Investec plc and Investec Limited (combined results)

Out of the Ordinary®

Investec

Unaudited combined consolidated financial results for the six months ended 30 September 2014

Investec, the international specialist bank and asset manager, announces its results for the six months ended 30 September 2014

Highlights

- Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests ("operating profit") increased 26.9% in Rand to R4,286 million (2013: R3,376 million)
- Recurring income as a percentage of total operating income amounted to 77.1% (2013: 70.9%)
- Wealth & Investment's operating profit increased by 46.0% in Rand. Asset Management reported operating profit in Rand 26.7% ahead of the prior year. Both divisions benefited from higher levels of average funds under management and combined net inflows of R75 billion
- The Specialist Banking business reported an increase in operating profit of 22.3% in Rand largely due to strong performances from the South African banking business and the UK Corporate and Institutional business, and a lower loss reported by Australia, partially offset by less investment income earned on the Hong Kong investment portfolio.
- The combined South African business reported operating profit 21.5% ahead of the prior year in Rand, whilst the combined UK and Other businesses posted a 17.6% increase in operating profit in Pounds Sterling
- The annualised credit loss charge as a percentage of average gross core loans and advances amounted to 0.70%, with impairments decreasing 5.3% in Rand
- Capital remained well in excess of current regulatory requirements. All our banking subsidiaries meet current internal targets. Investec Limited and Investec plc should comfortably achieve a common equity tier one ratio above 10% by March 2016. Leverage ratios remain in excess of 7%
- Liquidity remains strong with cash and near cash balances amounting to R166 billion
- As the group's Pounds Sterling results have been negatively impacted by the depreciation of the average Rand: Pounds Sterling exchange rate of approximately 19% over the period, both Rand and Pounds Sterling financial features are reflected in the highlights and financial features summary below

Overview of results

	Results in Rand			Results in Pounds Sterling		
	Six months to 30 September 2014	Six months to 30 September 2013^	% change	Six months to 30 September 2014	Six months to 30 September 2013^	% change
Operating profit before taxation* (million)	R4 286	R3 376	26.9	GBP241	GBP222	8.6
Earnings attributable to shareholders (million)	R1 742	R2 489	(30.0)	GBP122	GBP163	(25.6)
Adjusted earnings attributable to ordinary shareholders** (million)	R3 002	R2 486	20.8	GBP169	GBP163	3.6
Adjusted earnings per share**	350c	289c	21.1	19.7p	19.0p	3.7
Basic earnings per share	157c	247c	(36.4)	11.6p	16.2p	(28.4)
Headline earnings per share	312c	238c	31.1	17.6p	15.5p	13.5
Dividends per share	146c	131c	11.5	8.5p	8.0p	6.3
Cost to income ratio				67.8%	67.7%	

	At 30 September 2014	At 31 March 2014^	% change	At 30 September 2014	At 31 March 2014^	% change
Balance sheet						
Net asset value per share	6 557c	6 603c	(0.7)	357.7p	376.0p	(4.9)
Tangible net asset value per share	5 487c	5 426c	1.1	299.4p	309.0p	(3.1)
Total equity (million)	R72 033	R70 506	2.2	GBP3 931	GBP4 016	(2.1)
Total assets (million)	R841 729	R827 649	1.7	GBP45 931	GBP47 142	(2.6)
Core loans and advances to customers (million)	R292 869	R301 224	(2.8)	GBP15 981	GBP17 157	(6.9)
Cash and near cash balances (million)	R165 617	R160 405	3.2	GBP9 037	GBP9 135	(1.1)
Customer deposits (million)	R407 813	R396 952	2.7	GBP22 253	GBP22 610	(1.6)
Third party assets under management (million)	R2 121 258	R1 930 564	9.9	GBP115 726	GBP109 941	5.3
Return on average adjusted shareholders' equity				10.7%	10.0%	
Return on average risk-weighted assets				1.24%	1.14%	
Defaults (net of impairments and before collateral) as a percentage of net core loans				2.24%	2.30%	
Loans and advances to customers as a percentage of customer deposits				70.0%	72.0%	

*Before goodwill, acquired intangibles, non-operating items and after other non-controlling interests.
**Before goodwill, acquired intangibles, non-operating items and after total non-controlling interests.
^Restated for IFRIC 21 – refer to commentary section of this report.

Stephen Koseff, Chief Executive Officer of Investec said:

"These results demonstrate that we are delivering on our promises. The results would have been even stronger but for the continued weakness of the Rand. The investments we have made in the Asset Management and Wealth & Investment businesses are supporting solid net inflows. The performances in our South African bank and the corporate and institutional bank in the UK demonstrate the strength of our franchise."

Bernard Kantor, Managing Director of Investec said:

"Whilst we have a good corporate and institutional banking franchise in the UK, our focus remains on developing our high income private banking business and improving structural inefficiencies, which we believe is key to unlocking future value in the UK bank. Leveraging and growing our global private client platform, together with Investec Wealth & Investment presents an exciting opportunity for the group."

Business highlights – operating profit in Rands

- Asset Management: increase of 26.7% to R1 370 million (2013: R1 081 million)
- Wealth & Investment: increase of 46.0% to R676 million (2013: R463 million)
- Specialist Banking: increase of 22.3% to R2 240 million (2013: R1 832 million)

About Investec

Investec is an international specialist bank and asset manager that provides a diverse range of financial products and services to a niche client base in two principal markets, the United Kingdom and South Africa as well as certain other countries. The group was established in 1974 and currently has approximately 8 200 employees.

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

In July 2002 the Investec group implemented a dual listed company structure with listings on the London and Johannesburg Stock Exchanges. The combined group's current market capitalisation is approximately R85 billion.

For further information

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Presentation/conference call details

A presentation on the results will commence at 9:00 UK time/11:00 SA time. Viewing options as below:

- Live on South African TV (Business day TV channel 412 DSTV)
- A live and delayed video webcast at www.investec.com
- Toll free numbers for the telephone conference facilities
  - SA participants: 0800 200 648
  - UK participants: 0808 162 4061
  - rest of Europe and other participants: +800 246 78 700
  - Australian participants: 1800 350 100
  - USA participants: 1855 481 6362

Investec plc
Incorporated in England and Wales
(Registration number 3633621)
JSE share code: INP
LSE share code: INVP
ISIN: GB00B17BBQ50

Registered office:
2 Gresham Street, London
EC2V 7QP, United Kingdom

Transfer secretaries:
Computershare Investor Services (Pty) Ltd
70 Marshall Street, Johannesburg, 2001

Company secretary:
D Miller•

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

Registered office:
100 Grayston Drive
Sandown, Sandton, 2196

Transfer secretaries:
Computershare Investor Services (Pty) Ltd
70 Marshall Street, Johannesburg, 2001

Company secretary:
N van Wyk

Directors:
F Titi (Chairman),
S Koseff□ (Chief Executive),
B Kantor□ (Managing Director),
G R Burger□ (Group Risk and Finance Director),
C A Carolus, H J du Toit□, P K O Crosthwaite•,
Z B M Bassa*, C R Jacobs•^,
Lord Malloch-Brown•^, K L Shuenyane^,
B Fried•, D Friedland,
H Fukuda OBE•, I R Kantor,
P R S Thomas

□*Executive*
•*British*
**Appointed 01 November 2014*
^Appointed 08 August 2014

Sponsor:
Investec Bank Limited

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Combined consolidated income statement

GBP'000	Six months to 30 September 2014	Six months to 30 September 2013*	Year to 31 March 2014*
Interest income	912 645	979 825	1 905 383
Interest expense	(580 259)	(661 411)	(1 253 704)
Net interest income	332 386	318 414	651 679
Fee and commission income	590 666	561 079	1 136 902
Fee and commission expense	(63 660)	(76 203)	(147 481)
Investment income	45 975	61 828	166 809
Trading income arising from			
– customer flow	51 285	54 431	103 914
– balance sheet management and other trading activities	(9 199)	13 668	10 587
Other operating income	5 052	8 577	18 554
Total operating income before impairment losses on loans and advances	952 505	941 794	1 940 964
Impairment losses on loans and advances	(66 400)	(83 087)	(166 152)
Operating income	886 105	858 707	1 774 812
Operating costs	(645 204)	(634 667)	(1 307 243)
Depreciation on operating leased assets	(1 089)	(3 856)	(6 044)
Operating profit before goodwill and acquired intangibles	239 812	220 184	461 525
Impairment of goodwill	(4 783)	(854)	(12 797)
Amortisation of acquired intangibles	(7 394)	(6 702)	(13 393)
Operating costs arising from integration, restructuring and partial disposal of subsidiaries	–	(15 239)	(20 890)
Operating profit	227 635	197 389	414 445
Net (loss)/profit on sale of subsidiaries and disposal groups held for sale	(18 593)	–	9 821
Profit before taxation	209 042	197 389	424 266
Taxation on operating profit before goodwill	(45 167)	(38 376)	(78 910)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	(33 852)	5 827	7 289
Profit after taxation	130 023	164 840	352 645
Profit attributable to Asset Management non-controlling interests	(9 356)	(2 950)	(11 031)
Loss/(profit) attributable to other non-controlling interests	957	1 493	(10 849)
Earnings attributable to shareholders	121 624	163 383	330 765
Earnings attributable to shareholders	121 624	163 383	330 765
Impairment of goodwill	4 783	854	12 797
Amortisation of acquired intangibles	7 394	6 702	13 393
Operating costs arising from integration, restructuring and partial disposal of subsidiaries	–	15 239	20 890
Net loss/(profit) on sale of subsidiaries and disposal groups held for sale	18 593	–	(9 821)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	33 852	(5 827)	(7 289)
Preference dividends paid	(21 935)	(23 961)	(35 268)
Accrual adjustment on earnings attributable to other equity holders	4 869	5 411	(386)
Currency hedge attributable to perpetual equity instruments	(115)	1 419	1 842
Earnings before goodwill impairment and non-operating items	169 065	163 220	326 923
Headline adjustments	(18 203)	(29 783)	(35 361)
Headline earnings	150 862	133 437	291 562
Earnings per share (pence)			
– Basic	11.6	16.2	34.3
– Diluted	11.0	15.3	32.3
Adjusted earnings per share (pence)			
– Basic	19.7	19.0	37.9
– Diluted	18.7	18.0	35.8
Dividends per share (pence)			
– Interim	8.5	8.0	8.0
– Final	N/A	N/A	11.0
Headline earnings per share (pence)			
– Basic	17.6	15.5	33.8
– Diluted	16.7	14.7	32.3
Number of weighted average shares (million)	858.1	859.6	862.6

**Restated for IFRIC 21 – refer to commentary section of this report.*

Combined consolidated statement of comprehensive income

GBP'000	Six months to 30 September 2014	Six months to 30 September 2013*	Year to 31 March 2014*
Profit after taxation	130 023	164 840	352 645
Other comprehensive income/(loss):			
Items that may be reclassified to the income statement:			
Fair value movements on cash flow hedges taken directly to other comprehensive income**	(5 124)	(7 772)	(3 582)
Gains on realisation of available-for-sale assets recycled through the income statement**	(4 432)	(3 123)	(2 972)
Fair value movements on available-for-sale assets taken directly to other comprehensive income**	9 158	(17 588)	347
Foreign currency adjustments on translating foreign operations	(115 842)	(276 215)	(407 479)
Items that will not be reclassified to the income statement:			
Remeasurement of net defined pension asset	–	–	(5 870)
Total comprehensive income/(loss)	13 783	(139 858)	(66 911)
Total comprehensive income/(loss) attributable to non-controlling interests	9 698	(16 188)	(12 724)
Total comprehensive loss attributable to ordinary shareholders	(17 850)	(147 631)	(89 455)
Total comprehensive income attributable to perpetual preferred securities	21 935	23 961	35 268
Total comprehensive income/(loss)	13 783	(139 858)	(66 911)

**Restated for IFRIC 21 – refer to commentary section of this report.*
***Net of taxation GBP(0.9) million (six months for 30 September: GBP3.1 million, year to 31 March 2014: GBP7.1 million).*

Summarised combined consolidated cash flow statements

GBP'000	Six months to 30 September 2014	Six months to 30 September 2013*	Year to 31 March 2014*
Cash inflows from operations	308 376	338 959	668 725
(Increase)/decrease in operating assets	(986 865)	300 556	(979 947)
Increase/(decrease) in operating liabilities	1 638 568	(103 257)	1 290 173
Net cash inflow from operating activities	960 079	536 258	978 951
Net cash inflow from investing activities^	81 915	128 257	24 313
Net cash outflow from financing activities	(168 665)	(254 137)	(234 601)
Effects of exchange rate changes on cash and cash equivalent	(46 188)	(195 790)	(281 225)
Net increase in cash and cash equivalents	827 141	214 588	487 438
Cash and cash equivalents at the beginning of the period	4 049 011	3 561 573	3 561 573
Cash and cash equivalents at the end of the period	4 876 152	3 776 161	4 049 011

**Restated for IFRIC 21 – refer to commentary section of this report.*
^Includes the cash flow effect on the sale of subsidiaries and disposal groups held for sale. Refer to commentary section of this report.

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).

Combined consolidated balance sheet

At GBP'000	30 September 2014	31 March 2014*	30 September 2013*	31 March 2013*
Assets				
Cash and balances at central banks	3 178 509	2 080 190	1 943 845	1 782 447
Loans and advances to banks	2 598 625	3 280 179	2 420 703	3 136 051
Non-sovereign and non-bank cash placements	567 683	515 189	474 151	420 960
Reverse repurchase agreements and cash collateral on securities borrowed	1 120 419	1 388 980	1 565 256	2 358 672
Sovereign debt securities	2 656 672	3 215 432	3 465 113	4 077 217
Bank debt securities	1 422 390	1 568 097	1 733 907	1 879 105
Other debt securities	469 524	605 378	574 285	449 216
Derivative financial instruments	1 994 238	1 619 415	2 001 005	1 983 132
Securities arising from trading activities	920 244	870 088	978 648	931 603
Investment portfolio	909 407	825 745	852 199	928 893
Loans and advances to customers	15 577 508	16 281 612	16 519 838	17 484 524
Own originated loans and advances to customers securitised	403 742	875 755	871 161	930 449
Other loans and advances	427 865	1 693 569	1 899 718	2 033 973
Other securitised assets	937 508	3 576 526	3 806 822	4 003 208
Interests in associated undertakings	23 664	24 316	25 728	27 950
Deferred taxation assets	87 070	131 142	132 750	165 457
Other assets	1 562 378	1 474 992	1 720 278	1 959 550
Property and equipment	99 792	108 738	124 398	134 101
Investment properties	529 600	509 228	395 277	451 975
Goodwill	363 518	433 571	456 284	466 906
Intangible assets	149 892	159 169	167 871	178 567
Non-current assets/disposal groups classified as held for sale	4 105 517	41 637	–	–
	40 105 765	41 278 948	42 129 237	45 783 956
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	5 825 535	5 862 959	5 400 964	6 226 142
	45 931 300	47 141 907	47 530 201	52 010 098
Liabilities				
Deposits by banks	2 101 544	2 721 170	2 351 429	3 047 636
Derivative financial instruments	1 178 641	1 170 232	1 208 577	1 443 325
Other trading liabilities	886 628	861 412	850 068	851 939
Repurchase agreements and cash collateral on securities lent	1 282 672	1 316 087	1 333 388	1 940 158
Customer accounts (deposits)	22 253 475	22 609 784	23 231 372	24 460 666
Debt securities in issue	1 929 850	1 596 630	1 636 276	1 901 776
Liabilities arising on securitisation of own originated loans and advances	105 266	729 534	892 173	926 335
Liabilities arising on securitisation of other assets	744 014	3 041 435	3 036 339	3 303 606
Current taxation liabilities	189 222	208 041	200 818	210 475
Deferred taxation liabilities	83 088	97 116	108 935	110 622
Other liabilities	2 202 592	1 572 877	1 862 165	1 890 359
Liabilities directly associated with non-current assets/disposal groups held for sale	1 977 507	–	–	–
	34 934 499	35 924 318	36 711 540	40 086 897
Liabilities to customers under investment contracts	5 824 152	5 861 389	5 399 181	6 224 062
Insurance liabilities, including unit-linked liabilities	1 383	1 570	1 782	2 080
	40 760 034	41 787 277	42 112 503	46 313 039
Subordinated liabilities	1 240 528	1 338 752	1 409 701	1 751 806
	42 000 562	43 126 029	43 522 204	48 064 845
Equity				
Ordinary share capital	225	224	224	223
Perpetual preference share capital	153	153	153	153
Share premium	2 457 327	2 473 131	2 490 408	2 494 618
Treasury shares	(93 650)	(85 981)	(62 762)	(89 545)
Other reserves	(590 248)	(467 247)	(376 541)	(93 537)
Retained income	1 640 801	1 652 016	1 546 285	1 353 298
Shareholders' equity excluding non-controlling interests	3 414 608	3 572 296	3 597 767	3 665 210
Other Additional Tier 1 securities in issue	30 012	–	–	–
Non-controlling interests	486 118	443 582	410 230	280 043
– Perpetual preferred securities issued by subsidiaries	239 466	252 713	261 425	279 041
– Non-controlling interests in partially held subsidiaries	246 652	190 869	148 805	1 002
Total equity	3 930 738	4 015 878	4 007 997	3 945 253
Total liabilities and equity	45 931 300	47 141 907	47 530 201	52 010 098

**Restated for IFRIC 21 – refer to commentary section of this report.*

Summarised combined consolidated statement of changes in equity

GBP'000	Six months to 30 September 2014	Six months to 30 September 2013*	Year to 31 March 2014*
Balance at the beginning of the period	4 015 878	3 945 253	3 945 253
Total comprehensive income/(loss) for the period	13 783	(139 858)	(66 911)
Share-based payments adjustments	28 710	33 204	66 905
Dividends paid to ordinary shareholders	(95 637)	(81 906)	(150 053)
Dividends paid to perpetual preference shareholders	(3 233)	(23 961)	(35 268)
Dividends paid to non-controlling interests	(28 896)	(265)	(5 838)
Issue of ordinary shares	38 901	31 650	31 650
Issue of Other Additional Tier 1 securities in issue	30 012	–	–
Issue of equity by subsidiaries	3 179	–	35 477
Acquisition of non-controlling interests	35	(254)	(270)
Non-controlling interest relating to disposal of subsidiaries	1 214	164 067	166 940
Partial disposal of subsidiary	39 818	–	–
Movement of treasury shares	(113 026)	(46 614)	(98 688)
Capital conversion of a subsidiary	–	126 681	126 681
Balance at the end of the period	3 930 738	4 007 997	4 015 878

**Restated for IFRIC 21 – refer to commentary section of this report.*

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

For the six months to 30 September 2014

GBP'000	UK and Other	Australia	UK and Other Total	Southern Africa	Total group
Asset Management	37 684	–	37 684	38 996	76 680
Wealth & Investment	26 912	–	26 912	11 126	38 038
Specialist Banking	17 959	(4 988)	12 971	113 080	126 051
Total group	82 555	(4 988)	77 567	163 202	240 769
Other non-controlling interest – equity					(957)
Operating profit					239 812

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

For the six months to 30 September 2013

GBP'000	UK and Other	Australia	UK and Other Total	Southern Africa	Total group
Asset Management	33 446	–	33 446	38 494	71 940
Wealth & Investment	20 690	–	20 690	10 151	30 841
Specialist Banking	25 740	(13 925)	11 815	107 081	118 896
Total group	79 876	(13 925)	65 951	155 726	221 677
Other non-controlling interest – equity					(1 493)
Operating profit					220 184

Restated for IFRIC 21 – refer to commentary section of this report.

Commentary

Investec plc and Investec Limited (combined results)
Unaudited combined consolidated financial results for the six months ended 30 September 2014

OVERALL GROUP PERFORMANCE

Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests ("operating profit") increased 8.6% to GBP240.8 million (2013: GBP221.7 million) – an increase of 21.8% on a currency neutral basis. Group results have been negatively impacted by the depreciation of the average Rand: Pounds Sterling exchange rate of approximately 19% over the period. The combined South African business reported operating profit 21.5% ahead of the prior period in Rand, whilst the combined UK and Other businesses posted a 17.6% increase in operating profit in Pounds Sterling.

Wealth & Investment's operating profit increased by 23.3%. Asset Management reported operating profit 6.6% ahead of the prior period. Both divisions benefited from higher levels of average funds under management and net inflows. Operating profit in the Specialist Banking business increased 6.0% largely due to strong performances from the South African banking business and the UK Corporate and Institutional business, and a lower loss reported by Australia, partially offset by less investment income earned on the Hong Kong investment portfolio.

Salient features of the period under review are:

- Adjusted earnings attributable to shareholders before goodwill, acquired intangibles and non-operating items increased 3.6% to GBP169.1 million (2013: GBP163.2 million) – an increase of 16.4% on a currency neutral basis.
- Adjusted earnings per share (EPS) before goodwill, acquired intangibles and non-operating items increased 3.7% from 19.0 pence to 19.7 pence – an increase of 16.3% on a currency neutral basis.
- Recurring income as a percentage of total operating income amounted to 77.1% (2013: 70.9%).
- The annualised credit loss charge as a percentage of average gross core loans and advances amounted to 0.70%, with impairments decreasing by 20.1% to GBP66.4 million.
- Third party assets under management increased 5.3% to GBP115.7 billion (31 March 2014: GBP109.9 billion).
- Customer accounts (deposits) decreased 1.6% to GBP22.3 billion (31 March 2014: GBP22.6 billion), however, adjusting for the sale of Investec Bank (Australia) Limited (as detailed in the "Notes to the commentary" section below) results in an increase of 5.6%.
- Core loans and advances decreased 6.9% to GBP16.0 billion (31 March 2014: GBP17.2 billion), however, adjusting for the sale of Investec Bank (Australia) Limited and Kensington (as detailed in the "Notes to the commentary" section below) results in an increase of 6.3%.
- The board declared a dividend of 8.5 pence per ordinary share (2013: 8.0 pence) resulting in a dividend cover based on the group's adjusted EPS before goodwill and non-operating items of 2.3 times (2013: 2.4 times), consistent with the group's dividend policy.

STRATEGIC REVIEW

Over the past year the group has focused on simplifying and reshaping its Specialist Banking business with a view to improving returns and has successfully restructured and sold certain businesses. These transactions include the sale of Investec Bank (Australia) Limited to the Bank of Queensland Limited (which became effective on 31 July 2014) and the pending sales of the UK Kensington business and the Irish Start mortgage business. Further information is provided in the "Notes to the commentary" section below. Upon completion of these pending transactions the group is expected to bolster its common equity tier one ratio in Investec plc from 9.5% to approximately 11.0%; significantly improve its leverage ratio in Investec plc from 7.6% to approximately 8.7%; reduce legacy assets in the UK by approximately GBP1.5 billion and reduce total loans and securitised assets by approximately GBP4.1 billion.

BUSINESS UNIT REVIEW

Asset Management

Asset Management increased operating profit by 6.6% to GBP76.7 million (2013: GBP71.9 million) benefiting from higher average funds under management and net inflows of GBP2.7 billion. Total funds under management amount to GBP71.7 billion (31 March 2014: GBP68.0 billion). Operating margin has improved to 35.7%. The sale of the 15% stake in the business to management was completed on 31 July 2013.

Wealth & Investment

Wealth & Investment operating profit increased by 23.3% to GBP38.0 million (2013: GBP30.8 million) supported by higher average funds under management, net inflows of GBP1.5 billion and improved operating margins. Total funds under management amount to GBP43.7 billion (31 March 2014: GBP41.5 billion). The division in the UK has benefited from the investment in its platforms and the employment of additional professional investment managers. The business in South Africa has continued to successfully leverage off the division's global investment platform and the group's integrated Private Client offering ("One Place").

Specialist Banking

Specialist Banking operating profit increased by 6.0% to GBP126.1 million (2013: GBP118.9 million).

South Africa saw a strong increase in net interest income driven by loan book growth and a positive endowment impact. The unlisted investment portfolio performed well during the period. The group continued to grow its professional finance business and the investment and trading property portfolios delivered a sound performance. Corporate activity remained broadly in line with the prior period. The business reported a decline in impairments with the credit loss ratio on average core loans and advances improving to 0.29% (31 March 2014: 0.42%).

In the UK the ongoing business reported operating profit of GBP70.2 million (2013:GBP75.0 million), whilst the legacy business reported a loss of GBP52.2 million (2013: a loss of GBP49.2 million). The business reported an improvement in its cost of funding and experienced strong growth in corporate fees, notably in the corporate finance and corporate treasury teams. Results were negatively impacted by lower returns earned on the Hong Kong investment portfolio and marginally higher impairments.

Further information on key developments within each of the business units is provided in a detailed report published on the group's website: http://www.investec.com

FINANCIAL STATEMENT ANALYSIS

Total operating income

Total operating income before impairment losses on loans and advances increased by 1.1% to GBP952.5 million (2013: GBP941.8 million).

Net interest income increased by 4.4% to GBP332.4 million (2013: GBP318.4 million) largely due to book growth, lower cost of funding in the UK and a positive endowment impact in South Africa. This was partially offset by a lower return earned on the legacy portfolios which are running down and the sale of Investec Bank (Australia) Limited.

Net fee and commission income increased by 8.7% to GBP527.0 million (2013: GBP484.9 million) as a result of higher average funds under management and net inflows in the asset management and wealth management businesses. The Specialist Banking business benefited from a solid performance from the corporate finance and corporate treasury businesses, notably in the UK, and the professional private banking business in South Africa continued to perform well.

Investment income decreased by 25.6% to GBP46.0 million (2013: GBP61.8 million). The group's unlisted investment portfolio in the UK and South Africa delivered a solid performance. This was offset however, by a weaker performance from the Hong Kong portfolio.

Trading income arising from customer flow decreased by 5.8% to GBP51.3 million (2013: GBP54.4 million) whilst trading income from other trading activities reflected a loss of GBP9.2 million (2013: profit of GBP13.7 million) due to foreign currency losses largely offset in non-controlling interests as discussed below.

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

Impairment losses on loans and advances

Impairments on loans and advances decreased from GBP83.1 million to GBP66.4 million. Since 31 March 2014 gross defaults have improved from GBP658.7 million to GBP612.7 million. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounted to 2.23% (31 March 2014: 2.30%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.29 times (31 March 2014: 1.27 times).

Operating costs

The ratio of total operating costs to total operating income was 67.8% (2013: 67.7%). Total operating costs grew by 1.7% to GBP645.2 million (2013: GBP634.7 million) reflecting: an increase in headcount in the asset management and wealth management businesses to support growth initiatives; inflationary increases in fixed costs in the Specialist Bank in home currencies; an increase in variable remuneration given increased profitability in certain businesses; a reduction in costs arising from the sale of certain businesses in Australia.

Impairment of goodwill

The goodwill impairment largely relates to the restructure of the Australian business.

Amortisation of acquired intangibles

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

Net loss after tax on sale of subsidiaries and disposal groups held for sale

Net loss on sale of subsidiaries and disposal groups held for sale comprises a net profit on the sale of Investec Bank (Australia) Limited offset by a net loss on the pending sale of the Kensington UK and Start Irish operations as detailed in the "Notes to the commentary" section below.

The net loss after taxation can be analysed further as follows:

	GBP'million
Net gain before goodwill and taxation	46.7
Goodwill	(65.3)
Net loss on sale of subsidiaries and disposal groups held for sale	(18.6)
Related tax expense	(35.4)
Net loss after tax	(54.0)

Taxation

The effective tax rate amounts to 18.8% (2013:17.4%).

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests mainly comprises:

- GBP9.4 million profit attributable to non-controlling interests in the Asset Management business.
- GBP8.3 million profit attributable to non-controlling interests in the Investec Property Fund Limited.
- A reduction of GBP9.6 million relating to Euro denominated preferred securities issued by a subsidiary of Investec plc which are reflected on the balance sheet as part of non-controlling interests. (The transaction is hedged and a forex transaction loss arising on the hedge is reflected in operating profit before goodwill with the equal and opposite impact reflected in earnings attributable to non-controlling interests).

BALANCE SHEET ANALYSIS

Since 31 March 2014:

- Total shareholders' equity (including non-controlling interests) decreased by 2.1% to GBP3.9 billion. The weakening of the closing Rand exchange rate relative to Pounds Sterling has resulted in a reduction in total equity of GBP117 million.
- Net asset value per share decreased 4.9% to 357.7 pence and net tangible asset value per share (which excludes goodwill and intangible assets) decreased by 3.1% to 299.4 pence largely as a result of the depreciation of the Rand as described above.
- The return on adjusted average shareholders' equity increased from 10.0% to 10.7%.

Liquidity and funding

As at 30 September 2014 the group held GBP9.0 billion in cash and near cash balances (GBP4.5 billion in Investec plc and R82.3 billion in Investec Limited) which amounted to 32.7% of its liability base. Loans and advances to customers as a percentage of customer deposits amounted to 69.5% (31 March 2014: 72.0%).

Capital adequacy and leverage ratios

The group is targeting a minimum common equity tier one capital ratio above 10% by March 2016 and a total capital adequacy ratio range of 14% to 17% on a consolidated basis for each of Investec plc and Investec Limited respectively. The group's anticipated fully loaded Basel III common equity tier 1 capital adequacy ratios in both Investec plc and Investec Limited are reflected in the table below.

	30 Sep 2014	31 Mar 2014
Investec plc^		
Capital adequacy ratio	16.4%	15.3%
Tier 1 ratio	11.4%	10.5%
Common equity tier 1 ratio	9.5%	8.8%
Common equity tier 1 ratio (anticipated Basel III "fully loaded"*)	9.6%	8.8%
Leverage ratio (current)	7.6%	7.4%
Leverage ratio (anticipated Basel III "fully loaded"*)	6.4%	6.2%
Investec Limited		
Capital adequacy ratio	15.0%	14.9%
Tier 1 ratio	11.2%	11.0%
Common equity tier 1 ratio	9.5%	9.4%
Common equity tier 1 ratio (anticipated Basel III "fully loaded"*)	9.4%	9.3%
Leverage ratio (current*)	8.2%	7.8%
Leverage ratio (anticipated Basel III "fully loaded"*)	7.2%	6.7%

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 capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc this does not include the deduction of foreseeable dividends when calculating CET1 as now required under the CRR and EBA technical standards. The impact of the final proposed ordinary and preference dividends totalling GBP54 million for Investec plc would be around 40 bps.

OUTLOOK

The group has reshaped its business model, both through the sales of businesses referred to above and the restructuring that has taken place over the past few years. Whilst economic conditions have improved in the developed world, volatility and uncertainty remain a feature. Additionally, South Africa's economic growth has been weak with a difficult outlook, which could negatively affect growth prospects. Notwithstanding, the group believes that these strategic initiatives place Investec in a favourable position to make progress in its core client- and geographic- markets.

On behalf of the boards of Investec plc and Investec Limited

Fani Titi	Stephen Koseff	Bernard Kantor
Chairman	Chief Executive Officer	Managing Director

19 November 2014

NOTES TO THE COMMENTARY SECTION ABOVE

PRESENTATION OF FINANCIAL INFORMATION

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

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

Accordingly, the interim results for Investec plc and Investec Limited present the results and financial position of the combined DLC group under International Financial Reporting Standards (IFRS), denominated in Pounds Sterling. In the commentary above, all references to Investec or the group relate to the combined DLC group comprising Investec plc and Investec Limited.

Unless the context indicates otherwise, all comparatives included in the commentary above relate to the six months ended 30 September 2013.

Amounts represented on a currency neutral basis for balance sheet items assume that the closing exchange rates of the group's relevant exchange rates, as reflected below, remain the same as at 30 September 2014 when compared to 31 March 2014. Amounts represented on a currency neutral basis for income statement items assume that the average exchange rates of the group's relevant exchange rates, as reflected below, remain the same as at 30 September 2014 when compared to 30 September 2013.

FOREIGN CURRENCY IMPACT

The group's reporting currency is Pounds Sterling. Certain of the group's operations are conducted by entities outside the UK. The results of operations and the financial position of the individual companies are reported in the local currencies in which they are domiciled, including Rands, Australian Dollars, Euros and US Dollars. These results are then translated into Pounds Sterling at the applicable foreign currency exchange rates for inclusion in the group's combined consolidated financial statements. In the case of the income statement, the weighted average rate for the relevant period is applied and, in the case of the balance sheet, the relevant closing rate is used.

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

Currency per GBP1.00	Six months to 30 Sep 2014 Period end	Six months to 30 Sep 2014 Average	Year to 31 Mar 2014 Period end	Year to 31 Mar 2014 Average	Six months to 30 Sep 2014 Period end	Six months to 30 Sep 2014 Average
South African Rand	18.33	17.86	17.56	16.12	16.29	15.03
Australian Dollar	1.85	1.81	1.80	1.72	1.73	1.63
Euro	1.28	1.24	1.21	1.19	1.20	1.17
US Dollar	1.62	1.68	1.67	1.59	1.62	1.54

Exchange rates between local currencies and Pounds Sterling have fluctuated over the period. The most significant impact arises from the volatility of the Rand. The average exchange rate over the period has depreciated by 18.8% and the closing rate has depreciated by 4.4% since 31 March 2014.

SALE OF INVESTEC BANK (AUSTRALIA) LIMITED

The sale of Investec Bank (Australia) Limited's Professional Finance and Asset Finance and Leasing businesses and its deposit book to Bank of Queensland Limited was effective 31 July 2014 for cash proceeds of GBP122 million.This has resulted in the derecognition of approximately GBP2 billion of assets and approximately GBP2.2billion of liabilities associated with the businesses sold.

The group continues to have a presence in Australia, focusing on its core activities of Specialised Finance, Corporate Advisory, Property Fund Management and Asset Management. The remaining business will operate as a non-banking subsidiary of the Investec group. As a result, the group has decided to no longer report the activities of its Australian businesses separately with these activities now reported under the "UK and Other" geographical segment and the "UK and Other" Specialist Banking segment.

PENDING SALES OF KENSINGTON GROUP PLC AND START MORTGAGE HOLDINGS LIMITED

On 9 September 2014 the group announced the sale of its UK intermediated mortgage business Kensington Group plc ("Kensington") together with certain other Investec mortgage assets to funds managed by Blackstone Tactical Opportunities Advisors L.L.C. and TPG Special Situations Partners for GBP180 million in cash based on a tangible net asset value of the business of GBP165 million at 31 March 2014.

On 15 September 2014 the group announced the sale of its Irish intermediated mortgage business Start Mortgage Holdings Limited ("Start") together with certain other Irish mortgage assets to an affiliate of Lone Star Funds.

The Start transaction has been approved by the regulator, whilst the Kensington transaction is still subject to regulatory approval.

As the group views these transactions as highly probable, the group has accounted for these transactions in terms of IFRS 5 and has thus reflected all assets and liabilities associated with the sale as a single asset and liability line on the face of the consolidated balance sheet as described as "non-current assets/liabilities or disposal groups held for sale".

ACCOUNTING POLICIES AND DISCLOSURES

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

The accounting policies applied in the preparation of the results for the period to 30 September 2014 are consistent with those adopted in the financial statements for the year ended 31 March 2014 except as noted below.

IFRIC 21 'Levies'

The group has adopted IFRIC 21 'Levies' from 1 April 2014. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy and an entity does not have a constructive obligation to pay a levy that will be triggered in a future period as a result of being economically compelled to continue to operate in that future period. The new interpretation has been applied retrospectively and its application has caused the recognition date for the Financial Services Compensation Scheme levy in the UK to be changed from 31 December prior to the beginning of the relevant levy year to the following 1 April. The group has accordingly restated the prior periods to reflect this change.

The impact of the restatement in the 6 months to 30 September 2013 is an increase in Operating Costs and Other liabilities of GBP1.1 million and a decrease in Taxation on operating profit before goodwill and Deferred taxation liabilities of GBP0.2 million. The impact in the year to 31 March 2013 is a decrease in Operating Costs and Other Liabilities of GBP4.7 million and an increase in Taxation on operating profit before goodwill and Deferred taxation liabilities of GBP1.0 million. The net impact on Retained income at 31 March 2014 is an increase of GBP2.8 million.

The financial results have been prepared under the supervision of Glynn Burger, the Group Risk and Finance Director. The financial statements for the six months to 30 September 2014 will be posted to stakeholders on 28 November 2014. These accounts will be available on the group's website at the same date.

PROVISO

- Please note that matters discussed in this announcement may contain forward looking statements which are subject to various risks and uncertainties and other factors, including, but not limited to:
- the further development of standards and interpretations under IFRS applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS.
- domestic and global economic and business conditions.
- market related risks.
- A number of these factors are beyond the group's control.
- These factors may cause the group's actual future results, performance or achievements in the markets in which it operates to differ from those expressed or implied.
- Any forward looking statements made are based on the knowledge of the group at 19 November 2014.
- The information in the announcement for the six months ended 30 September 2014, which was approved by the board of directors on 19 November 2014, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. The 31 March 2014 financial statements were filed with the registrar and were unqualified with the audit report containing no statements in respect of sections 498(2) or 498(3) of the UK Companies Act.
- This announcement is available on the group's website: www.investec.com

Analysis of assets and liabilities at fair value and amortised cost

At 30 September 2014 GBP'000	Instruments at fair value	Instruments at amortised cost	Insurance related	Non-financial instruments	Total
Assets					
Cash and balances at central banks	6 491	3 172 018	–	–	3 178 509
Loans and advances to banks	118 182	2 480 443	–	–	2 598 625
Non-sovereign and non-bank cash placements	1 319	566 364	–	–	567 683
Reverse repurchase agreements and cash collateral on securities borrowed	641 269	479 150	–	–	1 120 419
Sovereign debt securities	2 464 490	192 182	–	–	2 656 672
Bank debt securities	614 217	808 173	–	–	1 422 390
Other debt securities	388 165	81 359	–	–	469 524
Derivative financial instruments	1 994 238	–	–	–	1 994 238
Securities arising from trading activities	920 244	–	–	–	920 244
Investment portfolio	909 407	–	–	–	909 407
Loans and advances to customers	729 810	14 847 698	–	–	15 577 508
Own originated loans and advances to customers securitised	–	403 742	–	–	403 742
Other loans and advances	–	427 865	–	–	427 865
Other securitised assets	796 778	140 730	–	–	937 508
Interests in associated undertakings	–	–	–	23 664	23 664
Deferred taxation assets	–	–	–	87 070	87 070
Other assets	33 388	1 213 577	–	315 413	1 562 378
Property and equipment	–	–	–	99 792	99 792
Investment properties	–	–	–	529 600	529 600
Goodwill	–	–	–	363 518	363 518
Intangible assets	–	–	–	149 892	149 892
Non-current assets/disposal group classified as held for sale	4 065 628	–	–	39 889	4 105 517
	13 683 626	24 813 301	–	1 608 838	40 105 765
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	–	5 825 535	–	5 825 535
	13 683 626	24 813 301	5 825 535	1 608 838	45 931 300
Liabilities					
Deposits by banks	–	2 101 544	–	–	2 101 544
Derivative financial instruments	1 178 641	–	–	–	1 178 641
Other trading liabilities	886 628	–	–	–	886 628
Repurchase agreements and cash collateral on securities lent	415 769	866 903	–	–	1 282 672
Customer accounts (deposits)	946 110	21 307 365	–	–	22 253 475
Debt securities in issue	508 785	1 421 065	–	–	1 929 850
Liabilities arising on securitisation of own originated loans and advances	–	105 266	–	–	105 266
Liabilities arising on securitisation of other assets	735 625	8 389	–	–	744 014
Current taxation liabilities	–	–	–	189 222	189 222
Deferred taxation liabilities	–	–	–	83 088	83 088
Other liabilities	71 486	1 801 330	–	329 777	2 202 593
Liabilities directly associated with non-current assets/disposal groups held for sale	1 977 507	–	–	–	1 977 507
	6 720 551	27 611 862	–	602 087	34 934 500
Liabilities to customers under investment contracts	–	–	5 824 152	–	5 824 152
Insurance liabilities, including unit-linked liabilities	–	–	1 382	–	1 382
	6 720 551	27 611 862	5 825 534	602 087	40 760 034
Subordinated liabilities	–	1 240 528	–	–	1 240 528
	6 720 551	28 852 390	5 825 534	602 087	42 000 562

Financial instruments carried at fair value

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

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

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

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

Assets and liabilities related to the long-term assurance business attributable to policyholders have been excluded from the analysis as the change in fair value of related assets is attributable to policyholders. The linked assets are classified as level 1.

at 30 September 2014 GBP'000	Total instruments at fair value	Level within the fair value hierarchy Level 1	Level 2	Level 3
Assets				
Cash and balances at central banks	6 491	6 491	–	–
Loans and advances to banks	118 182	118 182	–	–
Non-sovereign and non-bank cash placements	1 319	–	1 319	–
Reverse repurchase agreements and cash collateral on securities borrowed	641 269	–	641 269	–
Sovereign debt securities	2 464 490	2 464 490	–	–
Bank debt securities	614 217	173 770	440 447	–
Other debt securities	388 165	350 540	17 399	20 226
Derivative financial instruments	1 994 238	937 140	1 027 045	30 053
Securities arising from trading activities	920 244	920 244	–	–
Investment portfolio	909 407	116 021	160 950	632 436
Loans and advances to customers	729 810	–	690 531	39 279
Other securitised assets	796 778	–	–	796 778
Other assets	33 388	33 388	–	–
Non-current assets/disposal groups classified as held for sale	4 065 628	–	4 065 628	–
	13 683 626	5 120 266	7 044 588	1 518 772
Liabilities				
Derivative financial instruments	1 178 641	385 035	787 616	5 990
Other trading liabilities	886 628	861 091	25 537	–
Repurchase agreements and cash collateral on securities lent	415 769	–	415 769	–
Customer accounts (deposits)	946 110	–	946 110	–
Debt securities in issue	508 785	–	508 785	–
Liabilities arising on securitisation of other assets	735 625	–	–	735 625
Other liabilities	71 486	39 923	31 563	–
Liabilities directly associated with non-current assets/disposal groups held for sale	1 977 507	–	1 977 507	–
	6 720 551	1 286 049	4 692 887	741 615
Net assets	6 963 075	3 834 217	2 351 701	777 157

Transfers between level 1 and level 2

There have been no transfers between level 1 and level 2 in the current period.

Level 3 instruments

GBP'000	Total level 3 financial instruments	Fair value movements through income statement	Fair value movements through other comprehensive income
The following table is a reconciliation of the opening balances to the closing balances for fair value measurements in level 3 of the fair value hierarchy:			
Net opening balance at 1 April 2014	869 172	844 026	25 146
Total gains or losses	18 613	18 393	220
In the income statement	18 302	18 393	(91)
In the statement of comprehensive income	311	–	311
Purchases	35 732	35 722	10
Sales	(154 973)	(154 383)	(590)
Issues	1 338	1 338	–
Settlements	10 200	10 200	–
Transfers into level 3	60 227	60 227	–
Transfers out of level 3	403	403	–
Transfer into non-current assets/disposal groups held for sale	(43 602)	(43 602)	–
Foreign exchange adjustments	(19 953)	(19 953)	–
Balance as at 30 September 2014	777 157	752 371	24 786

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

Six months to 30 September 2014 GBP'000	Total	Realised	Unrealised
Total gains or losses included in the income statement for the period			
Net interest expense	(456)	(456)	–
Fee and commission expense	(14 144)	(15 333)	1 189
Investment income	27 069	(9 043)	36 112
Trading income arising from customer flow	5 336	(206)	5 542
Trading income arising from balance sheet management and other trading activities	445	(202)	647
Other operating income	52	–	52
	18 302	(25 240)	43 542

Six months to 30 September 2014 GBP'000	Total	Realised	Unrealised
Total gains or losses included in other comprehensive income for the period			
Fair value movements on available-for-sale assets taken directly to other comprehensive income	311	–	311
	311	–	311

For the period ended 30 September 2014, instruments to the value of (GBP2.3 million) were transferred from level 3 into level 2 due to the valuation methodologies being reviewed and observable inputs are used to determine the fair value. GBP1.9 million worth of assets have been transferred from level 3 to level 2 due to an observable market input becoming available.

In addition GBP43.6 million of instruments previously classified as level 3 were transferred to level 2 as a result of being held as assets and liabilities held for sale at 30 September 2014. This has resulted in a change in valuation technique from their original holding at fair value to fair value less costs to sell which is in accordance with IFRS 5 and is measured by reference to the agreed sale documents. The assets and liabilities held for sale also include assets and liabilities which were previously measured at amortised cost which are now held at fair value less costs to sell.

There were transfers from level 2 to the level 3 category to the value of GBP60.2 million because the underlying circumstances of the instrument changed and as a result, the significant valuation inputs became unobservable in the market.

The group transfers between levels within the fair value hierarchy when the observability of inputs change or if the valuation methods change.

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:

	Balance sheet value	Valuation method	Significant unobservable input changed	Range which unobservable input has been stressed	Reflected in the income statement (GBP'000) Favourable changes	Unfavourable changes
Assets						
Other debt securities	20 226				394	(443)
		Discounted cash flows	Credit spreads	(5%) – 5%	118	(118)
		Other	Other	(6%) – 5%	276	(325)
Derivative financial instruments	30 053				13 710	(6 263)
		Discounted cash flows	Volatilities	(2%) – 2%	2 212	(810)
		Discounted cash flows	Credit spreads	(50bps) – 50bps	873	(817)
		Black Scholes	Volatilities	20%/50%	1 684	(1 053)
		Other***	Various***	***	7 099	(2 908)
			Other	(11%) – 10%	1 842	(675)
Investment portfolio	607 651				109 116	(68 241)
		Price earnings multiple	EBITDA	(10%) –10% or 5x EBITDA	1 096	(4 344)
		Other***	Various***	***	96 210	(54 577)
			Other	(10%) – 10%	11 810	(9 320)
Loans and advances to customers	39 279				2 223	(5 197)
		Discounted cash flows	Cash flows	(9%) – 3%	1 102	(3 755)
			Other		1 121	(1 442)
Other securitised assets^	796 778				20 693	(21 300)
		Other	Underlying market price	(5%)/5%	19 493	(19 493)
		Discounted cash flows	Credit spreads	– 6 months/ + 12-month adjustment to CDR curve	1 200	(1 807)
Liabilities						
Derivative financial instruments	5 990		Basis risk and yield curve	(10 bps) – 10bps	2 429	(609)
Liabilities arising on securitisation of other assets^	735 625	Modelled bond prices	Credit spreads	(6.5bps) – 6.5bps	1 210	(751)
		Other	Underlying market price	(5%)/5%	22 244	(21 679)
	752 372				172 019	(124 483)

	Balance sheet value	Valuation method	Significant unobservable input changed	Range which unobservable input has been stressed	Reflected in other comprehensive income (GBP'000) Favourable changes	Unfavourable changes
Assets						
Investment portfolio	24 785				1 333	(884)
		Price earnings multiple	EBITDA	(10%) – 10% or 5x EBITDA	1 304	(855)
			Other	(10%) – 10%	29	(29)

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

****Other – The valuation sensitivity for the private equity and embedded derivatives (profit share) portfolios has been assessed by adjusting various inputs such as expected cash flows, discount rates, earnings multiples rather than a single input. It is deemed appropriate to reflect the outcome on a portfolio basis for the purposes of this analysis as the sensitivity of the investments cannot be determined through the adjustment of a single input.*

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 a 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.

EBITDA

A company's earnings before interest, taxes, depreciation and amortisation. This is the main input into a price earnings multiple valuation method.

Level 2 financial assets and financial liabilities

The following table sets out the group's principal valuation techniques at 30 September 2014 used in determining the fair value of its financial assets and financial liabilities that are classified within level 2 of the fair value hierarchy:

	Valuation basis/techniques	Main inputs
Assets		
Non-sovereign and non-bank cash placements	Discounted cash flow model	Discount rates
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model, Hermite interpolation	Discount rates
	Black-Scholes	Volatilities
Bank debt securities	Discounted cash flow model	Discount rates, swap curves and NCD curves
Other debt securities	Discounted cash flow models	Discount rates, swap curves and NCD curves, external prices, broker quotes
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, Industry standard derivative pricing models including Black-Scholes	Discount rate, risk free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Investment portfolio	Discounted cash flow model, net asset value model	Discount rate and fund unit price, cash flows
	Comparable quoted inputs	Net assets
Loans and advances to customers	Discounted cash flow model	Discount rates
Liabilities		
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, Industry standard derivative pricing models including Black-Scholes	Discount rate, risk free rate, volatilities, forex forward points and spot rates, interest rate swap, credit and curves
Other trading liabilities	Discounted cash flow model	Discount rates
Repurchase agreements and cash collateral on securities lent	Discounted cash flow model, Hermite interpolation	Discount rates
Customer accounts (deposits)	Discounted cash flow model	Discount rates
Debt securities in issue	Discounted cash flow model	Discount rates
Other liabilities	Discounted cash flow model	Discount rates

Fair value of financial assets and liabilities measured at amortised cost

at 30 September 2014 GBP'000	Carrying amount	Fair value
Assets		
Cash and balances at central banks	3 172 018	3 172 018
Loans and advances to banks	2 480 443	2 471 517
Non-sovereign and non-bank cash placements	566 364	566 364
Reverse repurchase agreements and cash collateral on securities borrowed	479 150	479 211
Sovereign debt securities	192 182	197 676
Bank debt securities	808 173	840 461
Other debt securities	81 359	95 212
Loans and advances to customers	14 847 698	14 894 765
Own originated loans and advances to customers securitised	403 742	403 742
Other loans and advances	427 865	382 224
Other securitised assets	140 730	140 730
Other assets	1 213 577	1 193 654
	24 813 301	24 837 574
Liabilities		
Deposits by banks	2 101 544	2 168 127
Repurchase agreements and cash collateral on securities lent	866 903	893 314
Customer accounts (deposits)	21 307 365	21 179 286
Debt securities in issue	1 421 065	1 464 481
Liabilities arising on securitisation of own originated loans and advances	105 266	109 877
Liabilities arising on securitisation of other assets	8 389	8 389
Other liabilities	1 801 330	1 786 345
Subordinated liabilities	1 240 528	1 322 059
	28 852 390	28 931 878

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- Please note that matters discussed in this announcement may contain forward looking statements which are subject to various risks and uncertainties and other factors, including, but not limited to:
  - the further development of standards and interpretations under IFRS applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS.
  - domestic and global economic and business conditions.
  - market related risks.
- A number of these factors are beyond the group's control.
- These factors may cause the group's actual future results, performance or achievements in the markets in which it operates to differ from those expressed or implied.
- Any forward looking statements made are based on the knowledge of the group at 19 November 2014.
- The information in the announcement for the six months to 30 September 2014, which was approved by the board of directors on 19 November 2014, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. The 31 March 2014 financial statements were filed with the registrar and were unqualified with the audit report containing no statements in respect of sections 498(2) or 498(3) of the UK Companies Act.

Investec plc
Ordinary dividend announcement
Registration number: 3633621
Share code: INP
ISIN: GB00B17BBQ50

Declaration of dividend number 25

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

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

Notice is hereby given that an interim dividend number 25 of 8.5 pence (2013: 8.0 pence) per ordinary share has been declared by the board from income reserves in respect of the six months ended 30 September 2014 payable to shareholders recorded in the members' register of the company at the close of business on Friday, 12 December 2014, which will be paid as follows:

- for non-South African resident Investec plc shareholders, through a dividend payment by Investec plc from income reserves of 8.5 pence per ordinary share
- for South African resident shareholders of Investec plc, through a dividend payment by Investec plc from income reserves of 8.5 pence per ordinary share

The relevant dates for the payment of dividend number 25 are as follows:

Last day to trade cum-dividend	
On the London Stock Exchange (LSE)	Wednesday, 10 December 2014
On the Johannesburg Stock Exchange (JSE)	Friday, 05 December 2014
Shares commence trading ex-dividend	
On the London Stock Exchange (LSE)	Thursday, 11 December 2014
On the Johannesburg Stock Exchange (JSE)	Monday, 08 December 2014
Record date (on the JSE and LSE)	Friday, 12 December 2014
Payment date (on the JSE and LSE)	Monday, 29 December 2014

Share certificates on the South African branch register may not be dematerialised or rematerialised between Monday, 08 December 2014 and Friday, 12 December 2014, both dates inclusive, nor may transfers between the UK and SA registers take place between Monday, 08 December 2014 and Friday, 12 December 2014, both dates inclusive.

Additional information for South African resident shareholders of Investec plc

- Investec plc UK tax reference number: 2683967322360.
- Shareholders registered on the South African register are advised that the distribution of 8.5 pence, equivalent to a gross dividend of 146 cents per share, has been arrived at using the Rand/Pound Sterling average buy/sell forward rate, as determined at 11:00 (SA time) on Wednesday, 19 November 2014.
- The issued ordinary share capital of Investec plc is 613 609 642 ordinary shares.
- The dividend paid by Investec plc to South African resident shareholders subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated).
- No Secondary Tax on Companies ("STC") credits have been utilised in respect of this ordinary share dividend declaration.
- Shareholders registered on the South African register who are exempt from paying the Dividend Tax will receive a net dividend of 146.00000 cents per share.
- Shareholders registered on the South African register who are not exempt from paying the Dividend Tax will receive a net dividend of 124.10000 cents per share (gross dividend of 146.0000 cents per share less Dividend Tax of 21.9000 cents per share).

By order of the board

D Miller
Company Secretary
19 November 2014

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

Declaration of dividend number 118

Notice is hereby given that an interim dividend number 118 of 146 cents (2013: 131 cents) per ordinary share has been declared by the board from income reserves in respect of the six months ended 30 September 2014 payable to shareholders recorded in the shareholders' register of the company at the close of business on Friday, 12 December 2014.

The relevant dates for the payment of dividend number 118 are as follows:

Last day to trade cum-dividend	Friday, 05 December 2014
Shares commence trading ex-dividend	Monday, 08 December 2014
Record date (on the JSE)	Friday, 12 December 2014
Payment date (on the JSE)	Monday, 29 December 2014

The interim gross dividend of 146 cents per ordinary share has been determined by converting the Investec plc distribution of 8.5 pence per ordinary share into Rands using the Rand/Pounds Sterling average buy/sell forward rate at 11:00 (SA time) on Wednesday, 19 November 2014.

Share certificates may not be dematerialised or rematerialised between Monday, 08 December 2014 and Friday, 12 December 2014, both dates inclusive.

Additional information to take note of:

- The Investec Limited company tax reference number: 9800/181/71/2
- The issued ordinary share capital of Investec Limited is 285 748 623 ordinary shares.
- The dividend paid by Investec Limited is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated).
- No Secondary Tax on credits ("STC") have been utilised in respect of this ordinary share dividend declaration.
- Shareholders who are exempt from paying the Dividend Tax will receive a net dividend of 146.00000 cents per ordinary share.
- Shareholders who are not exempt from paying the Dividend Tax will receive a net dividend of 124.10000 cents per ordinary share (gross dividend of 146.00000 cents per ordinary share less Dividend Tax of 21.90000 cents per ordinary share).

By order of the board

N van Wyk
Company Secretary
19 November 2014

Investec plc
Preference share dividend announcement
Registration number: 3633621
Share code: INPP
ISIN: GB00B19RX541

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

Declaration of dividend number 17

Notice is hereby given that preference dividend number 17 has been declared from income reserves for the period 01 April 2014 to 30 September 2014 amounting to 7.52055 pence per preference share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 05 December 2014.

For shares trading on the Johannesburg Stock Exchange (JSE), the dividend of 7.52055 pence per preference share is equivalent to a gross dividend of 129.54100 cents per share, which has been determined using the Rand/Pound Sterling average buy/sell forward rate as at 11:00 (SA Time) on Wednesday, 19 November 2014.

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

	Last day to trade cum-dividend
On the Channel Islands Stock Exchange (CISX)	Wednesday, 03 December 2014
On the Johannesburg Stock Exchange (JSE)	Friday, 28 November 2014
	Shares commence trading ex-dividend
On the Channel Islands Stock Exchange (CISX)	Thursday, 04 December 2014
On the Johannesburg Stock Exchange (JSE)	Monday, 01 December 2014
Record date (on the JSE and CISX)	Friday, 05 December 2014
Payment date (on the JSE and CISX)	Monday, 15 December 2014

Share certificates may not be dematerialised or rematerialised between Monday, 01 December 2014 and Friday, 05 December 2014 both dates inclusive, nor may transfers between the UK and SA registers may take place between Monday, 01 December 2014 and Friday, 05 December 2014, both dates inclusive.

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

- Investec plc tax reference number: 2683967322360
- The issued preference share capital of Investec plc is 15 081 149 preference shares.
- The dividend paid by Investec plc to South African resident shareholders is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated).
- No Secondary Tax on Companies ("STC") credits have been utilised in respect of this preference share dividend declaration.
- The net dividend amounts to 110.10985 cents per preference share for preference shareholders liable to pay the Dividend Tax and 129.54100 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

D Miller
Company Secretary
19 November 2014

Investec plc
Rand denominated preference share dividend announcement
Registration number: 3633621
Share code: INPPR
ISIN: GB00B4B0Q974

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

Declaration of dividend number 7

Notice is hereby given that preference dividend number 7 has been declared from income reserves for the period 01 April 2014 to 30 September 2014 amounting to 433.55137 cents per preference share payable to holders of the Rand denominated non-redeemable non-cumulative non-participating perpetual preference shares as recorded in the books of the company at the close of business on Friday, 05 December 2014.

The relevant dates relating to the payment of dividend number 7 are as follows:

Last day to trade cum-dividend	Friday, 28 November 2014
Shares commence trading ex-dividend	Monday, 01 December 2014
Record date	Friday, 05 December 2014
Payment date	Monday, 15 December 2014

Share certificates may not be dematerialised or rematerialised between Monday, 01 December 2014 and Friday, 05 December 2014, both dates inclusive.

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

- Investec plc tax reference number: 2683967322360
- The issued preference share capital of Investec plc is 2 275 940 preference shares.
- The dividend paid by Investec plc to South African resident shareholders is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated).
- No Secondary Tax on Companies ("STC") credits have been utilised in respect of this preference share dividend declaration.
- The net dividend amounts to 368.51866 cents per preference share for preference shareholders liable to pay the Dividend Tax and 433.55137 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

D Miller
Company Secretary
19 November 2014

Investec Limited
Preference share dividend announcement
Incorporated in the Republic of South Africa
Registration number: 1925/002833/06
JSE Share Code: INPR
NSX ordinary share code: IVD
BSE ordinary share code: INVESTEC
ISIN: ZAE000063814

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

Declaration of dividend number 20

Notice is hereby given that preference dividend number 20 has been declared from income reserves for the period 01 April 2014 to 30 September 2014 amounting to 354.91885 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, 05 December 2014.

The relevant dates for the payment of dividend number 20 are as follows:

Last day to trade cum-dividend	Friday, 28 November 2014
Shares commence trading ex-dividend	Monday, 01 December 2014
Record date	Friday, 05 December 2014
Payment date	Monday, 15 December 2014

Share certificates may not be dematerialised or rematerialised between Monday, 01 December 2014 and Friday, 05 December 2014, both dates inclusive.

Additional information to take note of:

- The Investec Limited company tax reference number: 9800/181/71/2
- The issued preference share capital of Investec Limited is 32 214 499 preference shares in this specific class.
- The dividend paid by Investec Limited is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated).
- No Secondary Tax on Companies ("STC") credits have been utilised in respect of this preference share dividend declaration.
- The net dividend amounts to 301.68102 cents per preference share for shareholders liable to pay the Dividend Tax and 354.91885 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