	183 887
Loss	–	–	172 153	172 153	(91 362)	(1 593)	79 198	1 779
Total	16 910 346	416 311	722 455	18 049 112	(268 558)	(28 596)	17 751 958	319 324
As at 31 March 2012								
Current core loans and advances	17 231 735	–	–	17 231 735	–	(17 571)	17 214 164	–
Past due (1 – 60 days)	–	290 513	–	290 513	–	(270)	290 243	13 992
Special mention	–	100 561	–	100 561	–	(650)	99 911	67 500
Special mention (1 – 90 days)	–	67 878	–	67 878	–	(531)	67 347	56 448
Special mention (61 – 90 days and item well secured)	–	32 683	–	32 683	–	(119)	32 564	11 052
Default	10 632	132 295	731 844	874 771	(251 039)	(1 668)	622 064	280 695
Sub-standard	3 029	74 242	205 838	283 109	(35 792)	–	247 317	52 678
Doubtful	7 603	58 053	382 226	447 882	(127 953)	–	319 929	228 017
Loss	–	–	143 780	143 780	(87 294)	(1 668)	54 818	–
Total	17 242 367	523 369	731 844	18 497 580	(251 039)	(20 159)	18 226 382	362 187

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

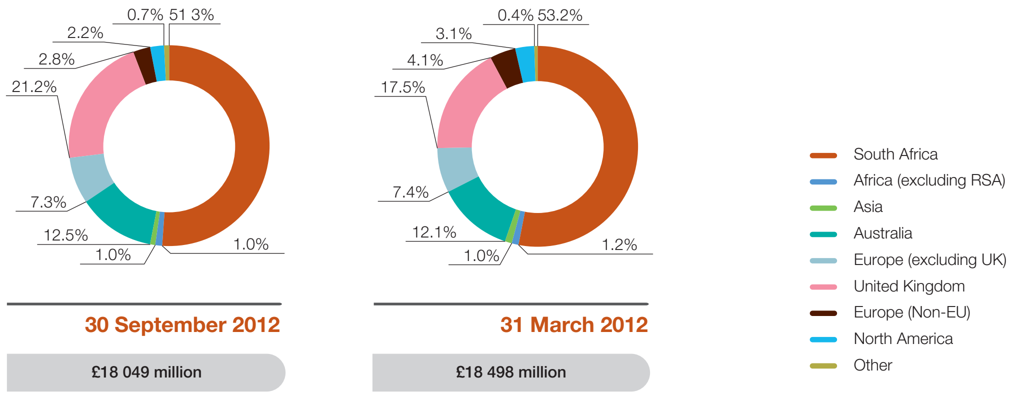
£'000	Private Banking professional and HNW individuals	Corporate sector	Insurance, financial services (excluding sovereign)	Public and government sector (including central banks)	Trade finance and other	Total core loans and advances to customers
As at 30 September 2012						
Current core loans and advances	11 467 953	4 146 179	852 691	212 927	204 452	16 884 202
Past due (1 – 60 days)	184 257	16 761	1 781	–	11 786	214 585
Special mention	103 629	3 180	–	–	711	107 520
Special mention (1 – 90 days)	84 134	3 005	–	–	–	87 139
Special mention (61 – 90 days and item well secured)	19 495	175	–	–	711	20 381
Default	714 690	117 837	1 036	806	8 436	842 805
Sub-standard	281 335	37 417	109	–	106	318 967
Doubtful	262 980	78 642	927	806	8 330	351 685
Loss	170 375	1 778	–	–	–	172 153
Total gross core loans and advances to customers	12 470 529	4 283 959	855 508	213 733	225 385	18 049 112
Total impairments	(230 582)	(52 727)	(7 372)	(608)	(5 865)	(297 154)
Specific impairments	(221 983)	(34 619)	(5 542)	(549)	(5 865)	(268 558)
Portfolio impairments	(8 599)	(18 108)	(1 830)	(59)	–	(28 596)
Net core loans and advances to customers	12 239 947	4 231 232	848 136	213 125	219 520	17 751 958
As at 31 March 2012						
Current core loans and advances	11 986 334	4 028 388	797 029	216 307	203 677	17 231 735
Past due (1 – 60 days)	240 083	41 972	1 788	–	6 670	290 513
Special mention	96 830	538	–	–	3 193	100 561
Special mention (1 – 90 days)	67 878	–	–	–	–	67 878
Special mention (61 – 90 days and item well secured)	28 952	538	–	–	3 193	32 683
Default	761 792	102 050	1 114	724	9 091	874 771
Sub-standard	264 845	18 153	–	–	111	283 109
Doubtful	353 167	83 897	1 114	724	8 980	447 882
Loss	143 780	–	–	–	–	143 780
Total gross core loans and advances to customers	13 085 039	4 172 948	799 931	217 031	222 631	18 497 580
Total impairments	(223 286)	(34 288)	(7 678)	(491)	(5 455)	(271 198)
Specific impairments	(215 061)	(24 351)	(5 748)	(424)	(5 455)	(251 039)
Portfolio impairments	(8 225)	(9 937)	(1 930)	(67)	–	(20 159)
Net core loans and advances to customers	12 861 753	4 138 660	792 253	216 540	217 176	18 226 382

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

£'000	30 Sept 2012	31 March 2012
Private Banking professional and HNW individuals	12 470 529	13 085 039
Corporate sector	4 283 957	4 172 948
Insurance, financial services (excluding sovereign)	855 508	799 931
Public and government sector (including central banks)	213 733	217 031
Trade finance and other	225 385	222 631
Total gross core loans and advances to customers	18 049 112	18 497 580

Additional information

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

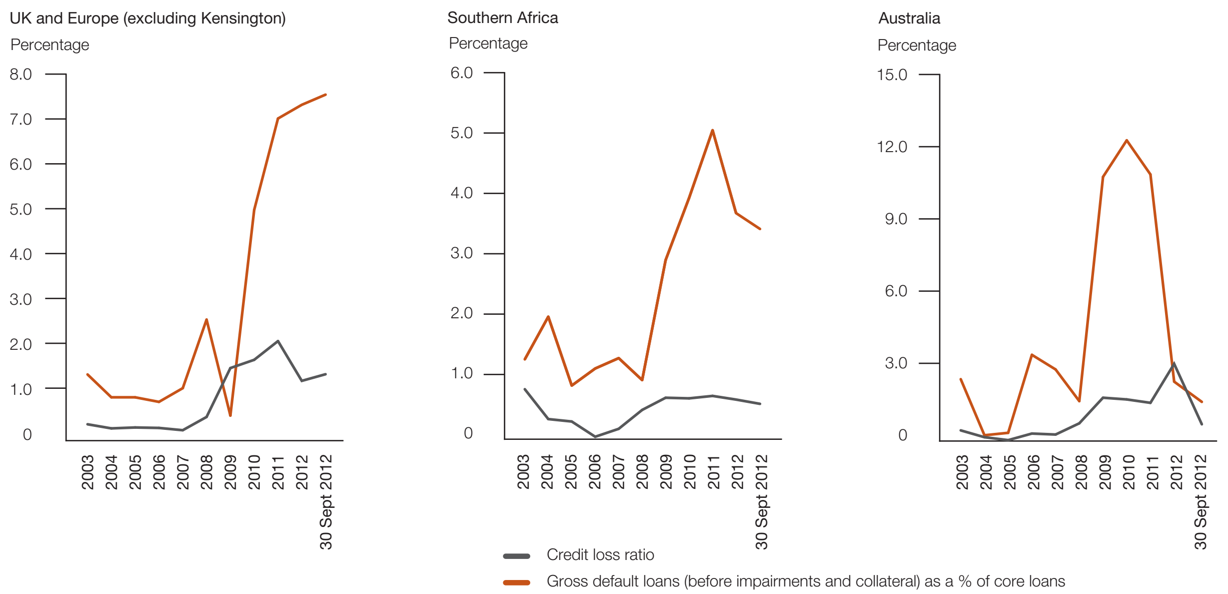


An analysis of default core loans and advances as at 30 September 2012

£'million	UK and Europe				Southern Africa			
	Gross core loans	Gross defaults	Collateral	Balance sheet impair-ments	Gross core loans	Gross defaults	Collateral	Balance sheet impair-ments
Private Client								
Residential property	1 541	231	150	(82)	2 842	162	155	(45)
Residential property investment	672	31	23	(8)	279	20	18	(6)
Residential mortgages (owner occupied)	309	1	1	–	2 306	41	49	(8)
Residential property development	435	130	81	(50)	78	8	9	(2)
Residential estates/land/planning	125	69	45	(24)	179	93	79	(29)
Commercial property	1 338	130	80	(54)	2 966	76	96	(19)
Commercial property investment	1 081	47	39	(10)	2 571	53	63	(13)
Commercial property land/planning	172	65	30	(36)	173	17	18	(6)
Commercial property development	85	18	11	(8)	222	6	15	–
Other	772	17	9	(8)	1 747	62	113	(14)
Other secured lending to private clients	747	5	1	(4)	1 649	60	112	(13)
Unsecured lending^	25	12	8	(4)	98	2	1	(1)
Total Private Client	3 651	378	239	(144)	7 555	300	364	(78)
Corporate Client								
Acquisition finance	495	2	9	(5)	179	–	–	–
Asset finance	511	11	4	(6)	291	–	–	(1)
Corporate loans	748	25	23	(1)	1 279	10	6	(5)
Project finance	371	26	11	(4)	188	22	10	(11)
Resource finance and commodities	34	–	–	–	233	15	3	(5)
Total Corporate Client	2 159	64	47	(16)	2 170	47	19	(22)
Other*	140	5	–	(12)	374	12	2	(16)
Total group	5 950	447	286	(172)	10 099	359	385	(116)

* *Largely includes lending activities within our central funding and international trade finance business.*
^ *Largely relates to credit card balances.*

Asset quality ratios



Trends reflect numbers as at the year ended 31 March, unless otherwise stated.

Australia				Total group			
Gross core loans	Gross defaults	Collateral	Balance sheet impairments	Gross core loans	Gross defaults	Collateral	Balance sheet impairments
151	16	17	(4)	4 534	409	322	(131)
–	–	–	–	951	51	41	(14)
87	–	–	–	2 702	42	50	(8)
63	16	17	(4)	576	154	107	(56)
1	–	–	–	305	162	124	(53)
385	4	2	(2)	4 689	210	178	(75)
385	4	2	(2)	4 037	104	104	(25)
–	–	–	–	345	82	48	(42)
–	–	–	–	307	24	26	(8)
728	11	10	(2)	3 247	90	132	(24)
661	10	10	(1)	3 057	75	123	(18)
67	1	–	(1)	190	15	9	(6)
1 264	31	29	(8)	12 470	709	632	(230)
146	–	–	–	820	2	9	(5)
16	–	–	–	818	11	4	(7)
374	5	4	(1)	2 401	40	33	(7)
83	–	–	–	642	48	21	(15)
56	–	–	–	323	15	3	(5)
675	5	4	(1)	5 004	116	70	(39)
61	–	–	–	575	17	2	(28)
2 000	36	33	(9)	18 049	842	704	(297)

Collateral

A summary of total collateral

£'000	Collateral held against: Core loans and advances	Collateral held against: Other credit and counterparty exposures*	Total
As at 30 September 2012			
Eligible financial collateral	2 339 633	155 427	2 495 060
Listed shares	2 137 825	136 323	2 274 148
Cash	201 808	19 104	220 912
Mortgage bonds	18 062 061	309 044	18 371 105
Residential mortgages	7 732 687	307 909	8 040 596
Residential development	747 394	–	747 394
Commercial property development	991 251	1 135	992 386
Commercial property investments	8 590 729	–	8 590 729
Other collateral	7 237 651	133 204	7 370 855
Unlisted shares	1 237 825	–	1 237 825
Bonds other than mortgage bonds	502 273	79 453	581 726
Debtors, stock and other corporate assets	2 486 338	–	2 486 338
Guarantees	1 336 005	53 751	1 389 756
Other	1 675 210	–	1 675 210
Total collateral	27 639 345	597 675	28 237 020
As at 31 March 2012			
Eligible financial collateral	2 313 351	208 012	2 521 363
Listed shares	2 079 575	191 074	2 270 649
Cash	233 776	16 938	250 714
Mortgage bonds	19 089 855	1 110 610	20 200 465
Residential mortgages	7 731 966	1 109 372	8 841 338
Residential development	868 833	–	868 833
Commercial property development	1 092 290	1 238	1 093 528
Commercial property investments	9 396 766	–	9 396 766
Other collateral	8 029 594	72 545	8 102 139
Unlisted shares	1 261 143	–	1 261 143
Bonds other than mortgage bonds	537 484	–	537 484
Debtors, stock and other corporate assets	3 458 491	–	3 458 491
Guarantees	924 641	60 163	984 804
Other	1 847 835	12 382	1 860 217
Total collateral	29 432 800	1 391 167	30 823 967

* *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:

- 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 Client and Corporate Client 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.

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) Unrealised	Realised	Dividends and other	Total	Fair value through equity
For the six months to 30 September 2012					
Unlisted investments	(24 614)	25 711	5 367	6 464	(1 161)
UK and Europe	(16 445)	662	452	(15 331)	(1 161)
South Africa	(8 169)	23 364	4 915	20 110	–
Australia	–	1 685	–	1 685	–
Listed equities	(24 899)	14 094	557	(10 248)	730
UK and Europe	(2 460)	–	556	(1 904)	992
South Africa	(22 439)	14 094	1	(8 344)	4
Australia	–	–	–	–	(266)
Investment and trading properties^	12 183	(22)	598	12 759	–
UK and Europe	–	–	–	–	–
South Africa	12 183	(22)	598	12 759	–
Australia	–	–	–	–	–
Warrants, profit shares and other embedded derivatives	16 258	1 201	2 595	20 054	–
UK and Europe	15 008	–	2 595	17 603	–
South Africa	1 250	1 201	–	2 451	–
Australia	–	–	–	–	–
Total	(21 072)	40 984	9 117	29 029	(431)
For the year ended 31 March 2012					
Unlisted investments	24 390	71 959	35 268	131 617	1 690
UK and Europe	18 070	24 689	1 303	44 062	2 286
South Africa	6 386	46 079	33 810	86 275	–
Australia	(66)	1 191	155	1 280	(596)
Listed equities	(26 863)	(3 422)	1 050	(29 235)	(1 859)
UK and Europe	(3 140)	1 541	587	(1 012)	828
South Africa	(23 723)	(5 311)	547	(28 487)	–
Australia	–	348	(84)	264	(2 687)
Investment and trading properties^	18 141	(10 812)	915	8 244	–
UK and Europe	(11)	2 737	779	3 505	–
South Africa	18 152	(3 232)	136	15 056	–
Australia	–	(10 317)	–	(10 317)	–
Warrants, profit shares and other embedded derivatives	(2 228)	9 110	1 648	8 530	–
UK and Europe	–	–	1 648	1 648	–
South Africa	(2 228)	9 110	–	6 882	–
Australia	–	–	–	–	–
Total	13 440	66 835	38 881	119 156	(169)

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

Unrealised revaluation gains through profit and loss are included in tier 1 capital. Revaluations that are posted directly to equity are excluded from capital within Investec Limited and included in tier 2 capital within Investec plc.

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 2012	Valuation change stress test 30 Sept 2012*	On-balance sheet value of investments 31 March 2012	Valuation change stress test 31 March 2012*
Unlisted investments	755 799	115 771	778 894	116 834
UK and Europe	271 687	41 142	280 183	42 027
South Africa	480 095	74 026	493 607	74 041
Australia	4 017	603	5 104	766
Listed equities	79 337	19 834	111 809	27 765
UK and Europe	24 508	6 127	27 843	6 961
South Africa	47 543	11 886	76 985	19 246
Australia	7 286	1 821	6 981	1 745
Investment and trading properties^	553 242	69 665	577 008	71 258
UK and Europe	59 394	11 879	58 336	11 667
South Africa	453 678	49 752	474 979	50 852
Australia	40 170	8 034	43 693	8 739
Warrants, profit shares and other embedded derivatives	81 875	28 656	67 432	23 602
UK and Europe	51 849	18 147	35 979	12 593
South Africa	30 026	10 509	31 453	11 009
Australia	–	–	–	–
Total	1 470 253	233 927	1 535 143	239 459

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

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

Stress test values applied

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

Stress testing summary

Based on the information as at 30 September 2012, as reflected above we could have a £234 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 101 for further detail.

Securitisation/credit investment and trading activities 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

In the UK and Europe the group focuses on securitisation of its 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 £894 million to the assets originated, warehoused and securitised by Kensington. Further information is provided on pages 81 to 84.

South Africa

In South Africa, our securitisation business was established over ten years ago. Over this time, we have arranged a number of 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 a standby liquidity facility to one conduit namely, Grayston Conduit 1 (Pty) Limited Series 1 and Series 2. These facilities, which totalled R1.2 billion as at 30 September 2012 (31 March 2012: R1.7 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 79 and 80). 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 Client business in South Africa. The primary motivations for the securitisation of assets within our Private Client division are to:

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

Total assets that have been originated and securitised by the Private Client division amount to R6.2 billion (31 March 2012: R6.1 billion) and include auto loans (R0.9 billion) and residential mortgages (R5.3 billion).These securitisation structures have all been rated by Moody's.

Australia

Investec Bank (Australia) Limited acquired Experien in October 2007 (now Investec Professional Finance). As is the case in the South African Private Client division assets originated by the business have been securitised. These amount to A$711 million (31 March 2012: A$825 million).

Credit analysis

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

Nature of exposure/ activity	Exposure as at 30 Sept 2012 £'million	Exposure as at 31 March 2012 £'million	Balance sheet and credit risk classification	Asset quality – relevant comments	Capital treatment
Structured credit investments*	858	849	Other debt securities and other loans and advances		Risk-weighted or supervisory deductions against primary and secondary capital
Rated	706	723			
Unrated	152	126			
Kensington – mortgage assets: Net exposures (after impairments) to the securitised book (i.e. those assets have been securitised)	4	12	Other securitised assets. We are required to fully consolidate assets acquired from Kensington. However, only those assets for which we are at risk are reflected in this analysis with the balance reflected under 'no credit exposures'	Refer to pages 81 to 84	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)	890	927	We are required to fully consolidate assets acquired from Kensington. However, only those assets for which we are legally at risk are reflected in this analysis with the balance reflected under 'no credit exposures'	Refer to pages 81 to 84	Risk-weighted
Warehouse lines provided to own originated loans and advances to customers and investment in third party intermediary originating platforms (mortgage and auto loans)	1 005	857	Other loans and advances		Risk-weighted depending on rating of counterparty
Private Client division assets which have been securitised	917	1 034	Own originated loans and advances to customers securitised	Analysed as part of the group's overall asset quality on core loans and advances as reflected on page 59	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	91	135	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

* *Analysed further on page 80.*

***Analysis of structured rated and unrated credit investments**

£'million	30 Sept 2012				31 March 2012			
	Rated**	Unrated	Other	Total	Rated	Unrated	Other	Total
US corporate loans	18	–	–	18	18	–	–	18
US ABS	1	–	–	1	1	–	–	1
European ABS	3	7	–	10	8	5	–	13
European RMBS	554	119	–	673	510	90	–	600
European CMBS	43	–	–	43	65	5	–	70
European corporate loans	38	26	–	64	67	26	–	93
South African RMBS	1	–	–	1	2	–	–	2
Australian RMBS	48	–	–	48	52	–	–	52
Total	706	152	–	858	723	126	–	849

****Further analysis of rated structured credit investments as at 30 September 2012**

£'million	AAA	AA	A	BBB	BB	B	C and below	Total
US corporate loans	–	–	–	4	13	–	1	18
US ABS	–	–	–	–	–	–	1	1
European ABS	–	–	–	3	–	–	–	3
European RMBS	156	135	87	81	48	25	22	554
European CMBS	2	17	–	8	10	–	6	43
European corporate loans	24	1	10	–	–	–	3	38
South African RMBS	–	1	–	–	–	–	–	1
Australian RMBS	17	22	7	2	–	–	–	48
Total as at 30 September 2012	199	176	104	98	71	25	33	706
Total as at 31 March 2012	243	201	82	89	48	32	28	723

Kensington – salient features

As at 30 September 2012	Warehouse book	Securitised portfolio	Total	% of total
Assets and business activity statistics				
Mortgage assets under management (£'million)	1 342	2 121	3 463	
IFRS adjustments (£'million)	(75)	366	291	
Mortgage assets under management (£'million)	1 417	1 755	3 172	
First charge % of total mortgage assets under management	94.2%	93.7%	93.9%	
Second charge % of total mortgage assets under management	5.8%	6.3%	6.1%	
Fixed rate loans % of total mortgage assets under management	0.4%	0.0%	0.2%	
Number of accounts	12 907	20 621	33 528	
Average loan balance (first charge) (£)	140 447	105 742	118 913	
Largest loan balance (£)	1 116 935	1 212 112	1 212 112	
Weighted average loan mature margin (%)	4.3%	5.0%	4.7%	
Product mix (pre-IFRS adjustments) (£'million)	1 417	1 755	3 172	100.0%
Prime	4	–	4	0.2%
Near prime	456	359	816	25.7%
Adverse	343	1 295	1 638	51.6%
Adverse buy to let and right to buy	56	100	156	4.9%
Start – Irish operations	558	–	558	17.6%
Geographic distribution (£'million)	1 417	1 755	3 172	100.0%
UK – North	258	572	830	26.2%
UK – South West	64	120	184	5.8%
UK – South East	189	361	550	17.3%
Outer London	139	221	360	11.3%
Inner London	68	121	189	6.0%
Midlands	141	360	501	15.8%
Start – Irish operations	558	–	558	17.6%
Spread of value of properties (%)	100.0%	100.0%	100.0%	
>£500 000	3.1%	1.0%	1.8%	
>£250 000 – <=£500 000	22.5%	9.9%	14.8%	
>£200 000 – <=£250 000	16.6%	11.6%	13.5%	
>£150 000 – <=£200 000	21.2%	20.1%	20.5%	
>£100 000 – <=£150 000	23.3%	30.6%	27.8%	
>£70 000 – <=£100 000	11.2%	20.6%	17.0%	
>£50 000 – <=£70 000	1.7%	5.1%	3.8%	
<£50 000	0.4%	1.1%	0.8%	
Asset quality statistics				
Weighted average current LTV (adjusted for house price index movement*)	106.6%	78.8%	91.3%	

* *Bad debt provision is based on house price index assumptions of:*
UK: calendar year: house price growth of nil going forward, with an additional -20% haircut to the price to reflect forced sale discount.
Ireland: peak to trough decline of 53%, including calendar year: house price decline assumption of -9% for 2012, and house price growth assumption of 1%, 3%, 4%, 4% per annum respectively for the period 2013 – 2016, and an additional forced sale discount of 5% – 6%.

3

Kensington – salient features (continued)

As at 30 September 2012	Warehouse book	Securitised portfolio	Total	% of total
LTV spread – % of book	100.0%	100.0%	100.0%	
<= 65%	11.7%	23.2%	18.9%	
>65% – <70%	3.2%	6.5%	5.3%	
>70% – <75%	3.9%	8.9%	7.0%	
>75% – <80%	4.3%	9.3%	7.4%	
>80% – <85%	5.7%	11.2%	9.1%	
>85% – <90%	6.9%	11.7%	9.9%	
>90% – <95%	8.6%	8.4%	8.5%	
>95% – <100%	9.1%	6.9%	7.6%	
>100%	46.6%	13.9%	26.3%	
% of accounts >90 days in arrears	36.8%	27.8%	31.3%	
Number of accounts >90 days in arrears	4 726	5 735	10 461	
Total capital lent in arrears (£'million)	762	777	1 539	100.0%
Arrears 0 – 60 days	67	132	199	12.9%
Arrears 61 – 90 days	56	93	149	9.7%
Arrears >90 days	592	511	1 103	71.7%
Possession	47	41	88	5.7%
Debt to income ratio of clients (%)	19.9%	19.2%	19.5%	
Investec investment/exposure to assets reflected above (£'million)	1 016	27	1 043	
On-balance sheet provision (£'million)	(126)	(23)	(149)	
Investec net investment/exposure to assets reflected above (£'million)	890	4	894	

Kensington – salient features (continued)

As at 31 March 2012	Warehouse book	Securitised portfolio	Total	% of total
Assets and business activity statistics				
Mortgage assets under management (£'million)	1 432	2 322	3 754	
IFRS adjustments (£'million)	(77)	451	374	
Mortgage assets under management (£'million)	1 509	1 871	3 380	
First charge % of total mortgage assets under management	94.1%	93.6%	93.8%	
Second charge % of total mortgage assets under management	5.9%	6.4%	6.2%	
Fixed rate loans % of total mortgage assets under management	0.7%	0.1%	0.3%	
Number of accounts	13 633	21 738	35 371	
Average loan balance (first charge) (£)	141 597	106 907	120 083	
Largest loan balance (£)	1 091 675	1 174 323	1 174 323	
Weighted average loan mature margin (%)	4.1%	4.7%	4.5%	
Product mix (pre-IFRS adjustments) (£'million)	1 509	1 871	3 380	100.0%
Prime	6	–	6	0.2%
Near prime	504	380	884	26.2%
Prime buy to let	1	–	1	–
Adverse	349	1 383	1 732	51.2%
Adverse buy to let and right to buy	61	108	169	5.0%
Start – Irish operations	588	–	588	17.4%
Geographic distribution (£'million)	1 509	1 871	3 380	100.0%
UK – North	284	609	893	26.4%
UK – South West	69	132	201	5.9%
UK – South East	207	388	595	17.6%
Outer London	143	231	374	11.1%
Inner London	67	129	196	5.8%
Midlands	151	382	533	15.8%
Start – Irish operations	588	–	588	17.4%
Spread of value of properties (%)	100.0%	100.0%	100.0%	
>£500 000	3.5%	1.1%	1.9%	
>£250 000 – <=£500 000	23.5%	9.9%	15.2%	
>£200 000 – <=£250 000	16.5%	11.6%	13.5%	
>£150 000 – <=£200 000	20.6%	20.0%	20.2%	
>£100 000 – <=£150 000	23.2%	30.6%	27.7%	
>£70 000 – <=£100 000	11.2%	20.7%	17.1%	
>£50 000 – <=£70 000	1.4%	5.0%	3.7%	
<£50 000	0.1%	1.1%	0.7%	
Asset quality statistics				
Weighted average current LTV (adjusted for house price index movement*)	105.6%	79.8%	91.3%	

* *Bad debt provision is based on house price index assumptions of:*
UK: calendar year: house price growth of nil going forward, with an additional -20% haircut to the price to reflect forced sale discount.
Ireland: peak to trough decline of 53%, including calendar year: house price decline assumption of -9% for 2012, and house price growth assumption of 1%, 3%, 4%, 4% per annum respectively for the period 2013 – 2016, and an additional forced sale discount of 5% – 6%.

Kensington – salient features (continued)

As at 31 March 2012	Warehouse book	Securitised portfolio	Total	% of total
LTV spread – % of book	100.0%	100.0%	100.0%	
<= 65%	11.5%	21.8%	17.6%	
>65% – <70%	3.4%	6.3%	5.1%	
>70% – <75%	3.7%	8.5%	6.5%	
>75% – <80%	4.5%	9.4%	7.4%	
>80% – <85%	5.5%	11.0%	8.7%	
>85% – <90%	7.3%	12.0%	10.1%	
>90% – <95%	8.6%	9.1%	8.9%	
>95% – <100%	8.6%	7.1%	7.7%	
>100%	46.9%	14.8%	28.0%	
% of accounts >90 days in arrears	33.2%	29.3%	30.8%	
Number of accounts >90 days in arrears	4 515	6 368	10 883	
Total capital lent in arrears (£'million)	748	848	1 596	100.0%
Arrears 0 – 60 days	73	136	209	13.1%
Arrears 61 – 90 days	56	97	153	9.6%
Arrears >90 days	565	571	1 136	71.2%
Possession	54	44	98	6.1%
Debt to income ratio of clients (%)	20.2%	19.1%	19.6%	
Investec investment/exposure to assets reflected above (£'million)	1 053	36	1 089	
On-balance sheet provision (£'million)	(127)	(24)	(151)	
Investec net investment/exposure to assets reflected above (£'million)	926	12	938	

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 at least 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 as well as 99% 10-day stressed 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)			
	Period end £'000	Average £'000	High £'000	Low £'000
30 September 2012				
Commodities	–	–	–	–
Equity derivatives	585	945	1 677	391
Foreign exchange	21	34	81	10
Interest rates	324	286	513	115
Consolidated*	589	987	1 742	481
31 March 2012				
Commodities	–	1	64	–
Equity derivatives	549	1 029	1 677	536
Foreign exchange	31	34	105	9
Interest rates	288	231	424	115
Consolidated*	624	1 060	1 742	610

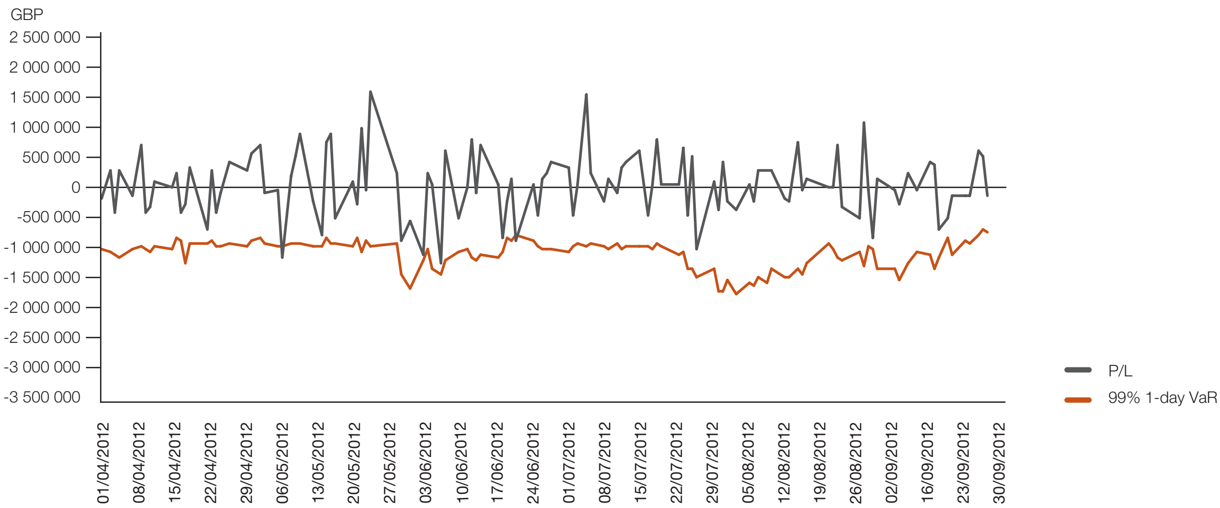
* *The consolidated VaR for each desk and each entity at period end is lower than the sum of the individual VaRs. This arises from the consolidation offset between various asset classes (diversification).*

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

The average VaR utilisation was lower than at year end 2012, mainly as a result of a reduction in risk on the structured equity derivatives desk. There were two exceptions over the half year i.e. where the loss was greater than the 99% one-day VaR.

99% 1-day VaR backtesting

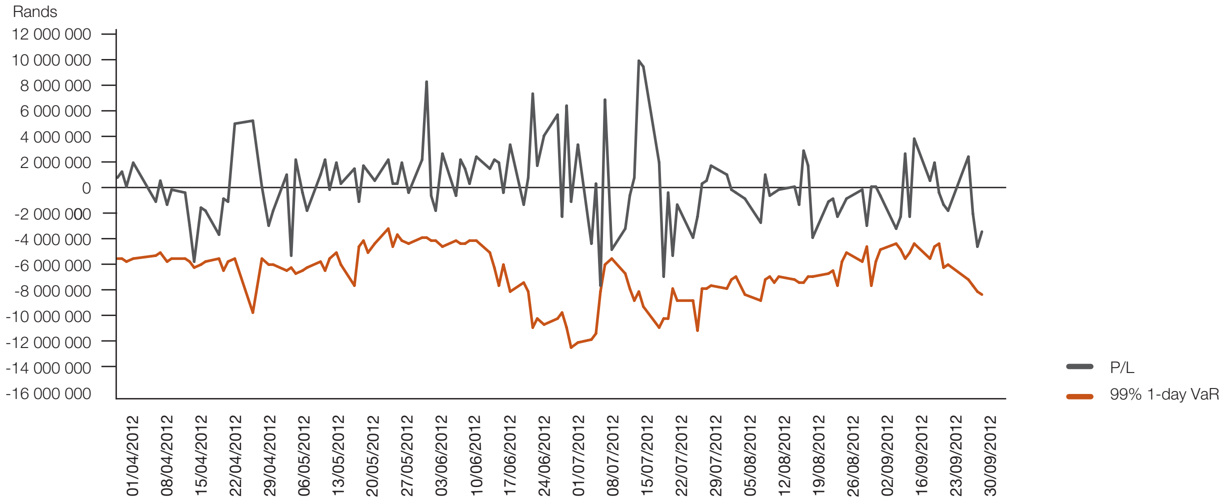


	South Africa – Limited 95% (one-day)				Australia 95% (one-day)			
	Period end R'million	Average R'million	High R'million	Low R'million	Period end A$'000	Average A$'000	High A$'000	Low A$'000
	–	0.1	0.6	–	–	–	–	–
	1.2	3.2	7.5	1.0	–	–	–	–
	1.3	1.9	3.7	1.0	20	33	135	1
	6.5	2.9	7.2	1.1	23	39	102	21
	5.4	5.1	10.9	3.1	28	54	141	23
	–	0.1	0.5	–	–	–	8	–
	1.9	2.3	8.0	0.9	–	–	–	–
	1.1	2.7	8.9	0.7	2	31	192	1
	2.6	2.5	5.3	0.8	31	57	116	17
	4.2	4.8	9.6	2.7	31	68	184	19

South Africa

VaR for September 2012 in the South African trading book was slightly higher than at March 2012, though still lower than pre-crisis (2007) levels. Using hypothetical (clean) profit and loss data for backtesting resulted in no exceptions.

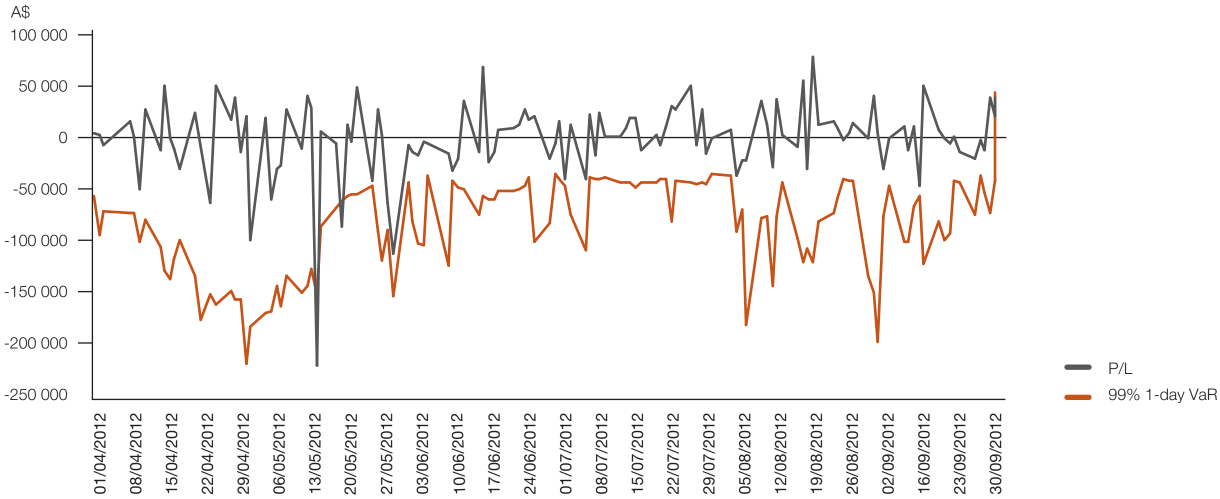
99% 1-day VaR backtesting



Australia

Average VaR utilisation for the half year remained at the moderate levels experienced in 2012. There have been two exceptions i.e. where the loss is greater than the VaR.

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'million
30 September 2012			
Commodities	–	–	0.1
Equity derivatives	634	–	2.1
Foreign exchange	30	24	1.9
Interest rates	459	30	8.4
Consolidated*	694	37	7.4
31 March 2012			
Commodities	–	–	0.1
Equity derivatives	846	–	3.5
Foreign exchange	48	2	2.2
Interest rates	367	40	3.9
Consolidated*	876	40	5.8

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

Stress testing

The table below indicates the potential losses that could arise if the portfolio is stress tested under extreme market conditions. The method used is known as extreme value theory (EVT), the reported stress scenario below calculates the 99% EVT which is a one-in-eight year possible loss event. These numbers do not assume normality but rather rely on fitting a distribution to the data outside of the 95% confidence interval.

	UK and Europe using 99% EVT £'000	Australia using 99% EVT A$'000	South Africa using 99% EVT R'million
30 September 2012			
Commodities	–	–	0.1
Equity derivatives	1 593	–	9.3
Foreign exchange	47	32	10.6
Interest rates	647	51	41.7
Consolidated	1 572	56	36.3

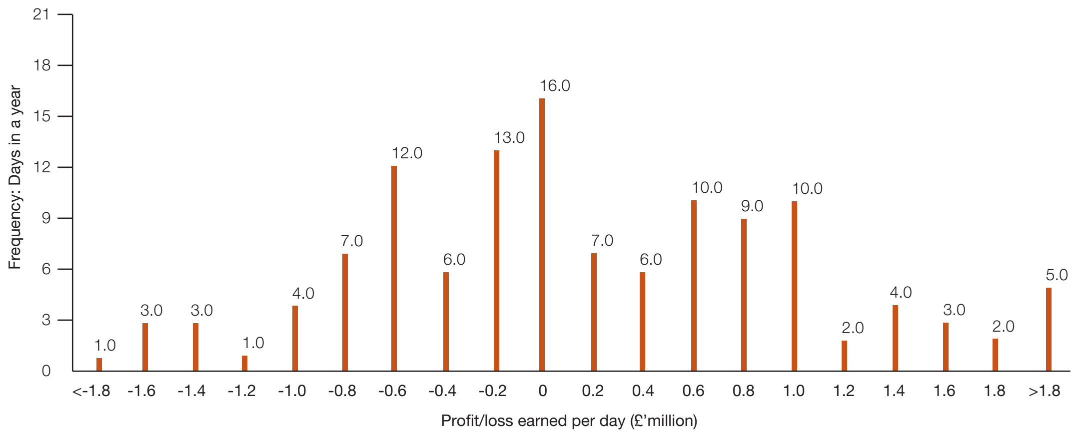
	UK and Europe using 99% EVT £'000	Australia using 99% EVT A$'000	South Africa using 99% EVT R'million
31 March 2012			
Commodities	–	–	0.1
Equity derivatives	2 467	–	16.3
Foreign exchange	119	6	17.2
Interest rates	659	70	24.3
Consolidated	2 230	71	20.3

Profit and loss histograms

UK and Europe

The histogram below illustrates the distribution of daily revenue during the financial period for our trading businesses. The distribution is skewed to the profit side and the graph shows that positive trading revenue was realised on 58 days out of a total of 124 days in the trading business. The average daily trading revenue generated for the six months to 30 September 2012 was £125 152 (year ended 31 March 2012: £120 635).

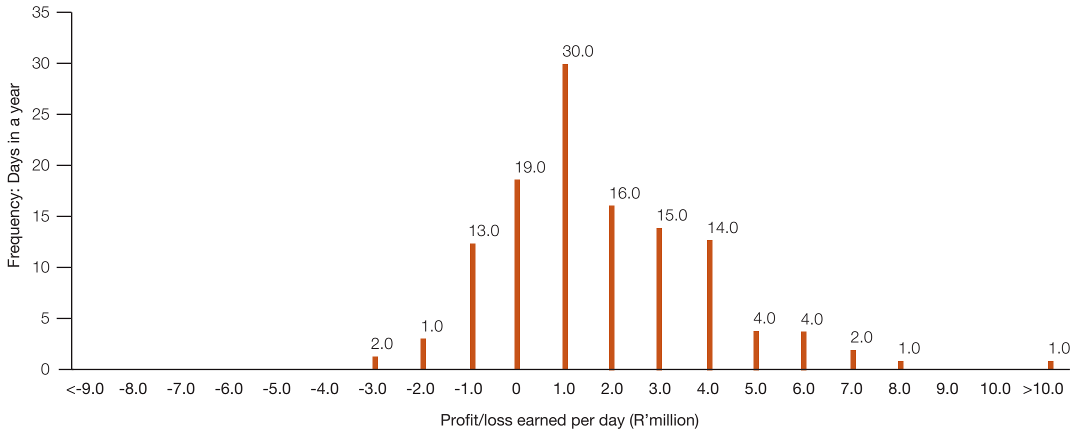
Profit and loss



South Africa

The histogram below illustrates the distribution of daily revenue during the financial period for our trading businesses. The distribution is skewed to the profit side and the graph shows that positive trading revenue was realised on 87 days out of a total of 123 days in the trading business. The average daily trading revenue generated for the six months to 30 September 2012 was R1.3 million (year ended 31 March 2012: R1.5 million).

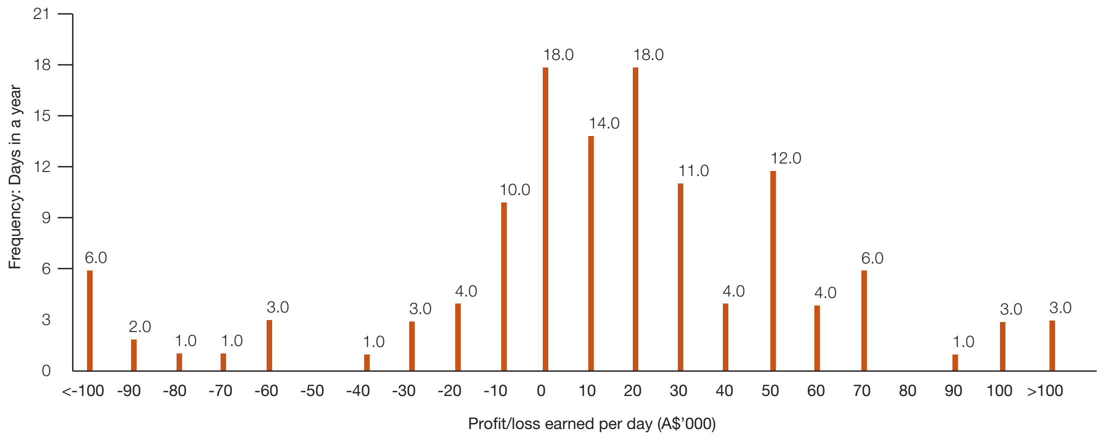
Profit and loss



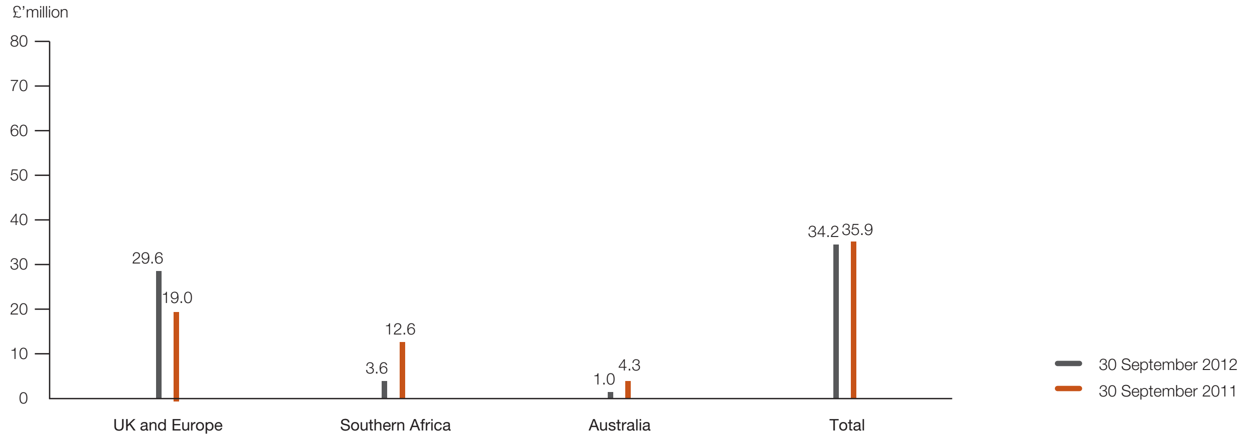
Australia

The histogram below illustrates the distribution of daily revenue during the financial period for our trading businesses. The graph shows that positive trading revenue was realised on 76 days out of a total of 125 days in the trading business. The average daily trading profit generated for the six months to 30 September 2012 was A$9 980 (year ended 31 March 2012: loss of A$6 056).

Profit and loss



Revenue arising from customer flow trading activities within our Corporate Banking 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 interest rate risk include:

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

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.

Non-trading interest rate risk in the banking book is an inherent consequence of conducting banking activities, and arises from the provision of retail and wholesale (non-trading) banking products and services.

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 2012

£'million	Not >3 months	>3 months but <6 months	>6 months but <1 year	>1 year but <5 years	>5 years	Non-rate	Total non-trading
Cash and short-term funds – banks	2 352	–	–	71	–	129	2 552
Investment/trading assets	2 757	122	–	48	532	425	3 884
Securitised assets	2 685	21	122	67	–	296	3 191
Advances	6 686	362	127	543	114	107	7 939
Non-rate assets	5	–	–	80	6	1 627	1 718
Assets	14 485	505	249	809	652	2 584	19 284
Deposits – banks	(1 330)	(20)	(40)	(107)	–	(22)	(1 519)
Deposits – retail	(7 843)	(651)	(749)	(376)	(2)	(52)	(9 673)
Negotiable paper	(943)	(8)	(27)	(58)	–	–	(1 036)
Investment/trading liabilities	(1 222)	–	–	–	–	(87)	(1 309)
Securitised liabilities	(2 266)	–	–	–	–	(240)	(2 506)
Subordinated loans	–	(33)	–	(70)	(592)	–	(695)
Other liabilities	(3)	–	–	–	(3)	(1 061)	(1 067)
Liabilities	(13 607)	(712)	(816)	(611)	(597)	(1 462)	(17 805)
Intercompany loans	311	–	1	(80)	81	(59)	254
Shareholders' funds	–	–	–	–	–	(1 852)	(1 852)
Balance sheet	1 189	(207)	(566)	118	136	(789)	(119)
Off-balance sheet	30	255	600	(372)	(523)	208	198
Repricing gap	1 219	48	34	(254)	(387)	(581)	79
Cumulative repricing gap	1 219	1 267	1 301	1 047	660	79	–

South Africa – interest rate sensitivity as at 30 September 2012

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	17 903	–	907	16	–	4 480	23 306
Cash and short-term funds – non-banks	9 840	18	–	–	–	–	9 858
Investment/trading assets and statutory liquids	33 632	10 739	9 700	10 845	5 398	15 477	85 791
Securitised assets	6 962	–	–	–	–	688	7 650
Advances	109 809	2 553	930	8 301	5 430	1 132	128 155
Other assets	741	–	–	–	–	5 316	6 057
Assets	178 887	13 310	11 537	19 162	10 828	27 093	260 817
Deposits – banks	(12 757)	(790)	(42)	(2 581)	–	(68)	(16 238)
Deposits – non-banks	(143 967)	(17 200)	(12 359)	(2 628)	(646)	(1 324)	(178 124)
Negotiable paper	(3 536)	(166)	(70)	(258)	(75)	–	(4 105)
Securitised liabilities	(6 107)	–	–	–	–	(663)	(6 770)
Investment/trading liabilities	(8 893)	(9)	(470)	(2 451)	(1 037)	(4 662)	(17 522)
Subordinated liabilities	(6 826)	(2 062)	–	(125)	(2 288)	(937)	(12 238)
Other liabilities	–	–	–	–	–	(6 974)	(6 974)
Liabilities	(182 086)	(20 227)	(12 941)	(8 043)	(4 046)	(14 628)	(241 971)
Intercompany loans	4 537	(341)	(155)	2 071	–	(275)	5 837
Shareholders' funds	(3 348)	–	–	–	(944)	(19 157)	(23 449)
Balance sheet	(2 010)	(7 258)	(1 559)	13 190	5 838	(6 967)	1 234
Off-balance sheet	18 698	(3 651)	3 505	(14 992)	(4 794)	–	(1 234)
Repricing gap	16 688	(10 909)	1 946	(1 802)	1 044	(6 967)	–
Cumulative repricing gap	16 688	5 779	7 725	5 923	6 967	–	–

Australia – interest rate sensitivity as at 30 September 2012

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	279	–	–	–	–	–	279
Investment/trading assets	842	–	–	165	–	5	1 012
Securitised assets	203	61	106	336	5	–	711
Advances	1 843	57	128	304	27	23	2 382
Other assets	–	–	–	–	–	568	568
Assets	3 167	118	234	805	32	596	4 952
Deposits – non-banks	(1 699)	(466)	(181)	(158)	(11)	(39)	(2 554)
Negotiable paper	(230)	(7)	(2)	(550)	–	(30)	(819)
Securitised liabilities	(705)	–	–	–	–	–	(705)
Investment/trading liabilities	–	–	–	–	–	–	–
Subordinated loans	(70)	–	–	–	–	–	(70)
Other liabilities	–	–	–	–	–	(211)	(211)
Liabilities	(2 704)	(473)	(183)	(708)	(11)	(280)	(4 359)
Intercompany loans	–	–	–	–	–	6	6
Shareholders' funds	–	–	–	–	–	(599)	(599)
Balance Sheet	463	(355)	51	97	21	(277)	–
Off-balance sheet	209	(76)	(180)	74	(22)	(5)	–
Repricing gap	672	(431)	(129)	171	(1)	(282)	–
Cumulative repricing gap	672	241	112	283	282	–	

Economic value sensitivity as at 30 September 2012

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

UK and Europe

	Sensitivity to the following interest rates (expressed in original currencies)						
’million	GBP	USD	EUR	AUD	ZAR	Other (GBP)	All (GBP)
200bp down	(62.7)	(0.4)	(1.7)	(0.2)	(0.1)	(0.6)	(65.6)
200bp up	62.7	0.4	1.7	0.2	0.1	0.6	65.6

South Africa

	Sensitivity to the following interest rates (expressed in original currencies)					
’million	ZAR	GBP	USD	EUR	AUD	All (ZAR)
200bp down	84.9	(0.5)	3.9	2.1	2.0	150.8
200bp up	(106.9)	(0.5)	(5.0)	1.4	(1.9)	(156.7)

Australia

’million	AUD
200bp down	(2.51)
200bp up	2.51

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.

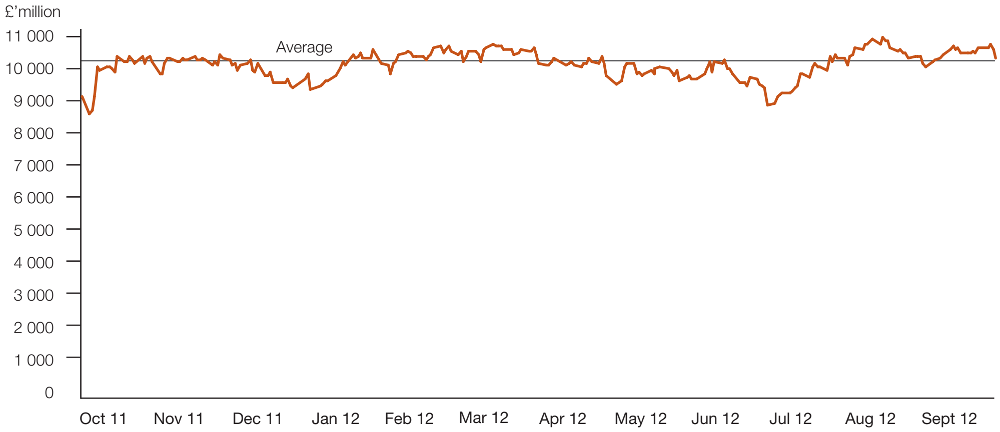
Liquidity risk is further broken down into:

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

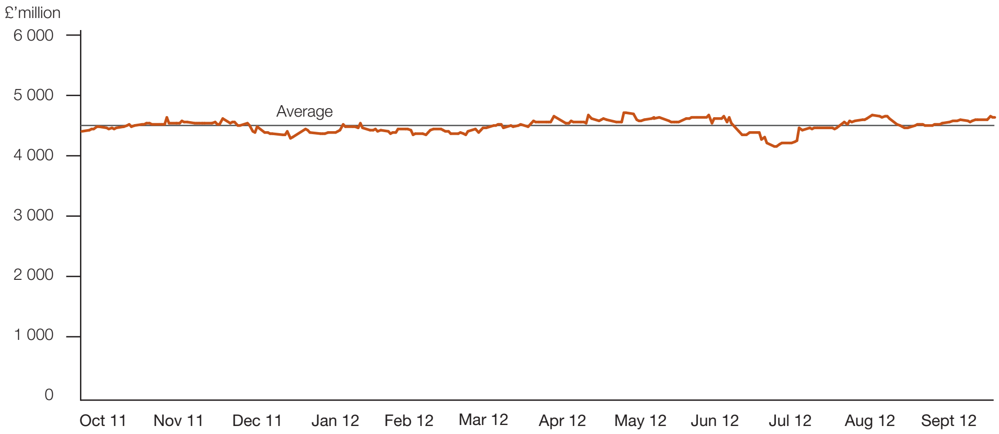
Sources of liquidity risk include:

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

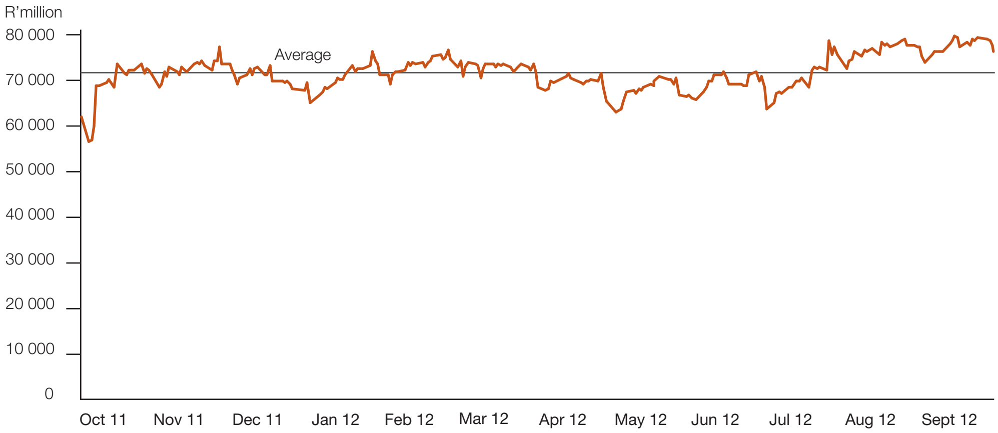
Total Investec group cash and near cash trend



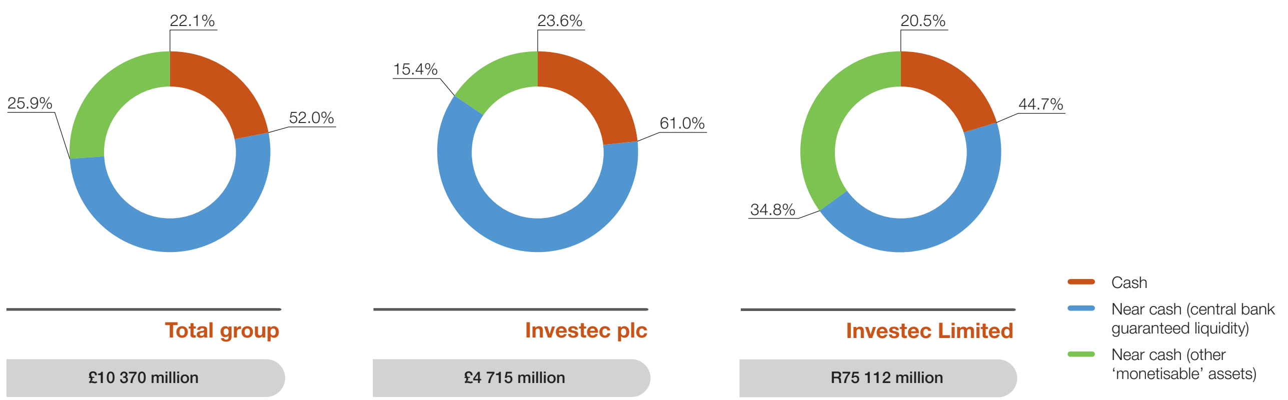
Investec plc cash and near cash trend



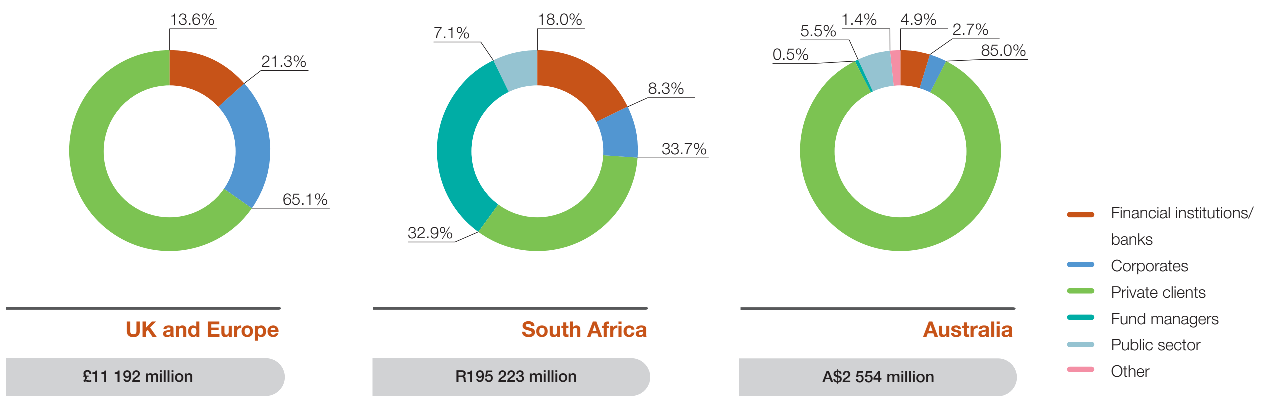
Investec Limited cash and near cash trend



An analysis of cash and near cash



Bank and non-bank depositor concentration by type



Liquidity mismatch

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

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

The liquidity position of the group strengthened in 2012, and we continued to enjoy strong inflows of customer deposits whilst maintaining good access to wholesale markets despite the ongoing Eurozone crisis and underlying market conditions. Our liquidity and funding profile reflects our strategy, risk appetite and business activities. The tables reflect that loans and advances to customers are largely financed by stable funding sources.

With respect to the contractual liquidity mismatch:

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

With respect to the behavioural liquidity mismatch:

- The new funding we would require under normal business circumstances is shown in the 'behavioural mismatch'. Many retail deposits, which are included within customer accounts, are repayable on demand or at short notice on a contractual basis. In practice, these instruments form a stable base for the group's operations and liquidity needs because of the broad base of customers. To this end, behavioural profiling is applied to liabilities with an indeterminable maturity, as the contractual repayments of many customer accounts are on demand or at short notice but expected cash flows vary significantly from contractual maturity. An internal analysis model is used, based on statistical research of the historical series of products. This is used to identify significant additional sources of structural liquidity in the form of core deposits that exhibit stable behaviour. In addition, 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 2012

£'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	2 247	216	15	2	–	72	–	2 552
Investment/trading assets	1 111	983	171	127	50	967	1 123	4 532
Securitised assets	375	3	3	4	8	166	2 632	3 191
Advances	–	413	657	568	847	2 814	2 640	7 939
Other assets	145	623	71	10	30	108	731	1 718
External assets	3 878	2 238	917	711	935	4 127	7 126	19 932
Deposits – banks	(410)	(155)	(21)	(32)	(40)	(857)	(4)	(1 519)
Deposits – non-banks	(642)^	(2 084)	(1 671)	(2 970)	(788)	(1 414)	(104)	(9 673)
Negotiable paper	–	–	(6)	(7)	(58)	(637)	(381)	(1 089)
Securitised liabilities	(632)	(10)	–	–	–	–	(1 864)	(2 506)
Investment/trading liabilities	(694)	(456)	(14)	(13)	(23)	(439)	(145)	(1 784)
Subordinated loans	–	–	(4)	–	–	(64)	(627)	(695)
Other liabilities	(127)	(552)	(51)	(20)	(154)	(92)	(71)	(1 067)
External liabilities	(2 505)	(3 257)	(1 767)	(3 042)	(1 063)	(3 503)	(3 196)	(18 333)
Intercompany loans	9	(9)	1	(1)	44	215	(5)	254
Shareholders' funds	–	–	–	–	–	–	(1 853)	(1 853)
Liquidity gap	1 382	(1 028)	(849)	(2 332)	(84)	839	2 072	–
Cumulative liquidity gap	1 382	354	(495)	(2 827)	(2 911)	(2 072)	–	–

Behavioural liquidity (as discussed on page 94)

£'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	3 120	(1 350)	(100)	(566)	(84)	(2 265)	1 245	–
Cumulative	3 120	1 770	1 670	1 104	1 020	(1 245)	–	–

^ *The deposits shown in the demand column at 30 September 2012 reflect cash margin deposits held.*

3

Southern Africa

Contractual liquidity as at 30 September 2012

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*	17 551	2 663	1 581	21	943	959	124	23 842
Cash and short-term funds – non-banks	9 670	69	102	18	–	–	–	9 859
Investment/trading assets and statutory liquids**	27 579	30 931	795	788	1 857	30 702	15 515	108 167
Securitised assets	964	28	99	172	355	1 632	4 400	7 650
Advances	2 251	7 452	7 793	10 156	9 786	58 744	31 975	128 157
Other assets	–	650	58	225	7	1 518	3 784	6 242
Assets	58 015	41 793	10 428	11 380	12 948	93 555	55 798	283 917
Deposits – banks	(1 793)	(1 486)	(271)	(236)	(8 886)	(3 572)	–	(16 244)
Deposits – non-banks	(63 673)^	(22 643)	(27 355)	(22 037)	(24 603)	(17 161)	(1 507)	(178 979)
Negotiable paper	–	(300)	(1 795)	(647)	(360)	(403)	(600)	(4 105)
Securitised liabilities	(14)	(627)	(1 543)	–	(832)	(3 499)	(255)	(6 770)
Investment/trading liabilities	(310)	(11 465)	(384)	(659)	(1 584)	(19 022)	(1 159)	(34 583)
Subordinated liabilities	–	–	–	(3 009)	–	(1 775)	(7 454)	(12 238)
Other liabilities	(711)	(896)	(353)	(250)	(472)	(389)	(4 430)	(7 501)
Liabilities	(66 501)	(37 417)	(31 701)	(26 838)	(36 737)	(45 821)	(15 405)	(260 420)
Shareholders' funds	–	–	–	–	–	–	(23 497)	(23 497)
Contractual liquidity gap	(8 486)	4 376	(21 273)	(15 458)	(23 789)	47 734	16 896	–
Cumulative liquidity gap	(8 486)	(4 110)	(25 383)	(40 841)	(64 630)	(16 896)	–	

Note: contractual liquidity adjustments (as discussed on page 94)

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	13 085	2 663	1 581	21	943	959	4 590	23 842
**Investment/trading assets and statutory liquids	1 480	17 642	7 246	13 368	14 593	35 682	18 156	108 167

Behavioural liquidity (as discussed on page 94)

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	23 777	2 707	(341)	(1 733)	(8 546)	(54 163)	38 299	–
Cumulative	23 777	26 484	26 143	24 410	15 864	(38 299)	–	–

^ *Includes call deposits of R59.1 billion and the balance reflects term deposits which have finally reached/are reaching contractual maturity.*

Australia

Contractual liquidity as at 30 September 2012

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	279	–	–	–	–	–	–	279
Investment/trading assets*	917	19	58	45	22	129	58	1 248
Securitised assets	4	23	65	78	137	398	6	711
Advances**	18	155	206	272	398	1 224	109	2 382
Other assets	–	–	–	–	–	–	332	332
External assets	1 218	197	329	395	557	1 751	505	4 952
Deposits – non-banks	(423)^	(392)	(831)	(490)	(184)	(187)	(47)	(2 554)
Negotiable paper	–	(10)	(7)	(13)	(11)	(778)	–	(819)
Securitised liabilities	(3)	(23)	(65)	(614)	–	–	–	(705)
Investment/trading liabilities	–	(4)	(44)	(27)	(11)	(47)	(27)	(160)
Subordinated liabilities	–	–	–	–	–	(70)	–	(70)
Other liabilities	–	–	–	–	–	–	(51)	(51)
Liabilities	(426)	(429)	(947)	(1 144)	(206)	(1 082)	(125)	(4 359)
Intercompany loans	1	4	–	–	–	–	1	6
Shareholders' funds	–	–	–	–	–	–	(599)	(599)
Contractual liquidity gap	793	(228)	(618)	(749)	351	669	(218)	–
Cumulative liquidity gap	793	565	(53)	(802)	(451)	218	–	–

Note: contractual liquidity adjustments (as discussed on page 94)

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	–	156	210	45	68	688	81	1 248
**Advances	143	150	196	244	343	1 197	109	2 382

Behavioural liquidity (as discussed on page 94)

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	1 119	(282)	(543)	(948)	213	659	(218)	–
Cumulative	1 119	837	294	(654)	(441)	218	–	–

^ *Includes call deposits of A$363 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 management and allocation

Capital structure

	Investec plc £'million	IBP* £'million	IBAL* A$'million	Investec Limited R'million	IBL* R'million
As at 30 September 2012					
Regulatory capital					
Tier 1					
Called up share capital	–	1 161	292	–	30
Share premium	1 130	129	–	11 348	14 026
Retained income	479	320	294	13 178	7 964
Treasury shares	(43)	–	–	(842)	–
Other reserves	388	238	(10)	143	6
Non-controlling interest in subsidiaries	156	(3)	–	–	–
Goodwill	(608)	(481)	(94)	(247)	(89)
Primary capital (tier 1)	1 502	1 364	482	23 580	21 937
Less: deductions	(23)	(23)	(55)	(184)	(184)
	1 479	1 341	427	23 396	21 753
Tier 2 capital					
Aggregate amount	811	660	104	11 530	11 095
Less: deductions	(23)	(23)	(7)	(184)	(184)
	788	637	97	11 346	10 911
Other deductions from tier 1 and tier 2	(24)	(18)			–
Total capital	2 243	1 960	524	34 742	32 664
As at 31 March 2012					
Regulatory capital					
Tier 1					
Called up share capital	–	1 071	292	–	29
Share premium	1 108	129	–	10 887	13 527
Retained income	465	328	297	12 532	7 807
Treasury shares	(42)	–	–	(825)	–
Other reserves	426	194	(7)	143	6
Minority interest in subsidiaries	164	(2)	–	–	–
Goodwill	(605)	(379)	(90)	(266)	(96)
Primary capital (tier 1)	1 516	1 341	492	22 471	21 273
Less: deductions	(23)	(22)	(58)	(248)	(248)
	1 493	1 319	434	22 223	21 025
Tier 2 capital					
Aggregate amount	809	649	98	8 915	8 915
Less: deductions	(23)	(22)	(7)	(248)	(248)
	786	627	91	8 667	8 667
Other deductions from tier 1 and tier 2	(31)	(26)	–	–	–
Total capital	2 248	1 920	525	30 890	29 692

* *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 £'million	IBP* £'million	IBAL* A$'million	Investec Limited R'million	IBL* R'million
As at 30 September 2012					
Capital requirements	1 044	942	416	19 134	18 333
Credit risk – prescribed standardised exposure classes	794	736	356	13 976	13 820
Corporates	238	232	276	8 494	8 348
Secured on real estate property	208	202	12	1 338	1 338
Counterparty risk on trading positions	28	28	10	603	603
Short-term claims on institutions and corporates	26	30	4	2 003	1 997
Retail	89	89	3	309	310
Institutions	17	17	12	1 143	1 142
Other exposure classes	188	138	39	86	82
Securitisation exposures	17	17	–	434	434
Equity risk – standardised approach	36	36	7	2 490	2 429
Listed equities	2	2	2	228	184
Unlisted equities	34	34	5	2 262	2 245
Market risk – portfolios subject to internal models approach	59	56	3	467	415
Interest rate	18	18	3	176	176
Foreign exchange	13	13	–	105	105
Commodities	–	–	–	2	2
Equities	28	25	–	184	132
Operational risk – standardised approach	138	97	50	1 767	1 235
As at 31 March 2012					
Capital requirements	1 026	915	389	18 276	17 504
Credit risk – prescribed standardised exposure classes	792	731	328	13 201	13 081
Corporates	233	226	256	7 881	7 773
Secured on real estate property	247	239	4	1 246	1 246
Counterparty risk on trading positions	21	21	7	498	498
Short-term claims on institutions and corporates	24	28	2	2 041	2 033
Retail	76	76	9	314	314
Institutions	14	14	14	1 125	1 125
Other exposure classes	177	127	36	96	92
Securitisation exposures	22	22	-	382	382
Equity risk – standardised approach	26	26	9	2 428	2 376
Listed equities	2	2	2	281	229
Unlisted equities	24	24	7	2 147	2 147
Market risk – portfolios subject to internal models approach	56	53	2	463	421
Interest rate	16	16	2	125	125
Foreign exchange	16	13	–	120	120
Commodities	–	–	–	2	2
Equities	24	24	–	216	174
Operational risk – standardised approach	130	83	50	1 802	1 244

* *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 management and allocation (continued)

Capital adequacy

As at 30 September 2012	Investec plc £'million	IBP* £'million	IBAL* A$'million	Investec Limited R'million	IBL* R'million
Primary capital (tier 1)	1 502	1 364	482	23 580	21 937
Less: deductions	(23)	(23)	(55)	(184)	(184)
	1 479	1 341	427	23 396	21 753
Tier 2 capital					
Aggregate amount	811	660	104	11 530	11 095
Less: deductions	(23)	(23)	(7)	(184)	(184)
	788	637	97	11 346	10 911
Other deductions from tier 1 and tier 2	(24)	(18)	–	–	–
Total capital	2 243	1 960	524	34 742	32 664
Risk-weighted assets (banking and trading)	13 045	11 760	3 196	201 403	192 980
Credit risk – prescribed standardised exposure classes	9 928	9 200	2 733	147 112	145 476
Corporates	2 974	2 901	2 122	89 413	87 881
Secured on real estate property	2 599	2 522	92	14 083	14 083
Counterparty risk on trading positions	347	347	80	6 343	6 343
Short-term claims on institutions and corporates	329	378	31	21 085	21 022
Retail	1 111	1 111	19	3 258	3 258
Institutions	215	215	93	12 028	12 028
Other exposure classes	2 353	1 726	296	902	861
Securitisation exposures	215	215	–	4 572	4 572
Equity risk – standardised approach	440	439	51	26 206	25 567
Listed equities	20	20	15	2 400	1 935
Unlisted equities	420	419	36	23 806	23 632
Market risk – portfolios subject to internal models approach	731	698	26	4 912	4 363
Interest rate	221	221	22	1 851	1 851
Foreign exchange	157	160	3	1 105	1 105
Commodities	–	–	1	20	20
Equities	353	317	–	1 936	1 387
Operational risk – standardised approach	1 731	1 208	386	18 601	13 002
Capital adequacy ratio	17.2%	16.7%	16.4%	17.2%	16.9%
Tier 1 ratio	11.3%	11.4%	13.4%	11.6%	11.3%

* *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.*

As at 31 March 2012	Investec plc £'million	IBP* £'million	IBAL* A$'million	Investec Limited R'million	IBL* R'million
Primary capital (tier 1)	1 516	1 341	492	22 471	21 273
Less: deductions	(23)	(22)	(58)	(248)	(248)
	1 493	1 319	434	22 223	21 025
Tier 2 capital					
Aggregate amount	809	649	98	8 915	8 915
Less: deductions	(23)	(22)	(7)	(248)	(248)
	786	627	91	8 667	8 667
Other deductions from tier 1 and tier 2	(31)	(26)	–	–	–
Total capital	2 248	1 920	525	30 890	29 692
Risk-weighted assets (banking and trading)	12 827	11 421	2 983	192 376	184 253
Credit risk – prescribed standardised exposure classes	9 910	9 130	2 516	138 965	137 704
Corporates	2 909	2 819	1 971	82 961	81 824
Secured on real estate property	3 093	2 983	32	13 117	13 117
Counterparty risk on trading positions	268	264	43	5 245	5 245
Short-term claims on institutions and corporates	301	355	13	21 489	21 401
Retail	950	950	68	3 301	3 301
Institutions	176	176	109	11 846	11 846
Other exposure classes	2 213	1 583	280	1 006	970
Securitisation exposures	274	274	–	4 017	4 017
Equity risk – standardised approach	325	321	68	25 558	25 011
Listed equities	26	25	16	2 954	2 407
Unlisted equities	299	296	52	22 604	22 604
Market risk – portfolios subject to internal models approach	695	659	16	4 867	4 424
Interest rate	200	200	14	1 314	1 314
Foreign exchange	195	159	–	1 266	1 266
Commodities	1	1	2	17	17
Equities	299	299	–	2 270	1 827
Operational risk – standardised approach	1 623	1 037	383	18 969	13 097
Capital adequacy ratio	17.5%	16.8%	17.6%	16.1%	16.1%
Tier 1 ratio	11.6%	11.5%	14.6%	11.6%	11.4%

* *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 2012 Exposure £'million	30 Sept 2012 Exposure after credit risk mitigation £'million	31 March 2012 Exposure £'million	31 March 2012 Exposure after credit risk mitigation £'million
Central banks and sovereigns					
1	0%	4 302	3 912	3 831	3 831
2	20%	–	–	–	–
3	50%	–	–	–	–
4	100%	–	–	–	–
5	100%	–	–	–	–
6	150%	–	–	–	–
Institutions' original effective maturity of more than three months					
1	20%	42	42	196	196
2	50%	236	236	262	262
3	50%	22	22	3	3
4	100%	–	–	–	–
5	100%	–	–	–	–
6	150%	–	–	–	–
Short-term claims on institutions					
1	20%	137	137	167	167
2	20%	479	294	572	411
3	20%	11	11	13	13
4	50%	4	4	6	6
5	50%	–	–	–	–
6	150%	–	–	–	–
Counterparty credit risk – effective original maturity of more than three months					
1	20%	93	17	302	214
2	50%	100	85	132	106
3	50%	231	16	579	15
4	100%	–	–	1	1
5	100%	–	–	–	–
6	150%	–	–	–	–
Counterparty credit risk – effective original maturity of less than three months					
1	20%	202	69	874	183
2	50%	988	345	384	167
3	50%	82	3	72	19
4	100%	1	1	–	–
5	100%	–	–	–	–
6	150%	–	–	–	–
Corporates					
1	20%	–	–	92	92
2	50%	16	16	17	17
3	100%	154	154	16	16
4	100%	–	–	15	15
5	150%	14	14	14	14
6	150%	–	–		
Securitisation positions					
1	20%	78	78	163	163
2	50%	59	59	90	90
3	100%	16	16	36	36
4	350%	13	13	13	13
5	1 250%	33	33	29	29
Re-securitisation positions					
1	40%	108	108	165	165
2	100%	13	13	16	16
3	225%	10	10	11	11
4	650%	–	–	1	1
5	1 250%	8	8	16	16
Total rated counterparty exposure		7 452	5 716	8 088	6 288

Investec Limited

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

Credit quality step	Risk weight	30 Sept 2012 Exposure R'million	30 Sept 2012 Exposure after credit risk mitigation R'million	31 March 2012 Exposure R'million	31 March 2012 Exposure after credit risk mitigation R'million
Central banks and sovereigns					
1	0%	39 332	39 332	38 679	38 679
2	20%	–	–	–	–
3	50%	38	38	29	29
4	100%	–	–	–	–
5	100%	–	–	–	–
6	150%	–	–	–	–
Institutions' original effective maturity of more than three months					
1	20%	1 704	1 623	2 450	2 308
2	50%	12 686	12 686	15 901	12 239
3	50%	9 162	9 160	10 185	10 171
4	100%	–	–	–	–
5	100%	–	–	–	–
6	150%	–	–	–	–
Short-term claims on institutions					
1	20%	476	476	841	841
2	20%	11 003	11 003	12 324	12 324
3	20%	2 176	2 176	1 745	1 745
4	50%	43	43	–	–
5	50%	–	–	–	–
6	150%	–	–	–	–
Corporates					
1	20%	1 692	1 178	1 052	620
2	50%	860	473	149	149
3	100%	519	312	142	142
4	100%	130	130	125	125
5	150%	–	–	–	–
6	150%	–	–	–	–
Securitisation positions					
1	20%	1 473	1 473	1 332	1 332
2	50%	3 627	3 627	2 691	2 691
3	100%	1 162	1 162	980	980
4	350%	366	366	286	286
5	1 250%	72	72	496	496
Total rated counterparty exposure		86 521	85 330	89 407	85 157

Divisional and segmental 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 intend to achieve largely through the continued strengthening and development of our wealth and asset management businesses.

Asset Management	Wealth & Investment	Specialist Banking
Investment capabilities: – 4Factor equities – Contrarian – Frontier and emerging markets – Commodities and resources – Fixed income and currency – Multi-asset	– Portfolio management – Stockbroking – Alternative investments – Investment advisory services – Electronic trading services – Retirement portfolios	– Property activities – Private Banking activities – Corporate Advisory and Investment activities – Corporate and Institutional Banking activities – Group Services and Other activities
– Africa – Americas and Japan – Asia – Australia – Europe – Middle East – UK	– Southern Africa – UK and Europe	– Australia – Canada – Hong Kong – India – Southern Africa – UK and Europe – USA

Integrated global management structure

Global roles

Chief executive officer – Stephen Koseff
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 and David Lawrence

United Kingdom
David van der Walt

Australia
David Clarke

Specialist Banking

Property activities
Sam Hackner

Private Banking activities
Ciaran Whelan

Corporate Advisory and Investment activities
Andy Leith

Corporate and Institutional Banking activities
David van der Walt

Asset Management Hendrik du Toit

Wealth & Investment Steve Elliott

Support structures

Banking and institutions
David Lawrence

Chief integrating officer
Allen Zimbler

Corporate governance and compliance
Bradley Tapnack

Marketing
Raymond van Niekerk

Finance and risk management
Glynn Burger

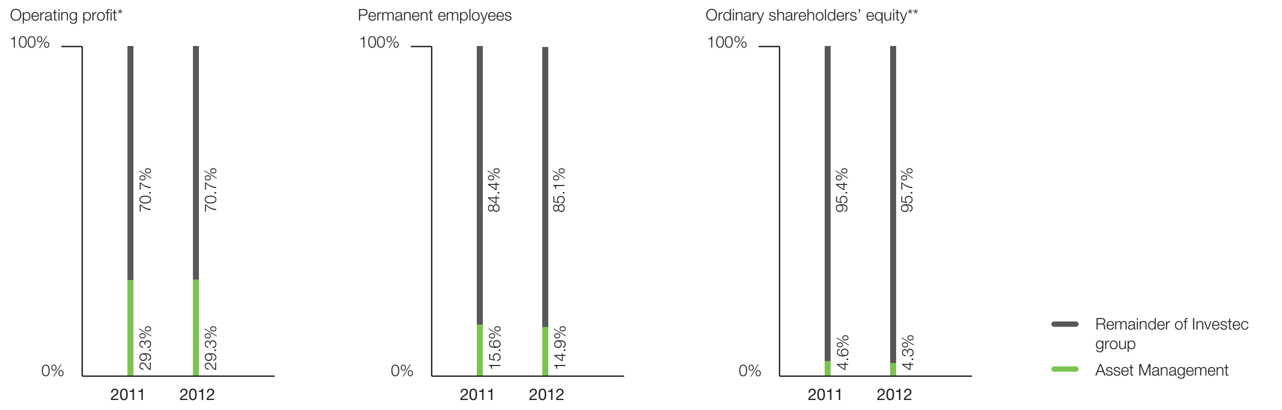
Share schemes and secretarial
Les Penfold

Asset Management

Financial analysis

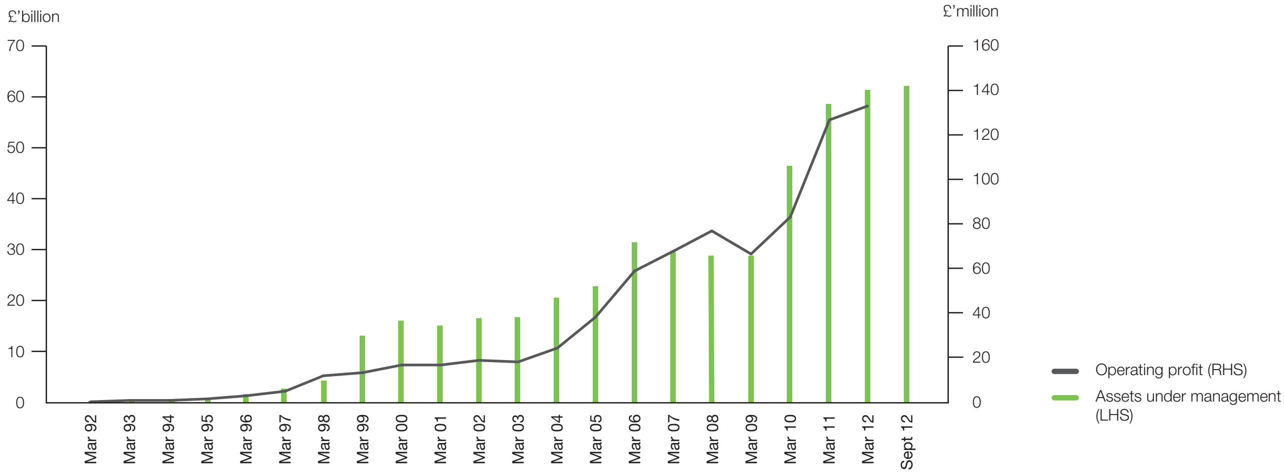
- Operating profit* increased by 2.5% contributing 29.3% to group profit
- Assets under management increased by 1.3% since 31 March 2012 to £62.4 billion.

Contribution analysis



* *Before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests.*
** *As calculated on page 42, based on regulatory capital requirements.*

Historical financial performance



Income statement analysis

For the six months to £'000	30 Sept 2012	30 Sept 2011	Variance	% change
Net interest income	2 190	2 784	(594)	(21.3%)
Net fee and commission income	188 322	183 181	5 141	2.8%
Investment income	7	8	(1)	(12.5%)
Trading income arising from balance sheet management and other trading activities	(459)	–	(459)	
Other operating income	2 543	693	1 850	>100.0%
Total operating income before impairment on loans and advances	192 603	186 666	5 937	3.2%
Operating costs	(125 223)	(120 862)	(4 361)	3.6%
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	67 380	65 804	1 576	2.4%
Earnings attributable to non-controlling interests	(183)	(226)	43	(19.0%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	67 197	65 578	1 619	2.5%
UK and International	28 081	28 401	(320)	1.1%
Southern Africa	39 116	37 177	1 939	5.2%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	67 197	65 578	1 619	2.5%
ROE (pre-tax)*	93.2%	81.7%		
Return on tangible equity (pre-tax)*	340.5%	285.9%		
Cost to income ratio	65.0%	64.7%		
Operating profit per employee (£'000)*	55.9	58.8	(2.9)	(4.9%)

* *As calculated on pages 42 and 44, based on regulatory capital requirements.*

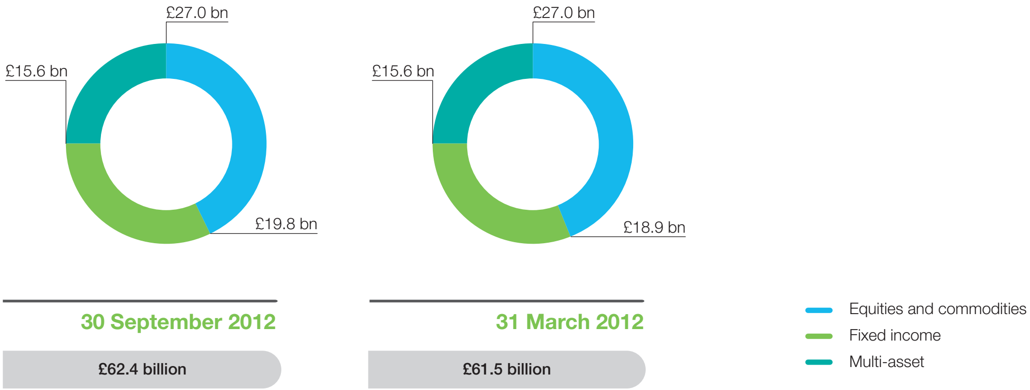
Equity market conditions continued to be volatile over the first half of the financial year and in this challenging environment our operating profit grew by 2.5%. We believe that our broad range of investment capabilities is well positioned to serve current and future investor demand. Performance fees were higher at £18.5 million than the prior year period at £15.6 million.

Assets under management and flows

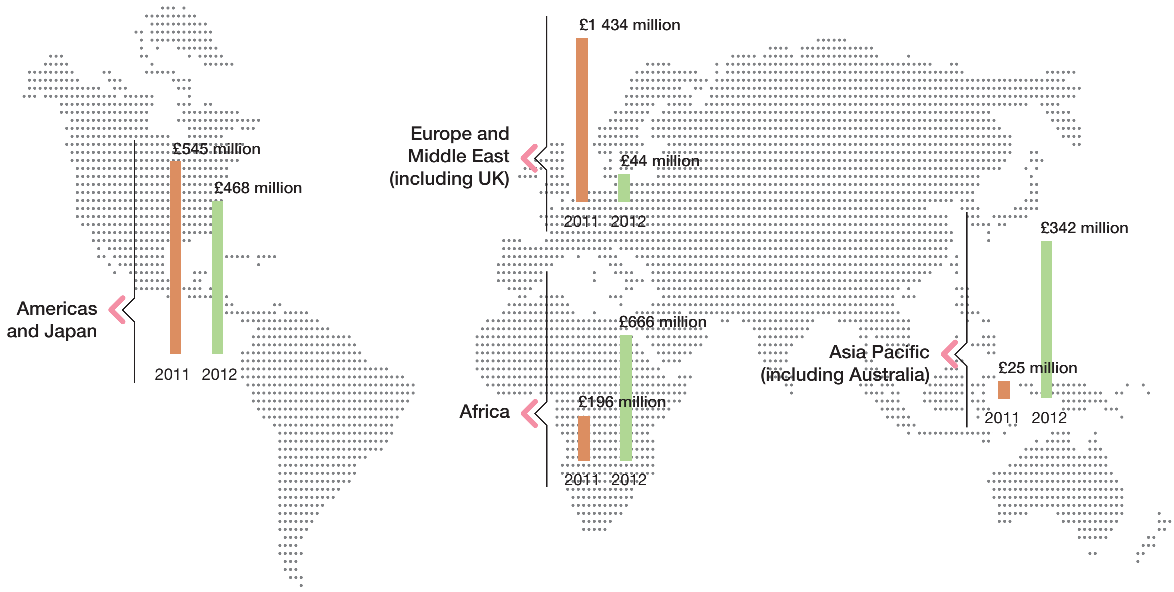
£'million	30 Sept 2012	Net flows	31 March 2012
Fixed income	19 755	1 059	18 866
Equities and commodities	26 999	(78)	27 041
Multi-asset	15 618	539	15 648
Global assets under management	62 372	1 520	61 555

Asset Management (continued)

Assets under management by asset group



Net flows by geography for the six months to 30 September 2012 vs the six months to 30 September 2011



Independent recognition

Calendar year 2012

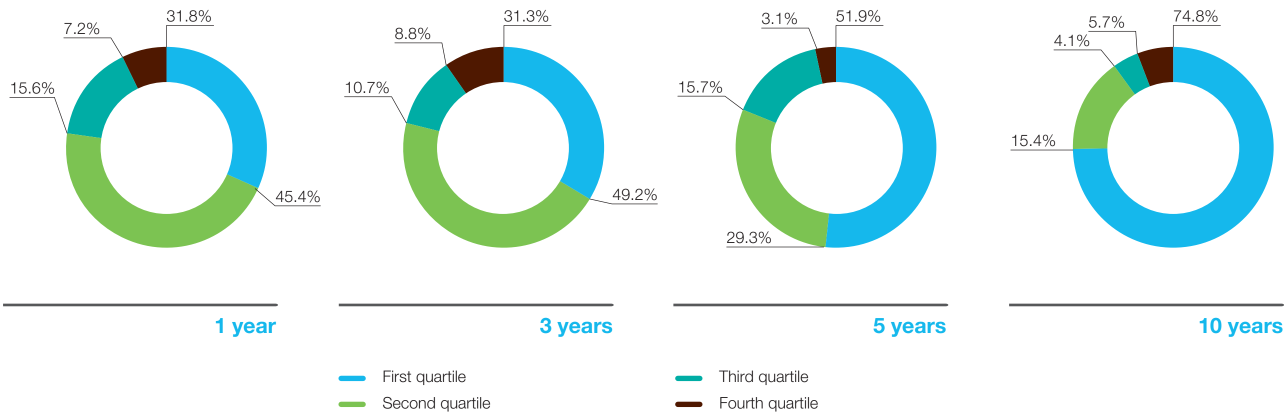
- Winner of Financial News Awards for Excellence in European Institutional Asset Management, CEO of the Year (Hendrik du Toit)
- Winner of aiCIO Awards' Emerging Markets Manager of the Year
- Winner of European Pension's Emerging Markets Manager of the Year
- Winner of Raging Bull's (South Africa) Offshore Management Company of the Year (second year running)
- Winner of Imbasa Yegolide's Global Manager of the Year award (third year running)
- Highly commended for Global Investor's Asset Manager of the Year.

Investment performance

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

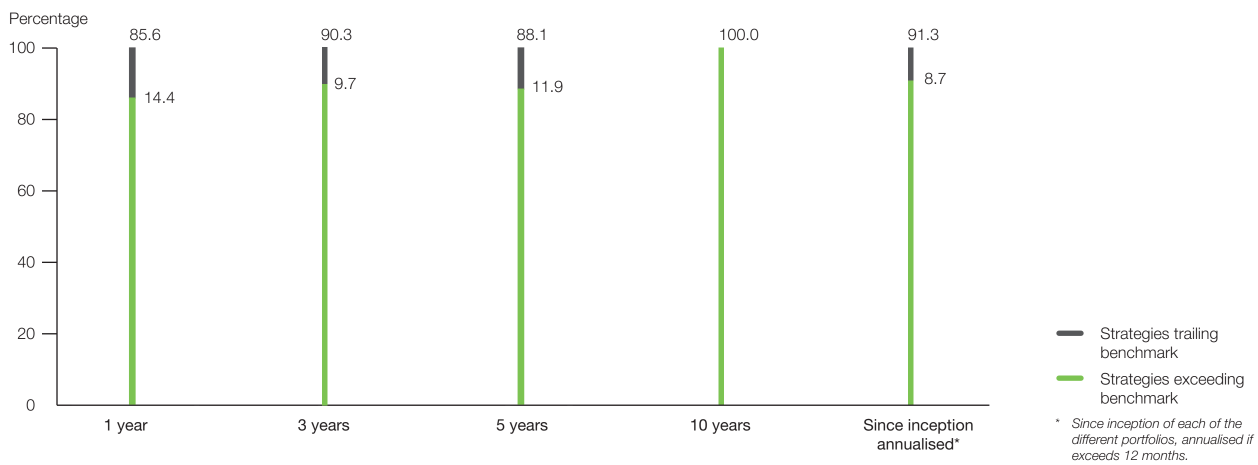
Our long-term track record remains competitive.

Mutual funds investment performance



Source: Calculated from Lipper or Morningstar data by value; excludes cash, cash plus and liquidity funds. Performance to 30 September 2012.

Segregated mandates performance



* *Since inception of each of the different portfolios, annualised if exceeds 12 months.*

Source: Investec Asset Management, data 30 September 2012.
Performance shown is the total return performance of each of the portfolios managed by Investec versus their appropriate comparison indices. Outperformance (underperformance) is calculated as the sum of the total market values for those funds that have positive active returns (negative active returns) by capability expressed as a percentage of total assets under management. Market values for the indicated date are used for all periods shown.

Developments

- The focus continues to be on institutional clients which have facilitated net inflows of £1.5 billion over the period
- We continue to develop our investment capabilities and invest in our client interface.

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 however, flat market prices and market uncertainty will put pressure on inflows going forward
- Although cost discipline is good, our growing client footprint and increased regulation continue to put pressure on the costs line
- Weak markets may 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

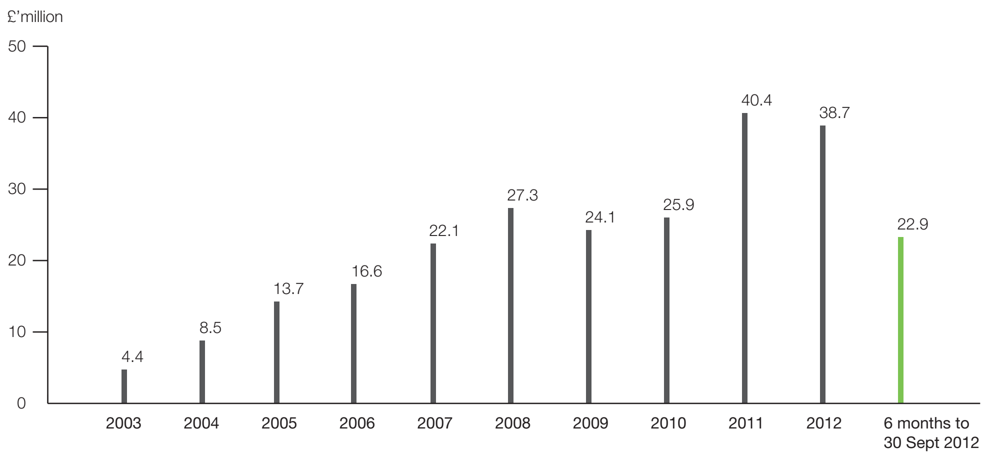
Overview and financial analysis

- Operating profit* increased by 4.9% to £22.9 million, contributing 10.0% to group profit
- Since 31 March 2012, private client funds under management increased 5.6% from £34.8 billion to £36.7 billion.

Contribution analysis

* *Before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests.*
** *As calculated on page 42.*

Operating profit^ – track record



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

Income statement analysis

For the six months to £'000	30 Sept 2012	30 Sept 2011	Variance	% change
Net interest income	5 881	4 877	1 004	20.6%
Net fee and commission income	111 762	88 296	23 466	26.6%
Investment income	492	(210)	702	(>100.0%)
Trading income arising from				
– customer flow	(81)	(3 177)	3 096	(97.5%)
– balance sheet management and other trading activities	228	(242)	470	(>100.0%)
Other operating income	308	229	79	34.5%
Total operating income before impairment on loans and advances	118 590	89 773	28 817	32.1%
Operating costs	(95 739)	(67 985)	(27 754)	40.8%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	22 851	21 788	1 063	4.9%
UK and Europe	14 223	13 217	1 006	7.6%
Core business	15 249	15 101	148	1.0%
Wealth Management Europe	(1 026)	(1 884)	858	45.5%
Southern Africa	8 628	8 571	57	0.7%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	22 851	21 788	1 063	4.9%
ROE (pre-tax)*	13.6%	17.3%		
Return on tangible equity (pre-tax)*	46.9%	27.0%		
Cost to income ratio	80.7%	75.7%		
Operating profit per employee (£'000)*	17.4	22.4	(5.0)	(22.3%)

* *As calculated on pages 42 and 44.*

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

- The South African business posted an operating profit of R112 million, an increase of 15.5% over the prior period. Whilst client execution activity levels have remained subdued, the business has benefited from higher average funds under management and net inflows. When converted into Pounds Sterling, however, operating profit is marginally better than prior period
- In the UK and Europe the division benefited from higher average funds under management and net inflows, with market indices remaining broadly flat relative to the prior period at the key fee billing points during the period. The integration of Williams de Broë is progressing well. Non-operating costs relating to the integration will however, still reflect in the group's 2013 financial results. Overall results have continued to be negatively impacted by the restructuring of the wealth management operation in Switzerland.

Further analysis of operating income

UK and Europe

Investec Wealth & Investment Limited (including Williams de Broë)

£'000	Six months to 30 Sept 2012*	Six months to 30 Sept 2011
Interest income	3 992	3 010
Fee and commission income	82 719	51 672
Annuity fees	59 648	38 506
– Trail commission	4 208	2 650
– Fees earned on funds under management	52 963	33 574
– Other**	2 477	2 282
Deal/non-recurring fees	23 071	13 166
– Dealing commission	20 790	11 818
– Other***	2 281	1 348
Investment income	27	–
Total operating income	86 738	54 682

* *The business of Williams de Broë was acquired in December 2011.*
** *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.*

Investec Wealth & Investment Europe

Wealth & Investment Europe contributed total operating income of £4.4 million in the six months to 30 September 2012 (six months to 30 September 2011: £6.4 million).

South Africa

£'000	Six months to 30 Sept 2012	Six months to 30 Sept 2011
Interest income	981	732
Fee and commission income	25 854	27 354
Annuity fees	25 190	26 484
– Trail commission	4 456	3 866
– Fees earned on funds under management	18 149	19 405
– Other^	2 585	3 213
Deal/non-recurring fees	664	870
Other income	337	390
Total operating income	27 172	28 476

^ *Mainly comprises currency turn and other miscellaneous fees.*

Analysis of key earnings drivers (funds under management)

£'million	30 Sept 2012	31 March 2012	% change	30 Sept 2011	31 March 2011	% change
UK and Europe	22 492	20 969	7.3%	14 068	14 852	(5.3%)
Discretionary	14 786	14 187	4.2%	8 924	9 571	(6.8%)
Non-discretionary and other	7 706	6 782	13.6%	5 144	5 281	(2.6%)
South Africa	14 224	13 802	3.1%	12 276	14 596	(15.9%)
Discretionary	2 311	2 185	5.8%	1 880	2 076	(9.4%)
Non-discretionary and other	11 913	11 617	2.5%	10 396	12 520	(17.0%)
Total funds under management	36 716	34 771	5.6%	26 344	29 448	(10.5%)

UK and Europe: analysis of key earning drivers (funds under management and inflows)

Funds under management and inflows

£'million	30 Sept 2012	31 March 2012	% change	30 Sept 2011	31 March 2011	% change
Investec Wealth & Investment Limited (including Williams de Broë)	20 140	19 956	0.9%	11 750	12 735	(7.7%)
Discretionary	14 605	14 187	2.9%	8 924	9 571	(6.8%)
Non-discretionary	5 128	5 316	(3.5%)	2 826	3 164	(10.7%)
Other*	407	453	(10.2%)	–	–	–
NCB Holdings^	1 423	–	–	–	–	–
Wealth Management Europe	929	1 013	(8.3%)	2 318	2 117	9.5%
Total	22 492	20 969	7.3%	14 068	14 852	(5.3%)

* *Comprises collectives funds managed.*
^ *The acquisition of NCB Holdings became effective on 1 June 2012.*

Further analysis of the UK Investec Wealth & Investment Limited business

	30 Sept 2012	31 March 2012	% change	30 Sept 2011	31 March 2011	% change
Funds under management (£'billion)	20.14	19.96	0.9%	11.75	12.74	(7.8%)
FTSE/APCIMS Private Investors Balanced Index (at period end)	3 014	3 002	0.4%	2 735	2 985	(8.4%)
Annualised underlying rate of net organic growth in total funds under management^	1.4%	1.6%		3.3%	4.2%	
% of funds managed on a discretionary basis^^	74.0%	72.7%		75.9%	75.2%	

^ *Net organic inflows less outflows as a percentage of opening funds under management. 31 March 2012 and prior excludes Williams de Broë.*
^^ *Excludes collectives funds managed.*

£'billion	30 Sept 2012	31 March 2012	% change	30 Sept 2011	31 March 2011	% change
At the beginning of the period	19.96	12.74	56.7%	12.74	11.60	9.8%
Inflows	0.95	0.96	(1.0%)	0.49	1.08	(54.6%)
Outflows	(0.81)	(0.76)	(6.6%)	(0.28)	(0.59)	(52.5%)
Market adjustment^^^	0.04	(0.10)	>100.0%	(1.20)	0.65	(>100.0%)
Acquisitions	–	7.12	–	–	–	–
At the end of the period	20.14	19.96	0.9%	11.75	12.74	(7.8%)

^^^ *Impact of market movement and relative performance.*

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

Funds under management

R'million	30 Sept 2012	31 March 2012	% change	30 Sept 2011	31 March 2011	% change
Discretionary	30 947	26 809	15.4%	23 724	22 585	5.0%
Non-discretionary and other	159 514	142 546	11.9%	131 202	136 216	(3.7%)
Total	190 461	169 355	12.5%	154 926	158 801	(2.4%)

Net inflows/(outflows) at cost over the period

R'million	30 Sept 2012	31 March 2012
Discretionary	1 478	1 956
Non-discretionary and other	3 927	(7 348)*
Total	5 405	(5 392)

* *Largely relates to one client which moved its portfolio to another institution to serve as collateral in a transaction they were concluding.*

Developments

UK and Europe

- The migration of clients of the Williams de Broë business onto the existing investment management platform of the Investec Wealth & Investment Limited business was completed on 28 August 2012. With effect from this date, the combined business trades on a common platform under the Investec Wealth & Investment brand
- An initial decline in equity market indices during the early part of the financial year placed some downward pressure on annuity fee income. This pressure eased somewhat during the second quarter, as equity indices gradually recovered to end the first half of the financial year broadly where they began. The effect on income of lower market indices was reduced by positive net organic growth in funds under management during the first half
- The lack of a resolution to the Eurozone crisis, and the level of risk that remains inherent in the markets as a result, continues to present a particularly challenging environment in which to implement investment strategies. Transactional volume, and the resulting level of income which is dependent upon dealing on behalf of clients, continues to be adversely affected by these conditions.

South Africa

- The JSE All Share Index returned 6.6% in the six months to the end of September 2012. Annual revenue growth in Rand terms has increased by a respectable 10% over the prior year. Whilst client execution levels remain subdued, the business has benefited from higher levels of funds under management
- Growth in annuity assets of over 15% and a commensurate yield pick-up has also increased the quality of funds under management
- Pervading global uncertainty around the Eurozone crisis, growth concerns in China, and the resilience of the American economy, have impacted trading volumes, with many non discretionary clients preferring to sit on the sidelines
- During the course of the first half of our financial year, Investec Wealth & Investment South Africa launched two unit trusts as well as a number of new mandates, significantly bolstering the product suite
- Our flagship discretionary mandate continues to substantially outperform both peers and benchmarks.

Outlook

UK and Europe

- We remain focused on securing the success of the integration of the Williams de Broë and existing Wealth & Investment businesses
- We continue to seek to achieve net organic growth in funds under management of 5% per annum
- There remains significant uncertainty regarding the future direction of the financial markets, in light of the continuing situation in the Eurozone. Commission income derived from transactional volumes remains sensitive to this uncertainty. Recurring investment management fee income remains exposed to the level of the markets on the key quarterly billing dates of the financial year
- Our preparations for the implementation of the Retail Distribution Review (RDR) in the UK enter their final stages in readiness for the effective date of 31 December 2012. The full impact that the RDR will have on the industry is yet to become fully apparent. We remain alert to the opportunities which the RDR may generate, in addition to preparing for the risks
- The Financial Services Compensation Scheme (FSCS) has not yet finalised the funding of compensation payable in respect of the failure of the investment firm, Keydata. This, along with further failures of firms potentially within the scope of the FSCS, may give rise to significant additional levies during the second half of the financial year and beyond.

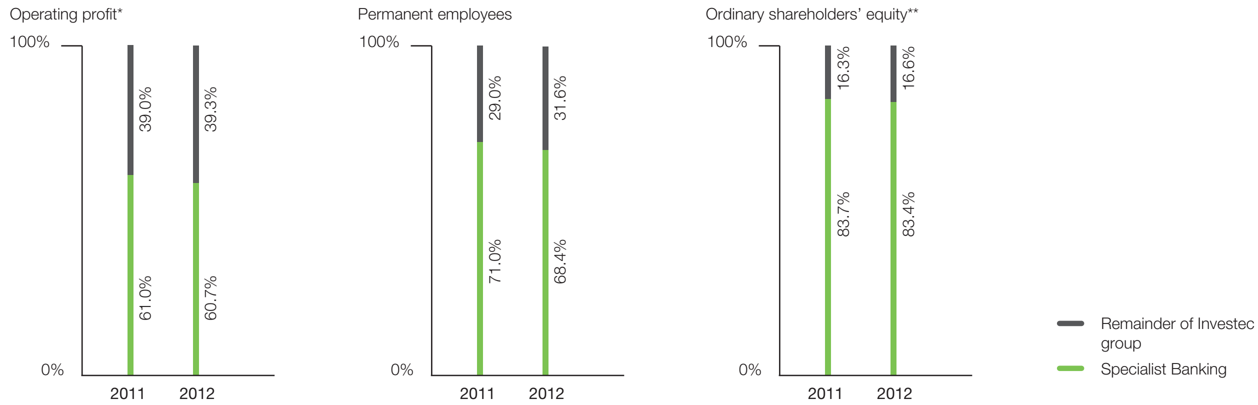
South Africa

- Low global interest rates continue to support the JSE All Share Index as investors around the world search for defensive, higher yielding investment opportunities relative to their own domestic markets. Resultant higher equity prices have been beneficial for assets under management in our discretionary investment management business which, in its own right, has performed well relative to peers
- The dramatically weaker Rand catalysed by widespread strikes and protest actions in recent months has dented local and offshore investor confidence. Furthermore, political concerns leading up to the government's national elective conference in December have added to general anxieties regarding government's future macro-economic policies and the potential economic effects thereof
- The persistence of these conditions could suppress investing activity and demand across our stockbroking, portfolio and wealth management specialities in the short term. Stockbroking volumes are most vulnerable under such circumstances
- The good investment performances across all our discretionary client mandates bodes well for potential new asset inflows and we will continue to focus on organic expansion through our increasingly successful new client acquisition strategies supported by our robust investment management processes.

Financial analysis

- Operating profit* of the Specialist Banking division increased 2.3% to £139.4 million contributing 60.7% to group profit.

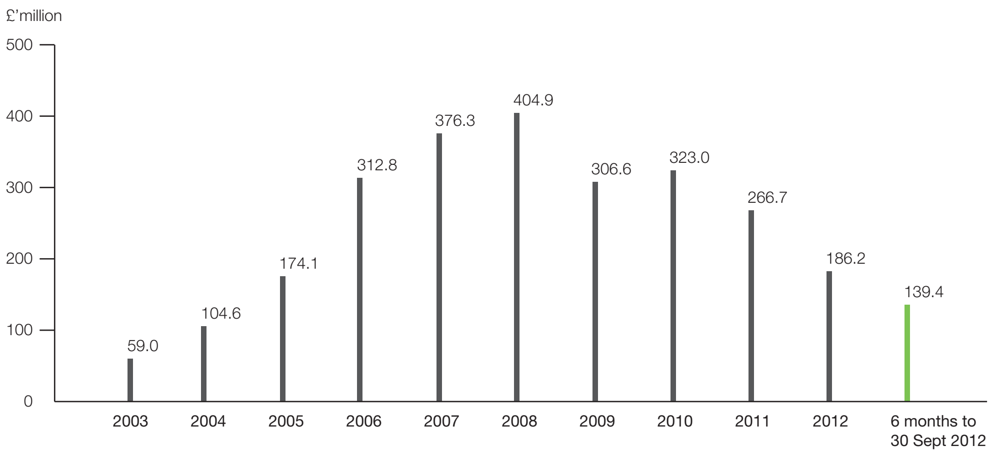
Contribution analysis



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

** *As calculated on page 42.*

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

For the six months to £'000	30 Sept 2012	30 Sept 2011	Variance	% change
Net interest income	341 648	357 051	(15 403)	(4.3%)
Net fee and commission income	161 627	173 691	(12 064)	(6.9%)
Investment income	75 276	85 224	(9 948)	(11.7%)
Trading income arising from				
– customer flow	34 304	39 084	(4 780)	(12.2%)
– balance sheet management and other trading activities	25 234	17 574	7 660	43.6%
Other operating income	18 125	43 340	(25 215)	(58.2%)
Total operating income before impairment on loans and advances	656 214	715 964	(59 750)	(8.3%)
Impairment losses on loans and advances	(115 640)	(143 328)	27 688	(19.3%)
Operating costs	(408 404)	(441 167)	32 762	(7.4%)
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	132 170	131 469	701	0.5%
Operating losses attributable to non-controlling interests	7 201	4 794	2 407	50.2%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	139 371	136 263	3 108	2.3%
UK and Europe	47 264	52 716	(5 452)	(10.3%)
Southern Africa	87 352	104 926	(17 574)	(16.7%)
Australia	4 755	(21 379)	26 134	>100.0%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	139 371	136 263	3 108	2.3%
ROE (pre-tax)*	9.3%	9.5%		
Return on tangible equity (pre-tax)*	9.8%	10.1%		
Cost to income ratio	61.7%	60.4%		
Operating profit per employee (£'000)*	25.9	26.1	(0.2)	(0.8%)

* *As calculated on pages 42 and 44.*

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

- Net interest income increased marginally largely as a result of improved margins and increased lending turnover, partially offset by higher costs on subordinated liabilities
- Net fee and commission income was largely in line with the prior period with increased fees reported in the corporate advisory business, however, transactional activity levels in the corporate institutional business remained mixed
- Investment income decreased as a result of lower returns generated on the investment and fixed income portfolios
- Trading income was ahead of the prior period largely as a result of a good performance from the structured equity retail deposit business
- Other operating income includes associate income and income earned on an operating lease portfolio acquired during December 2010
- Total operating income decreased by approximately 7%
- Impairments decreased marginally. Further information is provided on pages 60 and 61
- Operating expenses decreased largely as a result of lower depreciation recorded on operating leased assets, with other costs remaining in line with the prior period.

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

- The analysis and variances described below for the South African Specialist Banking division are based on the Rand numbers reported. Results in Pounds Sterling have been negatively impacted by the depreciation of the average Rand: Pounds Sterling exchange rate of approximately 15% over the period. The Specialist Banking division reported operating profit before taxation of R1,158 million (2011: R1,152 million)
- Net interest income increased largely as a result of improved margins, higher average loans and a sound performance from the fixed income portfolio, partially offset by higher costs on subordinated liabilities
- Net fees and commissions and customer flow trading income have been negatively impacted by lower activity in the Corporate and Institutional Banking business
- Investment income increased largely due to a solid performance from the principal investment and investment properties portfolios
- Total operating income increased by 2.4%
- Impairments increased marginally and defaults remained in line with 31 March 2012, with an improvement reported in the Private Client business offset by some corporate loans defaulting in the period. Further information is provided on pages 60 and 61
- Operating expenses increased by 1.3%.

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

- The Australian Specialist Banking division has reported a significant decrease in impairments, with revenue and costs remaining largely in line with the prior period.

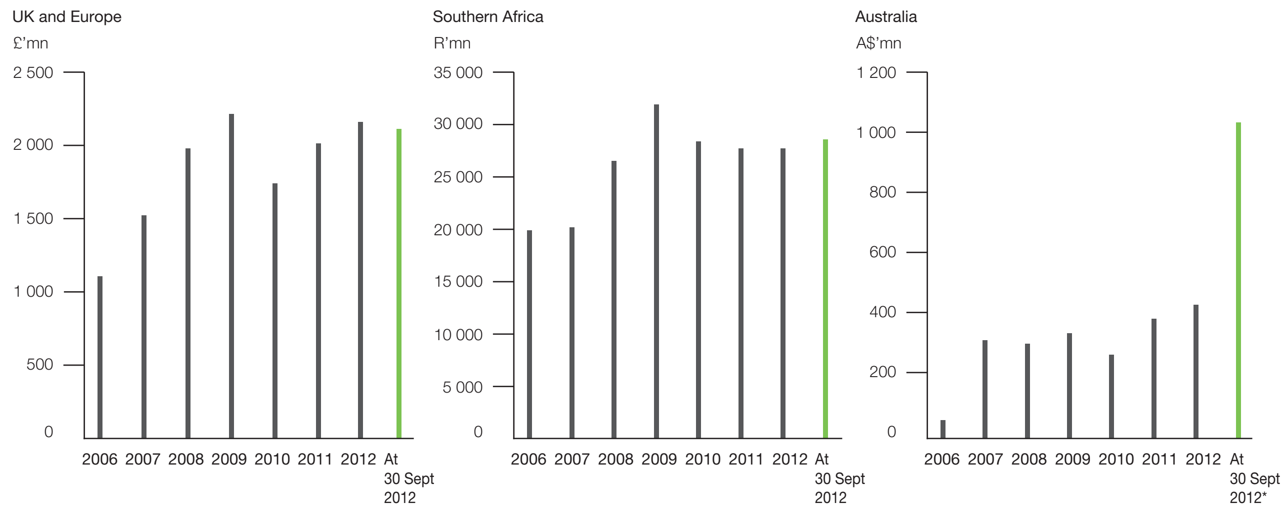
Analysis of key earnings drivers

Corporate and Institutional Client

Net core loans and advances

	£'million			Home currency 'million		
	30 Sept 2012	31 March 2012	% change	30 Sept 2012	31 March 2012	% change
UK and Europe	2 143	2 214	(3.2%)	£2 143	£2 214	(3.2%)
Southern Africa	2 148	2 261	(5.0%)	R28 752	R27 750	3.6%
Australia	675	295	>100.0%	A$1 046	A$440	>100.0%
Total	4 966	4 770	4.1%			

Net core loans and advances (excluding Kensington)



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

* *Movement since March 2012 largely relates to reclassification of loans between corporate and private clients.*

Private Client

Net core loans and advances

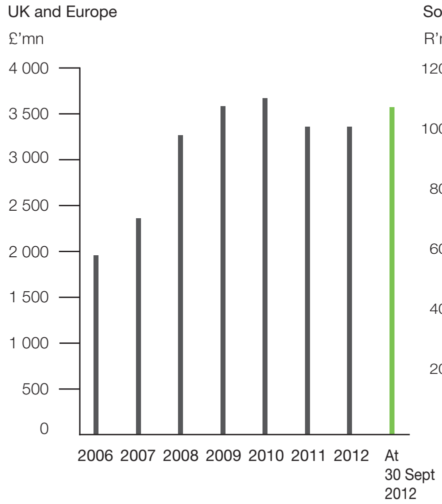
	£'million			Home currency 'million		
	30 Sept 2012	31 March 2012	% change	30 Sept 2012	31 March 2012	% change
UK and Europe	3 507	3 431	2.2%	£3 507	£3 431	2.2%
Southern Africa	7 477	7 837	(4.6%)	R100 087	R96 183	4.1%
Australia	1 256	1 594	(21.2%)	A$1 947	A$2 471	(21.2%)
Total	12 240	12 862	(4.8%)			

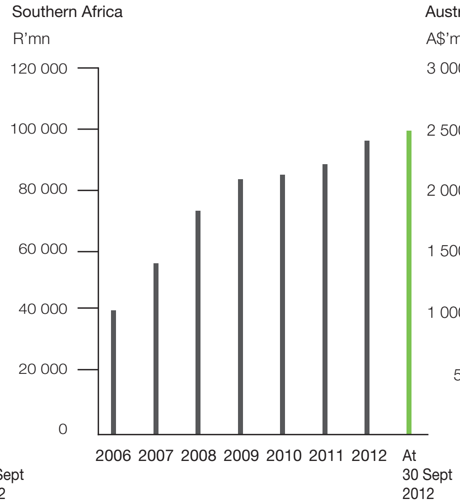
Total deposits

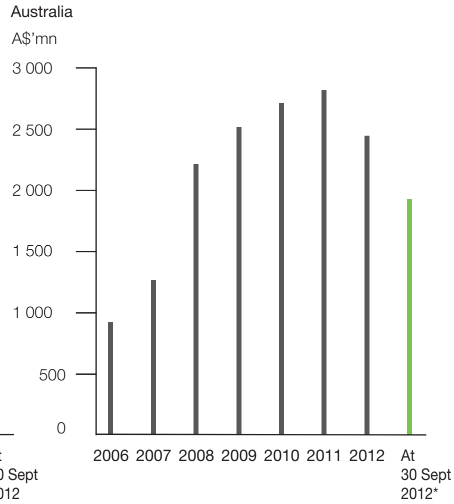
	£'million			Home currency 'million		
	30 Sept 2012	31 March 2012	% change	30 Sept 2012	31 March 2012	% change
UK and Europe	6 832	6 528	4.7%	£6 832	£6 528	4.7%
Southern Africa	4 911	5 079	(3.3%)	R65 756	R62 316	5.5%
Australia	1 401	1 306	7.3%	A$2 172	A$2 012	8.0%
Total	13 144	12 913	1.8%			

Further analysis of key earnings drivers

Net core loans and advances





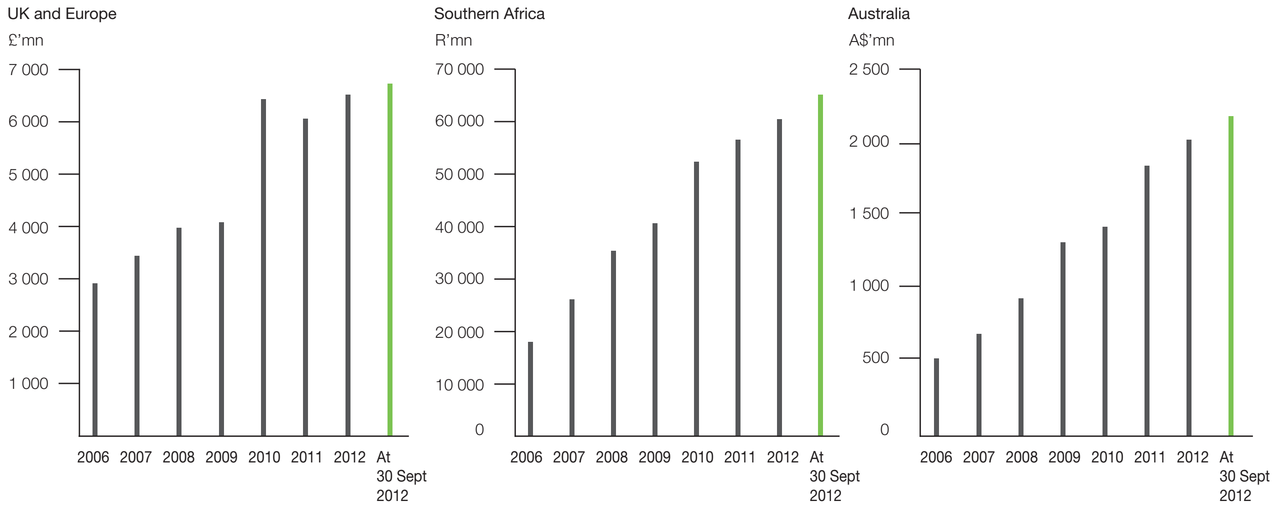


Trend reflects numbers as at the year ended 31 March unless stated otherwise.

* *Movement since March 2012 largely relates to reclassification of loans between corporate and private clients.*

Further analysis of key earnings drivers (continued)

Deposits



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

Developments

UK and Europe

- The six-month period was particularly active for the advisory business across M&A, fundraising and debt advisory
- While market conditions remained difficult, commission levels in the Institutional Research, Sales and Trading business grew significantly over the period and loss ratios remained constant, mainly due to the additional capabilities gained from the integration of Evolution Securities in January. We have also recruited a new sales team in New York to enhance our US distribution platform
- The Private Banking business in the UK and Europe can be viewed in three distinct business categories: the Core Banking business, Ireland and the Trust business
  - The Core Banking business has continued to see strong deposit growth. The specialist lending areas have seen stronger market positioning, good turnover levels and a buoyant pipeline
  - Our transactional banking offering has been launched to Investec employees, and will be launched on a phased basis to clients from November 2012
  - Property concentration in the loan portfolio has reduced over the period, delivering against a key strategic objective of the bank
  - The focus of the Private Banking business in Ireland remains managing the historical loan portfolio to minimise impairments. No new business is being written within this portfolio
- Although trading conditions have been difficult, the Treasury products and distribution desks have continued to grow as the client base has grown and product offerings have broadened
- The structured equity retail distribution platforms are well established. We are currently one of the top two retail structured product issuers in the UK market
- The Credit Investments business has continued to take advantage of the condition of the credit markets through its fixed income investments and trading operations
- A Debt Capital Markets business has been successfully established and integrated with the Evolution Group plc. Our combined offering makes us number one in the retail bond market in the UK
- Asset Finance continues to grow. Continued strong performance from the Masterlease book was demonstrated during the period and the business was again voted top SME lender at the Leasing World Awards
- Structured Finance was affected by a slowdown in markets, however, the pipeline is encouraging in aircraft finance
- The business continues to be joint managers for the Investec GLL Global Special Opportunities Real Estate Fund and search for suitable acquisition opportunities. Since inception in 2007 the fund's returns have exceeded its benchmark.

Southern Africa

- The Advisory business maintained its strong positioning, focusing 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
- The Direct Investments portfolio was R1 894 million at 30 September 2012 (31 March 2012: R2 160 million). The decrease in value was primarily due to realisations
- The Private Equity portfolio was R4 446 million at 30 September 2012 (31 March 2012: R4 223 million). We continued to expand the capacity of our private equity investments through the acquisition of three new private equity assets and increased our shareholdings in one of our equity investments as we believe this represented good value. We have also undertaken further capital projects and expenditure within the portfolio. The increase in value in the current year was driven by a solid performance of the underlying investments and acquisitions mentioned
- The Private Banking business continues to focus in two key 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
- During the period under review, we created an integrated Equities business incorporating equity and equity-related businesses from the previous Capital Markets and Securities divisions. The business has five focuses namely distribution, flow trading, research, structuring and prime services. Research will be focused in niche areas as opposed to a general coverage model. Where feasible, research will be leveraged off our international coverage
- A Prime Services Platform is being established which will consolidate our Prime broking and Equity Derivatives Retail businesses
- Corporate structuring and customer flow trading activities have been slow, although a number of new businesses created (for example our Clearing and Credit Derivatives businesses) are performing well
- Our Resource and Infrastructure business has grown significantly this year and our Supplier Finance business continues to grow as we acquire new supplier partnerships
- The Aviation Finance team was named the 2012 African Financier of the year
- The property market is showing signs of improvement and the Property Trading and Development business has completed a number of development and re-development projects for clients. Currently, the team is engaged in the development of three retail centres and various office and industrial developments
- Since its listing on the JSE in 2011, the Investec Property Fund has performed well and has been well received by both institutional investors and private clients. The fund has concluded a rights offer of 113 200 000 new Investec Property Fund linked units to raise R1.5 billion which will be used to pay for the acquisition of high quality and well-tenanted properties acquired for R1.9 billion
- The Property Fund creates opportunities for the business to develop as it has a strategy to grow aggressively over the next five years by acquiring quality properties.

Australia

- The Australian Advisory business executed a number of advisory transactions and the pipeline is encouraging. A highly experienced team is well positioned to drive the business going forward
- The Australian Private Banking business aims to broaden its footprint by deepening existing client relationships through the development of a transactional range of products, as well as developing relationships with targeted high net worth groups
- The credit card was launched in June 2012. This, together with a fully developed online transactional capability, will ensure Investec remains front of mind with the target clients
- The Fixed Income trading business which was established last year has performed strongly in the first half of this financial year
- Asset Finance and Leasing completed the acquisition of Alliance Equipment Finance in July 2012. This acquisition will provide the platform to grow the Asset Finance business which was started at the end of last year
- A number of the Specialist Lending businesses are performing well. In particular, Corporate Lending and Resource Finance have had a strong start to the year
- The property investment funds continue to perform well and are anticipated to provide good returns for investors. The portfolio of distressed properties that the Australian business acquired continues to perform. The aim is to realise the remainder over the medium term with strong returns anticipated.

Outlook

UK and Europe

- The operating environment in the UK and broader Europe continues to be challenging, with low growth forecast and high levels of uncertainty
- The deal pipeline in the UK Advisory business remains positive
- Key objectives for the forthcoming period in Private Banking are to provide a fresh banking alternative to our private clients with the client launch of our transactional banking offering, to continue to grow the Investec franchise within the UK private client market; to capitalise on the strong market positioning in the high net worth space
- General market conditions have become extremely liquid and we will focus strongly on ensuring appropriate levels and cost of liquidity
- The Corporate and Institutional Banking business continues to build a balanced business model, where we can switch easily between primary and secondary markets. The business is well positioned to grow significantly from current levels as market conditions improve
- The pipeline is reasonable.

Southern Africa

- The deal pipeline in the South African Advisory business remains reasonable
- We remain active in seeking direct investment opportunities, while continuing to unlock further value from the portfolio and building BEE platforms in South Africa
- All of the companies in our Private Equity portfolio are trading profitably in difficult market conditions and the overall outlook remains positive for the future
- Key objectives in Private Banking are to increase annuity income through a focus on banking activities and transactional activities, to diversify the deposit base in terms of client and product and ongoing focus on distressed and default deals. We continue to align processes and structures to support client focus and consistency
- We anticipate that trading and structuring opportunities will improve as the markets move into an upward interest rate cycle
- We look to leverage and grow our African exposure
- We continue to exploit opportunities in the renewable energy sector
- There is a good pipeline of property trading developments and our direct holdings will enable us to entertain a good spread of property developments in the medium term
- The Property business has an experienced team of developers and is well placed in the market to take advantage of opportunities as they arise.

Australia

- The Australian M&A pipeline remains reasonable and continues to improve
- Private Equity is actively pursuing divestment opportunities for our existing portfolio
- The outlook in the Australian Private Banking business remains positive. The launch of the credit card and first phase of transactional banking has both changed and challenged the business. It is a very exciting time to take additional product to the market to grow the business
- The focus for Private Banking is growth in profitability, control of expenses and the minimising of bad debts. Key objectives for the forthcoming period are to continue to grow and dominate the medical professional market; to deepen relationships, to accelerate client acquisition and to enhance profit through distribution of credit card and transactional products as well as to broaden and diversify the deposit base
- We expect the Corporate Specialist Lending businesses to end the year strongly. This is not reflective of the environment but rather our focus on event-driven lending opportunities
- The funds and development businesses (Aviation Finance, Social Infrastructure and Power Investment) have a strong pipeline and are expected to close a number of large transactions in the second half of the year.

Segmental geographic analysis – income statement

For the six months to 30 September 2012 £'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Net interest income	2 190	5 881	341 648	349 719
Fee and commission income	232 773	119 040	183 168	534 981
Fee and commission expense	(44 451)	(7 278)	(21 541)	(73 270)
Investment income	7	492	75 276	75 775
Trading income arising from				
– customer flow	–	(81)	34 304	34 223
– balance sheet management and other trading activities	(459)	228	25 234	25 003
Other operating income	2 543	308	18 125	20 976
Total operating income before impairment on loans and advances	192 603	118 590	656 214	967 407
Impairment losses on loans and advances	–	–	(115 640)	(115 640)
Operating income	192 603	118 590	540 574	851 767
Operating costs	(125 223)	(95 739)	(398 639)	(619 601)
Depreciation on operating leased assets	–	–	(9 765)	(9 765)
Operating profit before goodwill and acquired intangibles	67 380	22 851	132 170	222 401
Operating losses attributable to non-controlling interests	(183)	–	7 201	7 018
Operating profit before goodwill, acquired intangibles and after non-controlling interests	67 197	22 851	139 371	229 419
Selected returns and key statistics				
ROE (pre-tax)	93.2%	13.6%	9.3%	12.7%
Return on tangible equity (pre-tax)	340.5%	46.9%	9.8%	15.7%
Cost to income ratio	65.0%	80.7%	61.7%	64.7%
Staff compensation to operating income	46.4%	56.1%	39.9%	43.2%
Operating profit per employee (£'000)	55.9	17.4	25.9	29.1
Total assets (£'million)	546	1 556	48 106	50 208

For the six months to 30 September 2011* £'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Net interest income	2 784	4 877	357 051	364 712
Fee and commission income	227 024	92 424	188 532	507 980
Fee and commission expense	(43 843)	(4 128)	(14 841)	(62 812)
Investment income	8	(210)	85 224	85 022
Trading income arising from				
– customer flow	–	(3 177)	39 084	35 907
– balance sheet management and other trading activities	–	(242)	17 574	17 332
Other operating income	693	229	43 340	44 262
Total operating income before impairment on loans and advances	186 666	89 773	715 964	992 403
Impairment losses on loans and advances	–	–	(143 328)	(143 328)
Operating income	186 666	89 773	572 636	849 075
Operating costs	(120 862)	(67 985)	(419 013)	(607 860)
Depreciation on leased assets	–	–	(22 154)	(22 154)
Operating profit before goodwill and acquired intangibles	65 804	21 788	131 469	219 061
Operating losses attributable to non-controlling interests	(226)	–	4 794	4 568
Operating profit before goodwill, acquired intangibles and after non-controlling interests	65 578	21 788	136 263	223 629
Selected returns and key statistics				
ROE (pre-tax)	81.7%	17.3%	9.5%	12.7%
Return on tangible equity (pre-tax)	285.9%	27.0%	10.1%	15.5%
Cost to income ratio	64.7%	75.7%	60.4%	62.6%
Staff compensation to operating income	46.4%	55.6%	38.9%	41.8%
Operating profit per employee (£'000)	58.8	22.4	26.1	30.6
Total assets (£'million)	768	770	48 189	49 727

* *As restated for reclassification detailed on page 136.*

Segmental business analysis – income statement

For the six months to 30 September 2012 £'000	UK and Europe	Southern Africa	Australia	Total group
Net interest income	139 686	176 986	33 047	349 719
Fee and commission income	343 183	167 859	23 939	534 981
Fee and commission expense	(66 608)	(5 032)	(1 630)	(73 270)
Investment income	46 932	25 066	3 777	75 775
Trading income arising from				
– customer flow	29 659	3 660	904	34 223
– balance sheet management and other trading activities	11 852	12 971	180	25 003
Other operating income	18 713	2 263	–	20 976
Total operating income before impairment on loans and advances	523 417	383 773	60 217	967 407
Impairment losses on loans and advances	(78 211)	(31 013)	(6 416)	(115 640)
Operating income	445 206	352 760	53 801	851 767
Operating costs	(353 483)	(217 072)	(49 046)	(619 601)
Depreciation on operating leased assets	(9 765)	–	–	(9 765)
Operating profit before goodwill and acquired intangibles	81 958	135 688	4 755	222 401
Operating losses attributable to non-controlling interests	7 610	(592)	–	7 018
Operating profit before goodwill, acquired intangibles and after non-controlling interests	89 568	135 096	4 755	229 419
Impairment of goodwill	(3 851)	(900)	–	(4 751)
Amortisation of acquired intangibles	(6 631)	–	–	(6 631)
Costs arising from integration of acquired subsidiaries	(9 462)	–	–	(9 462)
Non-operational costs arising from acquisition of subsidiary	(1 903)	–	–	(1 903)
Earnings attributable to shareholders before taxation	67 721	134 196	4 755	206 672
Taxation on operating profit before goodwill	(17 852)	(22 793)	(1 577)	(42 222)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	4 022	–	–	4 022
Earnings attributable to shareholders	53 891	111 403	3 178	168 472
Selected returns and key statistics				
ROE (post-tax)	8.4%	14.3%	1.6%	10.1%
Return on tangible equity (post-tax)	13.2%	14.4%	2.0%	12.5%
Cost to income ratio	68.8%	56.6%	81.4%	64.7%
Staff compensation to operating income	46.2%	37.3%	54.7%	43.2%
Operating profit per employee (£'000)	26.8	33.0	10.5	29.1
Effective operational tax rate	21.8%	16.8%	33.2%	19.0%
Total assets (£'million)	19 647	27 390	3 171	50 208

For the six months to 30 September 2011* £'000	UK and Europe	Southern Africa	Australia	Total group
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)
Investment income	60 940	22 511	1 571	85 022
Trading income arising from				
– customer flow	18 976	12 665	4 266	35 907
– balance sheet management and other trading activities	8 456	8 101	775	17 332
Other operating income	44 452	61	(251)	44 262
Total operating income before impairment on loans and advances	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
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 acquired intangibles and acquisition/disposal/integration 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)	33.9	36.7	(51.6)	30.6
Effective operational tax rate	21.6%	19.4%	(29.7%)	19.2%
Total assets (£'million)	19 242	27 149	3 336	49 727

* *As restated for reclassifications detailed on page 136.*

Segmental geographic analysis – balance sheet assets and liabilities

At 30 September 2012 £'000	UK and Europe	Southern Africa	Australia	Total group
Assets				
Cash and balances at central banks	1 574 761	299 334	90 521	1 964 616
Loans and advances to banks	977 638	1 481 796	89 257	2 548 691
Non-sovereign and non-bank cash placements	–	736 548	–	736 548
Reverse repurchase agreements and cash collateral on securities borrowed	1 239 515	1 028 506	–	2 268 021
Sovereign debt securities	1 290 827	2 626 925	161 004	4 078 756
Bank debt securities	282 747	1 726 167	443 282	2 452 196
Other debt securities	116 705	215 184	47 602	379 491
Derivative financial instruments	860 488	948 243	132 342	1 941 073
Securities arising from trading activities	426 654	312 984	3 241	742 879
Investment portfolio	296 195	527 638	11 303	835 136
Loans and advances to customers	5 777 920	9 523 703	1 533 302	16 834 925
Own originated loans and advances to customers securitised	–	459 452	457 581	917 033
Other loans and advances	1 861 234	332 337	–	2 193 571
Other securitised assets	3 191 006	112 110	–	3 303 116
Interests in associated undertakings	19 508	3 047	4 870	27 425
Deferred taxation assets	74 301	36 647	42 901	153 849
Other assets	975 512	346 209	88 734	1 410 455
Property and equipment	85 867	36 937	9 687	132 491
Investment properties	11 500	383 702	–	395 202
Goodwill	411 976	11 617	47 123	470 716
Intangible assets	172 689	6 718	7 842	187 249
	19 647 043	21 155 804	3 170 592	43 973 439
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	6 234 294	–	6 234 294
Total assets	19 647 043	27 390 098	3 170 592	50 207 733
Liabilities				
Deposits by banks	1 518 753	1 213 518	–	2 732 271
Derivative financial instruments	657 046	800 614	102 748	1 560 408
Other trading liabilities	310 027	366 943	–	676 970
Repurchase agreements and cash collateral on securities lent	818 829	1 117 375	–	1 936 204
Customer accounts (deposits)	9 673 272	13 370 810	1 644 477	24 688 559
Debt securities in issue	790 696	306 510	527 442	1 624 648
Liabilities arising on securitisation of own originated loans and advances	–	468 785	453 562	922 347
Liabilities arising on securitisation of other assets	2 505 072	36 828	–	2 541 900
Current taxation liabilities	77 179	133 545	–	210 724
Deferred taxation liabilities	83 191	30 063	–	113 254
Other liabilities	906 714	399 710	28 855	1 335 279
	17 340 779	18 244 701	2 757 084	38 342 564
Liabilities to customers under investment contracts	–	6 232 217	–	6 232 217
Insurance liabilities, including unit-linked liabilities	–	2 077	–	2 077
	17 340 779	24 478 995	2 757 084	44 576 858
Subordinated liabilities	694 847	914 310	45 049	1 654 206
	18 035 626	25 393 305	2 802 133	46 231 064

At 31 March 2012 £'000	UK and Europe	Southern Africa	Australia	Total group
Assets				
Cash and balances at central banks	1 655 824	758 002	180 025	2 593 851
Loans and advances to banks	985 727	1 671 153	68 467	2 725 347
Non-sovereign and non-bank cash placements	–	642 480	–	642 480
Reverse repurchase agreements and cash collateral on securities borrowed	522 180	453 812	–	975 992
Sovereign debt securities	1 415 447	2 419 822	231 824	4 067 093
Bank debt securities	294 383	2 256 509	530 169	3 081 061
Other debt securities	100 219	195 753	81 860	377 832
Derivative financial instruments	916 994	862 887	133 769	1 913 650
Securities arising from trading activities	365 686	267 576	6 884	640 146
Investment portfolio	308 027	570 590	12 085	890 702
Loans and advances to customers	5 788 127	9 990 781	1 413 300	17 192 208
Own originated loans and advances to customers securitised	–	499 166	535 008	1 034 174
Other loans and advances	2 496 508	332 681	–	2 829 189
Other securitised assets	2 961 970	139 452	–	3 101 422
Interests in associated undertakings	19 231	3 076	5 199	27 506
Deferred taxation assets	75 175	30 691	44 515	150 381
Other assets	1 234 108	488 561	79 452	1 802 121
Property and equipment	117 718	44 188	9 779	171 685
Investment properties	11 500	395 795	–	407 295
Goodwill	409 837	13 696	44 787	468 320
Intangible assets	176 988	7 902	7 209	192 099
	19 855 649	22 044 573	3 384 332	45 284 554
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	6 265 846	–	6 265 846
Total assets	19 855 649	28 310 419	3 384 332	51 550 400
Liabilities				
Deposits by banks	1 832 180	1 135 248	–	2 967 428
Derivative financial instruments	635 996	698 243	86 891	1 421 130
Other trading liabilities	271 627	341 257	–	612 884
Repurchase agreements and cash collateral on securities lent	1 020 670	843 467	–	1 864 137
Customer accounts (deposits)	9 459 554	14 347 614	1 536 603	25 343 771
Debt securities in issue	1 109 268	357 494	777 186	2 243 948
Liabilities arising on securitisation of own originated loans and advances	–	509 728	526 946	1 036 674
Liabilities arising on securitisation of other assets	2 361 986	40 057	–	2 402 043
Current taxation liabilities	77 188	132 421	–	209 609
Deferred taxation liabilities	76 489	25 989	–	102 478
Other liabilities	1 108 343	430 194	36 617	1 575 154
	17 953 301	18 861 712	2 964 243	39 779 256
Liabilities to customers under investment contracts	–	6 263 913	–	6 263 913
Insurance liabilities, including unit-linked liabilities	–	1 933	–	1 933
	17 953 301	25 127 558	2 964 243	46 045 102
Subordinated liabilities	661 920	784 501	46 355	1 492 776
	18 615 221	25 912 059	3 010 598	47 537 878

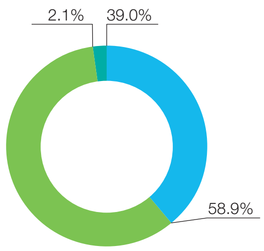
Segmental geographic analysis – balance sheet assets and liabilities
(continued)

At 30 September 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
Non-sovereign and non-bank cash placements	–	398 068	–	398 068
Reverse repurchase agreements and cash collateral on securities borrowed	1 653 410	679 550	–	2 332 960
Sovereign debt securities	816 641	2 750 153	152 200	3 718 994
Bank debt securities	432 767	1 937 059	504 024	2 873 850
Other debt securities	90 547	40 160	86 837	217 544
Derivative financial instruments	927 753	1 498 521	117 430	2 543 704
Securities arising from trading activities	625 835	342 729	29 026	997 590
Investment portfolio	236 143	575 245	13 652	825 040
Loans and advances to customers	5 655 886	9 348 255	1 501 419	16 505 560
Own originated loans and advances to customers securitised	–	503 077	488 947	992 024
Other loans and advances	2 845 040	68 517	49 675	2 963 232
Other securitised assets	2 989 591	155 948	–	3 145 539
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	970 055	504 919	41 095	1 516 069
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
	19 578 475	20 924 269	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	19 578 475	26 811 918	3 336 194	49 726 587
Liabilities				
Deposits by banks	1 850 047	744 587	–	2 594 634
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 of own originated loans and advances	-	516 571	480 683	997 254
Liabilities arising on securitisation of other assets	2 530 968	47 571	–	2 578 539
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
	17 277 628	18 544 319	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
	17 277 628	24 431 968	2 891 881	44 601 477
Subordinated liabilities	691 098	599 696	37 332	1 328 126
	17 968 726	25 031 664	2 929 213	45 929 603

* *As restated for reclassification details on pages 137 and 138.*

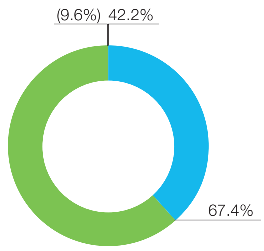
Segmental geographical and business analysis

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



30 September 2012

£229.4 million

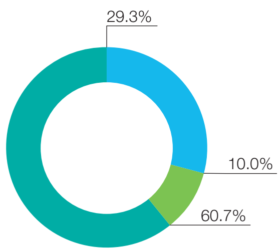


30 September 2011

£223.6 million

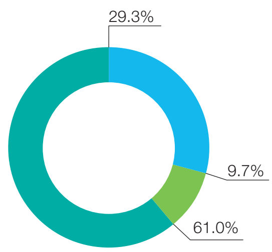
- UK and Europe
- Southern Africa
- Australia

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



30 September 2012

£229.4 million



30 September 2011

£223.6 million

- Asset Management
- Wealth & Investment
- Specialist Banking

Annexures

Annexure 1 Definitions

Adjusted shareholders' equity	Refer to calculation on page 40
Cost to income ratio	Operating costs divided by operating income (net of depreciation on leased assets). Depreciation on operating leased assets has been netted off against operating income
Core loans and advances	Refer to calculation on page 59
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 20
Adjusted earnings per ordinary share before goodwill, acquired intangibles and non-operating items	Refer to page 20
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 40
Non-operating items	Reflects profits and/or losses on termination or disposal of group operations and acquisitions made
Operating profit	Operating income less administrative expenses, impairments for bad and doubtful debts and depreciation of tangible fixed assets. This amount is before goodwill, acquired intangibles and non-operating items
Operating profit per employee	Refer to calculation on page 44
Recurring income	Net interest income plus net annuity fees and commissions expressed as a percentage of total operating income
Return on average adjusted shareholders' equity	Refer to calculation on page 40
Return on average adjusted tangible shareholders' equity	Refer to calculation on page 40
Staff compensation to operating income ratio	All employee related costs expressed as a percentage of operating income
Third party assets under administration	Includes third party assets under administration managed by the Wealth & 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 20

Reclassifications and enhancements to the disclosures for the results for the six months ended 30 September 2011 (as previously reported)

Overview

Consistent with the year ended 31 March 2012, the Investec group has positioned its strategic disclosures around three core business areas namely, Asset Management, Wealth & Investment and Specialist Banking.

In some respects the group feels that it has historically overcomplicated its external disclosures by elaborating on six core areas of business.

As you would have already seen in the group's recent presentations, all the banking businesses have been combined under one broader umbrella of Specialist Banking.

As a result the group has chosen to refine some of its disclosures which are explained further below.

The group believes that these refinements provide greater clarity on the key income and balance sheet drivers of its business.

Commentary on combined consolidated income statement reclassifications

- Consistent with the year ended 31 March 2012, the previously reported principal transactions income line item has been split into the following line items:
  - Investment income: income, other than net interest, from securities held for the purpose of generating interest yield, dividends and capital appreciation
  - Customer flow trading income: income from trading activities arising from facilitating customer activities
  - Income from balance sheet management and other trading activities: includes proprietary trading income and other gains and losses as well as income earned from the balance sheet management desk.
- With the continued reduction in insurance activity, it is deemed appropriate to move the associated line items to other operating income.

For the period ended 30 September 2011 £'000	New format	As previously reported	Reclassifi-cations
Interest income	1 183 565	1 183 565	–
Interest expense	(818 853)	(818 853)	–
Net interest income	364 712	364 712	–
Fee and commission income	507 980	507 980	–
Fee and commission expense	(62 812)	(62 812)	–
Principal transactions	–	138 261	(138 261)
Investment income	85 022	–	85 022
Trading income arising from			
– customer flow	35 907	–	35 907
– balance sheet management and other trading activities	17 332	–	17 332
Investment income on assurance activities	–	11 630	(11 630)
Premiums and reinsurance recoveries on insurance contracts	–	4 198	(4 198)
Claims and reinsurance premiums on assurance business	–	(15 856)	15 856
Other operating income	44 262	44 290	(28)
Total operating income before impairment on loans and advances	992 403	992 403	–

Commentary on combined consolidated balance sheet reclassifications

The main driver behind the revision to the balance sheet is to enable a better understanding of Investec's exposures and to minimise reconciliation points to the detailed risk disclosures on the website.

It is noted that there are no measurement changes nor are there any changes to total assets, liabilities and equity and the cash flow statement.

Each category of reclassification is noted below, and is consistent with those made at 31 March 2012:

Cash equivalent corporate paper

Cash equivalent advances to customers has been renamed to "non-sovereign, non-bank cash placements". These balances represent short-term placements in corporates that run an in-house treasury function.

Loans and securitisation

To better align the balance sheet with the group's risk management disclosures, loans and advances and securitised assets that form part of our "core" lending activities have been separated from assets that are in warehoused facilities and structured credit investments arising out of our securitisation and principal finance activities. This has resulted in a need to split loans and advances and securitised assets into two balance sheet categories for each. Securitised liabilities has been split into two line items to enable the relationship with securitised assets to be clearly identified.

Securities reclassification

The group's previous balance sheet split securities (other than lending-related) into two key line items being trading and investment securities. This classification was driven by the accounting rule sets that mainly distinguish between instruments fair valued through profit or loss, those carried at amortised cost (held to maturity) and those fair valued through equity (available-for-sale). The group is of the view that disclosure of the nature of exposures on the balance sheet, distinguishing between instruments held to manage balance sheet liquidity, as principal exposure and balance sheet instruments arising from trading desk activities provides more meaningful disclosure on the face of the balance sheet. The line item "securities arising from trading activities" includes all instruments (other than derivative instruments) that are held on balance sheet in relation to trading activities.

30 September 2011 £'000	New format	As previously reported	Total reclassifications	Cash equivalent corporate paper	Loans and securitisation	Securities reclassification
Total assets reclassified						
Cash equivalent advances to customers	–	398 068	(398 068)	(398 068)	–	–
Non-sovereign and non-bank cash placements	398 068	–	398 068	398 068	–	–
Sovereign debt securities	3 718 994	–	3 718 994	–	–	3 718 994
Bank debt securities	2 873 850	–	2 873 850	–	–	2 873 850
Other debt securities	217 544	–	217 544	–	–	217 544
Trading securities	–	5 212 200	(5 212 200)	–	–	(5 212 200)
Securities arising from trading activities	997 590	–	997 590	–	–	997 590
Investment portfolio	825 040	–	825 040	–	–	825 040
Investment securities	–	3 461 471	(3 461 471)	–	–	(3 461 471)
Loans and advances to customers	16 505 560	17 938 242	(1 432 682)	–	(1 432 682)	–
Securitised assets	–	4 137 563	(4 137 563)	–	(4 137 563)	–
Own originated loans and advances to customers securitised	992 024	–	992 024	–	992 024	–
Other loans and advances*	1 432 682	–	1 432 682	–	1 432 682	–
Other securitised assets	3 145 539	–	3 145 539	–	3 145 539	–
Other assets	1 516 069	1 475 416	40 653	–	–	40 653
	32 622 960	32 622 960	–	–	–	–
Total liabilities reclassified						
Liabilities arising on securitisation	–	3 575 793	(3 575 793)	–	(3 575 793)	–
Liabilities arising on securitisation of own originated loans and advances	997 254	–	997 254	–	997 254	–
Liabilities arising on securitisation of other assets	2 578 539	–	2 578 539	–	2 578 539	–
	3 575 793	3 575 793	–	–	–	–

* *Refer to further reclassifications note on page 138.*

Other balance sheet reclassifications

In the current period, the group has moved warehoused assets and liabilities into other loans and advances and deposits by banks respectively. This change arises from simplifying the face of the balance sheet with the relevant information more appropriately detailed in the notes to the financial statements.

£'000	Restated	As previously reported	Changes to previously reported
31 March 2012			
Other loans and advances	2 829 189	1 397 477	1 431 712
Warehoused assets – Kensington warehouse funding	–	1 431 712	(1 431 712)
Deposits by banks	2 967 428	2 132 516	834 912
Deposits by banks – Kensington warehouse funding	–	834 912	(834 912)
30 September 2011			
Other loans and advances	2 963 232	1 432 682	1 530 550
Warehoused assets – Kensington warehouse funding	–	1 530 550	(1 530 550)
Deposits by banks	2 594 634	1 696 070	898 564
Deposits by banks – Kensington warehouse funding	–	898 564	(898 564)
31 March 2011			
Other loans and advances	2 678 349	1 066 168	1 612 181
Warehoused assets – Kensington warehouse funding	–	1 612 181	(1 612 181)
Deposits by banks	2 834 435	1 858 893	975 542
Deposits by banks – Kensington warehouse funding	–	975 542	(975 542)

Unaudited line of business segmental reclassifications

The group previously reported segmental disclosures by six core business lines as well as including a segment for the group's central functions. The group is now disclosing its segmental disclosures in three core business lines, namely, Asset Management, Wealth & Investment and Specialist Banking. In this regard:

- The income statement format has been revised as discussed above
- The numbers as reported previously for Asset Management and Wealth & Investment have not changed (barring the income statement reclassifications as referred to above)
- The Property activities, Private Banking activities, Investment Banking, Capital Markets and Group Services and Other divisions have now been grouped under one banner and collectively referred to as Specialist Banking. The total operating profit has however, not changed from that which was previously reported.

For the six months to 30 September 2011 £'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Net interest income	2 784	4 877	357 051	364 712
Fee and commission income	227 024	92 424	188 532	507 980
Fee and commission expense	(43 843)	(4 128)	(14 841)	(62 812)
Investment income	8	(210)	85 224	85 022
Trading income arising from				
– customer flow	–	(3 177)	39 084	35 907
– balance sheet management and other trading activities	–	(242)	17 574	17 332
Other operating income	693	229	43 340	44 262
Total operating income before impairment losses on loans and advances	186 666	89 773	715 964	992 403
Impairment losses on loans and advances	–	–	(143 328)	(143 328)
Operating income	186 666	89 773	572 636	849 075
Operating costs	(120 862)	(67 985)	(419 013)	(607 860)
Depreciation on leased assets	–	–	(22 154)	(22 154)
Operating profit before goodwill and acquired intangibles	65 804	21 788	131 469	219 061
Operating losses attributable to non-controlling interests	(226)	–	4 794	4 568
Operating profit before goodwill, acquired intangibles and after non-controlling interests	65 578	21 788	136 263	223 629
Selected returns and key statistics				
ROE (pre-tax)	78.5%	16.5%	9.7%	13.5%
Return on tangible equity (pre-tax)	329.7%	78.7%	10.4%	15.8%
Cost to income ratio	64.7%	75.7%	60.4%	62.6%
Staff compensation to operating income	46.4%	55.6%	38.9%	41.8%
Operating profit per employee (£'000)	58.8	22.4	26.1	30.6
Total assets (£'million)	768	770	48 189	49 727

For the period to 30 September 2011 £'000	Asset Management	Wealth & Investment	Specialist Banking
As previously reported			
Operating profit before goodwill, acquired intangibles and after non-controlling interests	65 578	21 788	136 263
Asset Management	65 578	–	–
Wealth & Investment	–	21 788	–
Property activities	–	–	11 688
Private Banking activities	–	–	(4 902)
Investment Banking	–	–	3 659
Capital Markets	–	–	155 615
Group Services and Other activities	–	–	(29 797)

Annexure 3 Dividend announcements

Investec plc

Registration number: 3633621
Share code: INP
ISIN: GB00B17BBQ50

Ordinary share dividend announcement

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

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

Notice is hereby given that an interim dividend number 21 of 8 pence (2011: 8 pence) per ordinary share has been declared by the board in respect of the six months ended 30 September 2012 payable to shareholders recorded in the members' register of the company at the close of business on Friday, 14 December 2012, 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 1 pence per ordinary share and through a dividend paid by Investec Limited, on the SA DAS share equivalent to 7 pence per ordinary share.

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

Last day to trade cum-dividend	
On the London Stock Exchange (LSE)	Tuesday, 11 December 2012
On the Johannesburg Stock Exchange (JSE)	Friday, 7 December 2012
Shares commence trading ex-dividend	
On the London Stock Exchange (LSE)	Wednesday, 12 December 2012
On the Johannesburg Stock Exchange (JSE)	Monday, 10 December 2012
Record date (on the JSE and LSE)	Friday, 14 December 2012
Payment date (on the JSE and LSE)	Friday, 28 December 2012

Share certificates on the South African branch register may not be dematerialised or rematerialised between Monday, 10 December 2012 and Friday, 14 December 2012, both dates inclusive, nor may transfers between the UK and SA registers take place between Monday, 10 December 2012 and Friday, 14 December 2012, both dates inclusive.

Additional information for South African resident shareholders of Investec plc

- Shareholders registered on the South African register are advised that the distribution of 8 pence, equivalent to a gross dividend of 112 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, 14 November 2012.
- Investec plc UK tax reference number: 2683967322360
- The issued ordinary share capital of Investec plc is 605 196 771 ordinary shares
- The dividend paid by Investec plc to South African resident shareholders and the dividend paid by Investec Limited on the SA DAS share are subject to South African Dividend Tax of 15% (subject to any available exemptions as legislated)
- Shareholders registered on the South African register who are exempt from paying the Dividend Tax will receive a net dividend of 112 cents per share, comprising 98 cents per share paid by Investec Limited on the SA DAS share and 14 cents per ordinary share paid by Investec plc

- Shareholders registered on the South African register who are not exempt from paying the Dividend Tax will receive a net dividend of 99.44885 cents per share, comprising:
  - 87.54885 cents per share paid by Investec Limited on the SA DAS share (gross dividend of 98 cents per share less Dividend Tax of 10.45115 cents per share, having utilized Secondary Tax on Companies credits as part of the dividend by Investec Limited on the SA DAS share equivalent to 28.32564 cents per share), and
  - 11.9 cents per share paid by Investec plc (gross dividend of 14 cents per share less Dividend Tax of 2.1 cents per share)..

By order of the board

D Miller
Company Secretary

14 November 2012

Investec plc

Registration number: 3633621
Share code: INPPR
ISIN: GB00B4B0Q974

Rand denominated preference share dividend announcement

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

Declaration of dividend number 3

Notice is hereby given that preference dividend number 3 has been declared for the period 1 April 2012 to 30 September 2012 amounting to 419.17123 cents per preference share payable to holders of the Rand denominated non-redeemable non-cumulative non-participating perpetual preference shares as recorded in the books of the company at the close of business on Friday, 7 December 2012.

The relevant dates relating to the payment of dividend number 3 are as follows:

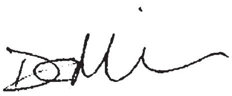
Last day to trade cum-dividend	Friday, 30 November 2012
Shares commence trading ex-dividend	Monday, 3 December 2012
Record date	Friday, 7 December 2012
Payment date	Tuesday, 18 December 2012

Share certificates may not be dematerialised or rematerialised between Monday, 3 December 2012 and Friday, 7 December 2012, both dates inclusive.

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

- Investec plc tax reference number: 2683967322360
- The issued preference share capital of Investec plc is 2 275 940 preference shares
- The dividend paid by Investec plc to South African resident shareholders is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated)
- No Secondary Tax on Companies ("STC") Credits has been utilized in respect of this preference share dividend declaration
- The net dividend amounts to 356.29555 cents per preference share for preference shareholders liable to pay the Dividend Tax and 419.17123 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board



D Miller
Company Secretary

14 November 2012

Investec plc

Registration number: 3633621
Share code: INPP
ISIN: GB00B19RX541

Preference share dividend announcement

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

Declaration of dividend number 13

Notice is hereby given that preference dividend number 13 has been declared for the period 1 April 2012 to 30 September 2012 amounting to 7.521 pence per preference share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 7 December 2012.

For shares trading on the Johannesburg Stock Exchange (JSE), the dividend of 7.521 pence per preference share is equivalent to a gross dividend of 105.42 cents per share, which has been determined using the Rand/Pound Sterling average buy/sell forward rate as at 11h00 (SA Time) on Wednesday, 14 November 2012.

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

Last day to trade cum-dividend	
On the Channel Islands Stock Exchange (CISX)	Tuesday, 4 December 2012
On the Johannesburg Stock Exchange (JSE)	Friday, 30 November 2012
Shares commence trading ex-dividend	
On the Channel Islands Stock Exchange (CISX)	Wednesday, 5 December 2012
On the Johannesburg Stock Exchange (JSE)	Monday, 3 December 2012
Record date (on the JSE and CISX)	Friday, 7 December 2012
Payment date (on the JSE and CISX)	Tuesday, 18 December 2012

Share certificates may not be dematerialised or rematerialised between Monday, 3 December 2012 and Friday, 7 December 2012 both dates inclusive, nor may transfers between the UK and SA registers may take place between Monday, 3 December 2012 and Friday, 7 December 2012 both dates inclusive.

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

- Investec plc tax reference number: 2683967322360
- The issued preference share capital of Investec plc is 15 081 149 preference shares
- The dividend paid by Investec plc to South African resident shareholders is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated)
- No Secondary Tax on Companies (“STC”) Credits has been utilized in respect of this preference share dividend declaration
- The net dividend amounts to 89.607 cents per preference share for preference shareholders liable to pay the Dividend Tax and 105.42 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

D Miller
Company Secretary

14 November 2012

Investec Limited

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

Ordinary share dividend announcement

Notice is hereby given that an interim dividend number 114 of 112 cents (2011: 103 cents) per ordinary share has been declared by the board in respect of the six months ended 30 September 2012 payable to shareholders recorded in the shareholder's register of the company at the close of business on Friday, 14 December 2012.

The relevant dates for the payment of dividend number 114 are as follows:

Last day to trade cum-dividend	Friday, 7 December 2012
Shares commence trading ex-dividend	Monday, 10 December 2012
Record date	Friday, 14 December 2012
Payment date	Friday, 28 December 2012

The interim gross dividend of 112 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, 14 November 2012.

Share certificates may not be dematerialised or rematerialised between Monday, 10 December 2012 and Friday, 14 December 2012, both dates inclusive.

Additional information to take note of:

- The Investec Limited company tax reference number: 9800/181/71/2
- The issued ordinary share capital of Investec Limited is 279 639 164 ordinary shares
- The dividend paid by Investec Limited is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated)
- Shareholders who are exempt from paying the Dividend Tax will receive a net dividend of 112 cents per ordinary share
- Shareholders who are not exempt from paying the Dividend Tax will receive a net dividend of 100.05582 cents per ordinary share (gross dividend of 112 cents per ordinary share less Dividend Tax of 11.94418 cents per ordinary share, having utilized Secondary Tax on Companies credits as part of the dividend equivalent to 32.37216 cents per ordinary share).

By order of the board

B Coetsee
Company Secretary

14 November 2012

Investec Limited

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

Preference share dividend announcement

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

Declaration of dividend number 16

Notice is hereby given that preference dividend number 16 has been declared for the period 1 April 2012 to 30 September 2012 amounting to 343.14681 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, 7 December 2012.

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

Last day to trade cum-dividend	Friday, 30 November 2012
Shares commence trading ex-dividend	Monday, 3 December 2012
Record date	Friday, 7 December 2012
Payment date	Tuesday, 18 December 2012

Share certificates may not be dematerialised or rematerialised between Monday, 3 December 2012 and Friday, 7 December 2012, both dates inclusive.

Additional information to take note of:

- The Investec Limited company tax reference number: 9800/181/71/2
- The issued preference share capital of Investec Limited is 32 214 499 preference shares
- The dividend paid by Investec Limited is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated)
- No Secondary Tax on Companies (“STC”) credits has been utilised in respect of this preference share dividend declaration
- The net dividend amounts to 291.67479 cents per preference share for shareholders liable to pay the Dividend Tax and 343.14681 cents per preference share for preference shareholders exempt from paying the dividend tax.

By order of the board

B Coetsee
Company Secretary

14 November 2012

Investec Bank Limited

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

Preference share dividend announcement

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

Declaration of dividend number 19

Notice is hereby given that preference dividend number 19 has been declared for the period 1 April 2012 to 30 September 2012 amounting to 367.67936 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, 7 December 2012.

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

Last day to trade cum-dividend	Friday, 30 November 2012
Shares commence trading ex-dividend	Monday, 3 December 2012
Record date	**Monday, 3 December 2012**
Payment date	**Tuesday, 18 December 2012**

Share certificates may not be dematerialised or rematerialised between Monday, 3 December 2012 and Friday, 7 December 2012, both dates inclusive.

Additional information to take note of:

- The Investec Bank Limited company tax reference number: 9675/053/71/5
- The issued preference share capital of Investec Bank Limited is 15 447 630 preference shares
- The dividend paid by Investec Bank Limited is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated)
- The total Secondary Tax on Companies ("STC") credits utilised as part of this declaration amount to R56 797 747.12 (367.67936 cents per preference share) and consequently the STC credits utilised are sufficient to cover the 15% Dividend Tax required and shareholders will receive a net dividend of 367.67936 cents per preference share.

By order of the board

B Coetsee
Company Secretary

14 November 2012