Out of the Ordinary®

Investec

Investec Bank Limited
Salient financial information for the six months ended 30 September 2014

Specialist Banking | Asset Management | Wealth & Investment

Corporate information

Secretary and registered office

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Internet address

www.investec.com

Registration number

Reg. No. 1969/004763/06

Auditors

KPMG Inc.
Ernst & Young Inc.

Transfer secretaries

Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg 2001
PO Box 61051
Marshalltown 2107
Telephone (27 11) 370 5000

Directorate

Executive directors

Stephen Koseff (chief executive officer)
Bernard Kantor (managing director)
Glynn R Burger (group risk and finance director)
David M Lawrence (deputy chairman)
Bradley Tapnack

Non-executive directors

Fani Titi (chairman)
SE Abrahams
Zarina Bassa*
David Friedland
Khumo Shuenyane^
Karl XT Socikwa
Peter RS Thomas

* *Appointed on 1 November 2014*
^ *Appointed on 8 August 2014*

For queries regarding information in this document

Investor Relations

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Overview of the year
(unaudited)

Overview of Investec's and Investec Bank Limited's organisational structure

Investec Limited, which houses our Southern African and Mauritius operations, has been listed in South Africa since 1986

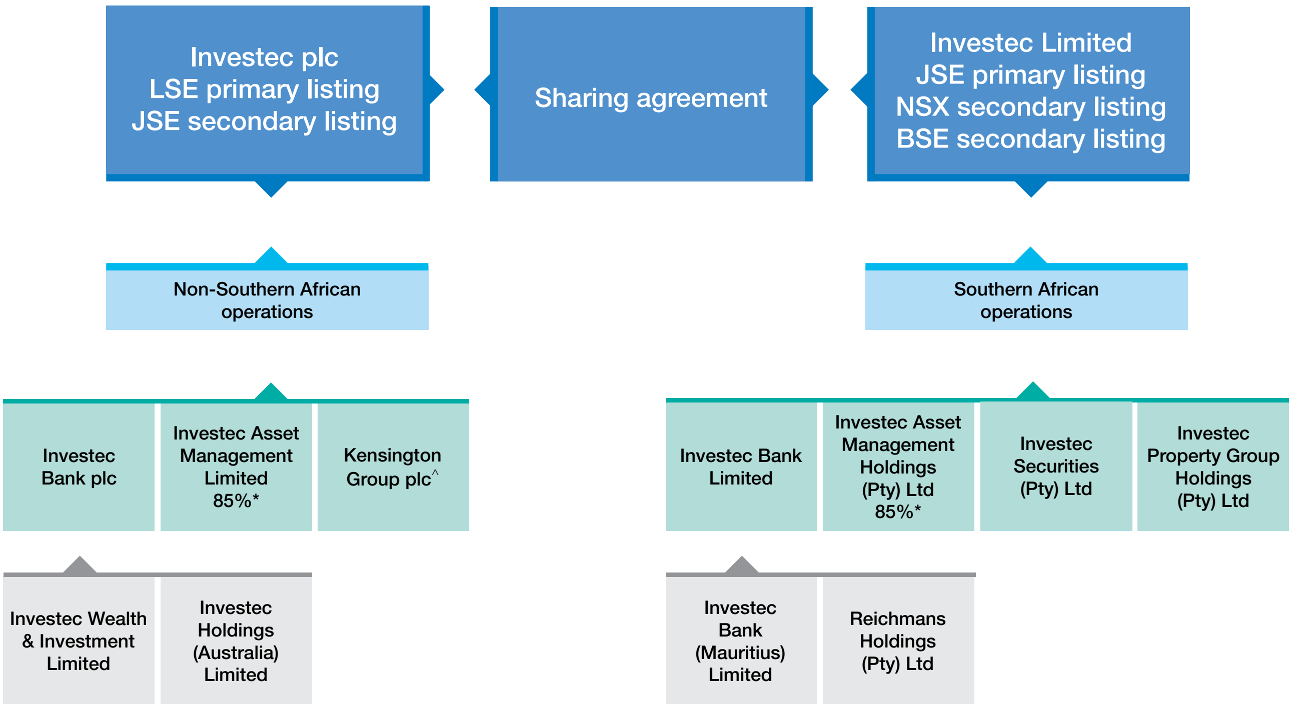
Operating structure

During July 2002 Investec Group Limited (since renamed Investec Limited) implemented a dual listed companies (DLC) structure and listed its offshore business on the London Stock Exchange.

A circular on the establishment of our DLC structure was issued on 20 June 2002 and is available on our website.

In terms of the DLC structure, Investec Limited is the controlling company of our businesses in Southern Africa and Mauritius, and Investec plc is the controlling company of our non-Southern African businesses. Investec Limited is listed on the JSE Limited South Africa and Investec plc is listed on the London Stock Exchange. Investec Bank Limited (referred to in this report as the bank) is a subsidiary of Investec Limited.

Our DLC structure and main operating subsidiaries at 30 September 2014



* *15% is held by senior management in the company.*
^ *Sale pending regulatory approval.*

All shareholdings in the ordinary share capital of the subsidiaries are 100%.

Salient features of the DLC structure

- Investec plc and Investec Limited are separate legal entities and listings, but are bound together by contractual agreements and mechanisms
- Investec operates as if it is a single unified economic enterprise
- Shareholders have common economic and voting interests as if Investec plc and Investec Limited were a single company
- Creditors, however, are ring-fenced to either Investec plc or Investec Limited as there are no cross guarantees between the companies.

Overview of the activities of Investec Bank Limited

What we do

Specialist banking...

Investec Bank Limited operates as a specialist bank within Southern Africa. The bank is operationally managed as a single banking entity within Investec Limited.

Corporates/government/institutional clients

High income and high net worth private clients

Corporate Advisory and Investment Activities

Advisory
Principal investments

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

Our activities include advisory and principal investments.

Our target market includes corporates, government and institutional clients.

Corporate and Institutional Banking Activities

Treasury and trading services
Specialised lending, funds and debt capital markets

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

Our institutional stockbroking activities are conducted outside of the bank in Investec Securities (Pty) Ltd.

Private Banking Activities

Transactional banking and foreign exchange
Lending
Deposits
Investments

Private Banking Activities positions itself as the 'investment bank for private clients', offering both credit and investment services to our select clientele.

Through strong partnerships, we have created a community of clients who thrive on being part of an entrepreneurial and innovative environment. Our target market includes ultra high net worth individuals, active wealthy entrepreneurs, high income professionals, self-employed entrepreneurs, owner managers in mid-market companies and sophisticated investors.

Integrated systems and infrastructure

Our operational footprint

Specialist expertise delivered with dedication and energy

Business leaders
Stephen Koseff
Bernard Kantor
Glynn Burger

Further information on the Specialist Banking management structure is available on our website.

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

Our value proposition

- High quality specialist banking solution to corporate, institutional, government and private clients with leading positions in selected areas
- Provide high touch personalised service
- Ability to leverage international, cross-border platforms
- Well positioned to capture opportunities between the developed and the emerging world
- Balanced business model with good business depth and breadth
- Total corporate and other clients: *c.*6 300
- Total high income and high net worth clients: *c.*87 700.

Where we operate

Commentary on results and salient information

Investec Bank Limited, a subsidiary of Investec Limited, posted an increase in headline earnings attributable to ordinary shareholders of 29.6% to R1 644 million (2013: R1 269 million).

The balance sheet remains strong with a capital adequacy ratio of 15.6% (31 March 2014: 15.3%).

Salient features	Six months to 30 Sept 2014	Six months to 30 Sept 2013	% change	Year to 31 March 2014
Total operating income before impairment losses on loans and advances (R'million)	4 350	3 696	17.7%	7 216
Operating costs (R'million)	2 195	1 929	13.8%	4 113
Profit before taxation (R'million)	1 936	1 468	31.9%	2 465
Headline earnings attributable to ordinary shareholders (R'million)	1 644	1 269	29.6%	2 086
Cost to income ratio	50.5%	52.2%		57.0%
Total capital resources (including subordinated liabilities) (R'million)	38 231	34 931	9.4%	36 099
Total equity (R'million)	27 586	24 527	12.5%	25 601
Total assets (R'million)	313 675	284 803	10.1%	303 218
Net core loans and advances (R'million)	165 362	146 623	12.8%	151 384
Customer accounts (deposits) (R'million)	217 550	200 512	8.5%	204 903
Cash and near cash balances (R'million)	82 252	74 479	10.4%	84 476
Capital adequacy ratio (current)	15.6%	15.2%		15.3%
Tier 1 ratio (current)	11.2%	10.7%		10.8%
Common equity Tier 1 ratio (current)	10.7%	10.1%		10.3%
Leverage ratio (current)	8.4%	n/a		7.9%
Defaults (net of impairments) as a % of net core loans and advances	1.30%	2.12%		1.50%
Net defaults as a % of net core loans and advances	–	–		–
Annualised credit loss ratio (i.e. income statement impairment charge on core loans as a % of average core loans and advances)	0.30%	0.42%		0.44%
Total gearing ratio (i.e. total assets excluding intergroup loans to equity)	11.3x	11.4x		11.8x
Loans and advances to customers: customer deposits	74.6%	72.0%		72.5%

Unless the context indicates otherwise, all comparatives referred to in the financial review relate to the six months ended 30 September 2013.

Salient operational features for the six months under review include:

Total operating income before impairment losses on loans and advances increased by 17.7% to R4 350 million (2013: R3 696 million). The components of operating income are analysed further below:

- Net interest income increased by 15.5% to R2 759 million (2013: R2 388 million) with the bank benefiting from an increase in its loan portfolio and a positive endowment impact.
- Net fee and commission income increased 9.0% to R690 million (2013: R633 million) as a result of a good performance from the private banking professional finance business, with corporate fees remaining largely in line with the prior period.
- Investment income increased to R703 million (2013: R308 million) with the bank's unlisted investments portfolio continuing to perform well.
- Trading income arising from customer flow and other trading activities decreased to R198 million (2013: R372 million) reflecting lower client activity in foreign exchange transactions and less activity in respect of balance sheet management.

Impairments on loans and advances decreased from R299 million to R219 million. The credit loss charge as a percentage of average gross core loans and advances has improved from 0.44% at 31 March 2014 to 0.30%. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounts to 1.30% (31 March 2014: 1.50%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.48 times (31 March 2014: 1.55 times).

The ratio of total operating costs to total operating income amounts to 50.5% (2013: 52.2%). Total operating expenses at R2 195 million were 13.8% higher than the prior year (2013: R1 929 million) largely as a result of increased variable remuneration given improved profitability.

As a result of the foregoing factors profit before taxation increased by 31.9% to R1 936 million (2013: R1 468 million).

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Financial results

Directors' responsibility statement

The company's directors are responsible for the preparation and fair presentation of the condensed consolidated interim financial statements, comprising the consolidated balance sheet at 30 September 2014, and the related consolidated income statement, the condensed consolidated statement of total comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the period then ended, and selected notes to the condensed consolidated interim financial statements, in accordance with International Financial Reporting Standards applicable to interim financial reporting, the SAICA Financial Reporting Guide as issued by the Accounting Practices Committee and in the manner required by the Companies Act 71 of 2008.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the group and company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements were approved by the board of directors on 19 November 2014 and are signed on its behalf by

Fani Titi Chairman	Stephen Koseff Chief Executive Officer

Financial results

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Independent Auditors' Review Report on the Condensed Consolidated Interim Financial Results

To the Shareholders of Investec Bank Limited

We have reviewed the condensed consolidated interim financial results of Investec Bank Limited contained in the accompanying interim report, which comprise the consolidated balance sheet as at 30 September 2014, the consolidated income statement, condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months then ended, and selected explanatory notes, as set out on pages 10 to 18.

Directors' responsibility for the Interim Financial Results

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

Auditors' responsibility

Our responsibility is to express a conclusion on these interim financial results. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial results are not prepared in all material respects in accordance with the applicable financial reporting framework. The standard also requires us to comply with relevant ethical requirements.

A review of condensed consolidated interim financial results in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review is substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial results.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial results of Investec Bank Limited for the six months ended 30 September 2014 are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the Companies Act of South Africa.

Ernst + Young Inc.

Ernst & Young Inc
Registered Auditor

Per Ernest van Rooyen
Chartered Accountant (SA)
Registered Auditor
Director
19 November 2014

KPMG Inc.

KPMG Inc
Registered Auditor

Per Gavin de Lange
Chartered Accountant (SA)
Registered Auditor
Director
19 November 2014

Consolidated income statement

R'million	Reviewed Six months to 30 Sept 2014	Reviewed Six months to 30 Sept 2013	Audited Year to 31 March 2014
Interest income	9 536	8 294	17 063
Interest expense	(6 777)	(5 906)	(12 147)
Net interest income	2 759	2 388	4 916
Fee and commission income	791	748	1 567
Fee and commission expense	(101)	(115)	(174)
Investment income	703	308	334
Trading income arising from			
– customer flow	91	162	343
– balance sheet management and other trading activities	107	210	235
Other operating loss	–	(5)	(5)
Total operating income before impairment losses on loans and advances	4 350	3 696	7 216
Impairment losses on loans and advances	(219)	(299)	(638)
Operating income	4 131	3 397	6 578
Operating costs	(2 195)	(1 929)	(4 113)
Profit before taxation	1 936	1 468	2 465
Taxation	(242)	(146)	(315)
Profit after taxation	1 694	1 322	2 150

Condensed consolidated statement of comprehensive income

R'million	Reviewed Six months to 30 Sept 2014	Reviewed Six months to 30 Sept 2013	Audited Year to 31 March 2014
Profit after taxation	1 694	1 322	2 150
Other comprehensive income*:			
Fair value movements on cash flow hedges taken directly to other comprehensive income**	(103)	(115)	(75)
Fair value movements on available-for-sale assets taken directly to other comprehensive income**	173	(331)	(212)
Loss/(gain) on realisation of available-for-sale assets recycled to the income statement**	6	–	(2)
Foreign currency adjustments on translating foreign operations	291	270	414
Total comprehensive income	2 061	1 146	2 275
Total comprehensive income attributable to ordinary shareholders	2 005	1 093	2 167
Total comprehensive income attributable to perpetual preference shareholders	56	53	108
Total comprehensive income	2 061	1 146	2 275

* *All items in other comprehensive income are or may subsequently be reclassified to the income statement.*

** *Net of taxation of R7.9 million (Six months to 30 September 2013: (R13.8 million); Year to 31 March 2014: R119 million).*

Consolidated balance sheet

At R'million	Reviewed 30 Sept 2014	Audited 31 March 2014	Reviewed 30 Sept 2013
Assets			
Cash and balances at central banks	5 946	5 927	7 270
Loans and advances to banks	27 944	32 672	20 336
Non-sovereign and non-bank cash placements	10 403	9 045	7 722
Reverse repurchase agreements and cash collateral on securities borrowed	6 764	6 442	6 067
Sovereign debt securities	32 929	34 815	31 811
Bank debt securities	22 585	21 538	22 247
Other debt securities	11 836	11 933	10 673
Derivative financial instruments	12 917	12 299	11 622
Securities arising from trading activities	2 100	1 316	2 398
Investment portfolio	8 969	8 834	9 386
Loans and advances to customers	162 307	148 562	144 276
Own originated loans and advances to customers securitised	3 055	2 822	2 347
Other loans and advances	508	552	638
Other securitised assets	804	1 503	1 629
Interest in associated undertakings	56	52	49
Deferred taxation assets	84	75	60
Other assets	1 118	1 771	1 328
Property and equipment	201	219	236
Investment properties	85	84	1
Intangible assets	102	102	95
Loans to group companies	2 231	1 924	4 612
Non-current assets classified as held for sale	731	731	–
	313 675	303 218	284 803
Liabilities			
Deposits by banks	23 644	22 407	11 591
Derivative financial instruments	9 534	9 259	8 919
Other trading liabilities	1 714	1 431	705
Repurchase agreements and cash collateral on securities lent	12 511	17 686	15 581
Customer accounts (deposits)	217 550	204 903	200 512
Debt securities in issue	5 401	5 366	5 079
Liabilities arising on securitisation of own originated loans and advances	970	1 369	2 659
Liabilities arising on securitisation of other assets	154	156	572
Current taxation liabilities	1 093	1 288	1 143
Deferred taxation liabilities	141	61	246
Other liabilities	2 732	3 193	2 865
	275 444	267 119	249 872
Subordinated liabilities	10 645	10 498	10 404
	286 089	277 617	260 276
Equity			
Ordinary share capital	32	32	32
Share premium	14 885	14 885	14 885
Other reserves	802	364	44
Retained income	11 867	10 320	9 566
Total equity	27 586	25 601	24 527
Total liabilities and equity	313 675	303 218	284 803

Condensed consolidated statement of changes in equity

R'million	Reviewed Six months to 30 Sept 2014	Reviewed Six months to 30 Sept 2013	Audited Year to 31 March 2014
Balance at the beginning of the period	25 601	23 509	23 509
Total comprehensive income	2 061	1 146	2 275
Dividends paid to ordinary shareholders	(20)	(75)	(75)
Dividends paid to perpetual preference shareholders	(56)	(53)	(108)
Balance at the end of the period	27 586	24 527	25 601

Condensed consolidated cash flow statement

R'million	Reviewed Six months to 30 Sept 2014	Reviewed Six months to 30 Sept 2013	Audited Year to 31 March 2014
Net cash inflow from operating activities	3 118	5 194	7 417
Net cash outflow from investing activities	(49)	(97)	(159)
Net cash inflow/(outflow) from financing activities	72	(2 219)	(2 181)
Effects of exchange rate changes on cash and cash equivalents	231	244	410
Net increase in cash and cash equivalents	3 372	3 122	5 487
Cash and cash equivalents at the beginning of the period	20 460	14 973	14 973
Cash and cash equivalents at the end of the period	23 832	18 095	20 460

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).

Notes to the interim financial statements

Accounting policies and disclosures

These interim condensed consolidated financial results have been prepared in terms of the recognition and measurement criteria of International Financial Reporting Standards, the presentation and disclosure requirements of IAS 34, Interim Financial Reporting, the SAICA Financial Reporting Guide as issued by the Accounting Practices Committee and the Companies Act 71, of 2008.

The accounting policies applied in the preparation of the results for the six months ended 30 September 2014 are consistent with those adopted in the financial statements for the year ended 31 March 2014.

The financial results have been prepared under the supervision of Glynn Burger, the Group Risk and Finance Director.

Calculation of headline earnings

R'million	Reviewed Six months to 30 Sept 2014	Reviewed Six months to 30 Sept 2013	Audited Year to 31 March 2014
Profit after taxation	1 694	1 322	2 150
Preference dividends paid	(56)	(53)	(108)
Earnings attributable to ordinary shareholders	**1 638**	**1 269**	**2 042**
Headline adjustments, net of taxation:	6	–	44
Revaluation of investment properties^	–	–	46
Loss/(gain) on realisation of available-for-sale financial assets^	6	–	(2)
Headline earnings attributable to ordinary shareholders	**1 644**	**1 269**	**2 086**

^ *Net of taxation of (R2.5 million) [Six months to 30 September 2013: Rnil; Year to 31 March 2014: R18.2 million].*

Additional income statement note disclosures

Net interest income

For the six months to 30 Sept R'million	Notes	2014 Balance sheet value	2014 Interest income	2013 Balance sheet value	2013 Interest income
Cash, near cash and bank debt and sovereign debt securities	1	106 571	2 382	95 453	1 919
Core loans and advances	2	165 362	6 753	146 623	5 759
Private client		110 533	4 338	99 294	3 710
Corporate, institutional and other clients		54 829	2 415	47 329	2 049
Other debt securities and other loans and advances		12 344	215	11 311	212
Other interest earning assets	3	3 035	186	6 241	404
Total interest earning assets		**287 312**	**9 536**	**259 628**	**8 294**

For the six months to 30 Sept R'million	Notes	2014 Balance sheet value	2014 Interest expense	2013 Balance sheet value	2013 Interest expense
Deposits by banks and other debt related securities	4	41 556	536	32 251	472
Customer accounts (deposits)		217 550	5 833	200 512	5 073
Other interest bearing liabilities	5	1 124	22	3 231	22
Subordinated liabilities		10 645	386	10 404	339
Total interest bearing liabilities		**270 875**	**6 777**	**246 398**	**5 906**
Net interest income			2 759		2 388

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 and intergroup loans.*
4. *Comprises (as per the balance sheet) deposits by banks; debt securities in issue; repurchase agreements and cash collateral on securities lent.*
5. *Comprises (as per the balance sheet) liabilities arising on securitisation of own originated assets; liabilities arising on securitisation of other assets.*

Net fee and commission income

For the six months to 30 Sept R'million	2014	2013
Private client transactional fees	280	220
Corporate and institutional transactional and advisory services	511	528
Fee and commission income	791	748
Fee and commission expense	(101)	(115)
Net fee and commission income	690	633
Annuity fees (net of fees payable)	370	192
Deal fees	320	441

Investment income

For the six months to 30 Sept R'million	Investment portfolio* (listed and unlisted equities)	Other debt securities (sovereign, bank and other)	Other asset categories	Total
2014				
Realised	(37)	65	14	42
Unrealised	621	(3)	5	623
Dividend income	161	–	–	161
Funding and net other related costs	(122)	–	(1)	(123)
	623	62	18	703
2013				
Realised	68	–	8	76
Unrealised	310	(7)	(4)	299
Dividend income	31	–	–	31
Funding and net other related costs	(97)	–	(1)	(98)
	312	(7)	3	308

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

Additional IAS 34 disclosures

Analysis of assets and liabilities at fair value and amortised cost

At 30 Sept 2014 R'million	Financial instruments at fair value	Financial instruments at amortised cost	Non-financial instruments	Total
Assets				
Cash and balances at central banks	–	5 946	–	5 946
Loans and advances to banks	–	27 944	–	27 944
Non-sovereign and non-bank cash placements	24	10 379	–	10 403
Reverse repurchase agreements and cash collateral on securities borrowed	6 764	–	–	6 764
Sovereign debt securities	29 407	3 522	–	32 929
Bank debt securities	10 219	12 366	–	22 585
Other debt securities	4 849	6 987	–	11 836
Derivative financial instruments	12 917	–	–	12 917
Securities arising from trading activities	2 100	–	–	2 100
Investment portfolio	8 969	–	–	8 969
Loans and advances to customers	12 596	149 711	–	162 307
Own originated loans and advances to customers securitised	–	3 055	–	3 055
Other loans and advances	–	508	–	508
Other securitised assets	–	804	–	804
Interests in associated undertakings	–	–	56	56
Deferred taxation assets	–	–	84	84
Other assets	13	525	580	1 118
Property and equipment	–	–	201	201
Investment properties	–	–	85	85
Intangible assets	–	–	102	102
Loans to group companies	–	2 231	–	2 231
Non-current assets classified as held for sale	–	–	731	731
	87 858	223 978	1 839	313 675
Liabilities				
Deposits by banks	–	23 644	–	23 644
Derivative financial instruments	9 534	–	–	9 534
Other trading liabilities	1 714	–	–	1 714
Repurchase agreements and cash collateral on securities lent	1 676	10 835	–	12 511
Customer accounts (deposits)	17 338	200 212	–	217 550
Debt securities in issue	3 123	2 278	–	5 401
Liabilities arising on securitisation of own originated loans and advances	–	970	–	970
Liabilities arising on securitisation of other assets	–	154	–	154
Current taxation liabilities	–	–	1 093	1 093
Deferred taxation liabilities	–	–	141	141
Other liabilities	710	564	1 458	2 732
Subordinated liabilities	–	10 645	–	10 645
	34 095	249 302	2 692	286 089

Financial assets and liabilities carried at fair value

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

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at measurement date.

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

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

At 30 Sept 2014 R'million	Financial instruments at fair value	Level within the fair value hierarchy		
		Level 1	Level 2	Level 3
Assets				
Non-sovereign and non-bank cash placements	24	–	24	–
Reverse repurchase agreements and cash collateral on securities borrowed	6 764	–	6 764	–
Sovereign debt securities	29 407	29 407	–	–
Bank debt securities	10 219	2 146	8 073	–
Other debt securities	4 849	4 485	319	45
Derivative financial instruments	12 917	–	13 196	(279)
Securities arising from trading activities	2 100	2 100	–	–
Investment portfolio	8 969	1 754	734	6 481
Loans and advances to customers	12 596	–	12 596	–
Other assets	13	13	–	–
	87 858	39 905	41 706	6 247
Liabilities				
Derivative financial instruments	9 534	–	9 534	–
Other trading liabilities	1 714	1 246	468	–
Repurchase agreements and cash collateral on securities lent	1 676	–	1 676	–
Customer accounts (deposits)	17 338	–	17 338	–
Debt securities in issue	3 123	–	3 123	–
Other liabilities	710	132	578	–
	34 095	1 378	32 717	–
Net assets	53 763	38 527	8 989	6 247

The following table shows a reconciliation from the opening balances to the closing balances for net level 3 instruments measured at fair value through the income statement:

For the period to 30 Sept 2014 R'million	
Net opening balance at 1 April 2014	5 928
Total gains or (losses) recognised in the current period	456
Purchases	110
Sales	(179)
Issues	(36)
Transfers out of level 3	(35)
Foreign exchange adjustments	3
Net closing balance at 30 Sept 2014	6 247

R35 million of level 3 instruments have been transferred out of level 3 into level 2 due to observable market inputs becoming available.

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

For the period to 30 Sept 2014 R'million	Total	Realised	Unrealised
Total gains or (losses) included in the income statement for the period			
Investment income	453	13	440
Trading income arising from customer flow	2	(1)	3
Other operating income	1	–	1
	456	12	444

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

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

At 30 Sept 2014	Balance sheet value R'million	Valuation method	Significant unobservable input changed	Range which unobservable input has been stressed	Reflected in the income statement R'million: Favourable changes	Reflected in the income statement R'million: Unfavourable changes
Assets						
Other debt securities	45	Discounted cash flows	Discount rates	(30%)/2%	3	(3)
Derivative financial instruments	(279)				170	(80)
		Black Scholes	Volatilities	(25%) /40%	31	(19)
		Discounted cash flows	Credit spreads	(50bps)/50bps	9	(8)
		Other***	Various***	***	130	(53)
Investment portfolio	6 481	Other***	Various***	***	1 455	(783)
Total	6 247				1 628	(866)

*** *Other – The valuation sensitivity for the private equity and embedded derivatives (profit share) portfolios has been assessed on an adjustment to various inputs such as expected cash flows, discount rates, PE ratios. It is deemed appropriate to reflect the outcome in totality for the purposes of this analysis.*

In determining the value of level 3 financial instruments, the following are the principal inputs that can require judgement:

Credit spreads

Credit spreads reflect the additional yield that a market participant would demand for taking exposure to the credit risk of an instrument. The credit spread for an instrument forms part of the yield used in a discounted cash flow calculation. In general a significant increase in a credit spread in isolation will result in a movement in fair value that is unfavourable for the holder of a financial instrument.

Discount rates

Discount rates are the interest rates used to discount future cash flows in the discounted cash flow valuation method. The discount rate takes into account time value of money and uncertainty of cash flows.

Volatilities

Volatility is a key input in the valuation of derivative products containing optionality. Volatility is a measure of the variability or uncertainty in returns for a given derivative underlying. It represents an estimate of how much a particular underlying instrument, parameter or index will change in value over time.

Cash flows

Cash flows relate to the future cash flows which can be expected from the instrument and requires judgement.

Additional IAS 34 disclosures (continued)

Measurement of financial assets and liabilities at level 2

The table below sets out information about the valuation techniques used at the end of the reporting period in measuring financial instruments categorised as level 2 in the fair value hierarchy:

	Valuation basis/techniques	Main inputs
Assets		
Non-sovereign and non-bank cash placements	Discounted cash flows	Discount rates
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flows Black-Scholes	Yield curve Volatilities
Bank debt securities	Discounted cash flows	Swap curves and NCD curves
Other debt securities	Discounted cash flows	Swap curves and NCD curves
Derivative financial instruments	Discounted cash flows Black-Scholes	Yield curve Volatilities
Investment portfolio	Comparable quoted inputs	Net assets
Loans and advances to customers	Discounted cash flows	Swap curves and discount rates
Liabilities		
Derivative financial instruments	Discounted cash flows Black-Scholes	Yield curve Volatilities
Other trading liabilities	Discounted cash flows	Discount rates
Repurchase agreements and cash collateral on securities lent	Discounted cash flows	Discount rates
Customer accounts (deposits)	Discounted cash flows	Swap curves
Debt securities in issue	Discounted cash flows	Swap curves
Other liabilities	Discounted cash flows	Discount rates

Fair value of financial assets and liabilities measured at amortised cost

At 30 Sept 2014 R'million	Carrying value	Fair value
Assets		
Cash and balances at central banks	5 946	5 946
Loans and advances to banks	27 944	27 942
Non-sovereign and non-bank cash placements	10 379	10 379
Sovereign debt securities	3 522	3 623
Bank debt securities	12 366	12 731
Other debt securities	6 987	7 271
Loans and advances to customers	149 711	150 005
Own originated loans and advances to customers securitised	3 055	3 055
Other loans and advances	508	508
Other securitised assets	804	804
Other assets	525	525
Loans to group companies	2 231	2 231
	223 978	225 020
Liabilities		
Deposits by banks	23 644	23 942
Repurchase agreements and cash collateral on securities lent	10 835	10 844
Customer accounts (deposits)	200 212	200 658
Debt securities in issue	2 278	2 540
Liabilities arising on securitisation of own originated loans and advances	970	970
Liabilities arising on securitisation of other assets	154	154
Other liabilities	564	564
Subordinated liabilities	10 645	11 629
	249 302	251 301

Three

Risk management and capital information (unaudited)

As per Basel requirements, the following risk management and capital section will provide detail on the quantitative risk disclosures required on a semi-annual basis. For any additional qualitative disclosures, definitions and descriptions, please refer to our annual financial statements for the year ended 31 March 2014.

Philosophy and approach to risk management

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

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

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

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

Group Risk Management operates within an integrated geographical and divisional structure, in line with our management approach, ensuring that the appropriate processes are used to address all risks across the group.

Group Risk Management 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 summary of the period from a risk perspective

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

- Intimate involvement of executive management ensuring stringent management of risk, liquidity and capital
- Strong risk and capital management culture embedded into our day-to-day activities and values. We seek to achieve an appropriate balance between risk and reward in our business, taking cognisance of all stakeholders' interests
- Reward programmes that align directors' and employees' interests with those of stakeholders, ensuring that these programmes promote effective risk management. Annual bonuses are closely linked to business performance, determined largely by realised economic value-added profit performance against pre-determined targets above a risk and capital weighted return. This model has been consistently applied within the group in excess of 15 years
- Credit and counterparty exposures to a select target market; our risk appetite continues to favour lower risk, income based lending, with credit risk taken over a short to medium term. Exposure is taken against defined target clients displaying sound financial strength and integrity, a core competency and an established track record.
- Impairments on core loans and advances decreased from R299 million to R238 million. Since 31 March 2014 gross defaults have improved from R3.5 billion to R3.4 billion. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounted to 1.30% (31 March 2014: 1.50%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.48 times (31 March 2014: 1.55 times)
- Limited exposure to structured credit; representing approximately 1.9% of total assets
- No exposures to peripheral Europe
- A low gearing ratio of 11.3 times
- Low equity and investment risk exposure with 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 0.3% of total operating income
- A high level of readily available, high quality liquid assets; cash and near cash of R82.3 billion, representing 30.6% 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 sound retail franchise
- Healthy capital and leverage ratios; we have always held capital in excess of regulatory requirements and we intend to perpetuate this philosophy
- A high level of recurring income which continues to support sustainability of operating profit.

Credit and counterparty risk management

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.

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

An analysis of gross credit and counterparty exposures

Credit and counterparty exposures increased by 4.2% to R352.8 billion largely as a result of the increase in core loans and advances. Cash and near cash balances decreased by 2.6% to R82 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, and sovereign debt securities.

R'million	30 Sept 2014	31 March 2014	% change	Average*
Cash and balances at central banks	5 946	5 927	0.3%	5 937
Loans and advances to banks	27 944	32 672	(14.5%)	30 308
Non-sovereign and non-bank cash placements	10 403	9 045	15.0%	9 724
Reverse repurchase agreements and cash collateral on securities borrowed	6 764	6 442	5.0%	6 603
Sovereign debt securities	32 929	34 815	(5.4%)	33 872
Bank debt securities	22 585	21 538	4.9%	22 062
Other debt securities	11 836	11 933	(0.8%)	11 885
Derivative financial instruments	12 468	11 882	4.9%	12 175
Securities arising from trading activities	1 642	994	65.2%	1 318
Loans and advances to customers (gross)	163 531	149 810	9.2%	156 670
Own originated loans and advances to customers securitised (gross)	3 057	2 824	8.3%	2 940
Other loans and advances (gross)	535	597	(10.4%)	566
Other securitised assets	159	231	(31.2%)	195
Other assets	39	48	(18.8%)	43
Total on-balance sheet exposures	299 838	288 758	3.8%	294 298
Guarantees^	11 738	12 507	(6.1%)	12 123
Contingent liabilities, committed facilities and other	41 194	37 158	10.9%	39 176
Total off-balance sheet exposures	52 932	49 665	6.6%	51 299
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	352 770	338 423	4.2%	345 597

* *Where the average is based on a straight-line average for period 1 April 2014 to 30 September 2014.*
^ *Excludes guarantees provided to clients which are backed/secured by cash on deposit with the bank.*

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.

R'million	Total credit and counterparty exposure	Assets that we deem to have no legal credit exposure	Note refer-ence	Total balance sheet
At 30 September 2014				
Cash and balances at central banks	5 946	–		5 946
Loans and advances to banks	27 944	–		27 944
Non-sovereign and non-bank cash placements	10 403	–		10 403
Reverse repurchase agreements and cash collateral on securities borrowed	6 764	–		6 764
Sovereign debt securities	32 929	–		32 929
Bank debt securities	22 585	–		22 585
Other debt securities	11 836	–		11 836
Derivative financial instruments	12 468	449		12 917
Securities arising from trading activities	1 642	458		2 100
Investment portfolio	–	8 969	1	8 969
Loans and advances to customers	163 531	(1 224)	2	162 307
Own originated loans and advances to customers securitised	3 057	(2)	2	3 055
Other loans and advances	535	(27)	2	508
Other securitised assets	159	645	3	804
Interest in associated undertakings	–	56		56
Deferred taxation assets	–	84		84
Other assets	39	1 079	4	1 118
Property and equipment	–	201		201
Investment properties	–	85		85
Intangible assets	–	102		102
Loans to group companies	–	2 231		2 231
Non-current assets classified as held for sale	–	731		731
Total on-balance sheet exposures	299 838	13 837		313 675

1. *Largely relates to exposures that are classified as equity risk in the banking book. Further information is provided on pages 37 and 38.*
2. *Largely relates to impairments.*
3. *Whilst the group manages all risks (including credit risk) from a day-to-day operational perspective, certain of 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. *Other assets include settlement debtors where we deem to have no credit risk exposure as they are settled on a delivery against payment basis.*

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

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.

R'million	Total credit and counterparty exposure	Assets that we deem to have no legal credit exposure	Note refer-ence	Total balance sheet
At 31 March 2014				
Cash and balances at central banks	5 927	–		5 927
Loans and advances to banks	32 672	–		32 672
Non-sovereign and non-bank cash placements	9 045	–		9 045
Reverse repurchase agreements and cash collateral on securities borrowed	6 442	–		6 442
Sovereign debt securities	34 815	–		34 815
Bank debt securities	21 538	–		21 538
Other debt securities	11 933	–		11 933
Derivative financial instruments	11 882	417		12 299
Securities arising from trading activities	994	322		1 316
Investment portfolio	–	8 834	1	8 834
Loans and advances to customers	149 810	(1 248)	2	148 562
Own originated loans and advances to customers securitised	2 824	(2)	2	2 822
Other loans and advances	597	(45)	2	552
Other securitised assets	231	1 272	3	1 503
Interest in associated undertakings	–	52		52
Deferred taxation assets	–	75		75
Other assets	48	1 723	4	1 771
Property and equipment	–	219		219
Investment properties	–	84		84
Intangible assets	–	102		102
Loans to group companies	–	1 924		1 924
Non-current assets classified as held for sale	–	731		731
Total on-balance sheet exposures	288 758	14 460		303 218

1. *Largely relates to exposures that are classified as equity risk in the banking book. Further information is provided on pages 37 and 38.*
2. *Largely relates to impairments.*
3. *Whilst the group manages all risks (including credit risk) from a day-to-day operational perspective, certain of 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. *Other assets include settlement debtors where we deem to have no credit risk exposure as they are settled on a delivery against payment basis.*

Gross credit and counterparty exposures by residual contractual maturity at 30 September 2014

R'million	Up to three months	Three to six months	Six months to one year	One to five years	Five to 10 years	>10 years	Total
Cash and balances at central banks	5 946	–	–	–	–	–	5 946
Loans and advances to banks	26 162	69	817	896	–	–	27 944
Non-sovereign and non-bank cash placements	10 403	–	–	–	–	–	10 403
Reverse repurchase agreements and cash collateral on securities borrowed	3 259	324	217	1 534	816	614	6 764
Sovereign debt securities	13 534	5 795	4 969	2 305	1 220	5 106	32 929
Bank debt securities	1 377	2 370	8 718	8 001	2 119	–	22 585
Other debt securities	–	–	1 596	4 077	5 495	668	11 836
Derivative financial instruments	2 011	793	1 044	5 158	2 033	1 429	12 468
Securities arising from trading activities	1 287	–	49	166	59	81	1 642
Loans and advances to customers (gross)	17 831	6 763	11 505	73 286	16 805	37 341	163 531
Own originated loans and advances to customers securitised (gross)	–	–	–	1 392	269	1 396	3 057
Other loans and advances (gross)	–	–	–	535	–	–	535
Other securitised assets	–	–	–	–	–	159	159
Other assets	39	–	–	–	–	–	39
Total on-balance sheet exposures	81 849	16 114	28 915	97 350	28 816	46 794	299 838
Guarantees^	4 074	660	1 328	4 886	619	171	11 738
Contingent liabilities, committed facilities and other	12 354	896	3 112	10 968	1 564	12 300	41 194
Total off-balance sheet exposures	16 428	1 556	4 440	15 854	2 183	12 471	52 932
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	98 277	17 670	33 355	113 204	30 999	59 265	352 770

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

Private client loans account for 43.4% of total core loans and advances.

Summary analysis of gross credit and counterparty exposures by industry

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

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

An analysis of gross credit and counterparty exposures by industry

	Gross core loans and advances		Other credit and counterparty exposures		Total	
R'million	30 Sept 2014	31 March 2014	30 Sept 2014	31 March 2014	30 Sept 2014	31 March 2014
HNW and professional individuals	72 298	65 756	27 790	24 683	100 088	90 439
Lending collateralised by property largely to private clients	39 110	35 515	6 847	7 464	45 957	42 979
Agriculture	651	823	627	597	1 278	1 420
Electricity, gas and water (utility services)	3 523	3 119	3 725	3 464	7 248	6 583
Public and non-business services	1 332	918	40 312	42 420	41 644	43 338
Business services	5 846	5 173	742	1 182	6 588	6 355
Finance and insurance	5 479	4 977	83 781	82 879	89 260	87 856
Retailers and wholesalers	3 217	2 921	2 743	4 026	5 960	6 947
Manufacturing and commerce	10 899	8 468	5 678	4 427	16 577	12 895
Construction	2 934	2 443	388	276	3 322	2 719
Other residential mortgages	48	–	539	597	587	597
Corporate commercial real estate	6 221	6 756	1 775	720	7 996	7 476
Mining and resources	3 804	5 123	5 469	6 434	9 273	11 557
Leisure, entertainment and tourism	1 540	799	387	893	1 927	1 692
Transport	4 007	4 801	3 316	4 206	7 323	9 007
Communication	5 679	5 042	2 063	1 521	7 742	6 563
Total	166 588	152 634	186 182	185 789	352 770	338 423

Detailed analysis of gross credit and counterparty exposures by industry

R'million	HNW and professional individuals	Lending collateralised by property largely to private clients	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business services
At 30 September 2014						
Cash and balances at central banks	–	–	–	–	5 946	–
Loans and advances to banks	–	–	–	–	–	–
Non-sovereign and non-bank cash placements	–	–	–	21	–	129
Reverse repurchase agreements and cash collateral on securities borrowed	447	–	–	20	–	–
Sovereign debt securities	–	–	–	–	32 929	–
Bank debt securities	–	–	–	–	–	–
Other debt securities	–	–	–	573	–	–
Derivative financial instruments	43	–	21	188	–	266
Securities arising from trading activities	–	–	–	76	299	–
Loans and advances to customers (gross)	69 241	39 110	651	3 523	1 332	5 846
Own originated loans and advances to customers securitised (gross)	3 057	–	–	–	–	–
Other loans and advances (gross)	–	–	–	–	–	–
Other securitised assets	–	–	–	–	159	–
Other assets	–	–	–	–	–	–
Total on-balance sheet exposures	72 788	39 110	672	4 401	40 665	6 241
Guarantees	2 539	1 178	–	173	904	22
Contingent liabilities, committed facilities and other	24 761	5 669	606	2 674	75	325
Total off-balance sheet exposures	27 300	6 847	606	2 847	979	347
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	100 088	45 957	1 278	7 248	41 644	6 588
At 31 March 2014						
Cash and balances at central banks	–	–	–	–	5 927	–
Loans and advances to banks	–	–	–	–	–	–
Non-sovereign and non-bank cash placements	–	–	–	24	17	484
Reverse repurchase agreements and cash collateral on securities borrowed	485	–	–	20	–	–
Sovereign debt securities	–	–	–	–	34 815	–
Bank debt securities	–	–	–	–	–	–
Other debt securities	–	–	–	304	–	–
Derivative financial instruments	61	–	9	85	–	52
Securities arising from trading activities	–	–	–	4	654	–
Loans and advances to customers (gross)	62 932	35 515	823	3 119	918	5 173
Own originated loans and advances to customers securitised (gross)	2 824	–	–	–	–	–
Other loans and advances (gross)	–	–	–	–	–	–
Other securitised assets	–	–	–	–	157	–
Other assets	–	–	–	1	–	–
Total on-balance sheet exposures	66 302	35 515	832	3 557	42 488	5 709
Guarantees	2 354	1 518	–	158	843	33
Contingent liabilities, committed facilities and other	21 783	5 946	588	2 868	7	613
Total off-balance sheet exposures	24 137	7 464	588	3 026	850	646
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	90 439	42 979	1 420	6 583	43 338	6 355

Finance and insurance	Retailers and wholesalers	Manufac-turing and commerce	Construc-tion	Other residential mortgages	Corporate commercial real estate	Mining and resources	Leisure, entertain-ment and tourism	Transport	Com-munication	Total
–	–	–	–	–	–	–	–	–	–	5 946
27 944	–	–	–	–	–	–	–	–	–	27 944
3 404	1 466	3 312	254	–	–	633	–	785	399	10 403
5 330	–	923	–	–	–	–	–	44	–	6 764
–	–	–	–	–	–	–	–	–	–	32 929
22 585	–	–	–	–	–	–	–	–	–	22 585
6 983	–	–	–	–	–	2 037	–	950	1 293	11 836
10 497	188	412	2	–	619	150	5	41	36	12 468
1 114	–	–	98	–	–	4	–	51	–	1 642
5 479	3 217	10 899	2 934	48	6 221	3 804	1 540	4 007	5 679	163 531
–	–	–	–	–	–	–	–	–	–	3 057
–	–	–	–	535	–	–	–	–	–	535
–	–	–	–	–	–	–	–	–	–	159
35	–	–	–	4	–	–	–	–	–	39
83 371	4 871	15 546	3 288	587	6 840	6 628	1 545	5 878	7 407	299 838
3 502	766	658	–	–	986	734	194	5	77	11 738
2 387	323	373	34	–	170	1 911	188	1 440	258	41 194
5 889	1 089	1 031	34	–	1 156	2 645	382	1 445	335	52 932
89 260	5 960	16 577	3 322	587	7 996	9 273	1 927	7 323	7 742	352 770
–	–	–	–	–	–	–	–	–	–	5 927
32 672	–	–	–	–	–	–	–	–	–	32 672
2 000	1 682	2 063	240	–	–	541	–	1 803	191	9 045
4 850	–	1 008	–	–	–	–	–	79	–	6 442
–	–	–	–	–	–	–	–	–	–	34 815
21 538	–	–	–	–	–	–	–	–	–	21 538
6 662	–	–	–	–	–	2 226	–	1 547	1 194	11 933
10 114	247	469	5	–	607	138	11	84	–	11 882
148	–	149	–	–	–	–	–	39	–	994
4 977	2 921	8 468	2 443	–	6 756	5 123	799	4 801	5 042	149 810
–	–	–	–	–	–	–	–	–	–	2 824
–	–	–	–	597	–	–	–	–	–	597
74	–	–	–	–	–	–	–	–	–	231
47	–	–	–	–	–	–	–	–	–	48
83 082	4 850	12 157	2 688	597	7 363	8 028	810	8 353	6 427	288 758
4 226	1 325	110	–	–	1	1 713	197	20	9	12 507
548	772	628	31	–	112	1 816	685	634	127	37 158
4 774	2 097	738	31	–	113	3 529	882	654	136	49 665
87 856	6 947	12 895	2 719	597	7 476	11 557	1 692	9 007	6 563	338 423

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

Core loans and advances comprise:

- Loans and advances to customers as per the balance sheet
- Own originated loans and advances to customers securitised as per the balance sheet.

R'million	30 Sept 2014	31 March 2014
Loans and advances to customers as per balance sheet	162 307	148 562
Add: own originated loans and advances to customers securitised as per the balance sheet	3 055	2 822
Net core loans and advances to customers	165 362	151 384

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

R'million	30 Sept 2014	31 March 2014
Gross core loans and advances to customers	166 588	152 634
Total impairments	(1 226)	(1 250)
Portfolio impairments	(177)	(173)
Specific impairments	(1 049)	(1 077)
Net core loans and advances to customers	165 362	151 384
Average gross core loans and advances to customers	159 611	146 047
Current loans and advances to customers	161 943	147 724
Past due loans and advances to customers (1 – 60 days)	1 010	729
Special mention loans and advances to customers	256	658
Default loans and advances to customers	3 379	3 523
Gross core loans and advances to customers	166 588	152 634
Current loans and advances to customers	161 943	147 724
Default loans that are current and not impaired	188	162
Gross core loans and advances to customers that are past due but not impaired	1 905	2 171
Gross core loans and advances to customers that are impaired	2 552	2 577
Gross core loans and advances to customers	166 588	152 634
Total income statement charge for impairments on core loans and advances	(238)^	(638)
Gross default loans and advances to customers	3 379	3 523
Specific impairments	(1 049)	(1 077)
Portfolio impairments	(177)	(173)
Defaults net of impairments	2 153	2 273
Collateral and other credit enhancements	3 196	3 520
Net default loans and advances to customers (limited to zero)	–	–
Ratios:		
Total impairments as a % of gross core loans and advances to customers	0.75%	0.82%
Total impairments as a % of gross default loans	36.28%	35.48%
Gross defaults as a % of gross core loans and advances to customers	2.03%	2.31%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.30%	1.50%
Net defaults as a % of net core loans and advances to customers	–	–
Annualised credit loss ratio (i.e. income statement impairment charge on core loans as a % of average gross core loans and advances)	0.30%	0.44%

^ *Differences when comparing to total income statement charge for impairments relates to recovery on non-core loans.*

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

R'million	30 Sept 2014	31 March 2014
Default loans that are current	851	785
1 – 60 days	1 516	1 140
61 – 90 days	152	235
91 – 180 days	271	453
181 – 365 days	267	584
>365 days	1 588	1 713
Past due and default core loans and advances to customers (actual capital exposure)	4 645	4 910
1 – 60 days	583	231
61 – 90 days	44	29
91 – 180 days	83	106
181 – 365 days	156	470
>365 days	1 247	1 425
Past due and default core loans and advances to customers (actual amount in arrears)	2 113	2 261

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

R'million	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	>365 days	Total
At 30 September 2014							
Watchlist loans neither past due nor impaired							
Total capital exposure	188	–	–	–	–	–	188
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	–	1 124	115	154	64	448	1 905
Amount in arrears	–	277	22	57	21	267	644
Gross core loans and advances to customers that are impaired							
Total capital exposure	663	392	37	117	203	1 140	2 552
Amount in arrears	–	306	22	26	135	980	1 469
At 31 March 2014							
Watchlist loans neither past due nor impaired							
Total capital exposure	162	–	–	–	–	–	162
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	–	993	168	275	326	409	2 171
Amount in arrears	–	188	18	39	246	296	787
Gross core loans and advances to customers that are impaired							
Total capital exposure	623	147	67	178	258	1 304	2 577
Amount in arrears	–	43	11	67	224	1 129	1 474

An age analysis of past due and default core loans and advances to customers at 30 September 2014 (based on total capital exposure)

R'million	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	>365 days	Total
Past due (1 – 60 days)	–	1 010	–	–	–	–	1 010
Special mention	–	53	107	36	7	53	256
Special mention (1 – 90 days)	–	53	1	36*	7*	53*	150
Special mention (61 – 90 days and item well secured)	–	–	106	–	–	–	106
Default	851	453	45	235	260	1 535	3 379
Sub-standard	188	61	9	120	57	394	829
Doubtful	663	392	36	115	203	1 141	2 550
Total	851	1 516	152	271	267	1 588	4 645

An age analysis of past due and default core loans and advances to customers at 30 September 2014 (based on actual amount in arrears)

R'million	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	>365 days	Total
Past due (1 – 60 days)	–	219	–	–	–	–	219
Special mention	–	24	16	14	3	10	67
Special mention (1 – 90 days)	–	24	–	14*	3*	10*	51
Special mention (61 – 90 days and item well secured)	–	–	16	–	–	–	16
Default	–	340	28	69	153	1 237	1 827
Sub-standard	–	34	6	43	18	257	358
Doubtful	–	306	22	26	135	980	1 469
Total	–	583	44	83	156	1 247	2 113

* *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 at 31 March 2014 (based on total capital exposure)

R'million	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	>365 days	Total
Past due (1 – 60 days)	–	729	–	–	–	–	729
Special mention	–	241	145	3	214	55	658
Special mention (1 – 90 days)	–	241	23	3*	214*	55*	536
Special mention (61 – 90 days and item well secured)	–	–	122	–	–	–	122
Default	785	170	90	450	370	1 658	3 523
Sub-standard	162	26	25	272	112	355	952
Doubtful	623	144	65	178	258	1 303	2 571
Total	785	1 140	235	453	584	1 713	4 910

An age analysis of past due and default core loans and advances to customers at 31 March 2014 (based on actual amount in arrears)

R'million	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	>365 days	Total
Past due (1 – 60 days)	–	77	–	–	–	–	77
Special mention	–	111	17	1	187	10	326
Special mention (1 – 90 days)	–	111	3	1*	187*	10*	312
Special mention (61 – 90 days and item well secured)	–	–	14	–	–	–	14
Default	–	43	12	105	283	1 415	1 858
Sub-standard	–	1	1	38	59	286	385
Doubtful	–	42	11	67	224	1 129	1 473
Total	–	231	29	106	470	1 425	2 261

* *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

R'million	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
At 30 September 2014								
Current core loans and advances	161 943	–	–	161 943	–	(168)	161 775	–
Past due (1 – 60 days)	–	1 010	–	1 010	–	(6)	1 004	219
Special mention	–	256	–	256	–	(3)	253	67
Special mention (1 – 90 days)	–	150	–	150	–	(2)	148	51
Special mention (61 – 90 days and item well secured)	–	106	–	106	–	(1)	105	16
Default	188	639	2 552	3 379	(1 049)	–	2 330	1 827
Sub-standard	188	639	2	829	–	–	829	358
Doubtful	–	–	2 550	2 550	(1 049)	–	1 501	1 469
Total	162 131	1 905	2 552	166 588	(1 049)	(177)	165 362	2 113
At 31 March 2014								
Current core loans and advances	147 724	–	–	147 724	–	(159)	147 565	–
Past due (1 – 60 days)	–	729	–	729	–	(4)	725	77
Special mention	–	658	–	658	–	(10)	648	326
Special mention (1 – 90 days)	–	536	–	536	–	(9)	527	312
Special mention (61 – 90 days and item well secured)	–	122	–	122	–	(1)	121	14
Default	162	784	2 577	3 523	(1 077)	–	2 446	1 858
Sub-standard	162	784	6	952	–	–	952	385
Doubtful	–	–	2 571	2 571	(1 077)	–	1 494	1 473
Total	147 886	2 171	2 577	152 634	(1 077)	(173)	151 384	2 261

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

R'million	Private client professionals and HNW individuals	Corporate sector	Banking, Insurance, financial services (excluding sovereign)	Public and government sector (including central banks)	Trade finance	Total gross core loans and advances to customers
At 30 September 2014						
Current core loans and advances	107 856	44 073	5 474	1 332	3 208	161 943
Past due (1 – 60 days)	769	150	5	–	86	1 010
Special mention	220	1	–	–	35	256
Special mention (1 – 90 days)	150	–	–	–	–	150
Special mention (61 – 90 days and item well secured)	70	1	–	–	35	106
Default	2 563	703	–	–	113	3 379
Sub-standard	634	191	–	–	4	829
Doubtful	1 929	512	–	–	109	2 550
Total gross core loans and advances to customers	111 408	44 927	5 479	1 332	3 442	166 588
Total impairments	(875)	(248)	(2)	(4)	(97)	(1 226)
Specific impairments	(757)	(195)	–	–	(97)	(1 049)
Portfolio Impairments	(118)	(53)	(2)	(4)	–	(177)
Net core loans and advances to customers	110 533	44 679	5 477	1 328	3 345	165 362
At 31 March 2014						
Current core loans and advances	97 307	41 825	4 794	918	2 880	147 724
Past due (1 – 60 days)	468	200	–	–	61	729
Special mention	652	–	–	–	6	658
Special mention (1 – 90 days)	535	–	–	–	1	536
Special mention (61 – 90 days and item well secured)	117	–	–	–	5	122
Default	2 844	390	183	–	106	3 523
Sub-standard	761	3	183	–	5	952
Doubtful	2 083	387	–	–	101	2 571
Total gross core loans and advances to customers	101 271	42 415	4 977	918	3 053	152 634
Total impairments	(987)	(180)	(2)	(1)	(80)	(1 250)
Specific impairments	(869)	(128)	–	–	(80)	(1 077)
Portfolio Impairments	(118)	(52)	(2)	(1)	–	(173)
Net core loans and advances to customers	100 284	42 235	4 975	917	2 973	151 384

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

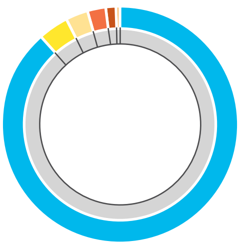
R'million	30 Sept 2014	31 March 2014
Private client professionals and HNW individuals	111 408	101 271
Corporate sector	44 927	42 415
Banking, insurance, financial services (excluding sovereign)	5 479	4 977
Public and government sector (including central banks)	1 332	918
Trade finance	3 442	3 053
Total gross core loans and advances to customers	166 588	152 634

Analysis of core loans and advances by risk category at 30 September 2014

R'million	Gross core loans	Gross defaults	Collateral	Balance sheet impairments	Income statement impairments*
Lending collateralised by property	39 110	1 667	1 491	(642)	(135)
Commercial real estate	35 959	722	757	(296)	(141)
Commercial real estate – investment	32 110	345	449	(145)	(31)
Commercial real estate – development	2 100	–	–	(3)	–
Commercial vacant land and planning	1 749	377	308	(148)	(110)
Residential real estate	3 151	945	734	(346)	6
Residential real estate – development	1 608	361	345	(52)	(1)
Residential vacant land and planning	1 543	584	389	(294)	7
High net worth and other private client lending	72 298	896	1 133	(233)	27
Mortgages (owner occupied)	43 380	569	819	(78)	13
High net worth and specialised lending	28 918	327	314	(155)	14
Corporate other lending	55 180	816	572	(351)	(130)
Acquisition finance	16 001	536	488	(147)	(83)
Asset-based lending	3 447	113	60	(97)	(17)
Other corporate loans	27 254	145	13	(85)	(21)
Asset finance	3 672	22	11	(22)	(9)
Small ticket asset finance	1 165	22	11	(12)	(10)
Large ticket asset finance	2 507	–	–	(10)	1
Project finance	4 312	–	–	–	–
Resource finance and commodities	494	–	–	–	–
Total	166 588	3 379	3 196	(1 226)	(238)

* *Where a positive number represents a recovery.*

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



30 September 2014 (R166.6 billion)

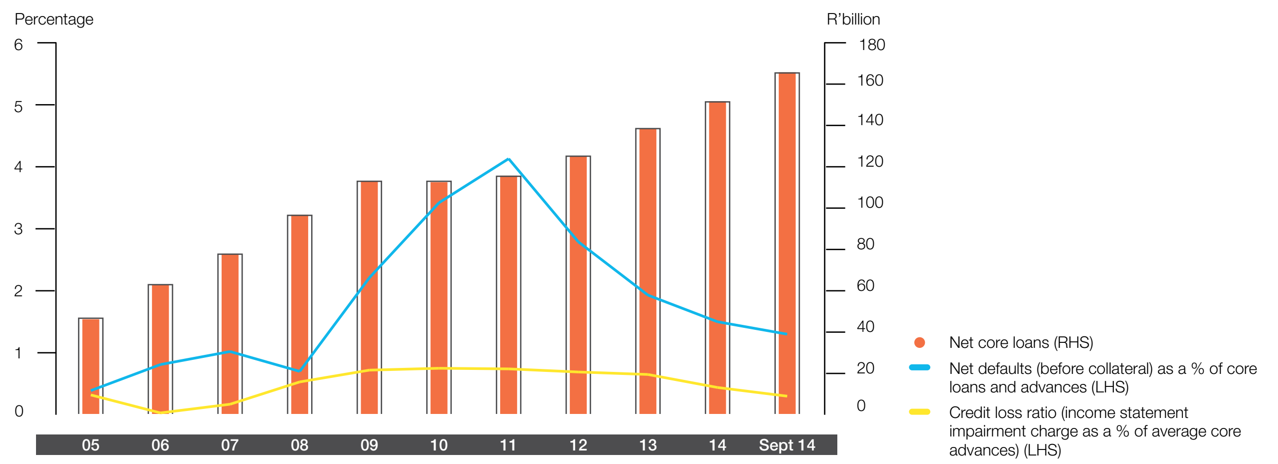
South Africa	88.6%
Australia	4.0%
United Kingdom	3.1%
Africa	2.5%
Other	1.3%
North America	0.5%

An analysis of core loans and advances by risk category at 31 March 2014

R'million	Gross core loans	Gross defaults	Collateral	Balance sheet impair-ments	Income statement impair-ments*
Lending collateralised by property	35 515	1 844	1 716	(695)	(197)
Commercial real estate	32 571	749	899	(237)	(67)
Commercial real estate – investment	28 949	516	636	(168)	(32)
Commercial real estate – development	1 846	–	–	(3)	(16)
Commercial vacant land and planning	1 776	233	263	(66)	(19)
Residential real estate	2 944	1 095	817	(458)	(130)
Residential real estate – development	1 231	328	324	(50)	(46)
Residential vacant land and planning	1 713	767	493	(408)	(84)
High net worth and other private client lending	65 756	1 000	1 179	(292)	(357)
Mortgages (owner occupied)	38 412	601	789	(116)	(92)
High net worth and specialised lending	27 344	399	390	(176)	(265)
Corporate and other lending	51 363	679	625	(263)	(84)
Acquisition finance	12 188	527	557	(100)	8
Asset-based lending	3 050	106	55	(80)	(35)
Other corporate loans	28 738	46	13	(75)	38
Asset finance	3 519	–	–	(8)	(9)
Small ticket asset finance	1 007	–	–	–	–
Large ticket asset finance	2 512	–	–	(8)	(9)
Project finance	3 220	–	–	–	(86)
Resource finance and commodities	648	–	–	–	–
Total	152 634	3 523	3 520	(1 250)	(638)

* *Where a positive number represents a recovery.*

Asset quality trends



Collateral

A summary of total collateral

R'million	Collateral held against: Gross core loans and advances	Collateral held against: Other credit and counterparty exposures*	Total
At 30 September 2014			
Eligible financial collateral	26 938	6 812	33 750
Listed shares	23 102	6 780	29 882
Cash	1 172	32	1 204
Debt securities issued by sovereigns	2 664	–	2 664
Mortgage bonds	208 978	93	209 071
Residential mortgages	99 706	–	99 706
Commercial property development	7 382	93	7 475
Commercial property investments	101 890	–	101 890
Other collateral	71 414	1 208	72 622
Unlisted shares	28 600	743	29 343
Bonds other than mortgage bonds	7 832	–	7 832
Debtors, stock and other corporate assets	4 646	–	4 646
Guarantees	12 876	155	13 031
Other	17 460	310	17 770
Total collateral	307 330	8 113	315 443
At 31 March 2014			
Eligible financial collateral	22 118	6 922	29 040
Listed shares	20 894	6 920	27 814
Cash	1 224	2	1 226
Mortgage bonds	211 125	631	211 756
Residential mortgages	105 588	552	106 140
Commercial property development	6 323	79	6 402
Commercial property investments	99 214	–	99 214
Other collateral	75 252	1 497	76 749
Unlisted shares	29 784	782	30 566
Bonds other than mortgage bonds	8 622	–	8 622
Debtors, stock and other corporate assets	9 922	–	9 922
Guarantees	12 136	157	12 293
Other	14 788	558	15 346
Total collateral	308 495	9 050	317 545

* *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 with the intention to stimulate corporate activity. In South Africa, we also continue to pursue opportunities to help create and grow black-owned and controlled companies
- Lending transactions: the manner in which we structure certain transactions results in equity, warrant and profit shares being held, predominantly within unlisted companies
- Central Funding: Central Funding is the custodian of certain equity and property investments, which have largely arisen from corporate acquisitions made, notably in the early 2000s.

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

Valuation and accounting methodologies

	Income (pre-funding costs)				
R'million	Unrealised	Realised	Dividends	Total	Fair value through equity
For the six months to 30 September 2014					
Unlisted investments	543	14	64	621	–
Listed equities	44	(88)	97	53	(55)
Investment and trading properties	4	14	–	18	–
Warrants, profit shares and other embedded derivatives	34	37	–	71	–
Total	625	(23)	161	763	(55)
For the year ended 31 March 2014					
Unlisted investments	(245)	93	629	477	–
Listed equities	26	(6)	17	37	(210)
Investments and trading properties	59	14	–	73	–
Warrants, profit shares and other embedded derivatives	(21)	129	–	108	–
Total	(181)	230	646	695	(210)

Unrealised revaluation gains through profit and loss are included in tier 1 capital. The bank excludes revaluation gains posted directly to equity from its capital position.

Summary of investments held and stress testing analyses

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

R'million	On-balance sheet value of investments 30 Sept 2014	Valuation change stress test 30 Sept 2014*	On-balance sheet value of investments 31 March 2014	Valuation change stress test 31 March 2014*
Unlisted investments^	7 671	1 151	7 184	1 078
Listed equities^	2 029	507	2 381	595
Investment and trading properties	302	52	348	61
Warrants, profit shares and other embedded derivatives	449	157	417	146
Total	10 451	1 867	10 330	1 880

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

^ *Includes the investment portfolio and non-current assets classified as held for sale as per the balance sheet.*

Stress testing summary

Based on the information at 30 September 2014, as reflected above we could have a R1.9 billion 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.

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

Securitisation/structured credit activities

Overview

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

Refer to page 22 for balance sheet and credit risk classification.

The bank applies the standardised approach in the assessment of regulatory capital for securitisation exposures within its banking book and trading book. The trading book exposures as at 30 September 2014 are not regarded as material, and therefore no further information is disclosed for these 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.

In South Africa, our securitisation business was established over 10 years ago. Over this time, we have arranged a number of residential and commercial mortgage backed programmes, asset-backed commercial paper conduits (ABCP), and third party securitisations.

Historically, we have also assisted in the development of select securitisation platforms with external third party originating intermediaries. Our exposure to these platforms has reduced and been sold down over the last view years and at present we have a single limited warehouse funding line to a platform.

Furthermore, we are sponsor to and provide a standby liquidity facility to Grayston Conduit 1 (RF) Limited Series 1, Series 2 and Private Mortgages 1. These facilities, which totalled R0.4 billion at 30 September 2014 (31 March 2014: R1.3 billion), have not been drawn on and are thus reflected as off-balance sheet contingent exposures in terms of our credit analysis.

Refer to page 40.

We have also sought out select opportunities in the credit/debt markets and traded and invested in structured credit investments. These have largely been investments in rated instruments within the UK and Europe, totalling R5.9 billion at 30 September 2014 (31 March 2014: R4.8 billion). These investments are risk-weighted for regulatory capital purposes.

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

- Provide an alternative source of funding
- 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 R3.0 billion at 30 September 2014 (31 March 2014: R2.8 billion) and consist of residential mortgages. Within these securitisation vehicles, there were no loans greater than 90 days in arrears.

Credit analysis

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

Nature of exposure/activity	Exposure at 30 Sept 2014 R'million	Exposure at 31 March 2014 R'million	Internal balance sheet and credit risk classification	Asset quality – relevant comments
Structured credit*	5 869	4 852	Other debt securities	
Rated	2 698	4 758		
Unrated	3 171	94		
Loans and advances to customers and investment in third party intermediary originating platforms (mortgage loans) (with the potential to be securitised)	508	552	Other loans and advances	
Private client division assets which have been securitised	3 055	2 822	Own originated loans and advances to customers securitised	Analysed as part of the bank's overall asset quality on core loans and advances as reflected on page 28.
Liquidity facilities provided to third party corporate securitisation vehicles	358	1 305	Off-balance sheet credit exposure as these facilities have remained undrawn and reflect a contingent liability of the bank	

*Analysis of structured rated and unrated credit

	30 September 2014			31 March 2014		
R'million	Rated**	Unrated	Total	Rated	Unrated	Total
US corporate loans	34	–	34	32	11	43
UK and European RMBS	2 096	–	2 096	2 892	–	2 892
UK and European CMBS	159	–	159	1	–	1
UK and European corporate loans	–	45	45	–	83	83
Australian RMBS	165	–	165	365	–	365
South African CMBS	–	–	–	157	–	157
South African RMBS	244	3 126	3 370	1 311^	–	1 311^
Total	2 698	3 171	5 869	4 758	94	4 852

**Further analysis of rated structured credit at 30 September 2014

R'million	AAA	AA	A	BBB	BB	B	C and below	Total
US corporate loans	–	–	–	–	34	–	–	34
UK and European RMBS	–	471	753	660	212	–	–	2 096
UK and European CMBS	–	159	–	–	–	–	–	159
Australian RMBS	–	165	–	–	–	–	–	165
South African RMBS	14	–	130	65	35	–	–	244
Total at 30 September 2014	14	795	883	725	281	–	–	2 698
Total at 31 March 2014	871	1 125	999	1 460	303	–	–	4 758

^ *Investments held in own-originated securitisation vehicles in other Investec Limited subsidiaries as explained above.*

Market risk in the trading book

Traded market risk description

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

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

Management and measurement of traded market risk

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

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

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

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

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

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

In South Africa, we have internal model approval from the SARB and so trading capital is calculated as a function of the 99% 10-day VaR as well as the 99% 10-day stressed VaR (sVaR). Backtesting results and a detailed stress testing pack are submitted to the regulator on a monthly basis.

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

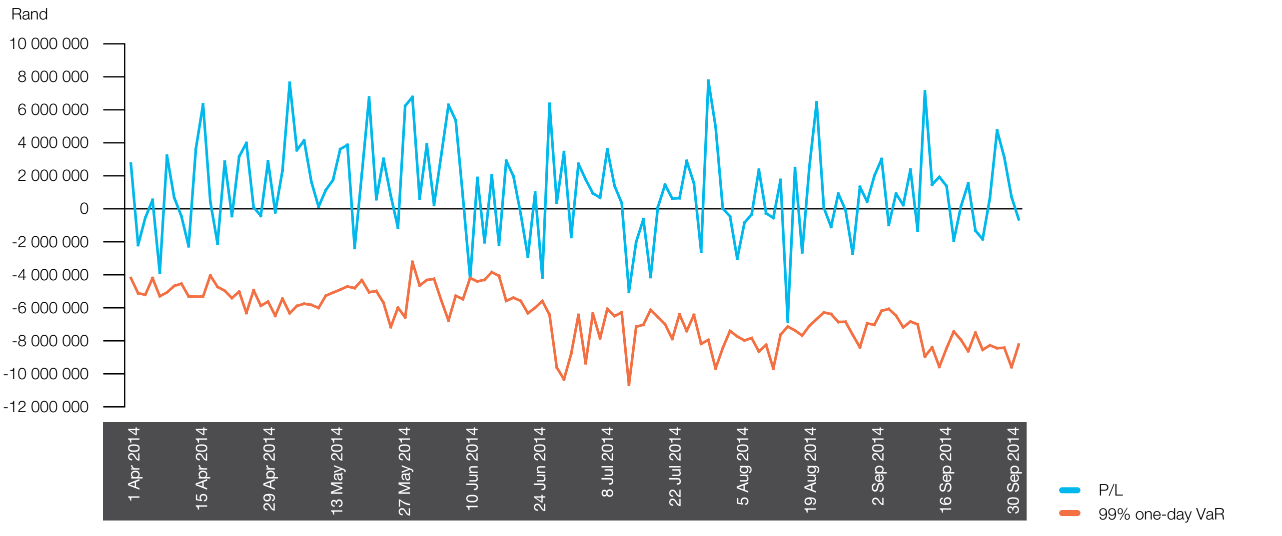
VaR

R'million	30 September 2014 Period end	Average	High	Low	31 March 2014 Year end	Average	High	Low
95% (one-day)								
Commodities	–	0.1	0.4	–	0.5	0.1	0.5	–
Equities	3.1	2.3	4.9	1.0	1.6	4.5	9.0	0.9
Foreign exchange	3.9	3.3	5.9	1.1	1.9	2.5	7.2	1.1
Interest rates	1.4	1.6	2.6	0.9	1.3	2.2	6.0	0.7
Consolidated*	5.2	4.0	6.5	2.0	2.1	5.5	9.9	2.0

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

VaR for the six months to 30 September 2014 increased moderately during the period. Using hypothetical (clean) profit and loss data for backtesting yielded no exceptions. That is, no losses exceeded the 99% VaR figure for the South African trading desk.

99% one-day VaR backtesting



ETL 95% (one-day)

R'million	30 Sept 2014	31 March 2014
Commodities	0.1	0.5
Equities	4.9	2.5
Foreign exchange	5.8	2.7
Interest rates	2.5	1.9
Consolidated*	7.2	3.1

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

Stress testing

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

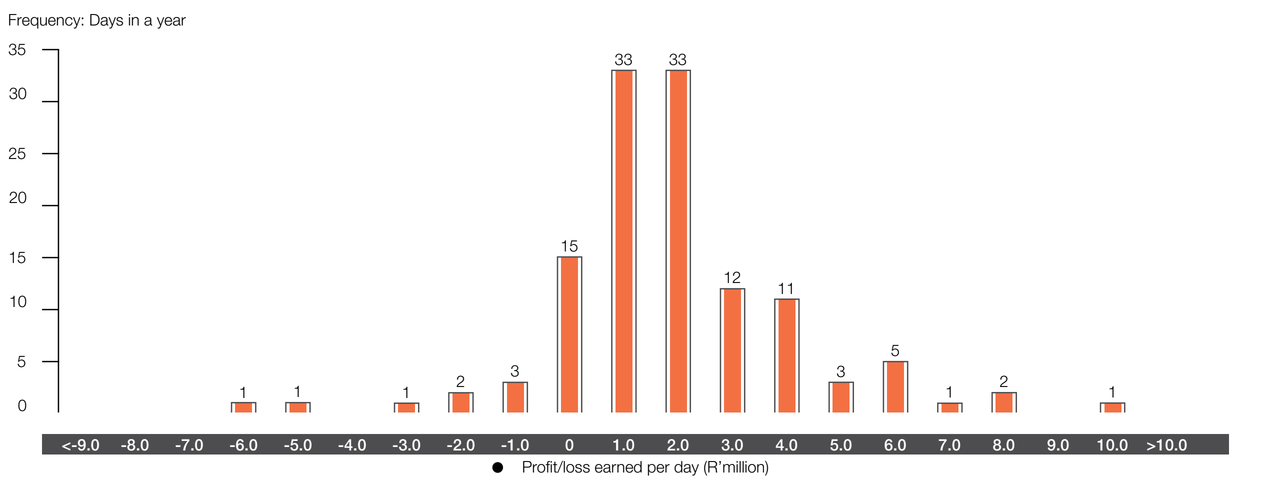
	30 September 2014				31 March 2014
R'million	Period end	Average	High	Low	Year end
99% (using 99% EVT)					
Commodities	0.1	0.4	6.5	0.1	1.6
Equities	9.7	10.8	20.1	5.7	6.4
Foreign exchange	10.7	10.6	16.0	6.4	12.9
Interest rates	5.5	11.3	23.5	5.5	6.6
Consolidated*	13.4	14.5	23.7	6.9	12.1

* *The consolidated stress testing for each desk and each entry is lower than the sum of the individual stress testings. This arises from the correlation offset between various asset classes.*

Profit and loss histograms

The histogram below illustrates the distribution of daily revenue during the six month period for our trading businesses. The distribution is skewed to the profit side and the graph shows that positive trading revenue was realised on 101 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 2014 was R1.4 million (year ended 31 March 2014: R1.4 million).

Profit and loss



Balance sheet risk management

Balance sheet risk description

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

Non-trading interest rate risk description

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

Sources of interest rate risk include:

- Repricing risk: arises from the timing differences in the fixed rate maturity and floating rate repricing of bank assets, liabilities and off-balance sheet derivative positions. This affects the interest rate margin realised between lending income and borrowing costs, when applied to our rate sensitive portfolios
- Yield curve risk: repricing mismatches also expose the bank to changes in the slope and shape of the yield curve
- Basis risk: arises from imperfect correlation in the adjustments of the rates earned and paid on different instruments with otherwise similar repricing characteristics
- Embedded option risk: we are not materially exposed to embedded option 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
- Endowment risk: refers to the interest rate risk exposure arising from the net differential between interest rate insensitive assets, interest rate insensitive liabilities and capital.

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

Interest rate sensitivity at 30 September 2014

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

R'million	Not >three months	>three months but <six months	>six months but <one year	>one year but <five years	>five years	Non-rate	Total non-trading
Cash and short-term funds – banks	25 705	58	2	35	–	5 841	31 641
Cash and short-term funds – non-banks	10 403	–	–	–	–	–	10 403
Investment/trading assets and statutory liquids	33 146	8 610	8 076	10 288	8 534	10 954	79 608
Securitised assets	3 321	–	–	–	–	538	3 859
Advances	143 251	3 311	1 673	6 887	4 877	2 816	162 815
Other assets	–	–	–	–	–	1 281	1 281
Assets	215 826	11 979	9 751	17 210	13 411	21 430	289 607
Deposits – banks	(23 068)	(412)	–	(77)	–	(87)	(23 644)
Deposits – non-banks	(180 966)	(12 682)	(11 232)	(8 498)	(2 424)	(1 325)	(217 127)
Negotiable paper	(1 276)	(240)	(50)	(3 835)	–	–	(5 401)
Securitised liabilities	(709)	–	–	–	–	(415)	(1 124)
Investment/trading liabilities	(8 665)	(291)	(1 070)	(1 639)	(89)	(457)	(12 211)
Subordinated liabilities	(7 450)	–	(125)	(400)	(2 670)	–	(10 645)
Other liabilities	(19)	–	–	–	–	(3 205)	(3 224)
Liabilities	(222 153)	(13 625)	(12 477)	(14 449)	(5 183)	(5 489)	(273 376)
Intercompany loans	11 028	512	(1 044)	2 427	295	3 261	16 479
Shareholders' funds	(1 159)	–	–	–	(11)	(26 416)	(27 586)
Balance sheet	3 542	(1 134)	(3 770)	5 188	8 512	(7 214)	5 124
Off-balance sheet	13 175	(2 328)	(2 177)	(9 274)	(4 534)	14	(5 124)
Repricing gap	16 717	(3 462)	(5 947)	(4 086)	3 978	(7 200)	–
Cumulative repricing gap	16 717	13 255	7 308	3 222	7 200	–	–

Economic value sensitivity at 30 September 2014

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

	Sensitivity to the following interest rates (expressed in original currency)						
'million	ZAR	GBP	USD	EUR	AUD	Other (ZAR)	All (ZAR)
200bp down	(74.0)	8.6	12.9	(2.5)	0.5	8.4	206.9
200bp up	30.6	(7.5)	(9.9)	2.5	(0.6)	(7.0)	(196.7)

Liquidity risk

Liquidity risk description

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

Liquidity risk is further broken down into:

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

Sources of liquidity risk include:

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

Liquidity mismatch

The table that follows show our contractual liquidity mismatch.

The table will not agree directly to the balances disclosed in the balance sheet since the table incorporates 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 bank remained sound with total cash and near cash balances amounting to R82.3 billion. We continued to enjoy strong inflows of customer deposits whilst maintaining good access to wholesale markets despite the underlying market environment. Our liquidity and funding profile reflects our strategy, risk appetite and business activities. The table reflects 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 rated securities 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 reporting or selling these securities, we have:
  - set the time horizon to 'on demand' to monetise our statutory liquid assets for which liquidity is guaranteed by the central bank;
  - set the time horizon to one month to monetise our cash and near cash portfolio of 'available-for-sale' discretionary treasury assets, where there are deep secondary markets for this elective asset class; and
  - reported the 'contractual' profile by way of a note to the tables.

With respect to the behavioural liquidity mismatch:

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

Contractual liquidity at 30 September 2014

R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	>Five years	Total
Cash and short-term funds – banks*	23 591	5 514	2 854	–	971	960	–	33 890
Cash and short-term funds – non-banks	10 311	72	20	–	–	–	–	10 403
Investment/trading assets and statutory liquids**	34 734	12 897	3 083	3 634	110	13 906	30 608	98 972
Securitised assets	588	7	24	43	73	106	3 018	3 859
Advances	6 082	6 123	10 836	11 462	18 196	69 110	41 006	162 815
Other assets	–	–	1 087	6	–	1 305	1 338	3 736
Assets	75 306	24 613	17 904	15 145	19 350	85 387	75 970	313 675
Deposits – banks	(1 809)	(2 528)	(431)	(516)	–	(18 360)	–	(23 644)
Deposits – non-banks	(84 129)^	(30 103)	(30 168)	(21 965)	(19 215)	(28 922)	(3 048)	(217 550)
Negotiable paper	–	(131)	(37)	(340)	(175)	(4 718)	–	(5 401)
Securitised liabilities	–	(154)	–	–	–	–	(970)	(1 124)
Investment/trading liabilities	(3 216)	(3 210)	(1 606)	(2 362)	(4 241)	(8 476)	(648)	(23 759)
Subordinated liabilities	–	–	–	–	(363)	(600)	(9 682)	(10 645)
Other liabilities	(31)	(262)	(21)	(70)	(81)	–	(3 501)	(3 966)
Liabilities	(89 185)	(36 388)	(32 263)	(25 253)	(24 075)	(61 076)	(17 849)	(286 089)
Shareholders' funds	–	–	–	–	–	–	(27 586)	(27 586)
Contractual liquidity gap	(13 879)	(11 775)	(14 359)	(10 108)	(4 725)	24 311	30 535	–
Cumulative liquidity gap	(13 879)	(25 654)	(40 013)	(50 121)	(54 846)	(30 535)	–	–

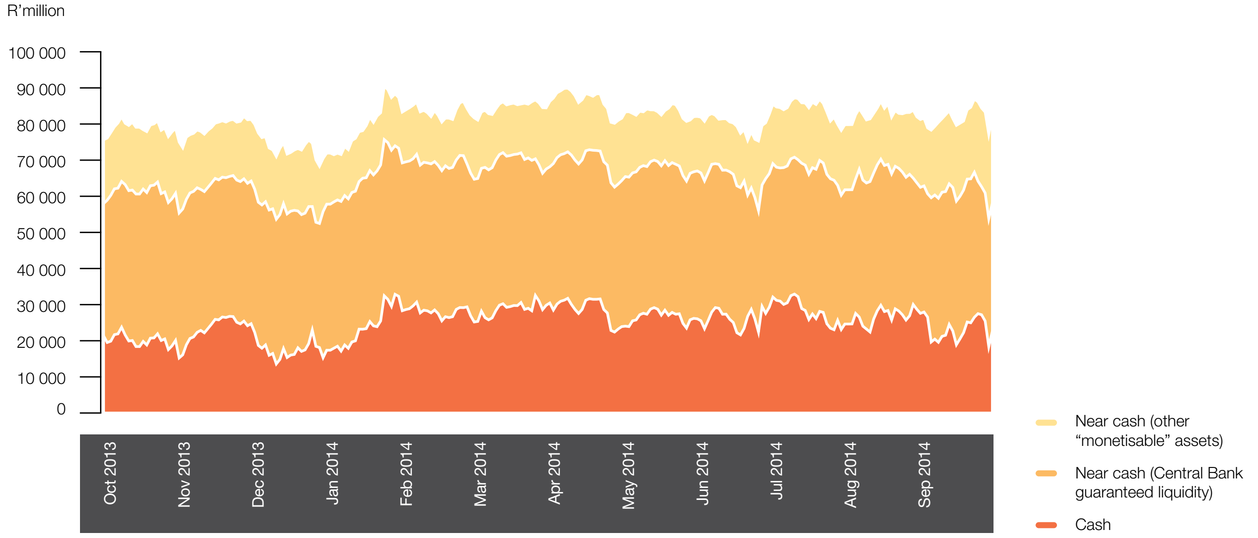
R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	>Five years	Total
*Cash and short-term funds – banks	17 794	5 514	2 854	–	971	960	5 797	33 890
**Investment/trading assets and statutory liquid	5 061	10 299	9 551	14 458	8 427	14 736	36 440	98 972

Behavioural liquidity

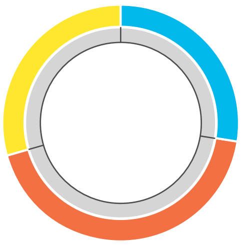
R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	>Five years	Total
Behavioural Liquidity Gap	27 002	2 759	6 148	(1 871)	(7 836)	(97 677)	71 475	–
Cumulative	27 002	29 761	35 909	34 038	26 202	(71 475)	–	–

^ *Includes call deposits of R83.3 billion and the balance reflects term deposit which have finally reached/are reaching contractual maturity.*

Cash and near cash trend



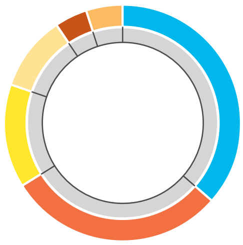
An analysis of cash and near cash



30 September 2014
R82 252 million

Cash	27.6%
Near cash (central bank guaranteed liquidity)	43.1%
Near cash (other 'monetisable' assets)	29.3%

Bank and non-bank depositor concentration by type



30 September 2014
R241 194 million

Private client	35.5%
Fund managers	28.7%
Corporate	13.7%
Banks	10.0%
Financial institutions	7.3%
Public sector	4.8%

Capital management and allocation

R'million	30 Sept 2014	31 March 2014
Tier 1 capital		
Shareholders' equity	26 052	24 067
Shareholders' equity per balance sheet	27 586	25 601
Perpetual preference share capital and share premium	(1 534)	(1 534)
Regulatory adjustments to the accounting basis	624	522
Cash flow hedging reserve	624	522
Deductions	(102)	(102)
Goodwill and intangible assets net of deferred tax	(102)	(102)
Common equity tier 1 capital	26 574	24 487
Additional tier 1 capital before deductions	1 227	1 227
Additional tier 1 instruments	1 534	1 534
Phase out of non-qualifying additional tier 1 instruments	(307)	(307)
Total tier 1 capital	27 801	25 714
Tier 2 capital		
Total qualifying tier 2 capital before deductions		
Collective impairment allowances	176	172
Tier 2 instruments	10 645	10 498
Total tier 2 capital	10 821	10 670
Total regulatory capital	38 622	36 384
Risk-weighted assets	247 660	238 396
Capital ratios		
Common equity tier 1 ratio	10.7%	10.3%
Tier 1 ratio	11.2%	10.8%
Total capital ratio	15.6%	15.3%
Leverage ratio	8.4%	7.2%

Capital management and allocation (continued)

Capital requirements

R'million	30 Sept 2014	31 March 2014
Capital requirements	24 766	23 840
Credit risk – prescribed standardised exposure classes	18 380	17 611
Corporates	10 760	10 418
Secured on real estate property	1 856	1 601
Short-term claims on institutions and corporates	3 129	2 722
Retail	545	544
Institutions	1 155	1 064
Other exposure classes	99	176
Securitisation exposures	836	1 086
Equity risk – standardised approach	3 948	3 865
Listed equities	564	757
Unlisted equities	3 384	3 108
Counterparty credit risk	546	550
Credit valuation adjustment risk	79	98
Market risk	410	395
Interest rate	77	117
Foreign exchange	148	98
Commodities	3	5
Equities	182	175
Operational risk – standardised approach	1 403	1 321

Risk-weighted assets

R'million	30 Sept 2014	31 March 2014
Risk-weighted assets (banking and trading)	247 660	238 396
Credit risk – prescribed standardised exposure classes	183 796	176 112
Corporates	107 591	104 181
Secured on real estate property	18 561	16 011
Short-term claims on institutions and corporates	31 294	27 215
Retail	5 455	5 441
Institutions	11 551	10 644
Other exposure classes	986	1 759
Securitisation exposures	8 358	10 861
Equity risk – standardised approach	39 483	38 653
Listed equities	5 642	7 570
Unlisted equities	33 841	31 083
Counterparty credit risk	5 456	5 503
Credit valuation adjustment risk	797	976
Market risk	4 096	3 947
Interest rate	770	1 174
Foreign exchange	1 476	978
Commodities	29	50
Equities	1 821	1 745
Operational risk – standardised approach	14 032	13 205

Movement in total regulatory capital

The table below analyses the movement in common equity tier 1, additional tier 1 and tier 2 capital over the reporting period.

Total regulatory capital flow statement

R'million	30 Sept 2014	31 March 2014
Opening common equity tier 1 capital	24 487	22 331
New capital issues	–	–
Dividends	(76)	(183)
Profit after tax	1 694	2 150
Movement in other comprehensive income	367	125
Goodwill and intangible assets (deduction net of related tax liability)	1	(12)
Other, including regulatory adjustments and transitional arrangements	101	76
Closing common equity tier 1 capital	26 574	24 487
Opening additional tier 1 capital	1 227	1 381
Other, including regulatory adjustments and transitional arrangements	–	(154)
Closing additional tier 1 capital	1 227	1 227
Closing tier 1 capital	27 801	25 714
Opening tier 2 capital	10 670	11 493
New tier 2 capital issues	–	1 005
Redeemed capital	–	(3 003)
Collective impairment allowances	4	50
Other, including regulatory adjustments and transitional arrangements	147	1 125
Closing tier 2 capital	10 821	10 670
Closing total regulatory capital	38 622	36 384

A summary of capital adequacy and leverage ratios

	30 Sept 2014	31 March 2014
Common equity tier 1 (as reported)	10.7%	10.3%
Common equity tier 1 (fully loaded)^^	10.6%	10.2%
Tier 1 (as reported)	11.2%	10.8%
Total capital adequacy ratio (as reported)	15.6%	15.3%
Leverage ratio** – permanent capital^^	8.5%#	7.2%#
Leverage ratio** – current^^	8.4%#	7.2%#
Leverage ratio** – fully loaded^^	8.0%#	6.8%#

^^ *Based on the group's understanding of current and draft regulations. 'Fully loaded' is based on Basel III capital requirements as fully phased in by 2022.*

** *The leverage ratios are calculated on an end-quarter basis so as to show a consistent basis of calculation across the jurisdictions in which the group operates.*

Based on revised BIS rules.

FOUR

Annexures
(unaudited)

Annexure 1 Dividend announcement

Investec Bank Limited

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

Preference share dividend announcement

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

Declaration of dividend number 23

Notice is hereby given that preference dividend number 23 has been declared by the board from income reserves for the period 1 April 2014 to 30 September 2014 amounting to 380.29301 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, 5 December 2014.

The relevant dates for the payment of dividend number 23 are as follows:	
Last day to trade cum-dividend	Friday, 28 November 2014
Shares commence trading ex-dividend	Monday, 1 December 2014
Record date	Friday, 5 December 2014
Payment date	Monday, 15 December 2014

Share certificates may not be dematerialised or rematerialised between Monday, 1 December 2014 and Friday, 5 December 2014, both dates inclusive.

Additional information to take note of:

- The Investec Bank Limited company tax reference number: 9675/053/71/5
- The issued preference share capital of Investec Bank Limited is 15 447 630 preference shares in this specific class.
- The dividend paid by Investec Bank Limited is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated).
- No Secondary Tax on Companies ("STC") credits has been utilised in respect of this preference share dividend declaration.
- The net dividend amounts to 323.24906 cents per preference share for shareholders liable to pay the Dividend Tax and 380.29301 cents per preference share for preference shareholders exempt from paying the dividend tax.

By order of the board

N van Wyk
Company Secretary

19 November 2014

Notes

Notes

Notes