Out of the Ordinary®

Investec

Interim report for the six months ended 30 September 2014

Specialist Banking | Asset Management | Wealth & Investment

Corporate information

Investec plc and Investec Limited

Secretary and registered office

Investec plc

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Internet address

www.investec.com

Registration number

Investec plc

Registration number 3633621

Investec Limited

Registration number 1925/002833/06

Auditors

Ernst & Young LLP
Ernst & Young Inc.

Registrars in the UK

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Telephone (44) 870 707 1077

Transfer secretaries in South Africa

Computershare Investor Services (Pty) Limited
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)
Hendrik J du Toit (chief executive officer, Investec Asset Management)

Non-executive directors

Fani Titi (chairman)
Zarina Bassa*
Cheryl A Carolus
Perry KO Crosthwaite (senior independent NED)
Bradley Fried
David Friedland
Haruko Fukuda OBE
Charles Jacobs^
Ian R Kantor
Lord Malloch-Brown^
Khumo Shuenyane^
Peter RS Thomas

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

For queries regarding information in this document

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Contents

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

Who we are

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

Founded as a leasing company in Johannesburg in 1974

We acquired a banking licence in 1980 and were listed on the JSE Limited South Africa in 1986.

In July 2002, we implemented a dual listed companies (DLC) structure with linked companies listed in London and Johannesburg

A year later, we concluded a significant empowerment transaction in which our empowerment partners collectively acquired a 25.1% stake in the issued share capital of Investec Limited.

Since inception, we have expanded through a combination of substantial organic growth and a series of strategic acquisitions

Today, we have an efficient integrated international business platform, offering all our core activities in the UK and South Africa and select activities in other countries.

What we do

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

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

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

We value

1 Distinctive performance	2 Client focus	3 Cast-iron integrity	4 Dedicated partnership
Outstanding talent – empowered, enabled and inspired Meritocracy Passion, energy, stamina, tenacity Entrepreneurial spirit	Distinctive offering Leverage resources Break china for the client	Moral strength Risk consciousness Highest ethical standards	Respect for others Embrace diversity Open and honest dialogue Unselfish contribution to colleagues, clients and society

Our philosophies

Single organisation

Meritocracy

Focused businesses

Differentiated, yet integrated

Employee ownership

Creating an environment that stimulates extraordinary performance.

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

The Investec distinction

1 Client focused approach

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

2 Specialised strategy

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

3 Sustainable business

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

4 Strong culture

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

Our strategy

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

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

Our current strategy

- Maintain momentum in Asset Management by focusing on investment performance
- Continue exploring opportunities to achieve a greater international reach in the Wealth & Investment business
- Grow the Specialist Banking businesses
- Accelerate the progress in dealing with the legacy portfolio
- Continue the progress made with the digitisation strategy and collaboration between the Private Bank and Wealth & Investment

Our long-term internationalisation strategy

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

Our diversified and balanced business model supporting long-term strategy.

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

Asset Management

Operating completely independently

Specialist Banking

Wealth & Investment

Corporate/institutional/government

Private client (High net worth/high income)/ charities/trusts

Asset Management:
Investment management services to external clients

Specialist Banking:
Advisory
Transactional banking
Lending
Treasury and trading
Investment activities

Wealth & Investment:
Investment management services
Independent financial planning advice

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

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

Capital light activities

Contribute 56% to group income

- Asset management
- Wealth management
- Advisory services
- Transactional banking services
- Property funds

Capital intensive activities

Contribute 44% to group income

- Lending portfolios
- Investment portfolios
- Trading income
  - client flows
  - balance sheet management

Fee and commission income ‹ Types of income › Net interest, investment and trading income

Strategic focus

Overview of **results**

Presentation of financial information

Introduction

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

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

Accordingly, the interim results for Investec plc and Investec Limited present the results and financial position of the combined DLC group under International Financial Reporting Standards (IFRS), denominated in Pounds Sterling.

All references in this document to Investec or the group relate to the combined DLC group comprising Investec plc and Investec Limited.

Exchange rates

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

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

	30 Sept 2014		31 March 2014		30 Sept 2013	
Currency per £1.00	Period end	Average	Period end	Average	Period end	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 Rand: Pounds Sterling exchange rate over the period has depreciated by 18.8% and the closing rate has depreciated by 4.4% since 31 March 2014.

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

	Results in Pounds Sterling				
	Actual as reported Six months to 30 Sept 2014	Actual as reported Six months to 30 Sept 2013#	Actual as reported % change	Neutral currency^ Six months to 30 Sept 2014	Neutral currency % change
Operating profit before taxation* (million)	£241	£222	8.6%	£270	21.8%
Earnings attributable to shareholders (million)	£122	£163	(25.6%)	£138	(15.4%)
Adjusted earnings attributable to shareholders** (million)	£169	£163	3.6%	£190	16.4%
Adjusted earnings per share**	19.7p	19.0p	3.7%	22.1p	16.3%
Basic earnings per share	11.6p	16.2p	(28.4%)	13.3p	(17.9%)
Dividends per share	8.5p	8.0p	6.3%	n/a	n/a

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

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

^ *For income statement items we have used the average Rand: Pounds Sterling and the Australian Dollar: Pounds Sterling exchange rate that was applied in the prior period, i.e. 15.03 and 1.63, respectively.*

\# *Restated. Refer to page 16.*

	Results in Pounds Sterling				
	Actual as reported At 30 Sept 2014	Actual as reported At 31 March# 2014	Actual as reported % change	Neutral currency^ At 30 Sept 2014	Neutral currency % change
Net asset value per share	357.7p	376.0p	(4.9%)	363.4p	(3.4%)
Net tangible asset value per share	£299.4p	£309.0p	(3.1%)	£305.1p	(1.3%)
Total equity (million)	£3 931	£4 016	(2.1%)	£4 003	(0.3%)
Total assets (million)	£45 931	£47 142	(2.6%)	£47 013	(0.3%)
Core loans and advances (million)	£15 981	£17 157	(6.9%)	£16 390	(4.5%)
Cash and near cash balances (million)	£9 035	£9 135	(1.1%)	£9 232	1.1%
Customer deposits (million)	£22 253	£22 610	(1.6%)	£22 774	0.7%
Third party assets under management (million)	£115 726	£109 941	5.3%	£117 540	6.9%

^ *For balance sheet items we have assumed that the Rand: Pounds Sterling and the Australian Dollar: Pounds Sterling closing exchange rate have remained neutral since 31 March 2014.*

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

	Results in Pounds Sterling			Results in Rand		
	Six months to 30 Sept 2014	Six months to 30 Sept 2013#	% change	Six months to 30 Sept 2014	Six months to 30 Sept 2013#	% change
Operating profit before taxation* (million)	£241	£222	8.6%	R4 286	R3 376	26.9%
Earnings attributable to shareholders (million)	£122	£163	(25.6%)	R1 742	R2 489	(30.0%)
Adjusted earnings attributable to shareholders** (million)	£169	£163	3.6%	R3 002	R2 486	20.8%
Adjusted earnings per share**	19.7p	19.0p	3.7%	350c	289c	21.1%
Basic earnings per share	11.6p	16.2p	(28.4%)	157c	247c	(36.4%)
Headline earnings per share	17.6p	15.5p	13.5%	312c	238c	31.1%
Dividends per share	8.5p	8.0p	6.3%	146c	131c	11.5%
	At 30 Sept 2014	**At 31 March 2014#**	**% change**	**At 30 Sept 2014**	**At 31 March 2014#**	**% change**
Net asset value per share	357.7p	376.0p	(4.9%)	6 557c	6 603c	(0.7%)
Net tangible asset value per share	£299.4p	£309.0p	(3.1%)	5 487c	5 426c	1.1%
Total equity (million)	£3 931	£4 016	(2.1%)	R72 033	R70 506	2.2%
Total assets (million)	£45 931	£47 142	(2.6%)	R841 729	R827 649	1.7%
Core loans and advances (million)	£15 981	£17 157	(6.9%)	R292 869	R301 224	(2.8%)
Cash and near cash balances (million)	£9 035	£9 135	(1.1%)	R165 617	R160 405	3.2%
Customer deposits (million)	£22 253	£22 610	(1.6%)	R407 813	R396 952	2.7%
Third party assets under management (million)	£115 726	£109 941	5.3%	R2 121 258	R1 930 564	9.9%

* *Before goodwill, acquired intangibles, non-operating items and after other non-controlling interests.*
** *Before goodwill, acquired intangibles, non-operating items and after non-controlling interests.*
\# *Restated. Refer to page 16.*

Note:
Further Rand information is provided on pages 154 to 156.

Presentation of financial information (continued)

Operating environment

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

	Period ended 30 Sept 2014	Period ended 31 March 2014	Average for the six months: 1 April 2014 to 30 Sept 2014	Period ended 30 Sept 2013	Period ended 31 March 2013	Average for the six months: 1 April 2013 to 30 Sept 2013
Market indicators						
FTSE All share	3 534	3 556	3 609	3 444	3 381	3 434
JSE All share	49 336	47 771	51 321	44 032	39 861	40 987
Australia All ords	5 297	5 403	5 481	5 218	4 980	5 017
S&P	1 972	1 872	1 938	1 682	1 569	1 642
Nikkei	16 174	14 828	15 107	14 456	12 336	13 893
Dow Jones	17 043	16 458	16 781	15 130	14 579	15 120
Rates						
UK overnight	0.40%	0.33%	0.43%	0.41%	0.42%	0.43%
UK 10 year	2.43%	2.74%	2.63%	2.70%	1.76%	2.33%
UK Clearing Banks Base Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
LIBOR – 3 month	0.57%	0.52%	0.55%	0.52%	0.51%	0.51%
SA R157 (2015)	6.62%	6.79%	6.63%	6.09%	5.48%	5.84%
Rand overnight	5.82%	5.33%	5.77%	4.75%	4.76%	4.76%
SA prime overdraft rate	9.25%	9.00%	9.20%	8.50%	8.50%	8.50%
JIBAR – 3 month	6.13%	5.73%	6.01%	5.13%	5.13%	5.13%
Reserve Bank of Australia cash target rate	2.50%	2.50%	2.50%	2.50%	3.00%	2.71%
US 10 year	2.51%	2.73%	2.55%	2.62%	1.85%	2.33%
Commodities						
Gold	US$1 213/oz	US$1 289/oz	US$1 327/oz	US$1 331/oz	US$1 596/oz	US$1 372/oz
Gas Oil	US$806t/mt	US$904/mt	US$915/mt	US$917/mt	US$928/mt	US$904/mt
Platinum	US$1 300/oz	US$1 418/oz	US$1 435/oz	US$1 411/oz	US$1 576/oz	US$1 459/oz

Source: Datastream

Presentation of financial information (continued)

	30 Sept 2014	30 Sept 2013#	% change Sept 2014 vs Sept 2013	31 March 2014#
Income statement and selected returns				
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	169 065	163 220	3.6%	326 923
Headline earnings (£'000)	150 862	133 437	13.1%	291 562
Operating profit* (£'000)	240 769	221 677	8.6%	450 676
Operating profit: Southern Africa (% of total)*	67.8%	70.3%		66.0%
Operating profit: UK and Other (% of total)*	32.2%	29.7%		34.0%
Cost to income ratio	67.8%	67.7%		67.6%
Staff compensation to operating income ratio	46.8%	45.6%		46.3%
Annualised return on average adjusted shareholders' equity (post-tax)	10.7%	10.0%		10.0%
Annualised return on average adjusted tangible shareholders' equity (post-tax)	12.9%	12.3%		12.3%
Annualised return on average risk-weighted assets	1.24%	1.12%		1.14%
Operating profit per employee (£'000)	29.2	27.1	7.7%	55.1
Net interest income as a % of operating income	34.9%	33.8%		33.6%
Non-interest income as a % of operating income	65.1%	66.2%		66.4%
Recurring income as a % of total operating income	77.1%	70.9%		70.7%
Effective operational tax rate	18.8%	17.4%		17.1%
Balance sheet				
Total capital resources (including subordinated liabilities) (£'million)	5 171	5 418	(4.6%)	5 355
Total shareholders' equity (including preference shares and non-controlling interests) (£'million)	3 931	4 008	(1.9%)	4 016
Shareholders' equity (excluding non-controlling interests) (£'million)	3 415	3 598	(5.1%)	3 572
Total assets (£'million)	45 931	47 530	(3.4%)	47 142
Net core loans and advances to customers (including own originated securitised assets) (£'million)	15 981	17 391	(8.1%)	17 157
Core loans and advances to customers as a % of total assets	34.8%	36.6%		36.4%
Cash and near cash balances (£'million)	9 037	8 619	4.8%	9 135
Customer accounts (deposits) (£'million)	22 253	23 231	(4.2%)	22 610
Third party assets under management (£'million)	115 726	106 658	8.5%	109 941
Capital adequacy ratio: Investec plc^	16.4%	16.7%		15.3%
Capital adequacy tier 1 ratio: Investec plc^	11.4%	11.2%		10.5%
Leverage ratio: Investec plc^	7.6%	7.7%		7.4%
Capital adequacy ratio: Investec Limited	15.0%	15.4%		14.9%
Capital adequacy tier 1 ratio: Investec Limited	11.2%	11.2%		11.0%
Leverage ratio: Investec Limited^	8.2%	8.3%		7.8%
Credit loss ratio (income statement impairment charge as a % of average gross core loans and advances)	0.70%	0.71%		0.68%
Defaults (net of impairments and before collateral) as a % of net core loans and advances to customers	2.23%	2.74%		2.30%
Gearing ratio (assets excluding assurance assets to total equity)	10.2x	10.5x		10.3x
Core loans to equity ratio	4.1x	4.3x		4.3x
Loans and advances to customers: customer deposits	70.0%	71.1%		72.0%
Salient financial features and key statistics				
Adjusted earnings per share (pence)	19.7	19.0	3.7%	37.9
Headline earnings per share (pence)	17.6	15.5	13.5%	33.8
Basic earnings per share (pence)	11.6	16.2	(28.4%)	34.3
Diluted earnings per share (pence)	11.0	15.3	(28.1%)	32.3
Dividends per share (pence)	8.5	8.0	6.3%	19.0
Dividend cover (times)	2.3	2.4	(4.2%)	2.0
Net asset value per share (pence)	357.7	374.4	(4.5%)	376.0
Net tangible asset value per share (pence)	299.4	304.4	(1.6%)	309.0
Weighted number of ordinary shares in issue (million)	858.1	859.6	(0.2%)	862.6
Total number of shares in issue (million)	899.3	891.7	0.9%	891.7
Closing share price (pence)	520	400	30.0%	485
Market capitalisation (£'million)	4 676	3 567	31.1%	4 325
Number of employees in the group (including temps and contractors)	8 211	8 223	(0.1%)	8 258
Closing ZAR:£ exchange rate	18.33	16.29	12.5%	17.56
Average ZAR:£ exchange rate	17.86	15.03	18.8%	16.12

Refer to definitions and calculations on page 158.

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

^ *The group's expected Basel III "fully loaded" numbers are provided on page 105.*

Restated. Refer to page 16.

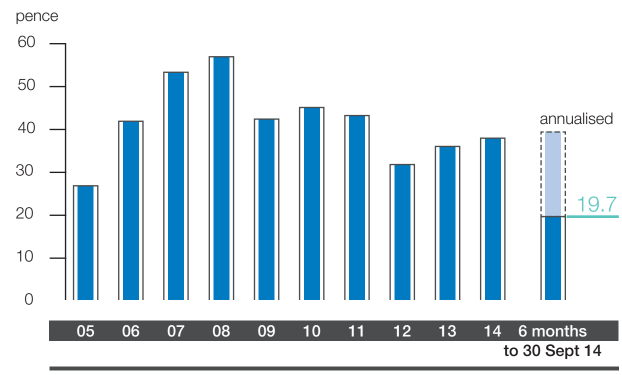
Presentation of financial information (continued)

This commentary and analysis of our financial results for the period ended 30 September 2014 provides an overview of our financial performance relative to the group's results for the period ended 30 September 2013. Further detail on the performance of our business divisions is provided in the divisional review section of this report. The commentary and analysis are based on our combined consolidated financial results presented in accordance with IFRS and denominated in Pounds Sterling. The financial information discussed below is based on the period under review, and may not necessarily reflect the financial condition or results of the operations of the group going forward.

Track record

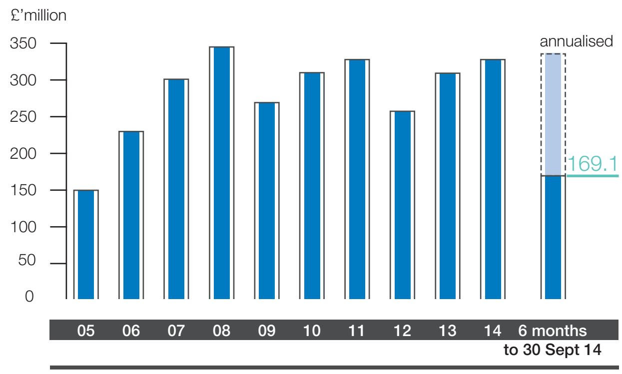
Up 3.7% to 19.7 pence

Adjusted earnings per share*#



Up 3.6% £169.1 million

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

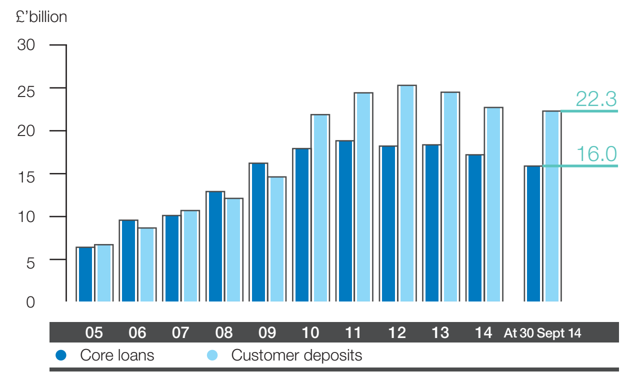


Core loans: down by 6.9% to £16.0 billion since 31 March 2014

Deposits: down 1.6% to £22.3 billion since 31 March 2014

Adjusting for the sale of Investec Bank (Australia) Limited and Kensington (refer to page 16) core loans increased 6.3% and deposits increased 5.6%

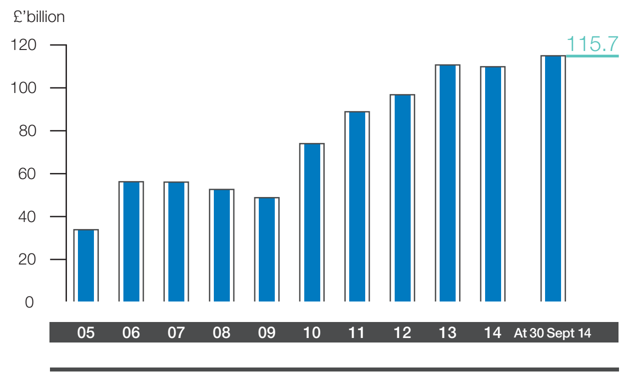
Core loans and customer deposits



Up 5.3% to £115.7 billion since 31 March 2014 – an increase of 6.9% on a currency neutral basis**

Net inflows of £4.2 billion

Third party assets under management



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

** *Currency neutral basis: calculation assumes that the closing exchange rates of the group's relevant exchange rates, as reflected on page 8, remain the same as at 30 September 2014 when compared to 31 March 2014.*

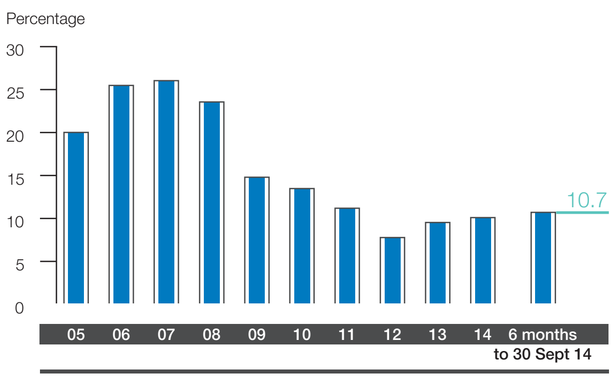
March 2014 numbers restated.

Financial targets

Target

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

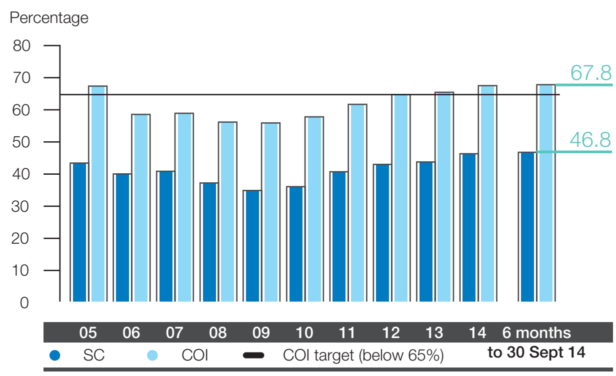
ROE*#



Target

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

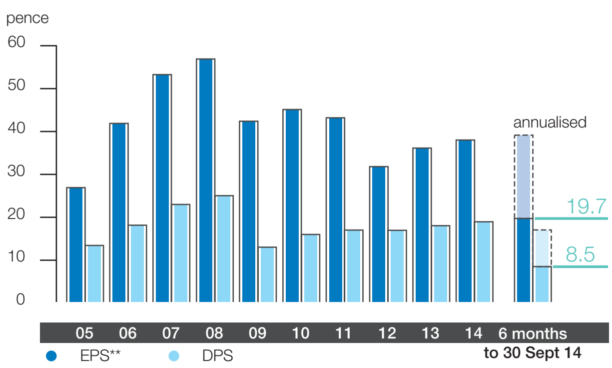
Cost to income ratio (COI) and staff compensation (SC) to operating income ratio#



Target

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

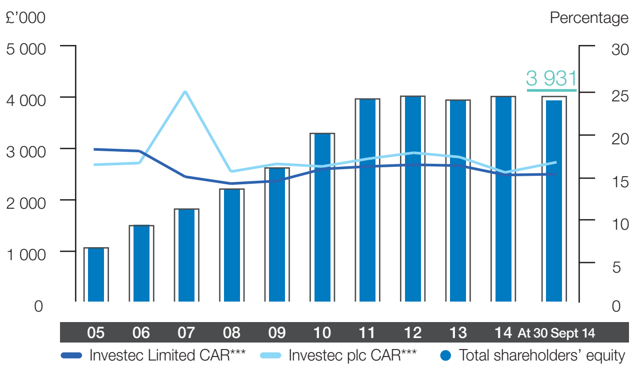
Adjusted earnings per share (EPS) and dividends per share (DPS)#



Target

We intend to maintain a sufficient level of capital to satisfy regulatory requirements, as well as take advantage of opportunities that may arise in the financial services industry focusing on increasing our return on equity in the medium to long term. We target a capital adequacy ratio range of between 14% and 17% on a consolidated basis for Investec plc and Investec Limited and we target a minimum tier 1 ratio of 11.0% (by March 2016) and a common equity tier 1 ratio above 10.0% (by March 2016).

Total shareholders' equity and capital adequacy ratios (CAR)



* *ROE is post-tax return on adjusted average shareholders' equity as calculated on page 46.*

** *Adjusted EPS before goodwill, acquired intangibles and non-operating items as defined on page 158. The numbers have been adjusted for the 5:1 share split that took place on 4 September 2006.*

*** *Capital adequacy figures prior to 2008 are disclosed under Basel I. Investec Limited's numbers have been reported in terms of Basel III since 31 March 2013, and Investec plc's numbers have been reported in terms of Basel III since 31 March 2014.*

\# *March 2014 numbers restated.*

Note:
The numbers shown in the financial targets graphs on pages 12 and 13 are for the years ended 31 March, unless otherwise stated.

Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests ("operating profit") increased 8.6% to £240.8 million (2013: £221.7 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.

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 £240.8 million (2013: £221.7 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 £169.1 million (2013: £163.2 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 £66.4 million.
- Third party assets under management increased 5.3% to £115.7 billion (31 March 2014: £109.9 billion).
- Customer accounts (deposits) decreased 1.6% to £22.3 billion (31 March 2014: £22.6 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 £16.0 billion (31 March 2014: £17.2 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 £1.5 billion and reduce total loans and securitised assets by approximately £4.1 billion.

Business unit review

Asset Management

Asset Management increased operating profit by 6.6% to £76.7 million (2013: £71.9 million) benefiting from higher average funds under management and net inflows of £2.7 billion. Total funds under management amount to £71.7 billion (31 March 2014: £68.0 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 £38.0 million (2013: £30.8 million) supported by higher average funds under management, net inflows of £1.5 billion and improved operating margins. Total funds under management amount to £43.7 billion (31 March 2014: £41.5 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 £126.1 million (2013: £118.9 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 £70.2 million (2013: £75.0 million), whilst the legacy business reported a loss of £52.2 million (2013: a loss of £49.2 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.

Financial statement analysis

A detailed income statement analysis can be found on pages 32 to 44.

Balance sheet analysis

A detailed balance sheet analysis can be found on pages 44 to 49.

Liquidity and funding

As at 30 September 2014 the group held £9.0 billion in cash and near cash balances (£4.5 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 provided on page 105.

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
Chairman

Stephen Koseff
Chief executive officer

Bernard Kantor
Managing director

20 November 2014

Notes to the commentary section

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 £122 million. This has resulted in the derecognition of approximately £2 billion of assets and approximately £2.2 billion 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 £180 million in cash based on a tangible net asset value of the business of £165 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 £1.1 million and a decrease in taxation on operating profit before goodwill and deferred taxation liabilities of £0.2 million. The impact in the year to 31 March 2013 is a decrease in operating costs and other liabilities of £4.7 million and an increase in taxation on operating profit before goodwill and deferred taxation liabilities of £1.0 million. The net impact on retained income at 31 March 2014 is an increase of £2.8 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 document 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 document 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.

Unaudited
financial results

Combined consolidated income statement

£'000	Six months to 30 Sept 2014	Six months to 30 Sept 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 of groups held for sale	(18 593)	–	9 821
Profit before taxation	**209 042**	**197 389**	**424 266**
Taxation on operating profit before goodwill and acquired intangibles	(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 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. Refer to page 16.

Combined consolidated statement of comprehensive income

£'000	Six months to 30 Sept 2014	Six months to 30 Sept 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 assets	–	–	(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. Refer to page 16.*
** *Net of taxation of (£0.9 million) (six months to 30 September 2013: £8.2 million, year to 31 March 2014: £7.1 million).*

Combined consolidated balance sheet

At £'000	30 Sept 2014	31 March 2014*	30 Sept 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. Refer to page 16.*

Summarised and combined consolidated cash flow statement

£'000	Six months to 30 Sept 2014	Six months to 30 Sept 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 equivalents	(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

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

* *Restated. Refer to page 16.*
^ *Includes the cash flow effect on the sale of subsidiaries and disposal groups held for sale.*

Combined consolidated statement of changes in equity

£'000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
At 1 April 2013 – as previously reported	223	153	2 494 618	(89 545)
Restatements on adoption of IFRIC 21	–	–	–	–
At 1 April 2013 – as restated	223	153	2 494 618	(89 545)
Movement in reserves 1 April 2013 – 30 September 2013				
Profit after taxation	–	–	–	–
Fair value movements on cash flow hedges taken directly to other comprehensive income	–	–	–	–
Gains on realisation of available-for-sale assets recycled through the income statement	–	–	–	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	–	–
Total comprehensive loss for the period	–	–	–	–
Share-based payment adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of ordinary shares	1	–	31 649	–
Acquisition of non-controlling interests	–	–	–	–
Non-controlling interest relating to disposal of subsidiaries	–	–	–	–
Capital conversion of subsidiary	–	–	–	–
Movement of treasury shares	–	–	(35 859)	(10 755)
Transfer to capital reserve account	–	–	–	–
Transfer to regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	37 538
At 30 September 2013	224	153	2 490 408	(62 762)
Movement in reserves 1 October 2013 – 31 March 2014				
Profit after taxation	–	–	–	–
Fair value movements on cash flow hedges taken directly to other comprehensive income	–	–	–	–
Gains on realisation of available-for-sale assets recycled through the income statement	–	–	–	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	–	–
Pension fund actuarial gains	–	–	–	–
Total comprehensive income for the period	–	–	–	–
Share-based payments adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of equity by subsidiaries	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–
Non-controlling interest relating to disposal of subsidiaries	–	–	–	–
Movement of treasury shares	–	–	(17 277)	(34 797)
Transfer from capital reserve account	–	–	–	–
Transfer to regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	11 578
At 31 March 2014	224	153	2 473 131	(85 981)

Other reserves									
Capital reserve account	Available-for-sale reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Retained income	Shareholders' equity excluding non-controlling interests	Other Additional Tier 1 securities in issue	Non-controlling interests	Total equity
10 968	10 754	37 322	(48 384)	(104 197)	1 349 560	3 661 472	–	280 043	3 941 515
–	–	–	–	–	3 738	3 738	–	–	3 738
10 968	10 754	37 322	(48 384)	(104 197)	1 353 298	3 665 210	–	280 043	3 945 253
–	–	–	–	–	163 383	163 383	–	1 457	164 840
–	–	–	(7 772)	–	–	(7 772)	–	–	(7 772)
–	(3 123)	–	–	–	–	(3 123)	–	–	(3 123)
–	(17 588)	–	–	–	–	(17 588)	–	–	(17 588)
–	(479)	(2 767)	1 828	(256 184)	(968)	(258 570)	–	(17 645)	(276 215)
–	(21 190)	(2 767)	(5 944)	(256 184)	162 415	(123 670)	–	(16 188)	(139 858)
–	–	–	–	–	33 204	33 204	–	–	33 204
–	–	–	–	–	(81 906)	(81 906)	–	–	(81 906)
–	–	–	–	–	(23 961)	(23 961)	–	15 469	(8 492)
–	–	–	–	–	–	–	–	(15 469)	(15 469)
–	–	–	–	–	–	–	–	(265)	(265)
–	–	–	–	–	–	31 650	–	–	31 650
–	–	–	–	–	–	–	–	(254)	(254)
–	–	–	–	–	143 854	143 854	–	20 213	164 067
–	–	–	–	–	–	–	–	126 681	126 681
–	–	–	–	–	–	(46 614)	–	–	(46 614)
189	–	–	–	–	(189)	–	–	–	–
–	–	2 892	–	–	(2 892)	–	–	–	–
–	–	–	–	–	(37 538)	–	–	–	–
11 157	(10 436)	37 447	(54 328)	(360 381)	1 546 285	3 597 767	–	410 230	4 007 997
–	–	–	–	–	167 382	167 382	–	20 423	187 805
–	–	–	4 190	–	–	4 190	–	–	4 190
–	151	–	–	–	–	151	–	–	151
–	17 935	–	–	–	–	17 935	–	–	17 935
–	208	(487)	362	(114 912)	524	(114 305)	–	(16 959)	(131 264)
–	–	–	–	–	(5 870)	(5 870)	–	–	(5 870)
–	18 294	(487)	4 552	(114 912)	162 036	69 483	–	3 464	72 947
–	–	–	–	–	33 701	33 701	–	–	33 701
–	–	–	–	–	(68 147)	(68 147)	–	–	(68 147)
–	–	–	–	–	(11 307)	(11 307)	–	3 233	(8 074)
–	–	–	–	–	–	–	–	(3 233)	(3 233)
–	–	–	–	–	–	–	–	(5 573)	(5 573)
–	–	–	–	–	–	–	–	35 477	35 477
–	–	–	–	–	–	–	–	(16)	(16)
–	–	–	–	–	2 873	2 873	–	–	2 873
–	–	–	–	–	–	(52 074)	–	–	(52 074)
(184)	–	–	–	–	184	–	–	–	–
–	–	2 031	–	–	(2 031)	–	–	–	–
–	–	–	–	–	(11 578)	–	–	–	–
10 973	7 858	38 991	(49 776)	(475 293)	1 652 016	3 572 296	–	443 582	4 015 878

Combined consolidated statement of changes in equity (continued)

£'000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
At 31 March 2014	224	153	2 473 131	(85 981)
Movement in reserves 1 April 2014 – 30 September 2014				
Profit after taxation	–	–	–	–
Fair value movements on cash flow hedges taken directly to other comprehensive income	–	–	–	–
Gains on realisation of available-for-sale assets recycled through the income statement	–	–	–	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	–	–
Total comprehensive income for the period	–	–	–	–
Share-based payments adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of ordinary shares	1	–	38 900	–
Issue of Other Additional Tier 1 securities in issue	–	–	–	–
Issue of equity by subsidiaries	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–
Non-controlling interest relating to partial disposal of subsidiaries	–	–	–	–
Partial disposal of subsidiary	–	–	–	–
Movement of treasury shares	–	–	(54 704)	(58 322)
Transfer to capital reserve account	–	–	–	–
Transfer from regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	50 653
At 30 September 2014	225	153	2 457 327	(93 650)

Other reserves									
Capital reserve account	Available-for-sale reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Retained income	Shareholders' equity excluding non-controlling interests	Other Additional Tier 1 securities in issue	Non-controlling interests	Total equity
10 973	7 858	38 991	(49 776)	(475 293)	1 652 016	3 572 296	–	443 582	4 015 878
–	–	–	–	–	121 624	121 624	–	8 399	130 023
–	–	–	(5 124)	–	–	(5 124)	–	–	(5 124)
–	(4 432)	–	–	–	–	(4 432)	–	–	(4 432)
–	9 158	–	–	–	–	9 158	–	–	9 158
–	(1)	(138)	6 051	(117 941)	(5 112)	(117 141)	–	1 299	(115 842)
–	4 725	(138)	927	(117 941)	116 512	4 085	–	9 698	13 783
–	–	–	–	–	28 710	28 710	–	–	28 710
–	–	–	–	–	(95 637)	(95 637)	–	–	(95 637)
–	–	–	–	–	(21 935)	(21 935)	–	18 702	(3 233)
–	–	–	–	–	–	–	–	(18 702)	(18 702)
–	–	–	–	–	–	–	–	(10 194)	(10 194)
–	–	–	–	–	–	38 901	–	–	38 901
–	–	–	–	–	–	–	30 012	–	30 012
–	–	–	–	–	–	–	–	3 179	3 179
–	–	–	–	–	–	–	–	35	35
–	–	–	–	–	1 214	1 214	–	–	1 214
–	–	–	–	–	–	–	–	39 818	39 818
–	–	–	–	–	–	(113 026)	–	–	(113 026)
116	–	–	–	–	(116)	–	–	–	–
–	–	(10 690)	–	–	10 690	–	–	–	–
–	–	–	–	–	(50 653)	–	–	–	–
11 089	12 583	28 163	(48 849)	(593 234)	1 640 801	3 414 608	30 012	486 118	3 930 738

Dividends and earnings per share

	30 Sept 2014	30 Sept 2013*
Ordinary dividends per share – pence		
Interim	8.5	8.0
Earnings	£'000	£'000
Earnings attributable to shareholders	121 624	163 383
Preference dividends paid	(21 935)	(23 961)
Earnings attributable to ordinary shareholders	99 689	139 422
Earnings resulting from future dilutive instruments	–	–
Diluted earnings attributable to ordinary shareholders	99 689	139 422
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	895 584 938	888 357 050
Weighted average number of treasury shares	(37 498 452)	(28 751 514)
Weighted average number of shares in issue during the year	858 086 486	859 605 536
Weighted average number of shares resulting from future dilutive potential shares	46 330 183	48 856 283
Adjusted weighted number of shares potentially in issue	904 416 669	908 461 819
Earnings per share – pence		
Basic earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders in Investec plc and Investec Limited by the weighted average number of ordinary shares in issue during the year	11.6	16.2
Diluted earnings per share – pence		
Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the period plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the period	11.0	15.3
Adjusted earnings per share – pence		
Adjusted earnings per share is calculated by dividing the earnings before goodwill, acquired intangibles and non-operating items attributable to the ordinary shareholders and after taking into account earnings attributable to perpetual preference shareholders, by the weighted average number of ordinary shares in issue during the period	19.7	19.0
	£'000	£'000
Earnings attributable to shareholders	121 624	163 383
Impairment of goodwill	4 783	854
Amortisation of acquired intangibles	7 394	6 702
Operating costs arising from integration, restructuring and partial disposal of subsidiaries	–	15 239
Net loss on sale of subsidiaries and disposal of groups held for sale	18 593	–
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	33 852	(5 827)
Preference dividends paid	(21 935)	(23 961)
Accrual adjustment on earnings attributable to other equity holders**	4 869	5 411
Currency hedge attributable to perpetual equity instruments	(115)	1 419
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles, and non-operating items	169 065	163 220

* *Restated. Refer to page 16.*

** *In accordance with IFRS, dividends attributable to equity holders is accounted for when a constructive liability arises, i.e. on declaration by the board of directors and approval by the shareholders, where required. Investec is of the view that EPS is best reflected by adjusting for earnings that are attributed to equity instruments (other than ordinary shares) on an accrual basis and therefore adjusts the paid dividend on such instruments to accrued in arriving at adjusted EPS.*

Dividends and earnings per share (continued)

	30 Sept 2014	30 Sept 2013*
Headline earnings per share – pence		
Headline earnings per share has been calculated in accordance with the definition in the Institute of Investment Management Research Statement of Investment Practice No. 1 “The Definition of Headline Earnings” and is disclosed in accordance with the JSE Listings Requirements and in terms of circular 2/2013 issued by the South African Institute of Chartered Accountants	17.6	15.5
	£’000	£’000
Earnings attributable to shareholders	121 624	163 383
Impairment of goodwill	4 783	854
Preference dividends paid	(21 935)	(23 961)
Property revaluation, net of taxation	(3 147)	(3 716)
Gains on available-for-sale instruments recycled through the income statement	(4 432)	(3 123)
Net loss on sale of subsidiaries and disposal groups held for sale	18 593	–
Taxation on acquisition/disposal/integration of subsidiaries	35 376	–
Headline earnings attributable to ordinary shareholders	**150 862**	**133 437**

Taxation on headline earnings adjustments amounted to £1.6 million (2013: £2.4 million) with no impact on earnings attributable to non-controlling interests.

* *Restated. Refer to page 16.*

Three

Financial review and **additional information**

Key risks

Risks relating to our operations

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

These risks are summarised briefly in the table below.

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

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

Key income drivers

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

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

Specialist Banking

Asset Management

Key income drivers

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

Income statement – primarily reflected as

- Fees and commissions.

Income impacted primarily by

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

Wealth & Investment

Key income drivers

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

Income statement – primarily reflected as

- Fees and commissions.

Income impacted primarily by

- Movement in the value of assets underlying client portfolios
- The level of investment activity undertaken on behalf of clients, which, in turn, is affected by, among other things, the performance of the global stock markets (which drives investment opportunities), the equity investment risk appetite of our clients, tax considerations and market liquidity.

Key income drivers (continued)

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

Income statement analysis

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

Further details on the key income drivers and significant variances in the various components of our operating income, expenses and profit can be found in the description of our principal businesses on pages 109 to 133.

Total operating income

Total operating income increased by 1.1% to £952.5 million (2013: £941.8 million). The various components of total operating income are analysed below:

£'000	30 Sept 2014	% of total income	30 Sept 2013	% of total income	% change
Net interest income	332 386	34.9%	318 414	33.8%	4.4%
Net fee and commission income	527 006	55.3%	484 876	51.5%	8.7%
Investment income	45 975	4.8%	61 828	6.6%	(25.6%)
Trading income arising from					
– customer flow	51 285	5.4%	54 431	5.8%	(5.8%)
– balance sheet management and other trading activities	(9 199)	(0.9%)	13 668	1.5%	(>100.0%)
Other operating income	5 052	0.5%	8 577	0.8%	(41.1%)
Total operating income before impairments	952 505	100.0%	941 794	100.0%	1.1%

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

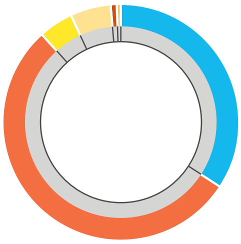
£'000	30 Sept 2014	% of total income	30 Sept 2013	% of total income	% change
UK and Other^	572 354	60.1%	554 869	58.9%	3.2%
Southern Africa	380 151	39.9%	386 925	41.1%	(1.8%)
Total operating income before impairments	952 505	100.0%	941 794	100.0%	1.1%

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

£'000	30 Sept 2014	% of total income	30 Sept 2013	% of total income	% change
Asset Management	214 988	22.6%	209 950	22.3%	2.4%
Wealth & Investment	152 933	16.1%	137 827	14.6%	11.0%
Specialist Banking	584 584	61.3%	594 017	63.1%	(1.6%)
Total operating income before impairments	952 505	100.0%	941 794	100.0%	1.1%

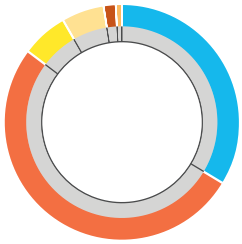
^ *Includes Australia, which was previously reported separately. Refer to page 16.*

% of total operating income before impairments



30 September 2014
£952.5 million total operating income before impairments

Net interest income	34.9%
Net fee and commission income	55.3%
Investment income	4.8%
Trading income arising from customer flow	5.4%
Trading income arising from balance sheet management and other trading activities	(0.9%)
Other operating income	0.5%



30 September 2013
£941.8 million total operating income before impairments

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

Net interest income

Net interest income increased by 4.4% to £332.4 million (2013: £318.4 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.

£'000	30 Sept 2014	30 Sept 2013	Variance	% change
Asset Management	2 043	2 056	(13)	(0.6%)
Wealth & Investment	3 771	4 836	(1 065)	(22.0%)
Specialist Banking	326 572	311 522	15 050	4.8%
Net interest income	332 386	318 414	13 972	4.4%

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

For the six months to 30 Sept 2014 £'000	Notes	UK and Other^ Balance sheet value	UK and Other^ Interest received	Southern Africa Balance sheet value	Southern Africa Interest received	Total group Balance sheet value	Total group Interest received
Cash, near cash, bank debt and sovereign debt securities	1	5 594 413	22 948	5 949 885	138 199	11 544 298	161 147
Core loans and advances	2	6 678 251	222 830	9 302 999	393 651	15 981 250	616 481
Private client		3 417 234	108 579	6 313 002	257 215	9 730 236	365 794
Corporate, institutional and other clients		3 261 017	114 251	2 989 997	136 436	6 251 014	250 687
Other debt securities and other loans and advances		391 659	64 552	505 730	12 402	897 389	76 954
Other interest earning assets	3	444 716	51 548	492 792	6 515	937 508	58 063
Total interest earning assets		13 109 038	361 878	16 251 407	550 767	29 360 445	912 645

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

^ *Includes Australia, which was previously reported separately. Refer to page 16.*

For the six months to 30 Sept 2014 £'000	Notes	UK and Other^ Balance sheet value	UK and Other^ Interest expense	Southern Africa Balance sheet value	Southern Africa Interest expense	Total group Balance sheet value	Total group Interest expense
Deposits by banks and other debt related securities	4	2 814 206	29 988	2 499 860	37 833	5 314 066	67 821
Customer accounts		10 382 230	79 077	11 871 245	329 854	22 253 475	408 931
Other interest-bearing liabilities	5	311 926	39 096	537 354	9 560	849 280	48 656
Subordinated liabilities		659 637	32 969	580 891	21 882	1 240 528	54 851
Total interest-bearing liabilities		14 167 999	181 130	15 489 350	399 129	29 657 349	580 259
Net interest income			180 748		151 638		332 386

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

For the six months to 30 Sept 2013 £'000	Notes	UK and Other Balance sheet value	UK and Other Interest expense	Southern Africa Balance sheet value	Southern Africa Interest expense	Australia Balance sheet value	Australia Interest expense	Total group Balance sheet value	Total group Interest expense
Deposits by banks and other debt related securities	4	3 246 944	33 899	1 876 972	37 412	197 177	8 256	5 321 093	79 567
Customer accounts		9 309 058	83 149	12 312 597	349 929	1 609 717	31 724	23 231 372	464 802
Other interest-bearing liabilities	5	2 334 098	29 378	1 091 718	9 676	502 696	18 821	3 928 512	57 895
Subordinated liabilities		696 895	32 282	638 223	26 606	74 583	259	1 409 701	59 147
Total interest-bearing liabilities		15 586 995	178 708	15 919 510	423 623	2 384 173	59 060	33 890 678	661 411
Net interest income			134 689		147 792		35 953		318 414

Refer to notes on next page.

^ *Includes Australia, which was previously reported separately. Refer to page 16.*

Notes:

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

Net fee and commission income

Net fee and commission income increased by 8.7% to £527.0 million (2013: £484.9 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.

£'000	30 Sept 2014	30 Sept 2013	Variance	% change
Asset Management	212 636	207 095	5 541	2.7%
Wealth & Investment	146 153	131 306	14 847	11.3%
Specialist Banking	168 217	146 475	21 742	14.8%
Net fee and commission income	527 006	484 876	42 130	8.7%

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

For the six months to Sept 2014 £'000	UK and Other^	Southern Africa	Total group
Asset Management and Wealth Management businesses net fee and commission income	247 511	111 278	358 789
Funds management fees/fees for assets under management	263 971	96 663	360 634
Private client transactional fees	30 075	15 404	45 479
Fee and commission expense	(46 535)	(789)	(47 324)
Specialist Banking net fee and commission income	104 030	64 187	168 217
Corporate and institutional transactional and advisory services	101 764	54 595	156 359
Private client transactional fees	12 392	15 802	28 194
Fee and commission expense	(10 126)	(6 210)	(16 336)
Net fees and commissions	351 541	175 465	527 006
Annuity (net of fees payable)	270 887	131 096	401 983
Deal	80 654	44 369	125 023

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

^ *Includes Australia, which was previously reported separately. Refer to page 16.*

Investment income

Investment income decreased by 25.6% to £46.0 million (2013: £61.8 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.

£'000	30 Sept 2014	30 Sept 2013	Variance	% change
Asset Management	9	14	(5)	(35.7%)
Wealth & Investment	1 795	1 116	679	60.8%
Specialist Banking	44 171	60 698	(16 527)	(27.2%)
Investment income	45 975	61 828	(15 853)	(25.6%)

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

For the six months to 30 Sept 2014 £'000	UK and Other^	Southern Africa	Total group
Realised	69 666	12 292	81 958
Unrealised	(68 926)	30 741	(38 185)
Dividend income	2 274	5 775	8 049
Funding and other net related (costs)/income	209	(6 056)	(5 847)
Investment income	3 223	42 752	45 975

For the six months to 30 Sept 2014 £'000	Investment portfolio (listed and unlisted equities)**	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
UK and Other^	(3 680)	8 550	–	(1 647)	3 223
Realised	59 979	11 571	–	(1 884)	69 666
Unrealised	(65 933)	(3 021)	–	28	(68 926)
Dividend income	2 274	–	–	–	2 274
Funding and other net related (costs)/income	–	–	–	209	209
Southern Africa	32 838	3 515	5 391	1 008	42 752
Realised	3 030	3 710	6 214	(662)	12 292
Unrealised	31 370	(195)	(823)	389	30 741
Dividend income	4 937	–	–	838	5 775
Funding and other net related (costs)/income	(6 499)	–	–	443	(6 056)
Total investment income	29 158	12 065	5 391	(639)	45 975

** *Including embedded derivatives (warrants and profit shares).*
^ *Includes Australia, which was previously reported separately. Refer to page 16.*

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

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

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

Trading income

Trading income arising from customer flow decreased by 5.8% to £51.3 million (2013: £54.4 million) whilst trading income from other trading activities reflected a loss of £9.2 million (2013: profit of £13.7 million) due to foreign currency losses largely offset in non-controlling interests as discussed on page 44.

Arising from customer flow

£'000	30 Sept 2014	30 Sept 2013	Variance	% change
Wealth & Investment	150	87	63	72.4%
Specialist Banking	51 135	54 344	(3 209)	(5.9%)
Trading income arising from customer flow	51 285	54 431	(3 146)	(5.8%)

Arising from balance sheet management and other trading activities

£'000	30 Sept 2014	30 Sept 2013	Variance	% change
Asset Management	(146)	(982)	836	(85.1%)
Wealth & Investment	392	3	389	>100.0%
Specialist Banking	(9 445)	14 647	(24 092)	(>100.0%)
Trading income arising from balance sheet management and other trading activities	(9 199)	13 668	(22 867)	(>100.0%)

Other operating income

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

Impairment losses on loans and advances

Impairments on loans and advances decreased from £83.1 million to £66.4 million. Since 31 March 2014 gross defaults have improved from £658.7 million to £612.7 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).

Further information is provided on pages 65 to 75.

£'000	30 Sept 2014	30 Sept 2013	Variance	% change
UK and Other	(43 672)	(47 802)	4 130	(8.6%)
Southern Africa	(12 422)	(19 694)	7 272	(36.9%)
Australia	(10 306)	(15 591)	5 285	(33.9%)
Total impairment losses on loans and advances	(66 400)	(83 087)	16 687	(20.1%)
Impairment losses on loans and advances in home currency				
Southern Africa (R'million)	(221)	(298)	(77)	(25.8%)

Operating costs and depreciation

The ratio of total operating costs to total operating income was to 67.8% (2013: 67.7%).

Total operating costs grew by 1.7% to £645.2 million (2013: £634.7 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.

Financial review (continued)

£'000	30 Sept 2014	% of total expenses	30 Sept 2013*	% of total expenses	% change
Staff costs	(445 963)	69.0%	(429 064)	67.2%	3.9%
– fixed	(288 830)	44.7%	(304 916)	47.8%	(5.3%)
– variable	(157 133)	24.3%	(124 148)	19.4%	26.6%
Business expenses	(97 690)	15.1%	(97 306)	15.3%	0.4%
Premises expenses (excluding depreciation)	(32 863)	5.1%	(36 943)	5.8%	(11.0%)
Equipment expenses (excluding depreciation)	(27 384)	4.2%	(29 993)	4.7%	(8.7%)
Marketing expenses	(28 321)	4.4%	(27 126)	4.2%	4.4%
Depreciation and impairment of property, plant, equipment and software	(12 983)	2.0%	(14 235)	2.2%	(8.8%)
Total operating expenses	(645 204)	99.8%	(634 667)	99.4%	1.7%
Depreciation on operating leased assets	(1 089)	0.2%	(3 856)	0.6%	(71.8%)
Total expenses	(646 293)	100.0%	(638 523)	100.0%	1.2%

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

£'000	30 Sept 2014	% of total expenses	30 Sept 2013*	% of total expenses	% change
UK and Other^	(446 360)	69.1%	(429 479)	67.3%	3.9%
Southern Africa	(199 933)	30.9%	(209 044)	32.7%	(4.4%)
Total expenses	(646 293)	100.0%	(638 523)	100.0%	1.2%

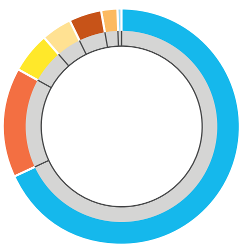
The following table sets out certain information on total expenses by division for the period under review:

£'000	30 Sept 2014	% of total expenses	30 Sept 2013*	% of total expenses	% change
Asset Management	(138 308)	21.4%	(138 010)	21.6%	0.2%
Wealth & Investment	(114 895)	17.8%	(106 986)	16.8%	7.4%
Specialist Banking	(393 090)	60.8%	(393 527)	61.6%	(0.1%)
Total expenses	(646 293)	100.0%	(638 523)	100.0%	1.2%

* *Restated. Refer to pages 16.*

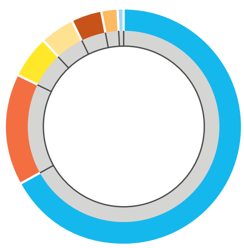
^ *Includes Australia, which was previously reported separately. Refer to page 16.*

% of total expenses



30 September 2014
£646.3 million total expenses

Staff costs	69.0%
Business expenses	15.1%
Premises expenses	5.1%
Equipment expenses	4.2%
Marketing expenses	4.4%
Depreciation	2.0%
Depreciation on operating leased assets	0.2%



30 September 2013
£638.5 million total expenses

Staff costs	67.2%
Business expenses	15.3%
Premises expenses	5.8%
Equipment expenses	4.7%
Marketing expenses	4.2%
Depreciation	2.2%
Depreciation on operating leased assets	0.6%

Key income drivers in our core businesses

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

Asset Management

Global business (in Pounds)	30 Sept 2014	31 March 2014	30 Sept 2013	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Operating margin	35.7%	34.7%	34.3%	34.5%	35.7%	37.0%	33.4%	33.5%
Net inflows in funds under management as a % of opening funds under management°	7.9%	3.7%	4.0%	6.7%	8.8%	16.0%	16.2%	2.6%
Average income yield earned on funds under management^	0.62%	0.60%	0.62%	0.62%	0.62%	0.66%	0.67%	0.70%

Wealth & Investment

	30 Sept 2014	31 March 2014	30 Sept 2013	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Global business (in Pounds)								
Operating margin	24.9%	22.9%	22.4%	20.3%	19.7%	25.9%	n/a*	n/a*
Net organic growth in funds under management as a % of opening funds under management°	7.3%	3.5%	1.7%	2.0%	(5.3%)	6.2%	n/a*	n/a*
Average income yield earned on funds under management^	0.72%	0.70%	0.69%	0.66%	0.61%	0.55%	n/a*	n/a*
Europe (in Pounds)								
Operating margin	21.9%	20.1%	19.1%	17.3%	16.3%	24.5%	n/a*	n/a*
Net organic growth in funds under management as a % of opening funds under management°	7.9%	5.1%	3.2%	1.3%	(7.4%)	3.5%	n/a*	n/a*
Average income yield earned on funds under management^	0.89%	0.89%	0.87%	0.86%	0.80%	0.68%	n/a*	n/a*
South Africa (in Rands)								
Operating margin	36.4%	33.9%	34.4%	31.3%	28.5%	28.9%	35.5%	35.3%
Net organic growth in discretionary funds under management as a % of opening discretionary funds under management°	8.8%	13.1%	16.0%	13.9%	8.7%	6.0%	3.4%	(4.2%)
Average income yield earned on funds under management^**	0.39%	0.40%	0.39%	0.37%	0.39%	0.41%	0.41%	0.41%

* *Prior to 25 June 2010, Rensburg Sheppards plc was an associate of Investec and not a 100% owned subsidiary.*
** *A large portion of the funds under management are non-discretionary funds.*
^ *The average income yield on funds under management represents the total operating income for the period as a percentage of the average of opening and closing funds under management. This calculation does not take into account the impact of market movements throughout the period on funds under management or the timing of acquisitions and disposals during the respective periods.*
° *Figures for periods to 30 September are annualised.*

Specialist Banking

	30 Sept 2014	31 March 2014*	30 Sept 2013*	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Global business (in Pounds)								
Cost to income ratio	67.2%	66.0%	66.0%	63.1%	62.4%	60.1%	56.4%	54.5%
ROE post-tax^	8.0%	7.2%	6.7%	6.4%	5.1%	8.2%	11.4%	13.4%
Growth in net core loans	(6.9%)	(6.8%)	(5.6%)	1.0%	(2.8%)	4.8%	10.3%	26.2%
Growth in risk-weighted assets	(5.3%)	(6.0%)	(4.1%)	4.7%	0.6%	14.1%	16.4%	15.9%
Defaults (net of impairments as a % of core loans)	2.23%	2.30%	2.74%	2.73%	3.31%	4.66%	3.98%	2.28%
Credit loss ratio on core loans	0.70%	0.68%	0.71%	0.84%	1.12%	1.27%	1.16%	1.08%
UK and Other (in Pounds)**								
Cost to income ratio	79.6%	73.4%	74.1%	65.9%	63.7%	63.2%	61.3%	60.0%
ROE post-tax^	2.8%	4.3%	4.1%	3.2%	2.5%	3.3%	8.2%	7.1%
Core business	13.5%	18.8%	18.3%	16.8%	^^	^^	^^	^^
Legacy business	(29.6%)	(23.6%)	(20.1%)	(16.2%)	^^	^^	^^	^^
Growth in net core loans	2.2%	7.4%	3.1%	4.4%	3.8%	2.6%	(8.8%)	10.3%
Growth in risk-weighted assets	3.3%	6.3%	3.6%	5.2%	4.6%	9.6%	5.3%	3.8%
Defaults (net of impairments as a % of core loans)	3.39%	3.76%	4.22%	4.34%	4.92%	4.23%	3.16%	3.51%
Credit loss ratio on core loans	1.05%	0.95%	0.92%	1.26%	1.22%	2.50%	1.85%	1.55%
Southern Africa (in Rands)								
Cost to income ratio	51.0%	52.9%	52.2%	55.5%	55.2%	54.7%	49.8%	48.5%
ROE post-tax^	13.2%	11.2%	11.9%	10.0%	9.6%	10.7%	13.8%	18.2%
Growth in net core loans	8.7%	10.6%	5.9%	10.2%	6.6%	0.3%	1.9%	14.1%
Growth in risk-weighted assets	4.8%	11.0%	7.5%	16.5%	11.9%	13.8%	3.6%	11.1%
Defaults (net of impairments as a % of core loans)	1.27%	1.46%	2.09%	1.89%	2.73%	3.97%	3.32%	2.12%
Credit loss ratio on core loans	0.29%	0.42%	0.40%	0.61%	0.65%	0.71%	0.68%	0.69%

^ *Divisional ROEs are reported on a pre-tax basis. For the purpose of this calculation we have applied the group's respective geographic effective tax rates to derive post-tax numbers. Capital as at 30 September 2014 was c.£1.1 billion in the UK and c.R23.5 billion in South Africa.*

* *Restated. Refer to page 16.*

** *Excludes Australia.*

^^ *Historical information not available.*

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

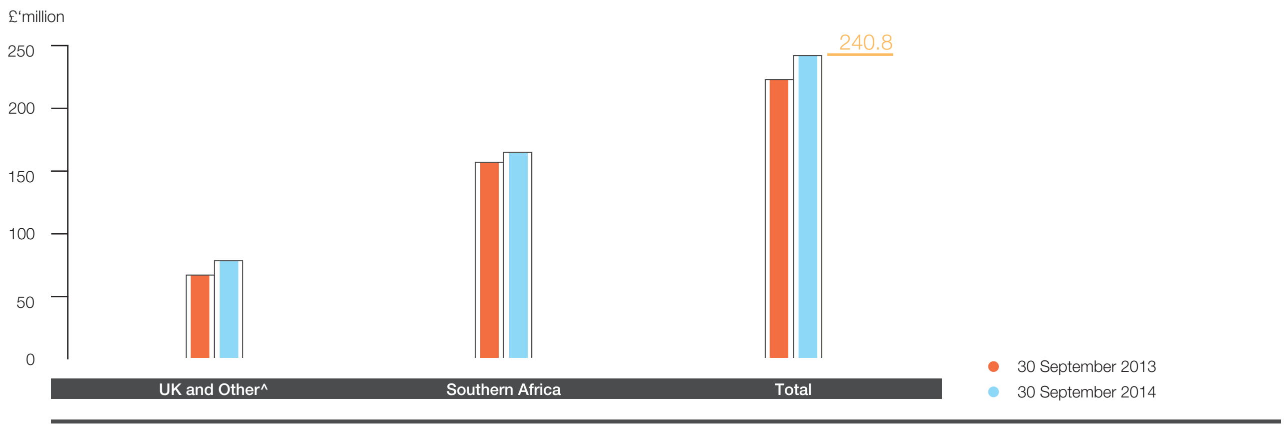
As a result of the foregoing factors, our operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests increased by 8.6% from £221.7 million to £240.8 million.

Six months to 30 Sept 2014 £'000	UK and Other	Australia	UK and Other total	Southern Africa	Total group	% change	% of total
Asset Management	37 684	–	37 684	38 996	76 680	6.6%	31.8%
Wealth & Investment	26 912	–	26 912	11 126	38 038	23.3%	15.8%
Specialist Banking	17 959	(4 988)	12 971	113 080	126 051	6.0%	52.4%
Total group	82 555	(4 988)	77 567	163 202	240 769	8.6%	100.0%
Other non-controlling interest – equity					(957)		
Operating profit					239 812		
% change	3.4%	64.2%	17.6%	4.8%	8.6%		
% of total	34.3%	(2.1%)	32.2%	67.8%	100.0%		

Six months to 30 Sept 2013* £'000	UK and Other	Australia	UK and Other total	Southern Africa	Total group	% of total
Asset Management	33 446	–	33 446	38 494	71 940	32.5%
Wealth & Investment	20 690	–	20 690	10 151	30 841	13.9%
Specialist Banking	25 740	(13 925)	11 815	107 081	118 896	53.6%
Total group	79 876	(13 925)	65 951	155 726	221 677	100.0%
Other non-controlling interest – equity					(1 493)	
Operating profit					220 184	
% of total	36.0%	(6.3%)	29.7%	70.3%	100.0%	

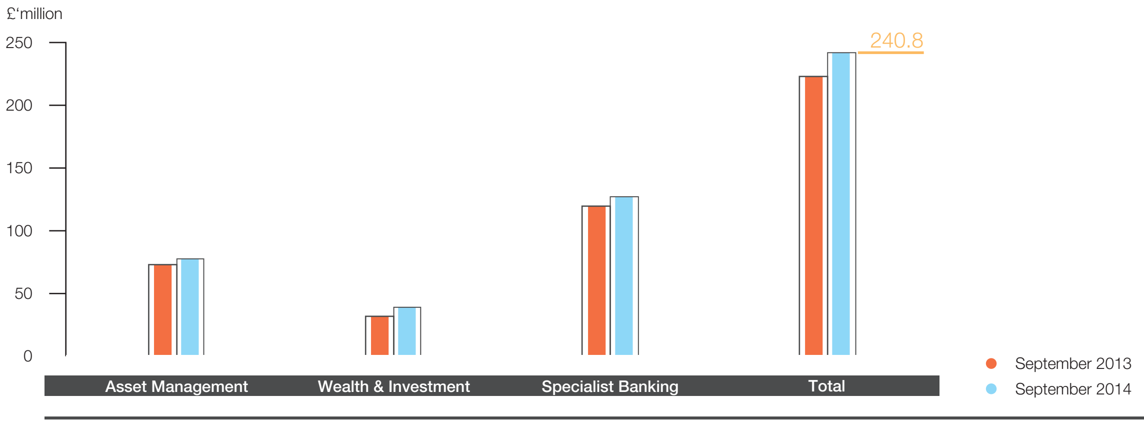
* *Restated. Refer to page 16.*

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



^ *Includes Australia, which was previously reported separately. Refer to page 16.*

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



Impairment of goodwill

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

The decrease in goodwill relates to the sale of Investec Bank (Australia) Limited as well as the pending sale of the Kensington UK and Start Irish operations as detailed on page 16.

Goodwill and intangible assets analysis – balance sheet information

£'000	30 Sept 2014	31 March 2014	30 Sept 2013
UK and Other	357 645	427 011	448 040
Asset Management	88 045	88 045	88 045
Wealth & Investment	242 570	242 951	243 102
Specialist Banking	27 030	96 015	116 893
Southern Africa	5 873	6 560	8 244
Asset Management	3 836	4 346	5 849
Wealth & Investment	1 972	1 963	2 124
Specialist Banking	65	251	271
Total goodwill	363 518	433 571	456 284
Intangible assets	149 892	159 169	167 871
Total goodwill and intangible assets	513 410	592 740	624 155

Amortisation of acquired intangibles

Amortisation of acquired intangibles relates largely 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 on page 16.

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

	£' 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)

Financial review (continued)

Taxation

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

	Effective tax rates 30 Sept 2014	Effective tax rates 30 Sept 2013*	30 Sept 2014 £'000	30 Sept 2013* £'000	% change
UK and Other^	22.1%	29.0%	15 900	17 988	(11.6%)
Southern Africa	17.4%	12.9%	29 267	20 388	43.6%
Tax	18.8%	17.4%	45 167	38 376	17.7%

^ *Includes Australia, which was previously reported separately. Refer to page 16.*
* *Restated. Refer to page 16.*

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests mainly comprises:

- £9.4 million profit attributable to non-controlling interests in the Asset Management business.
- £8.3 million profit attributable to non-controlling interests in the Investec Property Fund Limited.
- A reduction of £9.6 million relating to Euro denominated preferred securities issued by a subsidiary of Investec plc which are reflected on the balance sheet as part of non-controlling interests. (The transaction is hedged and a forex transaction loss arising on the hedge is reflected in operating profit before goodwill with the equal and opposite impact reflected in earnings attributable to non-controlling interests).

Earnings attributable to shareholders

As a result of the foregoing factors, earnings attributable to shareholders decreased from £163.4 million to £121.6 million.

Dividends and earnings per share

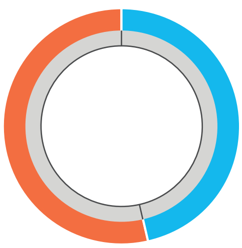
Information with respect to dividends and earnings per share is provided on page 26 and pages 159 to 164.

Balance sheet analysis

Since 31 March 2014:

- Total shareholders' equity (including non-controlling interests) decreased by 2.1% to £3.9 billion. The weakening of the closing Rand exchange rate relative to Pounds Sterling has resulted in a reduction in total equity of £117 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%.

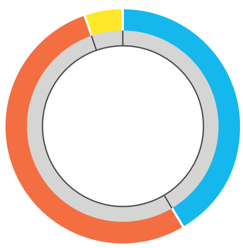
Assets by geography



30 September 2014
£45 931 million total assets

UK and Other^	46.5%
Southern Africa	53.5%

^ *Includes Australia, which was previously reported separately*



31 March 2014
£47 142 million total assets

UK and Other	41.6%
Southern Africa	53.2%
Australia	5.2%

Capital adequacy and leverage ratios

The table below provides information on the groups capital ratios:

At 30 September 2014	Investec plc	Investec Bank plc	Investec Limited	Investec Bank Limited
Common equity/core equity tier 1 (as reported)	9.5%	12.7%	9.5%	10.7%
Common equity/core equity tier 1 ("fully loaded")	9.6%	12.7%	9.4%	10.6%
Tier 1 (as reported)	11.4%	12.7%	11.2%	11.2%
Total capital adequacy ratio (as reported)	16.4%	17.9%	15.0%	15.6%
Leverage ratio – permanent capital	7.9%	8.1%	8.5%	8.5%
Leverage ratio – current	7.6%	8.1%	8.2%	8.4%
Leverage ratio – ("fully loaded")	6.4%	8.1%	7.2%	8.0%

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

Return on risk-weighted assets

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

	30 Sept 2014#	31 March 2014*	Average	30 Sept 2013#*	31 March 2013	Average
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	169 065	326 923		163 220	309 310	
Investec plc risk-weighted assets (£'million)	12 316	13 711	13 014	13 756	13 705	12 936
Investec Limited risk-weighted assets* (£'million)	14 229	14 125	14 177	14 761	16 036	15 360
Total risk-weighted assets (£'million)	26 545	27 836	27 191	28 517	29 744	28 296
Return on average risk-weighted assets	1.24%	1.14%		1.12%	1.06%	
Investec Limited risk-weighted assets* (R'million)	260 827	248 040		240 459	223 865	

Annualised
* *Restated.* *Refer to page 16.*

Net tangible asset value per share

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

£'000	30 Sept 2014	31 March 2014	30 Sept 2013
Shareholders' equity	3 414 608	3 572 296	3 597 767
Less: Perpetual preference shares issued by holding companies	(323 301)	(330 890)	(345 039)
Less: Goodwill and intangible assets (excluding software)	(504 238)	(577 817)	(607 857)
Net tangible asset value	2 587 069	2 663 589	2 644 871
Number of shares in issue (million)	899.3	891.7	891.7
Treasury shares (million)	(35.2)	(29.7)	(22.8)
Number of shares in issue in this calculation (million)	864.1	862.0	868.9
Net tangible asset value per share (pence)	299.4	309.0	304.4
NAV per share	357.7	376.0	374.4

ROE by country and business

Return on capital by segment

Methodology based on segmental information after reallocation of:

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

£'000	30 Sept 2014	31 March 2014	Average	30 Sept 2013	31 March 2013	Average
Calculation of average shareholders' equity						
Ordinary shareholders' equity	3 091 307	3 241 406	3 166 357	3 252 728	3 287 551	3 270 140
Goodwill and intangible assets (excluding software)	(504 238)	(577 816)	(541 027)	(607 857)	(626 870)	(617 364)
Adjusted tangible shareholders' equity	2 587 069	2 663 590	2 625 330	2 644 871	2 660 681	2 652 776

£'000	30 Sept 2014	31 March 2014	30 Sept 2013
Operating profit before goodwill impairment and non-operational items	239 812	461 525	220 184
Non-controlling interests	(8 399)	(21 880)	(1 457)
Preference dividends	(17 181)	(33 812)	(17 131)
Revised operating profit	214 232	405 833	201 596
Tax on ordinary activities	(45 167)	(78 910)	(38 376)
Revised operating profit after tax	169 065	326 923	163 220
Pre-tax return on average ordinary shareholders' equity	13.5%	12.4%	12.3%
Post-tax return on average adjusted shareholders' equity	10.7%	10.0%	10.0%
Pre-tax return on average adjusted tangible shareholders' equity	16.3%	15.2%	15.2%
Post-tax return on average adjusted tangible shareholders' equity	12.9%	12.3%	12.3%

ROE by geography

£'000	UK and Other^	Southern Africa	Total group
Total operating profit	72 016	167 796	239 812
Tax on profit on ordinary activities	(15 900)	(29 267)	(45 167)
Non-controlling interests	504	(8 903)	(8 399)
Preference dividends paid	(7 492)	(9 689)	(17 181)
Profit on ordinary activities after taxation – 30 September 2014	49 128	119 937	169 065
Profit on ordinary activities after taxation – 30 September 2013	40 166	123 054	163 220
Ordinary shareholders' equity – 30 September 2014	1 801 419	1 289 888	3 091 307
Goodwill and intangible assets (excluding software)	(498 366)	(5 872)	(504 238)
Tangible ordinary shareholders' equity – 30 September 2014	1 303 053	1 284 016	2 587 069
Ordinary shareholders' equity – 31 March 2014	1 942 284	1 299 122	3 241 406
Goodwill and intangible assets (excluding software)	(571 257)	(6 559)	(577 816)
Tangible ordinary shareholders' equity – 31 March 2014	1 371 027	1 292 563	2 663 590
Ordinary shareholders' equity – 30 September 2013	1 902 108	1 350 620	3 252 728
Goodwill and intangible assets (excluding software)	(599 613)	(8 244)	(607 857)
Tangible ordinary shareholders' equity – 30 September 2013	1 302 495	1 342 376	2 644 871
Average ordinary shareholders' equity – 30 September 2014	1 871 852	1 294 505	3 166 357
Average ordinary shareholders' equity – 30 September 2013	1 893 964	1 376 176	3 270 140
Average tangible shareholders' equity – 30 September 2014	1 337 040	1 288 290	2 625 330
Average tangible shareholders' equity – 30 September 2013	1 285 853	1 366 923	2 652 776
Post-tax return on average ordinary shareholders' equity – 30 September 2014	5.2%	18.5%	10.7%
Post-tax return on average ordinary shareholders' equity – 30 September 2013	4.2%	17.9%	10.0%
Post-tax return on average tangible shareholders' equity – 30 September 2014	7.3%	18.6%	12.9%
Post-tax return on average tangible shareholders' equity – 30 September 2013	6.2%	18.0%	12.3%
Pre-tax return on adjusted average ordinary shareholders' equity – 30 September 2014	6.9%	23.1%	13.5%
Pre-tax return on adjusted average ordinary shareholders' equity – 30 September 2013	6.1%	20.8%	12.3%
Pre-tax return on average tangible shareholders' equity – 30 September 2014	9.7%	23.2%	16.3%
Pre-tax return on average tangible ordinary shareholders' equity – 30 September 2013	9.0%	21.0%	15.2%

^ *Includes Australia, which was previously reported separately. Refer to page 16.*

ROE by business

£'000	Asset Management	Wealth & Investment	Specialist Banking	Adjusted Wealth & Investment^
Total operating profit, after other non-controlling interests	76 680	38 038	126 051	38 038
Notional return on regulatory capital	1 532	733	(2 265)	733
Notional cost of statutory capital	(4 117)	(6 623)	10 740	(6 623)
Cost of subordinated debt	(574)	(347)	921	(347)
Cost of preference shares	(317)	(159)	(16 705)	(159)
Absorption of additional residual costs **	(4 314)	(3 081)	7 395	(3 081)
Adjusted earnings – 30 September 2014	68 890	28 561	126 137	28 561
Adjusted earnings – 30 September 2013	62 374	21 078	119 285	21 078
Ordinary shareholders' equity – 30 September 2014	149 971	419 941	2 521 394	260 891
Goodwill and intangible assets (excluding software)	(91 881)	(381 992)	(30 365)	(222 942)
Tangible ordinary shareholders' equity – 30 September 2014	58 090	37 949	2 491 029	37 949
Ordinary shareholders' equity – 30 September 2013	136 394	428 497	2 687 837	269 447
Goodwill and intangible assets (excluding software)	(93 894)	(395 444)	(118 519)	(236 394)
Tangible ordinary shareholders' equity – 30 September 2013	42 500	33 053	2 569 318	33 053
Ordinary shareholders' equity – 31 March 2014	147 123	451 700	2 642 583	292 650
Goodwill and intangible assets (excluding software)	(92 391)	(388 329)	(97 096)	(229 279)
Tangible ordinary shareholders' equity – 31 March 2014	54 732	63 371	2 545 487	63 371
Average ordinary shareholders' equity – 30 September 2014	148 547	435 821	2 581 989	276 771
Average ordinary shareholders' equity – 30 September 2013	132 175	422 147	2 715 818	263 097
Average tangible shareholders' equity – 30 September 2014	56 411	50 660	2 518 258	50 660
Average tangible shareholders' equity – 30 September 2013	37 480	23 244	2 592 052	23 244
Pre-tax return on adjusted average ordinary shareholders' equity – 30 September 2014	92.8%	13.1%	9.8%	20.6%
Pre-tax return on adjusted average ordinary shareholders' equity – 30 September 2013	94.4%	10.0%	8.8%	16.0%
Pre-tax return on average tangible ordinary shareholders' equity – 30 September 2014	244.2%	112.8%	10.0%	112.8%
Pre-tax return on average tangible ordinary shareholders' equity – 30 September 2013	332.8%	181.4%	9.2%	181.4%

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

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

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

Total third party assets under management

£'million	30 Sept 2014	31 March 2014	30 Sept 2013
Asset Management	71 738	68 017	66 232
UK and Other	46 175	42 006	40 266
Southern Africa	25 563	26 011	25 966
Wealth & Investment	43 687	41 524	40 075
Europe	28 156	26 950	25 328
South Africa	15 531	14 574	14 747
Property and Other Activities	192	272	208
Southern Africa	192	144	146
Australia	–	128	62
Australia other funds	109	128	143
Total third party assets under management	115 726	109 941	106 658

A further analysis of third party assets under management

At 30 September 2014 £'million	UK and Other^	Southern Africa	Total group
Asset management	46 175	25 563	71 738
Mutual funds	17 372	10 507	27 879
Segregated mandates	28 803	15 056	43 859
Wealth & Investment	28 156	15 531	43 687
Discretionary	19 985	2 897	22 882
Non-discretionary	7 958	12 634	20 592
Other	213	–	213
Property Activities	109	192	301
Total third party assets under management	74 440	41 286	115 726

At 31 March 2014 £'million	UK and Other	Southern Africa	Australia	Total group
Asset management	42 006	26 011	–	68 017
Mutual funds	15 386	11 180	–	26 566
Segregated mandates	26 620	14 831	–	41 451
Wealth & Investment	26 950	14 574	–	41 524
Discretionary	18 889	2 674	–	21 563
Non-discretionary	7 823	11 900	–	19 723
Other	238	–	–	238
Property Activities	–	144	128	272
Australia other funds	–	–	128	128
Total third party assets under management	68 956	40 729	256	109 941

^ *Includes Australia, which was previously reported separately.*

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

By division	Asset Management	Wealth & Investment	Specialist Banking	Total group
Number of employees – 30 September 2014	1 456	1 479	5 276	8 211
Number of employees – 31 March 2014	1 468	1 383	5 407	8 258
Number of employees – 30 September 2013	1 358	1 348	5 517	8 223
Number of employees – 31 March 2013	1 268	1 332	5 551	8 151
Average employees – six months to 30 September 2014	1 462	1 431	5 342	8 235
Average employees – six months to 30 September 2013	1 312	1 339	5 533	8 184
Operating profit – six months to 30 September 2014 (£'000)	76 680	38 038	126 051	240 769
Operating profit – six months to 30 September 2013 (£'000)#	71 940	30 841	118 896	221 677
Operating profit per employee^ – 30 September 2014 (£'000)	52.4^^	26.6	23.6	29.2
Operating profit per employee^ – 30 September 2013 (£'000)#	54.8^^	23.0	21.5	27.1

By geography	UK and Other*	Southern Africa	Total group
Number of employees – 30 September 2014	3 797	4 414	8 211
Number of employees – 31 March 2014	3 854	4 404	8 258
Number of employees – 30 September 2013	3 994	4 229	8 223
Number of employees – 31 March 2013	3 983	4 168	8 151
Average employees – six months to 30 September 2014	3 826	4 409	8 235
Average employees – six months to 30 September 2013	3 986	4 198	8 184
Operating profit – six months to 30 September 2014 (£'000)	77 567	163 202	240 769
Operating profit – six months to 30 September 2013 (£'000)#	65 951	155 726	221 677
Operating profit per employee^ – 30 September 2014 (£'000)	20.3	37.0	29.2
Operating profit per employee^ – 30 September 2013 (£'000)#	16.5	37.1	27.1

^ *Based on average number of employees over the period.*
* *Includes Australia, which was previously reported separately. Refer to page 16.*
^^ *For Asset Management, operating profit per employee includes Silica, its third party administration business.*
# *Restated. Refer to page 16.*

Number of employees

By division and geography – permanent employees	30 Sept 2014	30 Sept 2013
Asset Management		
UK and Other	429	405
Southern Africa*	962	837
Total	1 391	1 242
Wealth & Investment		
UK and Other	1 095	976
South Africa	300	271
Total	1 395	1 247
Specialist Banking		
UK and Other	1 978	1 959
Southern Africa	2 829	2 716
Australia	117	447
USA	20	20
Total	4 944	5 142
Total number of permanent employees	7 730	7 631

* *Includes Silica employees, its third party administration business.*

By geography	30 Sept 2014	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
UK and Europe	3 502	3 211	3 338	3 181	2 606	1 763	1 706
Southern Africa	4 091	3 986	3 748	3 661	3 680	3 542	3 541
Australia	117	440	470	411	401	356	354
USA	20	20	19	33	29	23	22
Temporary employees and contractors	481	601	576	495	521	439	328
Total number of employees	8 211	8 258	8 151	7 781	7 237	6 123	5 951

Shareholder analysis

Largest ordinary shareholders as at 30 September 2014

As at 30 September 2014 Investec plc and Investec Limited had 613.6 million and 285.7 million ordinary shares in issue respectively.

Largest ordinary shareholders as at 30 September 2014

Investec plc

Shareholder analysis by manager group	Number of shares	% holding
Public Investment Corporation (ZA)	65 848 560	10.7%
Allan Gray (ZA)	44 334 681	7.2%
Sanlam Group (ZA)	28 732 992	4.7%
BlackRock Inc (US and UK)	28 040 053	4.6%
Prudential Group (ZA)	20 465 078	3.3%
Old Mutual (ZA)	20 186 943	3.3%
T Rowe Price Associates (UK)	19 235 435	3.1%
Royal London Mutual Assurance Society (UK)	17 112 319	2.8%
Schroder Investment Management (UK)	16 280 078	2.7%
Legal & General Investment Management (UK)	15 579 104	2.5%
	275 815 243	**44.9%**

The top 10 shareholders account for 44.9% of the total shareholding in Investec plc. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated. The above analysis excludes shares held by Investec directors.

Investec Limited

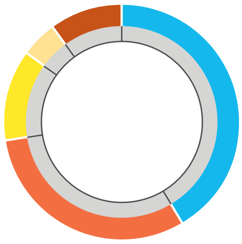
Shareholder analysis by manager group	Number of shares	% holding
Public Investment Corporation (ZA)	35 914 833	12.6%
Investec Staff Share Scheme (ZA)	21 267 933	7.4%
Old Mutual (ZA)	20 747 076	7.3%
Allan Gray (ZA)	17 994 390	6.3%
Sanlam Investment Management (ZA)	14 037 574	4.9%
Entrepreneurial Development Trust (ZA)*	11 214 209	3.9%
BlackRock Inc (UK and US)	11 052 452	3.9%
Dimensional Fund Advisors (UK)	10 545 936	3.7%
State Street Corporation (US)	8 019 440	2.8%
Vanguard Group (US)	7 807 794	2.7%
	158 601 637	**55.5%**

The top 10 shareholders account for 55.5% of the total shareholding in Investec Limited. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated. The above analysis excludes shares held by Investec directors.

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

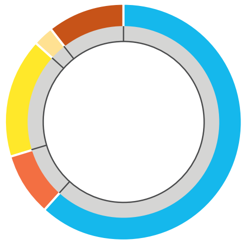
Shareholder analysis (continued)

Geographical holding by beneficial ordinary share owner as at 30 September 2014



30 September 2014
Investec plc

South Africa	41.6%
UK	30.9%
USA and Canada	12.5%
Rest of Europe	5.1%
Other countries and unknown	9.9%



30 September 2014
Investec Limited

South Africa	61.7%
UK	8.7%
USA and Canada	16.3%
Rest of Europe	2.9%
Other countries and unknown	10.4%

Share statistics

Investec plc

For the period ended	30 Sept 2014	31 March 2014	30 Sept 2013	31 March 2013	30 Sept 2012	31 March 2012	30 Sept 2011	31 March 2011	30 Sept 2010	31 March 2010
Closing market price per share (Pounds)										
– period ended	5.20	4.85	4.00	4.59	3.82	3.82	3.49	4.78	5.09	5.39
– highest	5.63	5.08	5.06	5.14	4.01	5.22	5.22	5.50	5.51	5.62
– lowest	4.91	3.66	3.87	3.10	3.10	3.18	3.49	4.29	4.29	2.87
Number of ordinary shares in issue (million)	613.6	608.8	608.8	605.2	605.2	598.3	542.4	537.2	537.2	471.1
Market capitalisation (£'million)[1]	3 191	2 953	2 453	2 778	2 312	2 286	1 893	2 568	2 734	2 539
Daily average volume of shares traded ('000)	2 405	1 985	1 665	1 305	1 201	1 683	1 647	1 634	1 969	1 933

Investec Limited

For the period ended	30 Sept 2014	31 March 2014	30 Sept 2013	31 March 2013	30 Sept 2012	31 March 2012	30 Sept 2011	31 March 2011	30 Sept 2010	31 March 2010
Closing market price per share (Rands)										
– period ended	94.89	84.84	65.97	64.26	51.10	47.16	44.20	52.80	59.47	62.49
– highest	101.89	85.04	73.49	69.89	52.80	57.36	57.36	65.50	65.50	65.40
– lowest	86.02	59.00	60.09	41.31	41.31	42.00	43.97	49.49	52.55	37.51
Number of ordinary shares in issue (million)	285.7	282.9	282.9	279.6	279.6	276.0	276.0	272.8	272.8	269.8
Market capitalisation (R'million)[2]	85 335	75 652	58 825	56 857	45 213	41 232	36 173	42 768	48 171	46 299
Market capitalisation (£'million)	4 676	4 325	3 567	4 061	3 380	3 340	2 856	3 872	4 123	3 378
Daily average volume of shares traded ('000)	735	810	942	980	1 029	1 033	981	794	900	1 068

Notes:

1 *The LSE only include the shares in issue for Investec plc, i.e. currently 613.6 million, in calculating market capitalisation, as Investec Limited is not incorporated in the UK.*

2 *The JSE have agreed to use the total number of shares in issue for the combined group, comprising Investec plc and Investec Limited, in calculating market capitalisation, i.e. currently a total of 899.3 million shares in issue.*

Risk management

As per Basel requirements, the following risk management and capital section will provide detail on the quantitative risk disclosures required on a semi-annual basis. For any additional qualitative disclosures, definitions and descriptions, please refer to our annual financial statements for the year ended 31 March 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 has specialist divisions in the UK, South Africa and Australia and smaller risk divisions in other regions to promote sound risk management practices.

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

We believe that the risk management systems and processes we have in place are adequate to support the group's strategy and allow the group to operate within its risk appetite tolerance.

A summary of the period in review from a risk perspective

The group remained within the majority of its risk appetite limits/targets across the various risk disciplines. Our risk appetite framework continues to be assessed in light of prevailing market conditions and group strategy.

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 during the year in review:

- 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 predetermined 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
- The group's core loan book declined by 6.9% from 31 March 2014 to £16.0 billion at 30 September 2014 impacted by the sale of the professional finance and asset finance portfolios in Investec Bank (Australia) Limited as well as certain UK residential mortgage portfolios which formed part of the Kensington transaction (refer to page 16). The loan book in South Africa grew by 8.7% to R171 billion and adjusting for the sale of group assets, the UK core loan book grew by 9.4% to £6.6 billion. The group has experienced strong growth in its private client residential mortgages and its corporate portfolio. The legacy portfolios (notably in the UK) continue to be managed down and we are starting to see some opportunities in exiting deals in this book. However, we remain cautiously optimistic in this regard and our view is that the legacy book will still take three to five years to wind down
- Our core loan book remains diversified with commercial rent producing property loans comprising approximately 19% of the book, other lending collateralised by property 9%, HNW and private client lending 33% and corporate lending 39% (with most industry concentrations well below 5%). We anticipate that future growth in our core loan portfolios will largely come from professional mortgages, commercial rent producing property transactions, asset finance, fund finance and power and infrastructure finance. These asset classes have historically reported low default ratios and provide good gross asset margins
- Since 31 March 2014 gross defaults have improved from £658.7 million to £612.7 million. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounted to 2.23% (March 2014: 2.30%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.29 times (March 2014: 1.27 times)
- Limited exposure to structured credit; representing approximately 1.2% of total assets
- A low gearing ratio of 10.2 times
- Low equity and investment risk exposure with total investments comprising 3.6% of total assets. Our investment portfolios in the UK and South Africa continue to perform well
- 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 0.4% of total operating income
- A high level of readily available, high quality liquid assets; cash and near cash of £9.0 billion, representing 32.7% 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. All our banking subsidiaries meet current internal targets. Investec Limited and Investec plc should comfortably achieve a common equity tier 1 ratio above 10% by March 2016
- Geographical and operational diversity with a high level of recurring income (amounting to 77.1% of total operating income) which continues to support sustainability of operating profit
- We continue to spend much time and effort focusing on operational, reputational, conduct, recovery and

resolution risks. We continue to assess the impact of cyber risk in greater detail, particularly given our focus on enhancing and expanding our digitisation strategies. We have increased our focus on stress testing and have appointed an external adviser to assist in this regard. The key is to understand potential threats to our sustainability and profitability and thus a number of risk scenarios.

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; and
- 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 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 decreased by 8.6% to £34.3 billion largely as a result of assets sold as explained on page 16. Cash and near cash balances decreased by 1.1% to £9.0 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 and sovereign debt securities.

£'000	30 Sept 2014	31 March 2014	% change	Average*
Cash and balances at central banks	3 171 697	2 072 987	53.0%	2 622 342
Loans and advances to banks	2 598 625	3 280 179	(20.8%)	2 939 402
Non-sovereign and non-bank cash placements	567 683	515 189	10.2%	541 436
Reverse repurchase agreements and cash collateral on securities borrowed	1 120 419	1 388 980	(19.3%)	1 254 699
Sovereign debt securities	2 656 672	3 215 432	(17.4%)	2 936 052
Bank debt securities	1 422 390	1 568 097	(9.3%)	1 495 243
Other debt securities	468 583	594 353	(21.2%)	531 468
Derivative financial instruments	1 000 601	1 202 278	(16.8%)	1 101 439
Securities arising from trading activities	506 303	461 390	9.7%	483 847
Loans and advances to customers (gross)	15 833 980	16 545 335	(4.3%)	16 189 658
Own originated loans and advances to customers securitised (gross)	404 018	876 595	(53.9%)	640 307
Other loans and advances (gross)	471 612	1 745 329	(73.0%)	1 108 471
Other securitised assets (gross)	62 136	197 630	(68.6%)	129 883
Other assets	259 370	171 582	51.2%	215 476
Total on-balance sheet exposures	30 544 089	33 835 356	(9.7%)	32 189 723
Guarantees^	700 599	664 626	5.4%	682 612
Contingent liabilities, committed facilities and other	3 058 760	3 041 499	0.6%	3 050 130
Total off-balance sheet exposures	3 759 359	3 706 125	1.4%	3 732 742
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	34 303 448	37 541 481	(8.6%)	35 922 465

* *Where the average is based on a straight-line average for the period 1 April 2014 to 30 September 2014.*

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

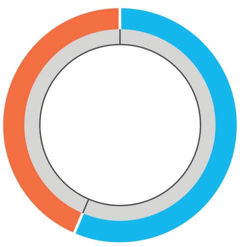
Risk management (continued)
Unaudited

An analysis of gross credit and counterparty exposures by geography

£'000	UK and Other 30 Sept 2014	UK and Other 31 March 2014	Southern Africa 30 Sept 2014	Southern Africa 31 March 2014	Total 30 Sept 2014	Total 31 March 2014
Cash and balances at central banks	2 847 239	1 735 422	324 458	337 565	3 171 697	2 072 987
Loans and advances to banks	934 533	1 277 023	1 664 092	2 003 156	2 598 625	3 280 179
Non-sovereign and non-bank cash placements	–	–	567 683	515 189	567 683	515 189
Reverse repurchase agreements and cash collateral on securities borrowed	725 292	909 437	395 127	479 543	1 120 419	1 388 980
Sovereign debt securities	859 800	1 232 415	1 796 872	1 983 017	2 656 672	3 215 432
Bank debt securities	220 744	371 182	1 201 646	1 196 915	1 422 390	1 568 097
Other debt securities	186 012	218 203	282 571	376 150	468 583	594 353
Derivative financial instruments	320 162	525 526	680 439	676 752	1 000 601	1 202 278
Securities arising from trading activities	416 719	419 408	89 584	41 982	506 303	461 390
Loans and advances to customers (gross)	6 867 958	7 967 312	8 966 022	8 578 023	15 833 980	16 545 335
Own originated loans and advances to customers securitised (gross)	–	448 255	404 018	428 340	404 018	876 595
Other loans and advances (gross)	331 673	1 451 925	139 939	293 404	471 612	1 745 329
Other securitised assets (gross)	53 467	184 483	8 669	13 147	62 136	197 630
Other assets	232 845	137 665	26 525	33 917	259 370	171 582
Total on-balance sheet credit and counterparty exposures	13 996 444	16 878 256	16 547 645	16 957 100	30 544 089	33 835 356
Guarantees^	151 719	46 922	548 880	617 704	700 599	664 626
Contingent liabilities, committed facilities and other	755 409	884 339	2 303 351	2 157 160	3 058 760	3 041 499
Total off-balance sheet exposures	907 128	931 261	2 852 231	2 774 864	3 759 359	3 706 125
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	14 903 572	17 809 517	19 399 876	19 731 964	34 303 448	37 541 481

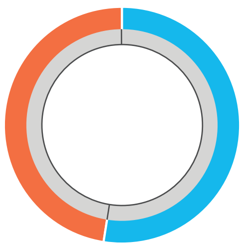
^ *Excludes guarantees provided to clients which are backed/secured by cash on deposit with the bank.*

An analysis of gross credit and counterparty exposures by geography



30 September 2014
£34 303 million

Southern Africa	56.6%
UK and Other	43.4%



31 March 2014
£37 542 million

Southern Africa	52.6%
UK and Other	47.4%

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

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

£'000	Total credit and counterparty exposure	Assets that we deem to have no legal credit exposure	Note refer-ence	Total balance sheet
At 30 September 2014				
Cash and balances at central banks	3 171 697	6 812		3 178 509
Loans and advances to banks	2 598 625	–		2 598 625
Non-sovereign and non-bank cash placements	567 683	–		567 683
Reverse repurchase agreements and cash collateral on securities borrowed	1 120 419	–		1 120 419
Sovereign debt securities	2 656 672	–		2 656 672
Bank debt securities	1 422 390	–		1 422 390
Other debt securities	468 583	941		469 524
Derivative financial instruments	1 000 601	993 637		1 994 238
Securities arising from trading activities	506 303	413 941		920 244
Investment portfolio	–	909 407	1	909 407
Loans and advances to customers	15 833 980	(256 472)	2	15 577 508
Own originated loans and advances to customers securitised	404 018	(276)	2	403 742
Other loans and advances	471 612	(43 747)	3	427 865
Other securitised assets	62 136	875 372		937 508
Interest in associated undertakings	–	23 664		23 664
Deferred taxation assets	–	87 070		87 070
Other assets	259 370	1 303 008	4	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 asset classified as held for sale	–	4 105 517	5	4 105 517
Total on-balance sheet exposures	30 544 089	9 561 676		40 105 765

1. *Largely relates to exposures that are classified as equity risk in the banking book. Further information is provided on pages 78 to 80.*
2. *Largely relates to impairments and the impact of hedge accounting.*
3. *Whilst the group manages all risks (including credit risk) from a day-to-day operational perspective, certain of these assets are within special purpose vehicles that ringfence 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.*
5. *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. 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 Kensington transaction is still subject to regulatory approval, whilst the group has received regulatory approval for the Start transaction. 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".*

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

£'000	Total credit and counterparty exposure	Assets that we deem to have no legal credit exposure	Note reference	Total balance sheet
At 31 March 2014				
Cash and balances at central banks	2 072 987	7 203		2 080 190
Loans and advances to banks	3 280 179	–		3 280 179
Non-sovereign and non-bank cash placements	515 189	–		515 189
Reverse repurchase agreements and cash collateral on securities borrowed	1 388 980	–		1 388 980
Sovereign debt securities	3 215 432	–		3 215 432
Bank debt securities	1 568 097	–		1 568 097
Other debt securities	594 353	11 025		605 378
Derivative financial instruments	1 202 278	417 137		1 619 415
Securities arising from trading activities	461 390	408 698		870 088
Investment portfolio	–	825 745	1	825 745
Loans and advances to customers	16 545 335	(263 723)	2	16 281 612
Own originated loans and advances to customers securitised	876 595	(840)	2	875 755
Other loans and advances	1 745 329	(51 760)	3	1 693 569
Other securitised assets	197 630	3 378 896	3, 4	3 576 526
Interest in associated undertakings	–	24 316		24 316
Deferred taxation assets	–	131 142		131 142
Other assets	171 582	1 303 410	5	1 474 992
Property and equipment	–	108 738		108 738
Investment properties	–	509 228		509 228
Goodwill	–	433 571		433 571
Intangible assets	–	159 169		159 169
Non-current assets classified as held for sale	–	41 637		41 637
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	5 862 959		5 862 959
Total on-balance sheet exposures	33 835 356	13 306 551		47 141 907

1. *Largely relates to exposures that are classified as equity risk in the banking book. Further information is provided on pages 78 to 80.*
2. *Largely relates to impairments and the impact of hedge accounting.*
3. *Whilst the group manages all risks (including credit risk) from a day-to-day operational perspective, certain of these assets are within special purpose vehicles that ringfence 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. *Includes net investments in Kensington securitised vehicles to which Investec has no direct exposure. Also includes liquidity facilities provided to third party corporate securitisation vehicles in South Africa. These facilities have remained undrawn and are reflected as a contingent liability, i.e. off-balance sheet exposure of the bank.*
5. *Other assets include settlement debtors where we deem to have no credit risk exposure as they are settled on a delivery against payment basis.*

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

£'000	Up to three months	Three to six months	Six months to one year	One to five years	Five to 10 years	>10 years	Total
Cash and balances at central banks	3 171 697	–	–	–	–	–	3 171 697
Loans and advances to banks	2 498 381	6 675	44 695	48 874	–	–	2 598 625
Non-sovereign and non-bank cash placements	567 683	–	–	–	–	–	567 683
Reverse repurchase agreements and cash collateral on securities borrowed	929 144	17 692	11 854	83 701	44 536	33 492	1 120 419
Sovereign debt securities	1 021 245	505 442	271 172	125 790	119 189	613 834	2 656 672
Bank debt securities	75 244	129 301	514 254	396 118	264 108	43 365	1 422 390
Other debt securities	9 903	5 429	10 839	41 297	281 841	119 274	468 583
Derivative financial instruments	201 067	75 182	107 622	384 540	136 604	95 586	1 000 601
Securities arising from trading activities	451 645	2 622	6 881	37 550	3 209	4 396	506 303
Loans and advances to customers (gross)	2 614 243	935 940	1 474 336	6 928 901	1 474 670	2 405 890	15 833 980
Own originated loans and advances to customers securitised (gross)	119	–	80	76 692	31 610	295 517	404 018
Other loans and advances (gross)	5 022	–	–	191 501	9 575	265 514	471 612
Other securitised assets (gross)	–	–	–	–	–	62 136	62 136
Other assets	253 697	5 673	–	–	–	–	259 370
Total on-balance sheet exposures	11 799 090	1 683 956	2 441 733	8 314 964	2 365 342	3 939 004	30 544 089
Guarantees	248 477	9 662	16 438	382 553	33 863	9 606	700 599
Contingent liabilities, committed facilities and other	796 865	126 026	314 970	861 500	116 207	843 192	3 058 760
Total off-balance sheet exposures	1 045 342	135 688	331 408	1 244 053	150 070	852 798	3 759 359
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	12 844 432	1 819 644	2 773 141	9 559 017	2 515 412	4 791 802	34 303 448

Detailed analysis of gross credit and counterparty exposures by industry at 30 September 2014

£'000	HNW and professional individuals	Lending collateralised by property – largely to private clients	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business services	Finance and insurance
Cash and balances at central banks	–	–	–	–	3 171 697	–	–
Loans and advances to banks	–	–	–	–	–	–	2 598 625
Non-sovereign and non-bank cash placements	–	–	–	1 169	–	7 015	185 753
Reverse repurchase agreements and cash collateral on securities borrowed	24 404	–	–	1 068	–	–	1 042 190
Sovereign debt securities	–	–	–	–	2 656 672	–	–
Bank debt securities	–	–	–	–	–	–	1 422 390
Other debt securities	–	–	–	31 264	1 823	–	201 957
Derivative financial instruments	4 058	–	1 261	21 823	–	31 395	770 055
Securities arising from trading activities	–	–	–	31 333	360 528	–	101 947
Loans and advances to customers (gross)	5 015 279	4 536 179	41 150	607 840	286 765	553 453	869 572
Own originated loans and advances to customers securitised (gross)	403 891	127	–	–	–	–	–
Other loans and advances (gross)	–	–	–	–	–	–	243 960
Other securitised assets (gross)	–	–	–	–	8 669	–	–
Other assets	–	–	–	35	–	–	256 015
Total on-balance sheet exposures	5 447 632	4 536 306	42 411	694 532	6 486 154	591 863	7 692 464
Guarantees	170 368	64 473	–	9 424	49 331	1 489	99 288
Contingent liabilities, committed facilities and other	1 511 072	512 280	33 041	217 660	23 278	55 242	254 628
Total off-balance sheet exposures	1 681 440	576 753	33 041	227 084	72 609	56 731	353 916
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	7 129 072	5 113 059	75 452	921 616	6 558 763	648 594	8 046 380

	Retailers and wholesalers	Manufac-turing and commerce	Construc-tion	Corporate commercial real estate	Other residential mortgages	Mining and resources	Leisure, entertain-ment and tourism	Transport	Com-munication	Total
	–	–	–	–	–	–	–	–	–	3 171 697
	–	–	–	–	–	–	–	–	–	2 598 625
	80 004	180 718	13 867	–	–	34 568	–	42 846	21 743	567 683
	–	50 362	–	–	–	–	–	2 395		1 120 419
	–	–	–	–	–	–	–	–	–	2 656 672
	–	–	–	–	–	–	–	–	–	1 422 390
	–	–	–	–	–	111 163	–	51 830	70 546	468 583
	51 429	44 353	4 698	34 956	–	9 997	14 741	5 349	6 486	1 000 601
	4 145	–	5 363	–	–	231	–	2 756	–	506 303
	544 217	1 037 384	205 103	420 880	2 635	352 173	219 930	766 943	374 477	15 833 980
	–	–	–	–	–	–	–	–	–	404 018
	–	–	–	–	227 652	–	–	–	–	471 612
	–	–	–	–	53 467	–	–	–	–	62 136
	9	126	–	218	–	–	–	–	2 967	259 370
	679 804	1 312 943	229 031	456 054	283 754	508 132	234 671	872 119	476 219	30 544 089
	42 193	35 897	–	53 782	117 775	41 554	10 595	249	4 181	700 599
	69 788	62 330	20 661	9 498	4 984	133 430	26 471	108 752	15 645	3 058 760
	111 981	98 227	20 661	63 280	122 759	174 984	37 066	109 001	19 826	3 759 359
	791 785	1 411 170	249 692	519 334	406 513	683 116	271 737	981 120	496 045	34 303 448

Detailed analysis of gross credit and counterparty exposures by industry at 31 March 2014

£'000	HNW and professional individuals	Lending collaterised by property – largely to private clients	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business services	Finance and insurance
Cash and balances at central banks	–	–	–	–	2 072 987	–	–
Loans and advances to banks	–	–	–	–	–	–	3 280 179
Non-sovereign and non-bank cash placements	–	–	–	1 391	969	27 588	113 844
Reverse repurchase agreements and cash collateral on securities borrowed	27 643	–	–	1 129	–	–	1 298 322
Sovereign debt securities	–	–	–	–	3 215 432	–	–
Bank debt securities	–	–	–	–	–	–	1 568 097
Other debt securities	–	–	–	17 311	–	–	261 713
Derivative financial instruments	9 094	–	528	15 130	4 863	17 574	998 421
Securities arising from trading activities	–	–	–	241	384 436	–	65 898
Loans and advances to customers (gross)	5 957 256	4 561 536	68 191	527 034	238 738	547 296	770 278
Own originated loans and advances to customers securitised (gross)	876 562	33	–	–	–	–	–
Other loans and advances (gross)	–	–	–	–	–	–	330 500
Other securitised assets (gross)	–	–	–	–	8 958	–	4 189
Other assets	4	–	–	37	17 076	18 080	120 494
Total on-balance sheet exposures	6 870 559	4 561 569	68 719	562 273	5 943 459	610 538	8 811 935
Guarantees	148 850	86 814	–	8 996	48 011	2 534	148 074
Contingent liabilities, committed facilities and other	1 650 438	505 192	36 023	230 055	7 174	69 729	68 884
Total off-balance sheet exposures	1 799 288	592 006	36 023	239 051	55 185	72 263	216 958
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	8 669 847	5 153 575	104 742	801 324	5 998 644	682 801	9 028 893

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

Retailers and wholesalers	Manufacturing and commerce	Construction	Corporate commercial real estate	Other residential mortgages^	Mining and resources	Leisure, entertainment and tourism	Transport	Communication	Total
–	–	–	–	–	–	–	–	–	2 072 987
–	–	–	–	–	–	–	–	–	3 280 179
95 828	117 513	13 648	–	–	30 827	–	102 685	10 896	515 189
–	57 392	–	–	–	–	–	4 494	–	1 388 980
–	–	–	–	–	–	–	–	–	3 215 432
									1 568 097
–	–	–	–	32 451	126 778	–	88 096	68 004	594 353
38 584	33 691	14 090	35 737	–	9 014	11 584	11 905	2 063	1 202 278
–	8 495	–	–	–	–	–	2 320	–	461 390
530 053	864 694	218 045	457 258	16 074	468 848	206 394	760 473	353 167	16 545 335
–	–	–	–	–	–	–	–	–	876 595
–	–	–	–	1 414 829	–	–	–	–	1 745 329
–	–	–	–	184 483	–	–	–	–	197 630
1 572	9 456	–	–	137	–	–	–	4 726	171 582
666 037	1 091 241	245 783	492 995	1 647 974	635 467	217 978	969 973	438 856	33 835 356
79 067	7 833	56	64	456	120 930	11 288	1 138	515	664 626
84 401	85 623	25 018	8 585	5 293	109 498	55 873	86 097	13 616	3 041 499
163 468	93 456	25 074	8 649	5 749	230 428	67 161	87 235	14 131	3 706 125
829 505	1 184 697	270 857	501 644	1 653 723	865 895	285 139	1 057 208	452 987	37 541 481

Private client loans account for 33.3% of total gross core loans and advances, as represented by the industry classification "HNW and professional individuals"

Summary analysis of gross credit and counterparty exposures by industry

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

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

Breakdown of gross credit exposure by industry

	Gross core loans and advances		Other credit and counterparty exposures		Total	
£'000	30 Sept 2014	31 March 2014	30 Sept 2014	31 March 2014	30 Sept 2014	31 March 2014
HNW and professional individuals	5 419 170	6 833 818	1 709 902	1 836 029	7 129 072	8 669 847
Lending collaterlised by property – largely to private clients	4 536 306	4 561 569	576 753	592 006	5 113 059	5 153 575
Agriculture	41 150	68 191	34 302	36 551	75 452	104 742
Electricity, gas and water (utility services)	607 840	527 034	313 776	274 290	921 616	801 324
Public and non-business services	286 765	238 738	6 271 998	5 759 906	6 558 763	5 998 644
Business services	553 453	547 296	95 141	135 505	648 594	682 801
Finance and insurance	869 572	770 278	7 176 808	8 258 615	8 046 380	9 028 893
Retailers and wholesalers	544 217	530 053	247 568	299 452	791 785	829 505
Manufacturing and commerce	1 037 384	864 694	373 786	320 003	1 411 170	1 184 697
Construction	205 103	218 045	44 589	52 812	249 692	270 857
Corporate commercial real estate	420 880	457 258	98 454	44 386	519 334	501 644
Other residential mortgages	2 635	16 074	403 878	1 637 649	406 513	1 653 723
Mining and resources	352 173	468 848	330 943	397 047	683 116	865 895
Leisure, entertainment and tourism	219 930	206 394	51 807	78 745	271 737	285 139
Transport	766 943	760 473	214 177	296 735	981 120	1 057 208
Communication	374 477	353 167	121 568	99 820	496 045	452 987
Total	16 237 998	17 421 930	18 065 450	20 119 551	34 303 448	37 541 481

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

Calculation of core loans and advances to customers

£'000	30 Sept 2014	31 March 2014
Loans and advances to customers as per the balance sheet	15 577 508	16 281 612
Add: Own originated loans and advances securitised as per the balance sheet	403 742	875 755
Net core loans and advances to customers	15 981 250	17 157 367

The tables below provides information with respect to the asset quality of our core loans and advances.

£'000	30 Sept 2014	31 March 2014
Gross core loans and advances to customers	16 237 998	17 421 930
Total impairments	(256 748)	(264 563)
Portfolio impairments	(35 957)	(26 337)
Specific impairments	(220 791)	(238 226)
Net core loans and advances to customers	15 981 250*	17 157 367
Average gross core loans and advances to customers	16 829 964	18 063 549
Current loans and advances to customers	15 278 556	16 405 187^
Past due loans and advances to customers (1 – 60 days)	146 163	166 537
Special mention loans and advances to customers	200 576	191 527^
Default loans and advances to customers	612 703	658 679
Gross core loans and advances to customers	16 237 998	17 421 930
Current loans and advances to customers	15 278 556	16 405 187
Default loans that are current and not impaired	30 580	30 475^
Gross core loans and advances to customers that are past due but not impaired	418 024	433 969^
Gross core loans and advances to customers that are impaired	510 838	552 299
Gross core loans and advances to customers	16 237 998	17 421 930
Total income statement charge for core loans and advances	(59 236)	(122 473)
Gross default loans and advances to customers	612 703	658 679
Specific impairments	(220 791)	(238 226)
Portfolio impairments	(35 957)	(26 337)
Defaults net of impairments	355 955	394 116
Collateral and other credit enhancements	460 348	499 267
Net default loans and advances to customers (limited to zero)	–	–
Ratios:		
Total impairments as a % of gross core loans and advances to customers	1.58%	1.52%
Total impairments as a % of gross default loans	41.90%	40.17%
Gross defaults as a % of gross core loans and advances to customers	3.77%*	3.78%
Defaults (net of impairments) as a % of net core loans and advances to customers	2.23%*	2.30%
Defaults (net of impairments) as a % of net core loans and advances to customers (excluding Australia)	2.15%	2.43%
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)	0.70%*	0.68%
Annualised credit loss ratio (excluding Australia)	0.61%	0.62%

* *The decrease in core loans and advances is as a result of the sale of the professional finance and asset finance portfolios in Investec Bank (Australia) Limited as well as certain UK residential mortgage portfolios which form part of the Kensington transaction (refer to page 16). Some of the ratios reported are impacted as a result of these sales.*

^ *Restated.*

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

£'000	UK and Other^ 30 Sept 2014	UK and Other^ 31 March 2014	Southern Africa 30 Sept 2014	Southern Africa 31 March 2014	Total group 30 Sept 2014	Total group 31 March 2014
Gross core loans and advances to customers	6 867 958	8 415 567	9 370 040	9 006 363	16 237 998	17 421 930
Total impairments	(189 707)	(193 303)	(67 041)	(71 260)	(256 748)	(264 563)
Portfolio impairments	(26 259)	(16 437)	(9 698)	(9 900)	(35 957)	(26 337)
Specific impairments	(163 448)	(176 866)	(57 343)	(61 360)	(220 791)	(238 226)
Net core loans and advances to customers	6 678 251	8 222 264	9 302 999	8 935 103	15 981 250	17 157 367
% of total	41.8%	47.9%	58.2%	52.1%	100.0%	100.0%
% change since 31 March 2014	(18.8%)^^	–	4.1%	–	(6.9%)^^	–
Average gross core loans and advances to customers	7 641 763	8 429 433	9 188 202	9 634 116	16 829 964	18 063 549
Current loans and advances to customers	6 164 865	7 681 073	9 113 691	8 724 114	15 278 556	16 405 187
Past due loans and advances to customers (1 – 60 days)	89 599	124 033	56 564	42 504	146 163	166 537
Special mention loans and advances to customers	186 108	153 485	14 468	38 042	200 576	191 527
Default loans and advances to customers	427 386	456 976	185 317	201 703	612 703	658 679
Gross core loans and advances to customers	6 867 958	8 415 567	9 370 040	9 006 363	16 237 998	17 421 930
Current loans and advances to customers	6 164 865	7 681 073	9 113 691	8 724 114	15 278 556	16 405 187
Default loans that are current and not impaired	20 329	21 254	10 251	9 221	30 580	30 475
Gross core loans and advances to customers that are past due but not impaired	311 640	308 014	106 384	125 955	418 024	433 969
Gross core loans and advances to customers that are impaired	371 124	405 226	139 714	147 073	510 838	552 299
Gross core loans and advances to customers	6 867 958	8 415 567	9 370 040	9 006 363	16 237 998	17 421 930
Total income statement charge for core loans and advances	(45 824)	(83 232)	(13 412)	(39 241)	(59 236)	(122 473)
Gross default loans and advances to customers	427 386	456 976	185 317	201 703	612 703	658 679
Specific impairments	(163 448)	(176 866)	(57 343)	(61 360)	(220 791)	(238 226)
Portfolio impairments	(26 259)	(16 437)	(9 698)	(9 900)	(35 957)	(26 337)
Defaults net of impairments	237 679	263 673	118 276	130 443	355 955	394 116
Collateral and other credit enhancements	284 739	297 114	175 609	202 153	460 348	499 267
Net default loans and advances to customers (limited to zero)	–	–	–	–	–	–
Ratios						
Total impairments as a % of gross core loans and advances to customers	2.76%	2.30%	0.72%	0.79%	1.58%	1.52%
Total impairments as a % of gross default loans	44.39%	42.30%	36.18%	35.33%	41.90%	40.17%
Gross defaults as a % of gross core loans and advances to customers	6.22%*	5.43%	1.98%	2.24%	3.77%	3.78%
Defaults (net of impairments) as a % of net core loans and advances to customers	3.56%*	3.21%	1.27%	1.46%	2.23%	2.30%
Defaults (net of impairments) as a % of net core loans and advances to customers (excluding Australia)	3.39%	3.76%	1.27%	1.46%	2.15%	2.43%
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)	1.20%*	0.99%	0.29%	0.42%	0.70%	0.68%
Annualised credit loss ratio (excluding Australia)	1.05%	0.95%	0.29%	0.42%	0.61%	0.62%

^ *Includes Australia, which was previously reported separately. Refer to page 16.*

* *These ratios have been impacted by the sale of assets as explained on page 16. Total defaults have decreased from £457 million to £427 million as reflected above.*

^^ *Impacted by the sale of assets as explained on page 16.*

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

£'000	30 Sept 2014	31 March 2014
Default loans that are current	184 170	190 256
1 – 60 days	355 502	316 059
61 – 90 days	65 351	71 114
91 – 180 days	22 018	39 114
181 – 365 days	48 142	91 928
>365 days	284 259	308 272
Past due and default core loans and advances to customers (actual capital exposure)	959 442	1 016 743
1 – 60 days	40 649	18 750
61 – 90 days	3 099	4 011
91 – 180 days	8 046	10 646
181 – 365 days	13 150	40 886
>365 days	257 456	274 314
Past due and default core loans and advances to customers (actual amount in arrears)	322 400	348 607

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

£'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	>365 days	Total
At 30 September 2014							
Watchlist loans neither past due nor impaired							
Total capital exposure	30 580	–	–	–	–	–	30 580
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	–	293 501	62 879	11 963	12 446	37 235	418 024
Amount in arrears	–	23 154	1 460	3 275	1 956	24 039	53 884
Gross core loans and advances to customers that are impaired							
Total capital exposure	153 590	62 001	2 472	10 055	35 696	247 024	510 838
Amount in arrears		17 495	1 639	4 771	11 194	233 417	268 516
At 31 March 2014							
Watchlist loans neither past due nor impaired							
Total capital exposure	30 475	–	–	–	–	–	30 475
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	–	300 761	52 879	25 079	29 695	25 555	433 969
Amount in arrears	–	15 374	1 354	4 394	15 390	17 690	54 202
Gross core loans and advances to customers that are impaired							
Total capital exposure	159 781	15 298	18 235	14 035	62 233	282 717	552 299
Amount in arrears	–	3 376	2 657	6 252	25 496	256 624	294 405

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

£'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	>365 days	Total
Past due (1 – 60 days)	–	146 163	–	–	–	–	146 163
Special mention	–	132 673	62 388	1 983	370	3 162	200 576
Special mention (1 – 90 days)	–	132 673	50 288	1 983*	370*	3 162*	188 476
Special mention (61 – 90 days and item well secured)	–	–	12 100	–	–	–	12 100
Default	184 170	76 666	2 963	20 035	47 772	281 097	612 703
Sub-standard	79 108	45 035	565	10 121	29 725	71 694	236 248
Doubtful	104 249	31 620	2 395	9 895	17 511	82 698	248 368
Loss	813	11	3	19	536	126 705	128 087
Total	184 170	355 502	65 351	22 018	48 142	284 259	959 442

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

£'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	>365 days	Total
Past due (1 – 60 days)	–	19 272	–	–	–	–	19 272
Special mention		1 757	1 146	737	190	603	4 433
Special mention (1 – 90 days)	–	1 757	104	737*	190*	603*	3 391
Special mention (61 – 90 days and item well secured)	–	–	1 042	–	–	–	1 042
Default	–	19 620	1 953	7 309	12 960	256 853	298 695
Sub-standard	–	2 179	344	2 566	3 894	61 340	70 323
Doubtful	–	17 430	1 606	4 724	8 986	68 808	101 554
Loss	–	11	3	19	80	126 705	126 818
Total	–	40 649	3 099	8 046	13 150	257 456	322 400

An age analysis of past due and default core loans and advances to customers at 31 March 2014 (based on total capital exposure)

£'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	>365 days	Total
Past due (1 – 60 days)	–	166 537	–	–	–	–	166 537
Special mention	–	124 235	51 546	188	12 175	3 383	191 527
Special mention (1 – 90 days)	–	124 235	29 752	188*	12 175*	3 383*	169 733
Special mention (61 – 90 days and item well secured)	–	–	21 794	–	–	–	21 794
Default	190 256	25 287	19 568	38 926	79 753	304 889	658 679
Sub-standard	101 783	13 572	14 566	25 400	32 706	65 932	253 959
Doubtful	87 509	11 648	5 000	12 362	46 414	99 385	262 318
Loss	964	67	2	1 164	633	139 572	142 402
Total	190 256	316 059	71 114	39 114	91 928	308 272	1 016 743

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

£'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	>365 days	Total
Past due (1 – 60 days)	–	8 560	–	–	–	–	8 560
Special mention		6 771	1 303	28	10 637	601	19 340
Special mention (1 – 90 days)	–	6 771	274	28*	10 637*	601*	18 311
Special mention (61 – 90 days and item well secured)	–	–	1 029	–	–	–	1 029
Default	–	3 419	2 708	10 618	30 249	273 713	320 707
Sub-standard	–	75	1 781	4 653	6 813	59 330	72 652
Doubtful	–	3 277	925	4 801	23 260	74 811	107 074
Loss	–	67	2	1 164	176	139 572	140 981
Total	–	18 750	4 011	10 646	40 886	274 314	348 607

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

An analysis of core loans and advances to customers

£'000	Gross core loans and advances that are neither past due nor impaired	Gross core loans and advances that are past due but not impaired	Gross core loans and advances that are impaired	Total gross core loans and advances (actual capital exposure)	Specific impairments	Portfolio impairments	Total net core loans and advances (actual capital exposure)	Actual amount in arrears
At 30 September 2014								
Current core loans and advances	15 278 556	–	–	15 278 556	–	(35 491)	15 243 065	–
Past due (1 – 60 days)	–	146 163	–	146 163	–	(310)	145 853	19 272
Special mention	–	200 576	–	200 576	–	(149)	200 427	4 433
Special mention (1 – 90 days)	–	188 476	–	188 476	–	(113)	188 363	3 391
Special mention (61 – 90 days and item well secured)	–	12 100	–	12 100	–	(36)	12 064	1 042
Default	30 580	71 285	510 848	612 703	(220 791)	(7)	391 905	298 695
Sub–standard	30 580	71 285	134 383	236 248	(36 773)	(7)	199 468	70 323
Doubtful			248 368	248 368	(112 213)		136 155	101 554
Loss	–	–	128 087	128 087	(71 805)	–	56 282	126 818
Total	15 309 136	418 024	510 838	16 237 998	(220 791)	(35 957)	15 981 250	322 400
At 31 March 2014								
Current core loans and advances	16 405 187	–	–	16 405 187	–	(25 562)	16 379 625	–
Past due (1 – 60 days)	–	166 537	–	166 537	–	(221)	166 316	8 560
Special mention	–	191 527	–	191 527	–	(544)	190 983	19 340
Special mention (1 – 90 days)	–	169 733	–	169 733	–	(487)	169 246	18 311
Special mention (61 – 90 days and item well secured)	–	21 794	–	21 794	–	(57)	21 737	1 029
Default	30 475	75 905	552 299	658 679	(238 226)	(10)	420 443	320 707
Sub-standard	30 275	75 905	147 779	253 959	(36 846)	(10)	217 103	72 652
Doubtful	–	–	262 318	262 318	(119 951)	–	142 367	107 074
Loss	200	–	142 202	142 402	(81 429)	–	60 973	140 981
Total	16 435 662	433 969	552 299	17 421 930	(238 226)	(26 337)	17 157 367	348 607

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

£'000	Private client professionals and HNW individuals	Corporate sector	Insurance, financial services (excluding sovereign)	Public and government sector (including central banks)	Trade finance and other	Total core loans and advances to customers
At 30 September 2014						
Current core loans and advances	9 157 108	4 760 672	869 091	285 967	205 718	15 278 556
Past due (1 – 60 days)	128 905	12 276	278	–	4 704	146 163
Special mention	131 873	66 791	–	–	1 912	200 576
Special mention (1 – 90 days)	121 859	66 617	–	–	–	188 476
Special mention (61 – 90 days and item well secured)	10 014	174	–	–	1 912	12 100
Default	537 590	67 932	214	798	6 169	612 703
Sub-standard	213 045	22 989	–	–	214	236 248
Doubtful	197 495	44 031	171	716	5 955	248 368
Loss	127 050	912	43	82		128 087
Total gross core loans and advances to customers	9 955 476	4 907 671	869 583	286 765	218 503	16 237 998
Total impairments	(225 240)	(25 391)	(245)	(553)	(5 319)	(256 748)
Specific impairments	(192 503)	(22 516)	(109)	(344)	(5 319)	(220 791)
Portfolio impairments	(32 737)	(2 875)	(136)	(209)	–	(35 957)
Net core loans and advances to customers	9 730 236	4 882 280	869 338	286 212	213 184	15 981 250
At 31 March 2014						
Current core loans and advances	10 544 488	4 677 036	759 941	238 084	185 638	16 405 187
Past due (1 – 60 days)	142 662	20 412	–	–	3 463	166 537
Special mention	133 455	57 992	–	–	80	191 527
Special mention (1 – 90 days)	112 271	57 462	–	–	–	169 733
Special mention (61 – 90 days and item well secured)	21 184	530	–	–	80	21 794
Default	574 781	66 611	10 594	654	6 039	658 679
Sub-standard	224 309	18 968	10 414	–	268	253 959
Doubtful	209 755	46 018	149	625	5 771	262 318
Loss	140 717	1 625	31	29	–	142 402
Total gross core loans and advances to customers	11 395 386	4 822 051	770 535	238 738	195 220	17 421 930
Total impairments	(224 304)	(35 168)	(207)	(337)	(4 547)	(264 563)
Specific impairments	(201 092)	(32 231)	(94)	(262)	(4 547)	(238 226)
Portfolio impairments	(23 212)	(2 937)	(113)	(75)	–	(26 337)
Net core loans and advances to customers	11 171 082	4 786 883	770 328	238 401	190 673	17 157 367

An analysis of default core loans and advances at 30 September 2014

£'000	UK and Other^				
	Gross core loans	Gross defaults	Collateral	Balance sheet impairments	Income statement impairments for the six-month period
Lending collateralised by property	2 402 095	369 350	243 725	(142 223)	(33 921)
Commercial real estate	1 577 679	127 719	81 625	(54 245)	(17 986)
Commercial real estate – investment	1 327 158	65 817	54 480	(14 881)	(12 203)
Commercial real estate – development	108 937	20 791	8 429	(12 362)	(2 831)
Commercial vacant land and planning	141 584	41 111	18 716	(27 002)	(2 952)
Residential real estate	824 416	241 631	162 100	(87 978)	(15 935)
Residential real estate – investment	306 017	42 568	38 310	(7 121)	(1 316)
Residential – development	412 114	135 902	83 757	(56 215)	(7 623)
Residential vacant land and planning	106 285	63 161	40 033	(24 642)	(6 996)
High net worth and other private client lending	1 192 506	27 415	22 329	(8 885)	(7 267)
Mortgages	838 867	7 197	8 516	(1 475)	(779)
High net worth and specialised lending	292 743	19 113	12 708	(6 707)	(5 508)
Professional finance	60 896	1 105	1 105	(703)	(980)
Corporate and other lending	3 273 357	30 621	18 685	(12 340)	(4 636)
Acquisition finance	633 405	12 571	7 309	(5 262)	1 214
Asset-based lending	245 814	–	–		–
Fund finance	370 731	–	–		–
Other corporates and financial institutions and governments	513 335	4 594	2 867	(1 728)	(499)
Asset finance	975 831	9 004	5 725	(3 682)	(2 754)
Small ticket asset finance	239 029	6 965	3 686	(3 682)	(2 703)
Large ticket asset finance	736 802	2 039	2 039	–	(51)
Project finance	452 842	4 452	2 784	(1 668)	(539)
Resource finance	81 399	–	–		(2 058)
Portfolio impairments	–	–	–	(26 259)	–
Total	6 867 958	427 386	284 739	(189 707)	(45 824)

^ *Includes Australia, which was previously reported separately. Refer to page 16.*

* *Where a positive number represents a recovery.*

Southern Africa					Total group				
Gross core loans	Gross defaults	Collateral	Balance sheet impair-ments	Income statement impairments for the six-month period	Gross core loans	Gross defaults	Collateral	Balance sheet impair-ments	Income statement impairments for the six-month period*
2 134 211	90 989	81 407	(31 324)	(7 534)	4 536 306	460 339	325 132	(173 547)	(41 455)
1 962 158	39 396	41 349	(12 642)	(7 881)	3 539 837	167 115	122 974	(66 887)	(25 867)
1 752 120	18 799	24 517	(4 702)	(1 747)	3 079 278	84 616	78 997	(19 583)	(13 950)
114 580	–	–	–	9	223 517	20 791	8 429	(12 362)	(2 822)
95 458	20 597	16 832	(7 940)	(6 143)	237 042	61 708	35 548	(34 942)	(9 095)
172 053	51 593	40 058	(18 682)	347	996 469	293 224	202 158	(106 660)	(15 588)
–	–	–	–	–	306 017	42 568	38 310	(7 121)	(1 316)
87 757	19 724	18 837	(2 729)	(67)	499 871	155 626	102 594	(58 944)	(7 290)
84 296	31 869	21 221	(15 953)	414	190 581	95 030	61 254	(40 595)	(6 582)
4 226 664	49 836	63 034	(10 070)	1 400	5 419 170	77 251	85 363	(18 955)	(5 867)
2 604 102	32 009	45 924	(2 902)	653	3 442 969	39 206	54 440	(4 377)	(126)
1 622 562	17 827	17 110	(7 168)	747	1 915 305	36 940	29 818	(13 875)	(4 761)
–	–	–		–	60 896	1 105	1 105	(703)	(980)
3 009 165	44 492	31 168	(15 949)	(7 278)	6 282 522	75 113	49 853	(28 289)	(11 914)
871 301	29 258	26 635	(7 730)	(4 639)	1 504 706	41 829	33 944	(12 992)	(3 425)
188 097	6 168	3 279	(5 319)	(930)	433 911	6 168	3 279	(5 319)	(930)
–	–	–		–	370 731	–	–	–	–
1 487 216	7 932	710	(2 311)	(1 169)	2 000 551	12 526	3 577	(4 039)	(1 668)
200 374	1 134	544	(589)	(540)	1 176 205	10 138	6 269	(4 271)	(3 294)
63 583	1 134	544	(589)	(605)	302 612	8 099	4 230	(4 271)	(3 308)
136 791	–	–	–	65	873 593	2 039	2 039	–	14
235 269	–	–	–	–	688 111	4 452	2 784	(1 669)	(539)
26 908	–	–	–	–	108 307	–	–	–	(2 058)
–	–	–	(9 698)	–	–	–	–	(37 349)	–
9 370 040	185 317	175 609	(67 041)	(13 412)	16 237 998	612 703	460 348	(256 748)	(59 236)

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

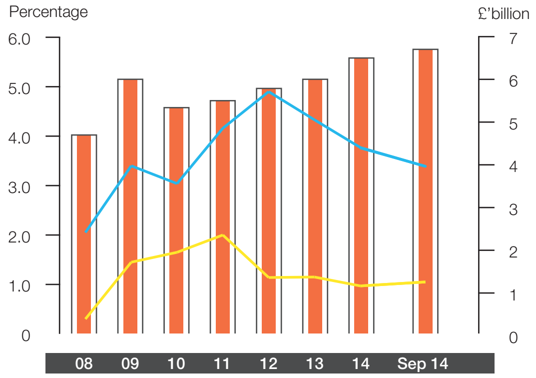
£'000	UK and Other					Southern Africa				
	Gross core loans	Gross defaults	Collateral	Balance sheet impairments	Income statement impairments	Gross core loans	Gross defaults	Collateral	Balance sheet impairments	Income statement impairments
Lending collateralised by property	2 438 703	366 798	229 846	(138 354)	(39 720)	2 022 944	105 079	97 690	(35 640)	(12 161)
Commercial real estate	1 623 173	128 026	76 647	(52 087)	(23 907)	1 855 220	42 658	51 175	(9 875)	(4 135)
Commercial real estate – investment	1 396 537	62 723	47 562	(13 684)	(14 549)	1 648 914	29 379	36 219	(6 278)	(1 965)
Commercial real estate – development	92 787	21 016	11 243	(10 466)	(3 182)	105 130	–	–	–	(1 021)
Commercial vacant land and planning	133 849	44 287	17 842	(27 937)	(6 176)	101 176	13 279	14 956	(3 597)	(1 149)
Residential real estate	815 530	238 772	153 199	(86 267)	(15 813)	167 724	62 421	46 515	(25 765)	(8 026)
Residential real estate – investment	327 607	39 344	29 945	(6 765)	(3 350)	–	–	–	–	–
Residential real estate – development	382 862	134 762	80 103	(56 463)	(8 765)	70 129	18 711	18 455	(2 767)	(2 828)
Residential vacant land and planning	105 061	64 666	43 151	(23 039)	(3 698)	97 595	43 710	28 060	(22 998)	(5 198)
High net worth and other private client lending	1 497 909	21 144	17 605	(5 706)	(10 238)	4 057 849	57 964	68 875	(13 879)	(21 957)
Mortgages (owner occupied)	1 143 043	4 786	6 115	(900)	(678)	2 455 188	35 247	46 649	(5 218)	(5 581)
High net worth and specialised lending	280 874	15 023	10 921	(4 041)	(9 529)	1 602 661	22 717	22 226	(8 661)	(16 376)
Professional finance	73 992	1 335	569	(765)	(31)	–	–	–	–	–
Corporate and other lending	2 737 789	38 368	15 411	(22 961)	(11 155)	2 925 570	38 660	35 588	(11 841)	(5 123)
Acquisition finance	666 069	11 603	4 133	(7 471)	(1 865)	694 168	30 014	31 703	(5 452)	515
Asset based lending	165 569	–	–	–	98	173 738	6 039	3 121	(4 547)	(2 193)
Fund finance	277 771	–	–	–	–	–	–	–	–	–
Other corporates and financial institutions and governments	327 983	4 241	2 821	(1 421)	(1 740)	1 636 858	2 607	764	(1 842)	2 446
Asset finance	878 937	9 832	5 455	(4 378)	(3 344)	200 466	–	–	–	(560)
Small ticket asset finance	665 264	7 849	1 983	(4 378)	(4 567)	57 380	–	–	–	–
Large ticket asset finance	213 673	1 983	3 472	–	1 223	143 086	–	–	–	(560)
Project finance	410 135	12 692	3 002	(9 691)	(4 304)	183 409	–	–	–	(5 331)
Resource finance	11 325	–	–	–	–	36 931	–	–	–	–
Portfolio impairments	–	–	–	(15 045)	–	–	–	–	(9 900)	–
Total	6 674 401	426 310	262 862	(182 066)	(61 113)	9 006 363	201 703	202 153	(71 260)	(39 241)

* *Where a positive number represents a recovery.*

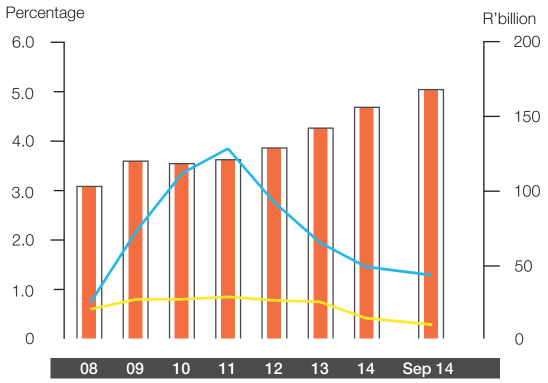
Australia					Total group				
Gross core loans	Gross defaults	Collateral	Balance sheet impairments	Income statement impairments	Gross core loans	Gross defaults	Collateral	Balance sheet impairments	Income statement impairments*
99 922	14 458	10 587	(5 535)	(9 153)	4 561 569	486 335	338 123	(179 529)	(61 034)
39 545	5 196	3 195	(2 002)	(3 395)	3 517 938	175 880	131 017	(63 964)	(31 437)
33 188	5 196	3 195	(2 002)	(3 395)	3 078 639	97 298	86 976	(21 964)	(19 909)
3 285	–	–	–	–	201 202	21 016	11 243	(10 466)	(4 203)
3 072	–	–	–	–	238 097	57 566	32 798	(31 534)	(7 325)
60 377	9 262	7 392	(3 533)	(5 758)	1 043 631	310 455	207 106	(115 565)	(29 597)
330	193	78	(115)	(120)	327 937	39 537	30 023	(6 880)	(3 470)
46 149	–	–	–	(690)	499 140	153 473	98 558	(59 230)	(12 283)
13 898	9 069	7 314	(3 418)	(4 948)	216 554	117 445	78 525	(49 455)	(13 844)
1 278 060	9 339	19 128	(1 978)	(3 692)	6 833 818	88 447	105 608	(21 563)	(35 887)
16 964	–	–	–	–	3 615 195	40 033	52 764	(6 118)	(6 259)
60 591	4 391	15 581	(576)	(455)	1 944 126	42 131	48 728	(13 278)	(26 360)
1 200 505	4 948	3 547	(1 402)	(3 237)	1 274 497	6 283	4 116	(2 167)	(3 268)
363 184	6 869	4 537	(2 332)	(9 274)	6 026 543	83 897	55 536	(37 134)	(25 552)
78 358	6 024	3 800	(2 224)	(8 728)	1 438 595	47 641	39 636	(15 147)	(10 078)
–	–	–	–	–	339 307	6 039	3 121	(4 547)	(2 095)
–	–	–	–	–	277 771	–	–	–	–
92 629	–	–	–	–	2 057 470	6 848	3 585	(3 263)	706
103 872	845	737	(108)	(556)	1 183 275	10 677	6 192	(4 486)	(4 460)
85 086	845	737	(108)	(556)	807 730	8 694	2 720	(4 486)	(5123)
18 786	–	–	–	–	375 545	1 983	3 472	–	663
28 506	–	–	–	10	622 050	12 692	3 002	(9 691)	(9 625)
59 819	–	–	–	–	108 075	–	–	–	–
–	–	–	(1 392)	–	–	–	–	(26 337)	–
1 741 166	30 666	34 252	(11 237)	(22 119)	17 421 930	658 679	499 267	(264 563)	(122 473)

Asset quality trends

UK and Other (excluding Australia)

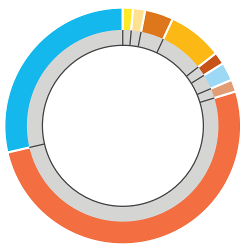


South Africa



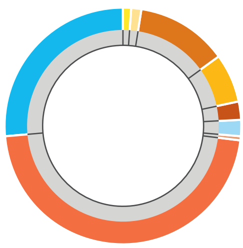
Credit loss ratio (LHS)
Defaults (net of impairments) as a % of core advances (LHS)
Net core loans (RHS)

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



30 September 2014
£16 238 million

Africa (excluding RSA)	1.5%
Asia	1.7%
Australia	4.0%
Europe (excluding UK)	7.5%
Europe (Non-EU)	1.6%
North America	2.5%
Other	1.7%
South Africa	51.0%
United Kingdom	28.5%



31 March 2014
£17 422 million

Africa (excluding RSA)	1.3%
Asia	1.4%
Australia	12.3%
Europe (excluding UK)	6.7%
Europe (Non-EU)	2.6%
North America	2.4%
Other	0.5%
South Africa	46.7%
United Kingdom	26.1%

Collateral

A summary of total collateral

£'000	Collateral held against: Core loans and advances	Collateral held against: Other credit and counterparty exposures*	Total
At 30 September 2014			
Eligible financial collateral	1 992 454	1 551 113	3 543 567
Listed shares	1 689 740	1 097 271	2 787 011
Cash	157 367	181 710	339 077
Debt securities issued by sovereigns	145 347	272 132	417 479
Mortgage bonds	15 917 770	228 006	16 145 776
Residential mortgages	7 858 224	222 897	8 081 121
Residential development	607 785	–	607 785
Commercial property development	636 128	5 081	641 209
Commercial property investments	6 815 633	28	6 815 661
Other collateral	7 211 436	66 354	7 277 790
Unlisted shares	1 709 601	40 548	1 750 149
Bonds other than mortgage bonds	455 057	–	455 057
Debtors, stock and other corporate assets	2 464 790	–	2 464 790
Guarantees	1 345 699	8 458	1 354 157
Other	1 236 289	17 348	1 253 637
Total collateral	25 121 660	1 845 473	26 967 133
At 31 March 2014			
Eligible financial collateral	1 885 055	1 633 349	3 518 404
Listed shares	1 704 372	867 147	2 571 519
Cash	180 683	379 391	560 074
Debt securities issued by sovereigns	–	386 811	386 811
Mortgage bonds	16 805 005	1 009 478	17 814 483
Residential mortgages	8 180 568	1 004 817	9 185 385
Residential development	636 555	184	636 739
Commercial property development	542 438	4 477	546 915
Commercial property investments	7 445 444	–	7 445 444
Other collateral	8 437 858	390 200	8 828 058
Unlisted shares	1 891 585	44 524	1 936 109
Bonds other than mortgage bonds	514 790	304 512	819 302
Debtors, stock and other corporate assets	3 387 248	–	3 387 248
Guarantees	1 184 016	8 958	1 192 974
Other	1 460 219	32 206	1 492 425
Total collateral	27 127 918	3 033 027	30 160 945

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

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

Equity and investment risk in the banking book

Equity and investment risk description

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

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

Valuation and accounting methodologies

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

For the six months to 30 September 2014 £'000 Country/category	Income (pre funding costs) Unrealised	 Realised	 Dividends	 Total	Fair value through equity
Unlisted investments	(8 946)	52 595	5 260	48 909	9 766
UK and Other*	(36 176)	51 787	1 643	17 254	9 766
Southern Africa	27 230	808	3 617	31 655	–
Listed equities	(23 386)	7 166	1 952	(14 268)	(3 078)
UK and Other*	(25 568)	7 063	631	(17 874)	(2 400)
Southern Africa	2 182	103	1 321	3 606	(678)
Investments and trading properties^	(1 038)	6 063	–	5 025	–
UK and Other*	(454)	510	–	56	–
Southern Africa	(584)	5 553	–	4 969	–
Warrants, profit shares and other embedded derivatives	(2 231)	3 248	–	(1 017)	–
UK and Other*	(4 189)	1 129	–	(3 060)	–
Southern Africa	1 958	2 119	–	4 077	–
Total	(35 601)	69 072	7 212	40 683	6 688

^ *For the purposes of the above analysis, the exposures arising from the consolidation of the Investec Property Fund have been reflected at the level of our economic ownership, being 29.4%. It is noted that the ultimate impact on the income statement reflects the group's net attributable earnings from the investment.*

* *Includes Australia, which was previously reported separately. Refer to page 16.*

For the year to 31 March 2014 £'000 Country/category	Income (pre-funding costs) Unrealised	Realised	Dividends	Total	Fair value through equity
Unlisted investments	383	35 657	47 658	83 698	10 996
UK and Other	2 130	30 236	9 120	41 486	10 996
Southern Africa	(1 747)	5 421	38 538	42 212	–
Listed equities	2 724	7 432	1 603	11 759	(498)
UK and Other	(2 033)	7 786	1 572	7 325	(888)
Southern Africa	4 757	(354)	31	4 434	390
Investments and trading properties^	11 869	17 428	–	29 297	–
UK and Other	(4 260)	10 500	–	6 240	–
Southern Africa	16 129	6 928	–	23 057	–
Warrants, profit shares and other embedded derivatives	50 698	7 340	–	58 038	–
UK and Other	51 962	(200)	–	51 762	–
Southern Africa	(1 264)	7 540	–	6 276	–
Total	65 674	67 857	49 261	182 792	10 498

^ *For the purposes of the above analysis, the exposures arising from the consolidation of the Investec Property Fund have been reflected at the level of our economic ownership, being 44.3%. It is noted that the ultimate impact on the income statement reflects the group's net attributable earnings from the investment.*

Unrealised revaluation gains through profit and loss are included in tier 1 capital. In line with the Capital Requirements Regulation, for the period ended 30 September 2014, Investec plc will not be allowed to recognise equity revaluation gains that are posted directly to equity in regulatory capital. Investec Limited continues to exclude revaluation gains posted directly to equity from their capital position.

Summary of investments held and stress testing analyses

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

£'000 Country/category	On-balance sheet value of investments 30 Sept 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*	771 932	115 565	756 534	113 481
UK and Other^^	276 011	41 177	278 728	41 810
Southern Africa	495 921	74 388	477 806	71 672
Listed equities*	177 364	44 341	110 848	27 711
UK and Other^^	133 052	33 263	63 869	15 967
Southern Africa	44 312	11 078	46 979	11 744
Investment and trading properties^	430 757	56 616	477 711	55 181
UK and Other^^	96 474	13 304	102 059	8 069
Southern Africa	334 283	43 312	375 652	47 112
Warrants, profit shares and other embedded derivatives	57 754	20 214	135 341	47 369
UK and Other^^	33 274	11 646	111 573	39 051
Southern Africa	24 480	8 568	23 768	8 318
Total	1 437 807	236 736	1 480 434	243 742

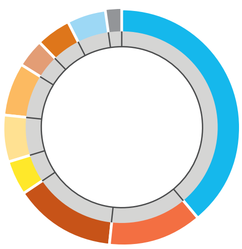
^ *For the purposes of the above analysis, the exposures arising from the consolidation of the Investec Property Fund have been reflected at the level of our economic ownership, being 29.4% at September 2014 and 44.3% at March 2014.*
* *Includes the investment portfoilio and non-current assets classified as held for sale lines as per the balance sheet.*
^^ *Includes Australia, which was previously reported separately. Refer to page 16.*
** *In order to assess our earnings sensitivity to a movement in the valuation of these investments the following stress testing parameters are applied:*

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

Stress testing summary

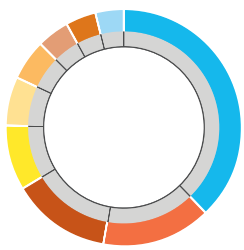
Based on the information as at 30 September 2014, as reflected above we could have a £236.7 million reversal in revenue (which assumes a year in which there is a "severe stress scenario"). This would not cause the group to report a loss but could have a significantly negative impact on earnings for that period. The probability of all these asset classes in all geographies in which we operate being negatively impacted at the same time is very low, although the probability of listed equities being negatively impacted at the same time is very high.

An analysis of the principal investment portfolio by industry of exposure



30 September 2014 (£1 007 million)

Manufacturing and commerce	38.9%
Finance and insurance	13.0%
Mining and resources	13.8%
Retailers and wholesalers	4.6%
Communication	6.6%
Real estate	7.0%
Agriculture	3.9%
Business services	4.7%
Transport	5.5%
Other	2.0%



31 March 2014 (£1 003 billion)

Manufacturing and commerce	37.9%
Finance and insurance	15.0%
Mining and resources	13.6%
Retailers and wholesalers	8.9%
Communication	6.7%
Real estate	5.5%
Agriculture	4.5%
Business services	4.1%
Other	3.8%

Securitisation/structured credit activities exposures

Overview

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

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

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

UK and Other

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

The bank has a portfolio of residential mortgages amounting to approximately £184 million, which could be earmarked for securitisation and are included in the numbers as presented on page 82.

We have also purchased rated structured credit instruments (including resecuritisation exposures). These exposures are largely in the UK and amount to £279 million at 30 September 2014 (31 March 2014: £348 million). This is intended as a hold to maturity profile rather than a trading portfolio. Therefore, since our commercial intention is to hold the assets to maturity, the portfolio will be valued on an amortised cost basis. These investments are risk-weighted for regulatory capital purposes.

South Africa

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 few years and at present we have a single limited warehouse funding line to one 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 82.

We have also sought out select opportunities in the credit/debt markets and traded and purchased in structured credit. These have largely been rated instruments within the UK and Europe, totalling R2.5 billion at 30 September 2014 (31 March 2014: R3.5 billion). These investments are risk-weighted for regulatory capital purposes.

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

- Provide an alternative source of funding
- 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 R7.4 billion at 30 September 2014 (31 March 2014: R7.5 billion).

Credit analysis

In terms of our analysis of our credit and counterparty risk, exposures arising from securitisation/structured credit 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/structured credit exposures as we believe this reflects the true nature and intent of these exposures and activities.

Nature of exposure/activity	Exposure 30 Sept 2014 £'million	Exposure 31 March 2014 £'million	Internal balance sheet and credit risk classification	Asset quality – relevant comments
Structured credit*	467	656	Other debt securities and other loans and advances	
Rated	413	556		
Unrated	54	100		
Kensington – mortgage assets: net exposure	–^	927	Other securitised assets and other loans and advances. We are required to fully consolidate assets acquired from Kensington. However, only those assets to which we are at risk are reflected in this analysis with the balance reflected under "no credit exposures"	
Own originated residential mortgages and third party originated residential mortgages – net exposure	212	334	Other loans and advances	
Private Client division assets which have been securitised	404	876	Own originated loans and advances to customers securitised	Analysed as part of the group's overall asset quality on core loans and advances as reflected on page 65.
South Africa – liquidity facilities provided to third party corporate securitisation vehicles	20	74	Off-balance sheet credit exposure as these facilities have remained undrawn and reflect a contingent liability of the bank	

^ *Assets have been sold, refer to page 16.*

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

	30 September 2014			31 March 2014		
£'million	Rated**	Unrated	Total	Rated**	Unrated	Total
US corporate loans	71	–	71	16	–	16
UK and European ABS	3	7	10	3	7	10
UK and European RMBS	269	31	300	419	73	492
UK and European CMBS	15	4	19	7	4	11
UK and European corporate loans	46	12	58	68	16	84
South African RMBS	–	–	–	4	–	4
South African CMBS	–	–	–	9	–	9
Australian RMBS	9	–	9	30	–	30
Total	413	54	497	556	100	656
Investec plc	279	42	321	356	84	440
Investec Limited	134	12	146	200	16	216

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

£'million	AAA	AA	A	BBB	BB	B	C and below	Total
US corporate loans	–	57	–	12	2	–	–	71
UK and European ABS	–	–	–	–	–	3	–	3
UK and European RMBS	33	87	56	58	13	–	22	269
UK and European CMBS	–	9	–	6	–	–	–	15
UK and European corporate loans	22	13	10	1	–	–	–	46
Australian RMBS	–	9	–	–	–	–	–	9
Total as at 30 September 2014	55	175	66	77	15	3	22	413
Investec plc	55	131	25	41	2	3	22	279
Investec Limited	–	44	41	36	13	–	–	134
Total as at 31 March 2014	125	135	94	142	37	2	21	556

Market risk in the trading book

Traded market risk description

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

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

Management and measurement of traded market risk

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

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

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

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

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

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

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

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

VaR

	30 September 2014				31 March 2014			
	Period end	Average	High	Low	Year end	Average	High	Low
UK and Other (using 95% VaR)								
Equities (£'000)	540	580	780	474	751	908	1 596	467
Foreign exchange (£'000)	19	13	156	1	9	15	73	2
Interest rates (£'000)	245	236	304	197	299	412	602	204
Consolidated (£'000)*	609^	643	921	488	852^	1 055	1 496	522
South Africa – Limited (using 95% VaR)								
Commodities (R'million)	–	0.1	0.4	–	0.5	0.1	0.5	–
Equities (R'million)	3.1	2.2	4.8	0.7	1.7	4.3	8.9	0.5
Foreign exchange (R'million)	3.9	3.3	5.9	1.1	1.9	2.5	7.2	1.1
Interest rates (R'million)	1.4	1.6	2.6	0.9	1.3	2.2	6.0	0.7
Consolidated (R'million)*	5.3	4.0	6.6	1.7	2.8	5.3	9.3	1.7

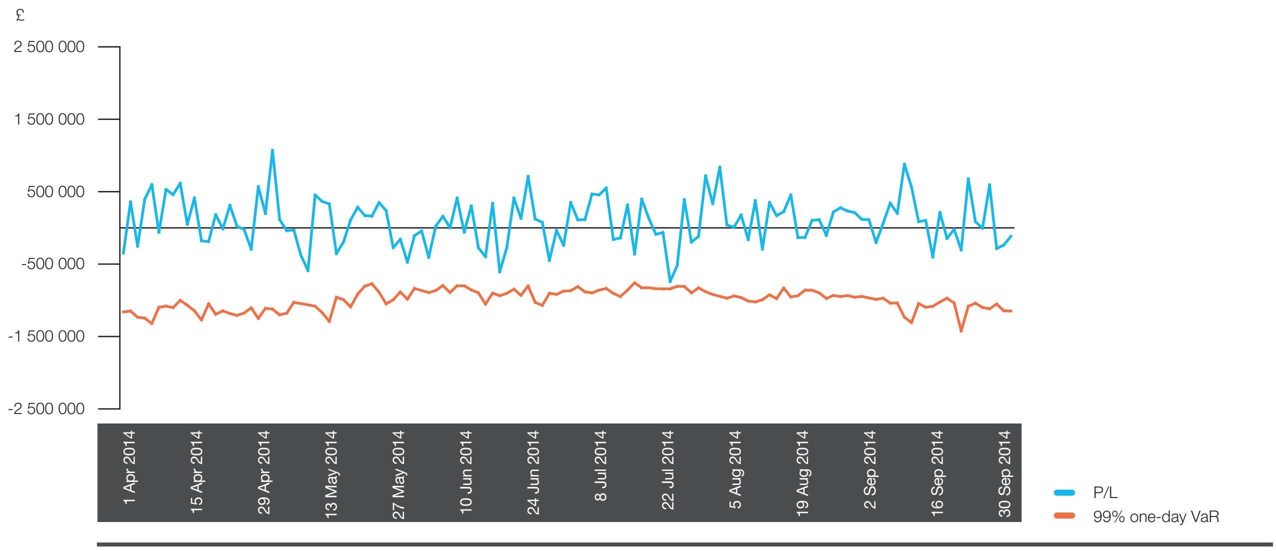
* *The consolidated VaR for each desk and each entity at period end is lower than the sum of the individual VaRs. This arises from the consolidation offset between various asset classes (diversification).*

^ *Where 30 September 2014 includes Australia and 31 March 2014 excludes Australia. Australia consolidated VaR at 31 March 2014 was A$45 600.*

UK and Other

The average VaR utilisation for the six months to 30 September 2014 was lower than for 31 March 2014, as a result of a decrease in the market risk run across all trading businesses. Using hypothetical (clean) profit and loss data for backtesting resulted in no exceptions at the 99% confidence level, i.e. where the loss was greater than the 99% one-day VaR. This is less than expected at the 99% level and is largely due to a reduction in market volatility over the past year.

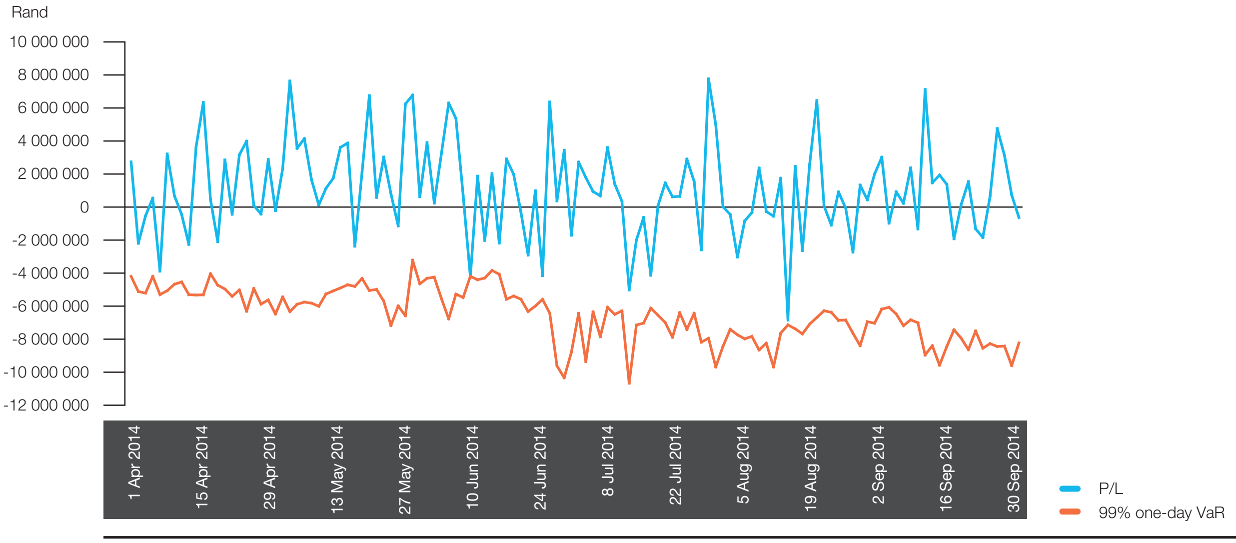
99% one-day VaR backtesting



South Africa

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

	UK and Other 95% (one-day) £'000	South Africa 95% (one-day) R'million
30 September 2014		
Commodities	–	0.1
Equities	879	4.8
Foreign exchange	17	5.8
Interest rates	394	2.5
Consolidated*	945^	7.2
31 March 2014		
Commodities	–	0.5
Equities	1 108	2.7
Foreign exchange	13	2.7
Interest rates	481	1.9
Consolidated*	1 202^	4.0

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

^ *Where 30 September 2014 includes Australia and 31 March 2014 excludes Australia. Australian consolidated ETL at 31 March 2014 was A$72 600.*

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				30 March 2014
	Period end	Average	High	Low	Year end
UK and Other 99% (using 99% EVT)					
Equities (£'000)	3 004	1 865	3 543	1 070	3 844
Foreign exchange (£'000)	42	39	391	14	24
Interest rates (£'000)	1 429	1 276	1 536	1 019	1 457
Consolidated (£'000)*	2 630^	1 935	3 340	1 381	3 439^
South Africa – Limited 99% (using 99% EVT)					
Commodities (R'million)	0.1	0.4	6.5	0.1	1.6
Equities (R'million)	9.8	10.9	20.2	5.7	6.8
Foreign exchange (R'million)	10.7	10.6	16.0	6.4	12.9
Interest rates (R'million)	5.5	11.3	23.5	5.5	6.6
Consolidated (R'million)*	13.7	14.8	24.2	7.0	16.0

^ *Where 30 September 2014 includes Australia and 31 March 2014 excludes Australia. Australian consolidated stress test at 31 March 2014 was A$137 700.*

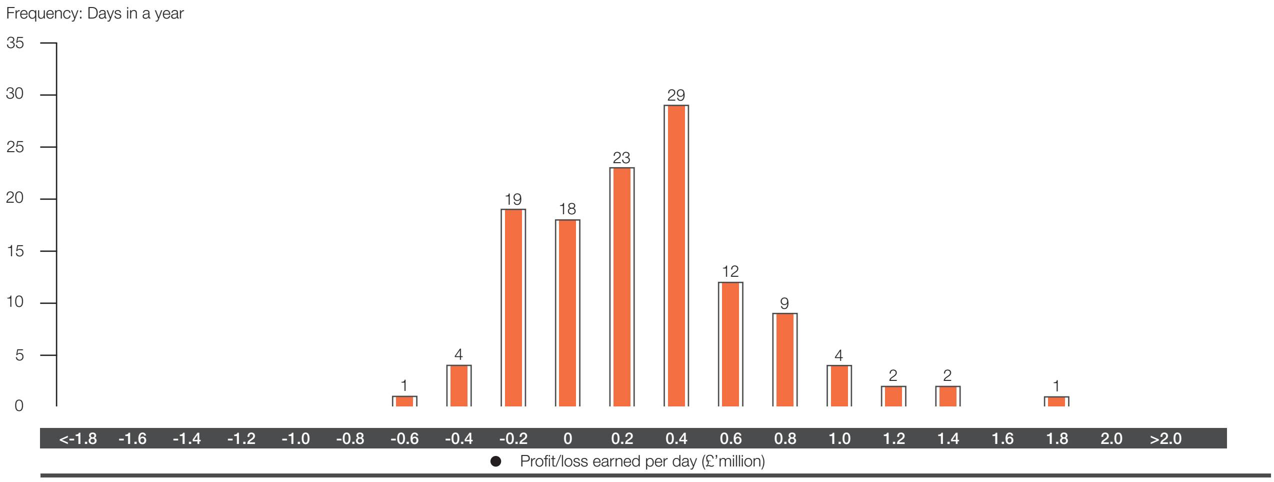
* *The consolidated stress testing for each desk and each entity is lower than the sum of the individual stress testing. This arises from the correlation offset between various asset classes.*

Profit and loss histograms

UK and Other

The histogram below illustrates the distribution of revenue during the six-month period for our trading businesses. The distribution is skewed to the profit side and the graph shows that positive trading revenue was realised on 82 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 £200 196 (year ended 31 March 2014: £132 949).

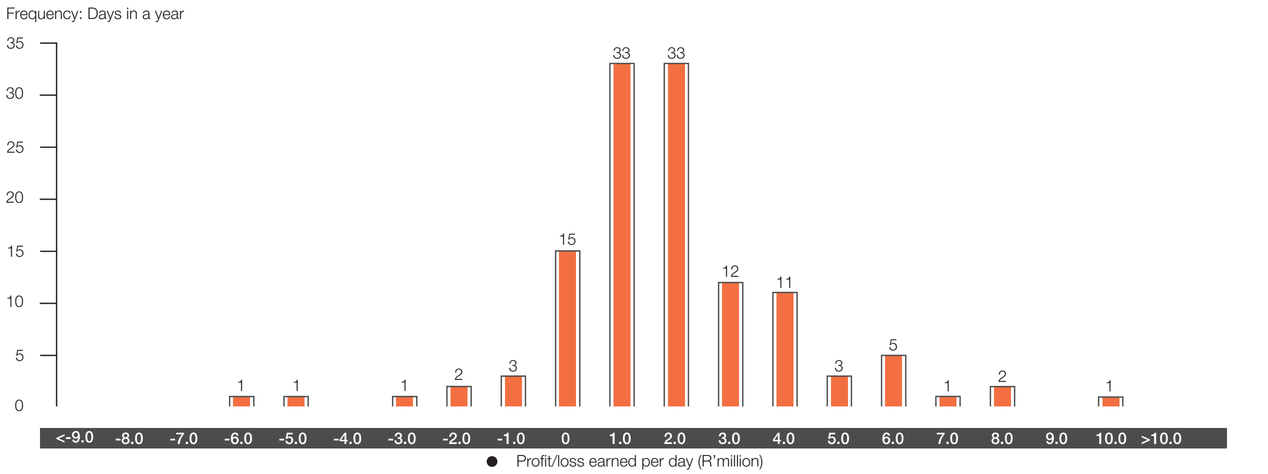
Profit and loss



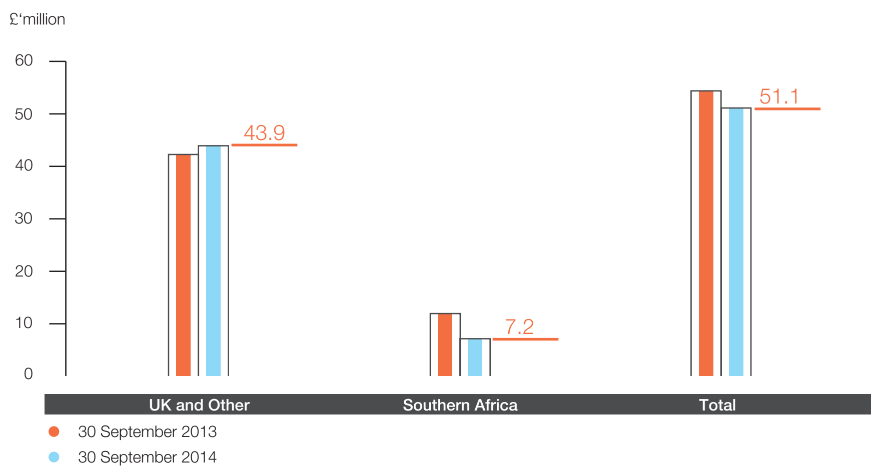
South Africa

The histogram below illustrates the distribution of daily revenue during the six-month period for our trading businesses. The distribution is skewed to the profit side and the graph shows that positive trading revenue was realised on 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



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



Balance sheet risk management

Balance sheet risk description

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

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

UK and Other^ – interest rate sensitivity at 30 September 2014

£'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	3 394	1	–	–	–	124	3 519
Investment/trading assets	1 333	263	108	255	651	393	3 003
Securitised assets	440	–	–	–	–	5	445
Advances	5 036	489	489	779	276	31	7 100
Non-rate assets	60	1 167	1	2	–	4 728	5 958
Assets	10 263	1 920	598	1 036	927	5 281	20 025
Deposits – banks	–	(349)	(115)	–	(8)	(6)	(478)
Deposits – retail	(6 663)	(1 755)	(1 125)	(820)	(28)	(1)	(10 392)
Negotiable paper	(1 244)	(87)	(39)	(227)	(56)	–	(1 653)
Securitised liabilities	(100)	(23)	(27)	(33)	(56)	(73)	(312)
Investment/trading liabilities	(1 046)	–	–	–	–	(2)	(1 048)
Subordinated liabilities	–	–	–	(55)	(605)	–	(660)
Non-rate liabilities	–	–	–	–	–	(3 367)	(3 367)
Liabilities	(9 053)	(2 214)	(1 306)	(1 135)	(753)	(3 449)	(17 910)
Intercompany loans	(158)	151	(337)	362	206	(216)	8
Shareholders' funds	(17)	(3)	–	–	–	(2 103)	(2 123)
Balance sheet	1 035	(146)	(1 045)	263	380	(487)	–
Off-balance sheet	268	59	817	(325)	(909)	90	–
Repricing gap	1 303	(87)	(228)	(62)	(529)	(397)	–
Cumulative repricing gap	1 303	1 216	988	926	397	–	

^ *Includes Australia, which was previously reported separately. Refer to page 16.*

Southern Africa – interest rate sensitivity at 30 September 2014

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	28 230	58	2	35	–	5 841	34 166
Cash and short-term funds – non-banks	10 403	–	–	–	–	–	10 403
Investment/trading assets and statutory liquids	30 369	8 610	8 076	11 420	8 534	23 522	90 531
Securitised assets	7 998	–	–	–	–	538	8 536
Advances	144 066	3 311	1 673	6 887	4 877	2 816	163 630
Other assets	1 267	–	–	–	–	6 252	7 519
Assets	222 333	11 979	9 751	18 342	13 411	38 969	314 785
Deposits – banks	(23 534)	(412)	–	(77)	–	(86)	(24 109)
Deposits – non-banks	(180 965)	(12 682)	(11 232)	(8 498)	(2 424)	(1 326)	(217 127)
Negotiable paper	(3 998)	(317)	(924)	(4 069)	–	–	(9 308)
Securitised liabilities	(1 288)	–	–	–	–	(795)	(2 083)
Investment/trading liabilities	(8 700)	(291)	(1 070)	(1 639)	(89)	(8 085)	(19 874)
Subordinated liabilities	(7 450)	-	(125)	(400)	(2 670)	–	(10 645)
Other liabilities	(19)	–	–	–	–	(7 073)	(7 092)
Liabilities	(225 954)	(13 702)	(13 351)	(14 683)	(5 183)	(17 365)	(290 238)
Intercompany loans	11 429	(711)	(413)	2 374	(40)	1 609	14 248
Shareholders' funds	(3 266)	–	–	(410)	(871)	(29 124)	(33 671)
Balance sheet	4 542	(2 434)	(4 013)	5 623	7 317	(5 911)	5 124
Off-balance sheet	14 286	(2 328)	(2 177)	(10 385)	(4 534)	14	(5 124)
Repricing gap	18 828	(4 762)	(6 190)	(4 762)	2 783	(5 897)	–
Cumulative repricing gap	18 828	14 066	7 876	3 114	5 897	–	–

Economic value sensitivity at 30 September 2014

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

UK and Other

	Sensitivity to the following interest rates (expressed in original currencies)					
'million	GBP	USD	AUD	ZAR	Other (GBP)	All (GBP)
200bps down	(55)	(10)	(19)	(1)	1	(75)
200bps up	55	10	19	1	(1)	75

Southern Africa

	Sensitivity to the following interest rates (expressed in original currencies)					
'million	ZAR	GBP	USD	EUR	AUD	Other (ZAR)	All (ZAR)
200bp down	(157.3)	8.6	12.9	(2.5)	0.5	8.4	124.0
200bp up	107.8	(7.5)	(9.9)	2.5	(0.7)	(7.0)	(119.7)

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.

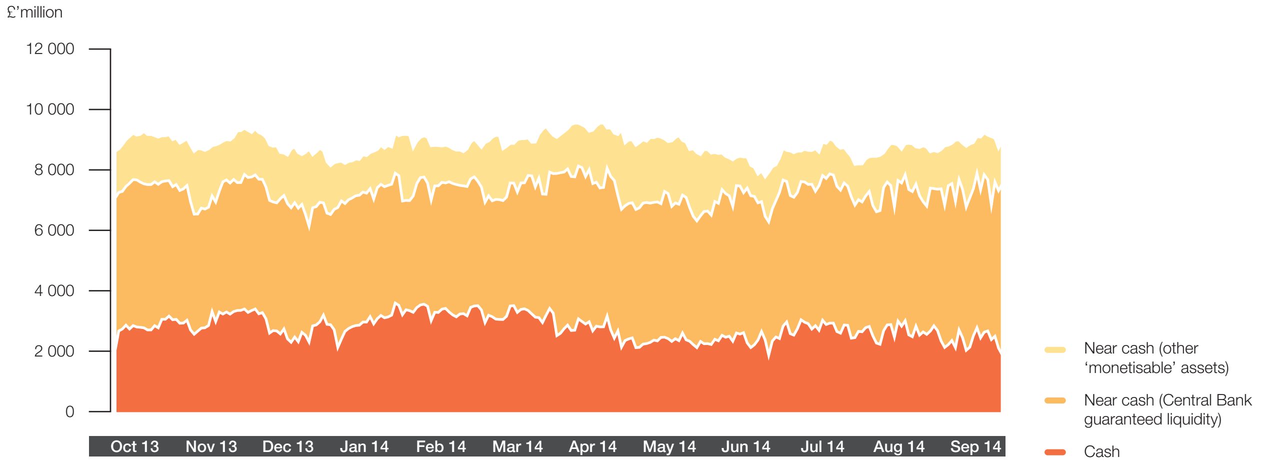
Liquidity risk is further broken down into:

- **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.

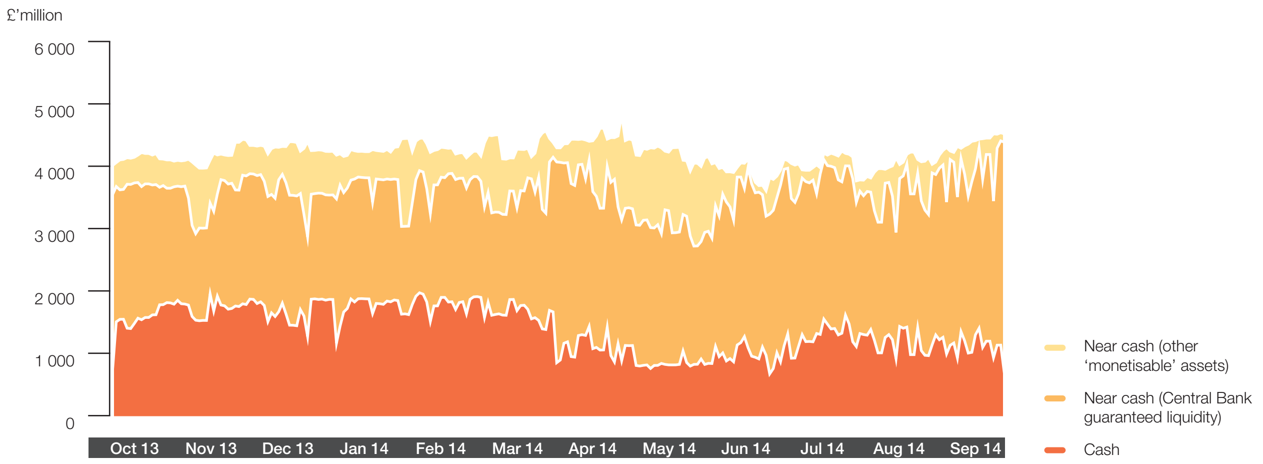
Sources of liquidity risk include:

- 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.

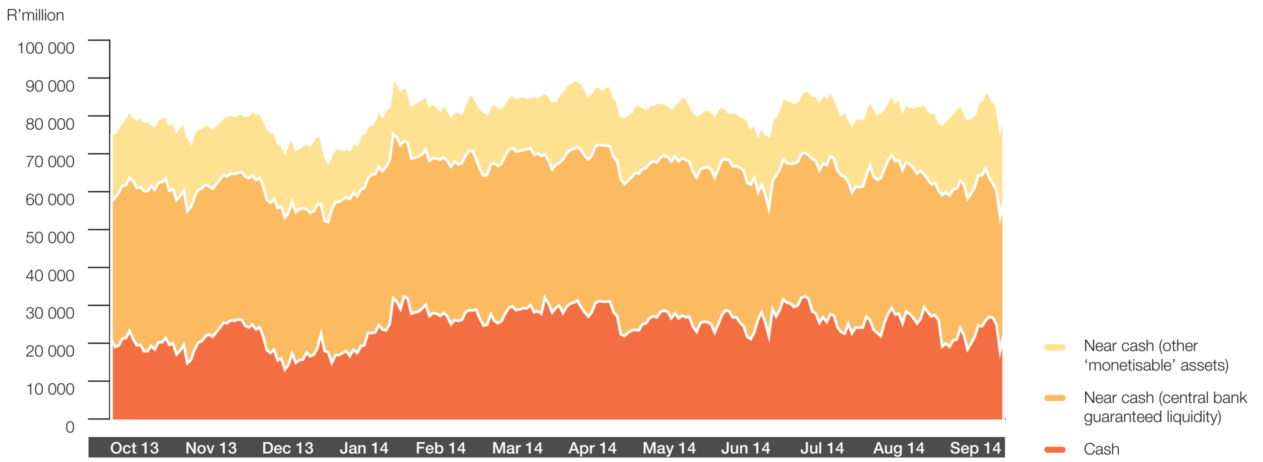
Total Investec group cash and near cash trend



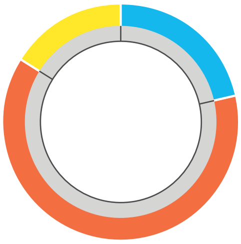
Investec plc cash and near cash trend



Investec Limited cash and near cash trend

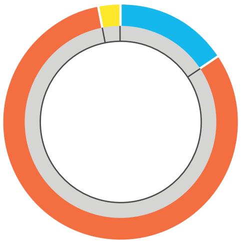


An analysis of cash and near cash at 30 September 2014



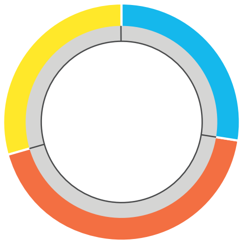
Total group
£9 037 million

Cash	21.6%
Near cash (central bank guaranteed liquidity)	62.4%
Near cash (other 'monetisable' assets)	16.0%



Investec plc
£4 548 million

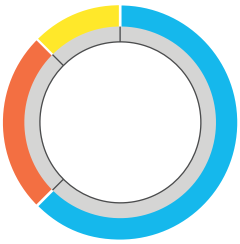
Cash	15.6%
Near cash (central bank guaranteed liquidity)	81.5%
Near cash (other 'monetisable' assets)	2.9%



Investec Limited
R82 252 million

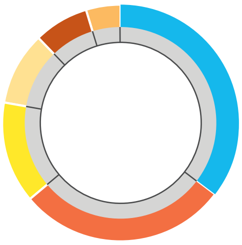
Cash	27.6%
Near cash (central bank guaranteed liquidity)	43.1%
Near cash (other 'monetisable' assets)	29.3%

Bank and non-bank depositor concentration by type at 30 September 2014



UK and Other
£11 194 million

Private client	62.6%
Corporate	25.0%
Financial institutions/banks	12.4%



Southern Africa
R241 659 million

Private client	35.4%
Fund managers	28.7%
Corporate	13.7%
Banks	10.0%
Financial institutions	7.5%
Public sector	4.7%

The liquidity position of the group remains sound with total cash and near cash balances amounting to £9.0 billion.

Liquidity mismatch

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

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

The liquidity position of the group remained sound with total cash and near cash balances amounting to £9.0 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 tables reflect that loans and advances to customers are largely financed by stable funding sources.

With respect to the contractual liquidity mismatch:

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

With respect to the behavioural liquidity mismatch:

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

UK and Other^^

Contractual liquidity at 30 September 2014

£'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	3 563	175	49	3	–	1	–	3 791
Investment/trading assets	1 081	1 395	217	261	102	460	796	4 249
Securitised assets	20	1	1	1	2	34	386	445
Advances	269	335	942	655	790	2 943	1 166	7 100
Other assets	290	760	153	4 027	14	92	699	6 035
Assets	5 160	2 666	1 362	4 947	908	3 530	3 047	21 620
Deposits – banks	(135)	(43)	(29)	(402)	(115)	–	(78)	(802)
Deposits – retail	(3 292)^	(1 184)	(1 440)	(2 149)	(888)	(1 149)	(290)	(10 392)
Negotiable paper	(12)	(195)	(65)	(52)	(63)	(655)	(602)	(1 653)
Securitised liabilities	–	–	–	–	–	–	(312)	(312)
Investment/trading liabilities	(255)	(769)	(56)	(37)	(257)	(203)	(57)	(1 634)
Subordinated liabilities	(1)	–	–	–	–	(54)	(605)	(660)
Other liabilities	(931)	(691)	(80)	(2 141)	(156)	(45)	–	(4 044)
Liabilities	(4 635)	(2 882)	(1 670)	(4 781)	(1 479)	(2 106)	(1 944)	(19 497)
Intercompany loans	22	2	(8)	2	–	(7)	(11)	–
Shareholders' funds	–	–	–	–	–	–	(2 123)	(2 123)
Contractual liquidity gap	547	(214)	(316)	168	(571)	1 417	(1 031)	–
Cumulative liquidity gap	547	333	17	185	(386)	1 031	–	

Behavioural liquidity

As discussed on page 94.

£'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	>Five years	Total
Behavioural liquidity gap	2 320	(437)	440	1 567	(571)	(1 761)	(1 558)	–
Cumulative	2 320	1 883	2 323	3 890	3 319	1 558	–	–

^ *The deposits shown in the demand column at 30 September 2014 reflect cash margin deposits held.*
^^ *Includes Australia, which was previously reported separately. Refer to page 16.*

Risk management (continued)

Southern Africa

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*	26 117	5 514	2 854	–	971	959	–	36 415
Cash and short-term funds – non-banks	10 311	72	20	–	–	–	–	10 403
Investment/trading assets and statutory liquids**	34 734	18 115	3 083	3 634	110	23 249	26 969	109 894
Securitised assets	1 024	18	61	106	181	882	6 264	8 536
Advances	6 083	6 123	10 836	11 462	18 196	69 109	41 821	163 630
Other assets	2 902	1 281	191	134	1 401	1 835	–	7 744
Assets	81 171	31 123	17 045	15 336	20 859	96 034	75 054	336 622
Deposits – banks	(1 808)	(2 528)	(431)	(516)	–	(18 826)	–	(24 109)
Deposits – non-banks	(84 129)^	(30 103)	(30 168)	(21 965)	(19 215)	(28 922)	(3 048)	(217 550)
Negotiable paper	–	(381)	(227)	(515)	(2 287)	(5 898)	–	(9 308)
Securitised liabilities	–	(155)	–	–	–	(627)	(1 301)	(2 083)
Investment/trading liabilities	(3 216)	(10 873)	(1 606)	(2 362)	(4 241)	(8 476)	(648)	(31 422)
Subordinated liabilities	–	–	–	–	(363)	(600)	(9 682)	(10 645)
Other liabilities	(869)	(778)	(524)	(287)	(699)	(415)	(4 262)	(7 834)
Liabilities	(90 022)	(44 818)	(32 956)	(25 645)	(26 805)	(63 764)	(18 941)	(302 951)
Shareholders' funds	–	–	–	–	–	–	(33 671)	(33 671)
Contractual liquidity gap	(8 851)	(13 695)	(15 911)	(10 309)	(5 946)	32 270	22 442	–
Cumulative liquidity gap	(8 851)	(22 546)	(38 457)	(48 766)	(54 712)	(22 442)	–	–

Note: Contractual liquidity adjustments

As discussed on page 94.

R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	>Five years	Total
*Cash and short-term funds – banks	20 320	5 514	2 854	–	971	959	5 797	36 415
**Investment/trading assets and statutory liquids	5 061	15 517	9 551	14 458	8 427	24 079	32 801	109 894

Behavioural liquidity

As discussed on page 94.

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	32 030	839	4 596	(2 072)	(9 057)	(89 718)	63 383	–
Cumulative	32 030	32 869	37 464	35 392	26 335	(63 383)	–	–

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

Capital management and allocation

Capital measurement

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

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

Investec Limited and Investec plc are separately regulated entities. Operating with different regulatory capital regimes, it is difficult to directly compare regulatory capital adequacy of the two entities. The following provides a brief outline of the regulatory environment relevant to the group's capital management framework.

Regulatory capital – Investec Limited

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

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

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

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

Various subsidiaries of Investec Limited are subject to additional regulation covering various activities or implemented by local regulators in other jurisdictions. For capital management purposes, it is the prevailing rules applied to the consolidated Investec Limited group that are monitored most closely. Nevertheless, where capital is a relevant consideration, management within each regulated entity pays close attention to prevailing local regulatory rules as determined by their respective regulators.

Management of each regulated entity, with the support of the group's capital management functions, ensures that capital remains prudently above minimum requirements at all times.

Regulatory capital – Investec plc

Current regulatory framework

Since 1 April 2013 Investec plc has been authorised by the PRA and is regulated by the FCA and the PRA. In June 2013, the European Commission adopted the final Capital Requirements Directive IV (CRD IV) package which transposed the Basel III rules into EU law. The CRD IV rules came into effect on 1 January 2014. The package is split into a regulation and a directive. The regulation is directly binding on Investec plc, whilst the directive and various other national discretions had to be transposed into UK law to take effect.

The PRA issued its final rules and discretions in December 2013, with the decision to introduce the final definition of common equity tier 1 (CET1) capital from 1 January 2014 and did not adopt most of the transitional provisions available in CRD IV. Despite the acceleration of the CET1 definition and the restriction on the types of capital that qualify as tier 1 and tier 2 capital having an effect on the capital available to support the increased minimum capital requirements, we continue to hold capital in excess of the new minimum requirements.

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

Various subsidiaries of Investec plc are subject to additional regulation covering various activities or implemented by local regulators in other jurisdictions. For capital management purposes, it is the prevailing rules applied to the consolidated Investec plc group that are monitored closely. Nevertheless, where capital is a relevant consideration, management within each regulated entity pays close attention to prevailing local regulatory rules as determined by their respective regulators.

Management of each regulated entity, with the support of the group's capital management functions, ensures that capital remains prudently above minimum requirements at all times.

Capital targets

Over recent years, capital adequacy standards for banks have been raised as part of attempts to increase the stability and resilience of the global banking sector. Investec Limited and Investec plc have always held capital in excess of regulatory requirements and the group continues to remain well capitalised. Accordingly, the group is targeting a minimum CET1 capital ratio of above 10% by March 2016, a tier 1 capital ratio of above 11% by March 2016 and a total capital adequacy ratio target range of 14% to 17%. These targets are continuously assessed for appropriateness.

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

Leverage ratio targets

Investec is currently targeting a leverage ratio above 6%, but will continue to reassess this target for appropriateness. As with the governance of capital management the DLC capital committee is responsible for ensuring that the impact of any regulatory changes on the leverage ratio are calculated, analysed and understood at all reporting levels.

Capital management and allocation

Capital structure and capital adequacy

At 30 September 2014	Investec plc*° £'million	IBP*° £'million	Investec Limited* R'million	IBL* R'million
Tier 1 capital				
Shareholders' equity	1 703	1 874	23 730	26 052
Shareholders' equity per balance sheet	1 951	1 909	27 571	27 586
Perpetual preference share capital and share premium	(150)	–	(3 183)	(1 534)
Deconsolidation of special purpose entities	(98)	(35)	(658)	–
Non-controlling interests	8	1	651	–
Non-controlling interests per balance sheet	172	1	4 015	–
Non-controlling interests excluded for regulatory purposes	–	–	(3 364)	–
Non-controlling interests transferred to tier 1 capital	(156)	–	–	–
Surplus non-controlling interest disallowed in CET1 capital	(8)	–	–	–
Regulatory adjustments to the accounting basis	(47)	(23)	617	624
Defined benefit pension fund adjustment	(22)	–	–	–
Unrealised gains on available-for-sale equities	(8)	(6)	–	–
Additional value adjustments	(17)	(17)	–	–
Cash flow hedging reserve	–	–	617	624
Deductions	(492)	(401)	(213)	(102)
Goodwill and intangible assets net of deferred tax	(481)	(390)	(213)	(102)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(7)	(7)	–	–
Securitisation positions	(4)	(4)	–	–
Common equity tier 1 capital	1 172	1 451	24 785	26 574
Additional tier 1 capital	234	–	4 304	1 227
Additional tier 1 instruments	285	–	5 267	1 534
Non-qualifying surplus capital attributable to non-controlling interests	–	–	(20)	–
Phase out of non-qualifying additional tier 1 instruments	(51)	–	(943)	(307)
Tier 1 capital	1 406	1 451	29 089	27 801

* *Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.*

° *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 and IBP this does not include the deduction of foreseeable dividends when calculating common equity tier 1 capital as now required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of the final proposed ordinary and preference dividends totalling £54 million for Investec plc and £140 million for IBP would be around 40bps and 130bps, respectively.*

Capital management and allocation (continued)

Capital structure and capital adequacy (continued)

At 30 September 2014	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
Tier 2 capital	610	599	9 993	10 821
Collective impairment allowances	–	–	176	176
Tier 2 instruments	637	599	10 645	10 645
Non-qualifying surplus capital attributable to non-controlling interests	(27)	–	(828)	–
Total regulatory capital	2 016	2 050	39 082	38 622
Risk-weighted assets	12 316	11 469	260 827	247 660
Capital ratios				
Common equity tier 1 ratio	9.5%	12.7%	9.5%	10.7%
Tier 1 ratio	11.4%	12.7%	11.2%	11.2%
Total capital ratio	16.4%	17.9%	15.0%	15.6%

* *Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.*

Capital management and allocation (continued)

Capital structure and capital adequacy (continued)

At 31 March 2014**	Investec plc*º £'million	IBP*º £'million	Investec Limited* R'million	IBL* R'million
Tier 1 capital				
Shareholders' equity	1 843	1 886	22 641	24 067
Shareholders' equity per balance sheet	2 092	1 915	26 490	25 601
Perpetual preference share capital and share premium	(150)	–	(3 183)	(1 534)
Equity holding in deconsolidated entities	–	–	(666)	–
Deconsolidation of special purpose entities	(99)	(29)	–	–
Non-controlling interests	4	(3)	470	–
Non-controlling interests per balance sheet	177	(3)	3 102	–
Non-controlling interests excluded for regulatory purposes	–	–	(2 632)	–
Non-controlling interests transferred to tier 1 capital	(165)	–	–	–
Surplus non-controlling interests disallowed in CET1 capital	(8)	–	–	–
Regulatory adjustments to the accounting basis	(32)	(11)	521	522
Defined benefit pension fund adjustment	(20)	–	–	–
Unrealised gains on available-for-sale equities	(7)	(7)	–	–
Additional value adjustments	(12)	(11)	–	–
Cash flow hedging reserve	7	7	521	522
Deductions	(608)	(480)	(221)	(102)
Goodwill and intangible assets net of deferred tax	(558)	(431)	(221)	(102)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(38)	(38)	–	–
Securitisation positions	(4)	(3)	–	–
Connected funding of a capital nature	(8)	(8)	–	–
Common equity tier 1 capital	1 207	1 392	23 411	24 487
Additional tier 1 capital	234	–	3 764	1 227
Additional tier 1 instruments	295	–	4 717	1 534
Non-qualifying surplus capital attributable to non-controlling interests	–	–	(10)	–
Phase out of non-qualifying additional tier 1 instruments	(61)	–	(943)	(307)
Tier 1 capital	1 441	1 392	27 175	25 714

* *Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.*

º *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 and IBP this does not include the deduction of foreseeable dividends when calculating common equity tier 1 capital as now required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of the final proposed ordinary and preference dividends totalling £61 million for Investec plc and £32 million for IBP was around 40bps and 30bps, respectively.*

** *The 31 March 2014 capital information has been restated to reflect the implementation of IFRIC 21.*

Capital management and allocation (continued)

Capital structure and capital adequacy (continued)

At 31 March 2014**	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
Tier 2 capital	662	637	9 846	10 670
Collective impairment allowances	–	–	172	172
Tier 2 instruments	686	642	10 498	10 498
Phase out of non-qualifying tier 2 instruments	–	(3)	–	–
Non-qualifying surplus capital attributable to non-controlling interests	(24)	(2)	(824)	–
Total regulatory capital	2 103	2 029	37 021	36 384
Risk-weighted assets	13 711	12 668	248 040	238 396
Capital ratios				
Common equity tier 1 ratio	8.8%	11.0%	9.4%	10.3%
Tier 1 ratio	10.5%	11.0%	11.0%	10.8%
Total capital ratio	15.3%	16.0%	14.9%	15.3%

* *Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.*

** *The 31 March 2014 capital information has been restated to reflect the implementation of IFRIC 21.*

Capital management and allocation (continued)

Capital requirements

	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
At 30 September 2014				
Capital requirements	985	918	26 082	24 766
Credit risk – prescribed standardised exposure classes	730	696	19 206	18 380
Corporates	283	282	11 494	10 760
Secured on real estate property	162	161	1 856	1 856
Short-term claims on institutions and corporates	–	–	3 198	3 129
Retail	41	41	546	545
Institutions	34	32	1 155	1 155
Other exposure classes	204	174	121	99
Securitisation exposures	6	6	836	836
Equity risk – standardised approach	20	20	3 606	3 948
Listed equities	11	11	207	564
Unlisted equities	9	9	3 399	3 384
Counterparty credit risk	18	18	546	546
Credit valuation adjustment risk	5	6	79	79
Market risk	55	55	423	410
Interest rate	22	22	77	77
Foreign exchange	6	5	148	148
Securities underwriting	–	–	–	–
Commodities	–	–	3	3
Equities	23	23	195	182
Options	4	5	–	–
Operational risk – standardised approach	157	123	2 222	1 403
At 31 March 2014				
Capital requirements	1 097	1 014	24 804	23 840
Credit risk – prescribed standardised exposure classes	830	787	18 308	17 611
Corporates	298	294	11 082	10 418
Secured on real estate property	161	154	1 601	1 601
Short-term claims on institutions and corporates	–	–	2 732	2 722
Retail	102	102	544	544
Institutions	41	38	1 064	1 064
Other exposure classes	218	189	199	176
Securitisation exposures	10	10	1 086	1 086
Equity risk – standardised approach	21	21	3 325	3 865
Listed equities	5	5	217	757
Unlisted equities	16	16	3 108	3 108
Counterparty credit risk	22	22	550	550
Credit valuation adjustment risk	16	16	98	98
Market risk	55	52	473	395
Interest rate	21	21	117	117
Foreign exchange	8	5	98	98
Securities underwriting	1	1	–	–
Commodities	–	–	5	5
Equities	22	22	253	175
Options	3	3	–	–
Operational risk – standardised approach	153	116	2 050	1 321

* *Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.*

Capital management and allocation (continued)

Risk-weighted assets

	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
At 30 September 2014				
Risk-weighted assets (banking and trading)	12 316	11 469	260 827	247 660
Credit risk – prescribed standardised exposure classes	9 121	8 701	192 063	183 796
Corporates	3 535	3 522	114 942	107 591
Secured on real estate property	2 029	2 014	18 561	18 561
Short-term claims on institutions and corporates	–	–	31 979	31 294
Retail	515	515	5 460	5 455
Institutions	425	406	11 551	11 551
Other exposure classes	2 540	2 167	1 212	986
Securitisation exposures	77	77	8 358	8 358
Equity risk – standardised approach	254	252	36 063	39 483
Listed equities	140	138	2 074	5 642
Unlisted equities	114	114	33 989	33 841
Counterparty credit risk	223	223	5 456	5 456
Credit valuation adjustment risk	59	70	797	797
Market risk	702	690	4 225	4 096
Interest rate	275	275	770	770
Foreign exchange	77	57	1 476	1 476
Securities underwriting	6	6	–	–
Commodities	2	2	29	29
Equities	291	291	1 950	1 821
Options	51	59	–	–
Operational risk – standardised approach	1 957	1 533	22 223	14 032
At 31 March 2014				
Risk-weighted assets (banking and trading)	13 711	12 668	248 040	238 396
Credit risk – prescribed standardised exposure classes	10 374	9 844	183 080	176 112
Corporates	3 728	3 683	110 817	104 181
Secured on real estate property	2 007	1 923	16 011	16 011
Short-term claims on institutions and corporates	–	–	27 319	27 215
Retail	1 281	1 278	5 441	5 441
Institutions	506	473	10 644	10 644
Other exposure classes	2 729	2 364	1 987	1 759
Securitisation exposures	123	123	10 861	10 861
Equity risk – standardised approach	267	267	33 250	38 653
Listed equities	62	62	2 167	7 570
Unlisted equities	205	205	31 083	31 083
Counterparty credit risk	271	271	5 503	5 503
Credit valuation adjustment	194	194	976	976
Market risk	689	648	4 731	3 947
Interest rate	262	262	1 174	1 174
Foreign exchange	98	57	978	978
Securities underwriting	13	13	–	–
Commodities	–	–	50	50
Equities	276	276	2 529	1 745
Options	40	40	–	–
Operational risk – standardised approach	1 916	1 444	20 500	13 205

* *Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.*

Movement in total regulatory capital

The table below analyses the movement in common equity tier 1, additional tier 1 and tier 2 capital in the first half of the 2015 financial year.

Total regulatory capital flow statement

At 30 September 2014	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
Restated common equity tier 1 capital	1 207	1 392	23 411	24 487
New capital issues	25	–	390	–
Dividends	(63)	(32)	(1 220)	(76)
Profit/(loss) after tax	(8)	80	2 549	1 694
Treasury shares	(57)	–	(913)	–
Gain on transfer of non-controlling interests	–	–	751	–
Share-based payment adjustments	16	–	226	–
Movement in other comprehensive income	(54)	(50)	211	367
Goodwill and intangible assets (deduction net of related tax liability)	77	41	8	1
Reduction in deferred tax that relies on future profitability (excluding those arising from temporary differences)	31	31	–	–
Other, including regulatory adjustments and transitional arrangements	(2)	(11)	(628)	101
Closing common equity tier 1 capital	1 172	1 451	24 785	26 574
Opening additional tier 1 capital	234	–	3 764	1 227
Other, including regulatory adjustments and transitional arrangements	–	–	(10)	–
New additional tier 1 capital	–	–	550	–
Closing additional tier 1 capital	234	–	4 304	1 227
Closing tier 1 capital	1 406	1 451	29 089	27 801
Opening tier 2 capital	662	637	9 846	10 670
Amortisation adjustments	(10)	(4)	–	–
Sale of subsidiary	(39)	(39)	–	–
Collective impairment allowances	–	–	4	4
Other, including regulatory adjustments and transitional arrangements	(3)	5	143	147
Closing tier 2 capital	610	599	9 993	10 821
Closing total regulatory capital	2 016	2 050	39 082	38 622

* *Where: IBP is Investec Bank plc consolidated. IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.*

A summary of capital adequacy and leverage ratios

At 30 September 2014	Investec plc*°	IBP*°	Investec Limited*	IBL*
Common equity tier 1 (as reported)	9.5%	12.7%	9.5%	10.7%
Common equity tier 1 (“fully loaded”)^^	9.6%	12.7%	9.4%	10.6%
Tier 1 (as reported)	11.4%	12.7%	11.2%	11.2%
Total capital adequacy ratio (as reported)	16.4%	17.9%	15.0%	15.6%
Leverage ratio** – permanent capital	7.9%	8.1%	8.5%#	8.5%#
Leverage ratio** – current	7.6%	8.1%	8.2%#	8.4%#
Leverage ratio** – “fully loaded”^^	6.4%	8.1%	7.2%#	8.0%#

At 31 March 2014##	Investec plc*°	IBP*°	Investec Limited*	IBL*
Common equity tier 1 (as reported)	8.8%	11.0%	9.4%	10.3%
Common equity tier 1 (“fully loaded”)^^	8.9%	11.0%	9.3%	10.2%
Tier 1 (as reported)	10.5%	11.0%	11.0%	10.8%
Total capital adequacy ratio (as reported)	15.3%	16.0%	14.9%	15.3%
Leverage ratio** – permanent capital	7.7%	7.4%	8.1%#	7.9%#
Leverage ratio** – current	7.4%	7.4%	7.8%#	7.9%#
Leverage ratio** – “fully loaded”^^	6.2%	7.4%	6.7%#	7.5%#

* *Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.*

° *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 and IBP this does not include the deduction of foreseeable dividends when calculating common equity tier 1 capital as now required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of the final proposed ordinary and preference dividends totalling £54 million for Investec plc and £140 million for IBP would be around 40bps and 130bps, respectively. At 31 March 2014 the impact of the final proposed ordinary and preference dividends totalling £61 million for Investec plc and £32 million for IBP was around 40bps and 30bps, respectively.*

^^ *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.*

\## *The 31 March 2014 capital information has been restated to reflect the implementation of IFRIC 21.*

Analysis of rated counterparties in each standardised credit exposure class

Investec plc

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

	30 September 2014		31 March 2014	
Credit quality step	Exposure £'million	Exposure after credit risk mitigation £'million	Exposure £'million	Exposure after credit risk mitigation £'million
Central banks and sovereigns				
1	3 734	3 734	3 187	2 950
2	–	–	–	–
3	1	1	–	–
4	–	–	–	–
5	–	–	–	–
6	–	–	–	–
Institutions*				
1	320	319	281	281
2	913	835	990	903
3	84	84	131	131
4	13	13	35	35
5	–	–	2	2
6	–	–	–	–
Corporates				
1	–	–	5	5
2	7	7	15	15
3	–	–	2	1
4	–	–	7	7
5	37	34	19	19
6	–	–	–	–
Securitisation positions				
1	148	148	171	171
2	26	26	20	20
3	29	29	34	26
4	1	1	5	1
5	4	4	–	–
Resecuritisation positions				
1	–	–	15	15
2	4	4	9	9
3	–	–	4	4
4	–	–	–	–
5	–	–	–	–
Total rated counterparty exposure	5 321	5 239	4 932	4 595

* *The institutions exposure class includes exposures to institutions with an original effective maturity of more than and less than three months.*

Analysis of rated counterparties in each standardised credit exposure class

Investec Limited

The capital requirement disclosed as held against credit risk as at 30 September 2014 includes a small amount of capital held for counterparty credit risk, mainly within the group's trading businesses. On the basis of materiality no detail has been provided on this risk in the following analysis.

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

	30 September 2014		31 March 2014	
Credit quality step	Exposure R'million	Exposure after credit risk mitigation R'million	Exposure R'million	Exposure after credit risk mitigation R'million
Central banks and sovereigns				
1	39 645	39 645	40 716	40 716
2	–	–	–	–
3	155	155	176	176
4	–	–	–	–
5	57	57	105	105
6	–	–	–	–
Institutions original effective maturity of more than three months				
1	428	428	–	–
2	11 324	10 823	12 531	11 818
3	10 819	10 513	7 430	7 167
4	511	511	527	527
5	–	–	–	–
6	395	395	–	–
Short-term claims on institutions				
1	2 240	2 240	1 480	1 480
2	7 659	7 659	11 753	11 753
3	14 786	14 786	15 210	15 210
4	–	–	–	–
5	–	–	–	–
6	–	–	–	–
Corporates				
1	3 541	3 073	2 387	2 074
2	2 005	1 411	3 652	2 678
3	4 476	2 324	5 885	4 350
4	453	353	451	418
5	–	–	–	–
6	–	–	–	–
Securitisation positions				
1	636	636	793	799
2	3 427	3 427	5 353	4 540
3	6 715	6 704	2 756	1 437
4	245	245	267	267
5	439	439	1 668	1 668
Total rated counterparty exposure	**109 956**	**105 824**	**113 140**	**107 177**

FOUR

Divisional and **segmental review**

Group divisional structure

Our strategic goals and objectives are motivated by the desire to develop an efficient and integrated business on an international scale through the active pursuit of clearly established core competencies in our principal business areas. Our core philosophy has been to build well-defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.

We seek to maintain an appropriate balance between revenue earned from operational risk businesses and revenue earned from financial risk businesses. This ensures that we are not over reliant on any one part of our business to sustain our activities and that we have a large recurring revenue base that enables us to navigate through varying cycles and to support our long-term growth objectives.

Our current strategic objectives include increasing the proportion of our non-lending revenue base which we largely intend to achieve through the continued strengthening and development of our Wealth and Asset Management businesses.

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

Asset Management

What we do

4Factor™ equities
Quality
Frontier and emerging market equities
Value
Commodities and resources
Emerging market fixed income
Multi-asset

Where we operate

Africa
Americas and Japan
Asia Pacific
Europe
UK

Wealth & Investment

What we do

Portfolio management
Stockbroking
Alternative investments
Investment advisory services
Electronic trading services
Retirement portfolios

Where we operate

Southern Africa
UK and Europe

Specialist Banking

What we do

Property activities
Private Banking activities
Corporate Advisory and Investment activities
Corporate and Institutional Banking activities
Group Services and Other activities

Where we operate

Australia
Canada
Hong Kong
India
Southern Africa
UK and Europe
USA

Integrated global management structure

Global roles

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

Geographical business leaders

South Africa
Andy Leith
Glynn Burger

United Kingdom
David van der Walt
Steve Elliott

Specialist Banking

Property activities
Robin Magid

Private Banking activities
Ciaran Whelan

Corporate Advisory and Investment activities
Andy Leith

Corporate and Institutional Banking activities
David van der Walt

Asset Management

Hendrik du Toit

Wealth & Investment

Steve Elliott

Support structures

Banking and institutions
David Lawrence

Chief integrating officer
Allen Zimbler

Corporate governance and compliance
Bradley Tapnack

Marketing
Raymond van Niekerk

Finance and risk management
Glynn Burger

Share schemes and secretarial
Les Penfold

At Investec Asset Management, we want to assist people around the globe to retire with dignity. Our business is to manage clients' investments to the highest standard possible by exceeding their investment and client service expectations.

Global head: Hendrik du Toit

We are a specialist provider of active investment products and services. Established in 1991, we have grown largely organically from domestic roots in Southern Africa and are still managed by our founding members, demonstrating continuity and stability.

Our clients include pension funds, central banks, sovereign wealth funds, financial institutions, foundations, financial advisors and individual investors.

Our investment team of over 150 investment professionals is organised around seven core capabilities with clear investment philosophies and processes applied across multiple strategies. Our client group is organised across five geographically defined units serving our target clients around the globe. We have a centralised operations platform supporting these activities.

Our value proposition

- Organically built an independent global platform from an emerging market base
- Independently managed entity within the Investec group
- Competitive investment performance in chosen specialities
- Global approach:
  – global investing
  – global client base
  – global operations platform
- Institutional and advisor focus
- Unique and clearly understood culture
- Stable and experienced leadership.

Interim highlights

Net new flows of £2.7 billion for the six month period (2013: £1.4 billion).

Assets under management

£71.7 billion

Operating profit before non-controlling interests increased by 6.6% to £76.7 million, contributing 31.8% to group profit.

Operating margin

35.7%

(2013: 34.3%)

Asset Management (continued)

Global executive committee

Chief executive officer
Hendrik du Toit

Chief operating officer
Kim McFarland

Global head of client group
John Green

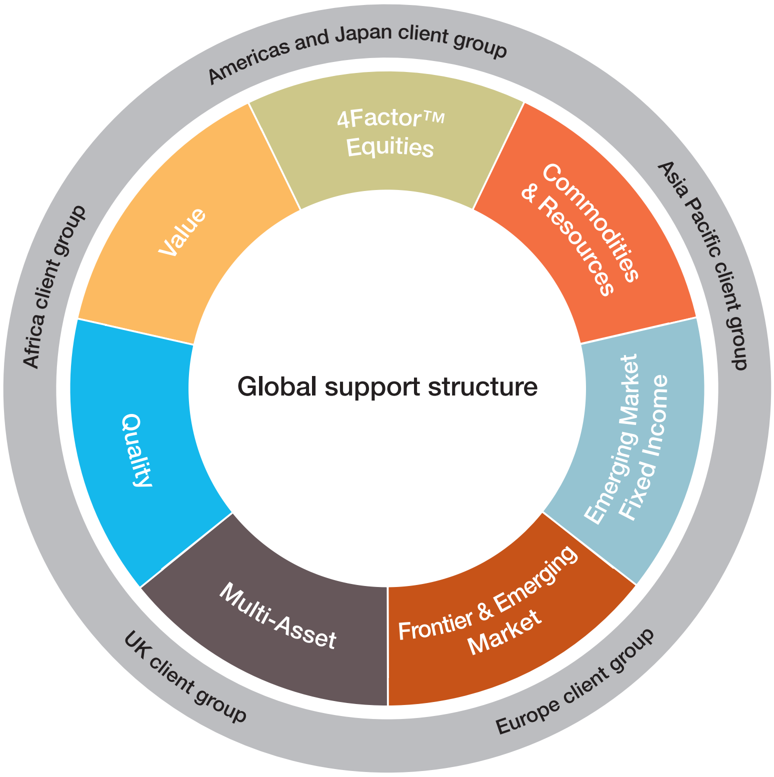
Co-chief investment officer
Domenico (Mimi) Ferrini

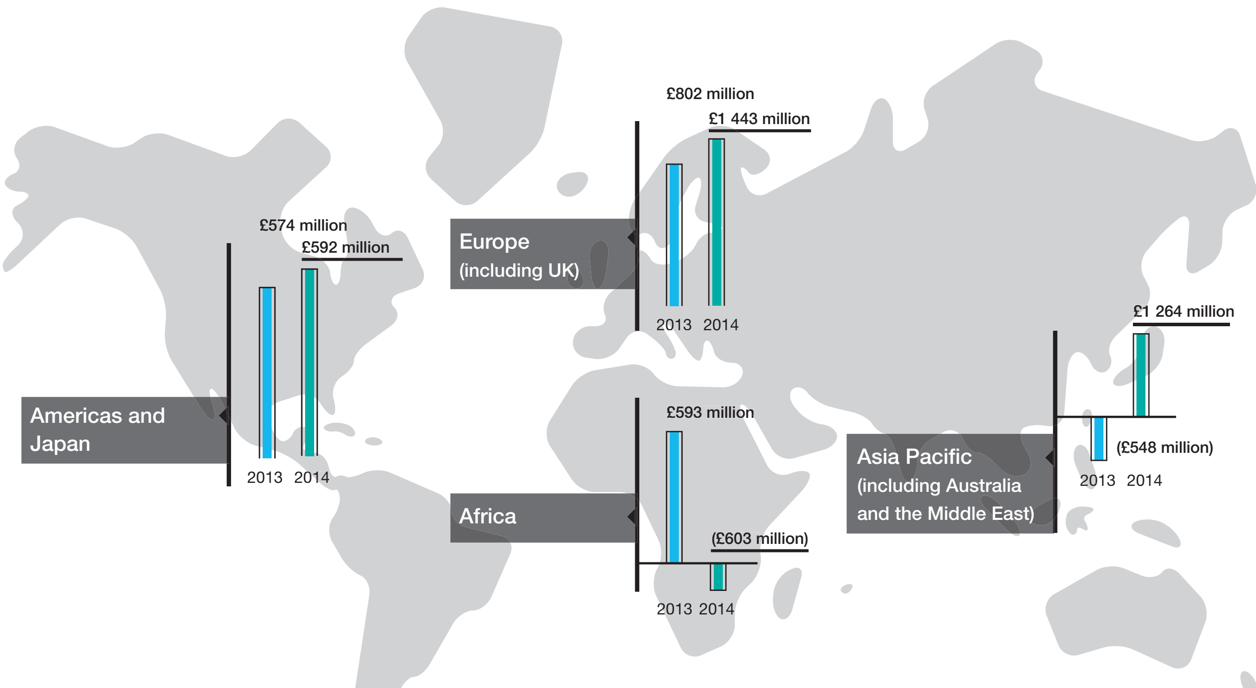
Co-chief investment officer
John McNab

What we do

Where we operate

Capabilities and organisational structure

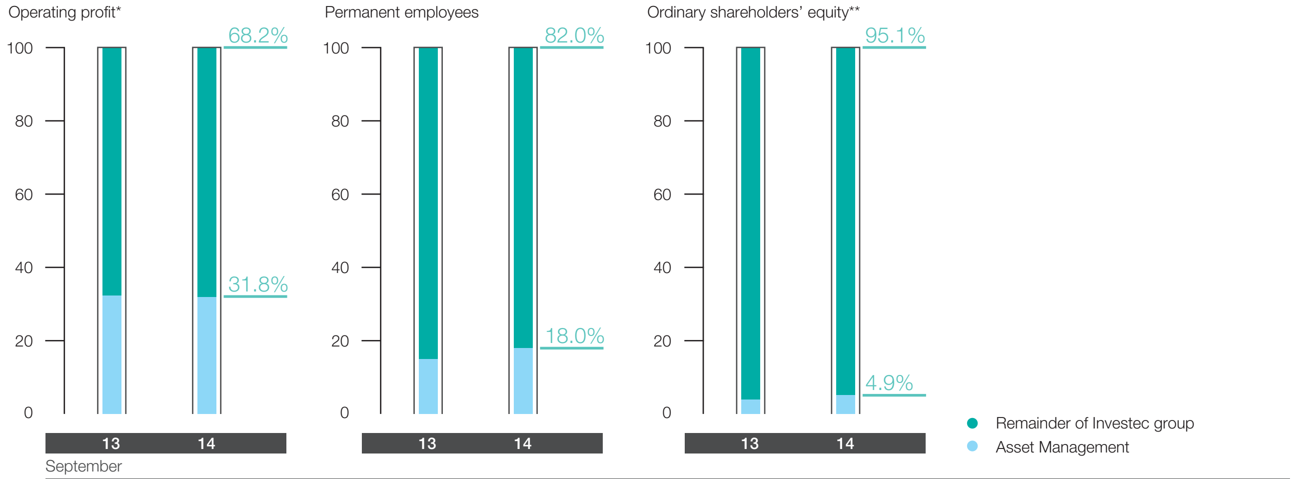




Net flows by geography

For the six months to 30 September.

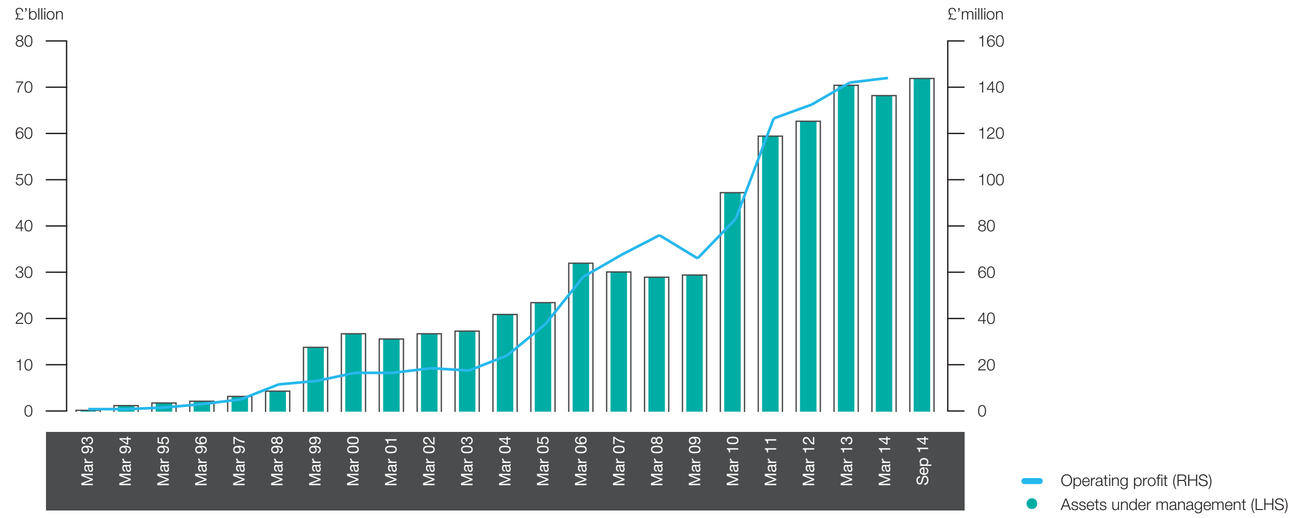
Financial analysis



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

** As calculated on page 48, based on regulatory capital requirements.

Historical financial performance



Income statement analysis

For the six months to £'000	30 Sept 2014	30 Sept 2013	Variance	% change
Net interest income	2 043	2 056	(13)	(0.6%)
Net fee and commission income	212 636	207 095	5 541	2.7%
Investment income	9	14	(5)	(35.7%)
Trading income arising from balance sheet management and other trading activities	(146)	(982)	836	85.1%
Other operating income	446	1 767	(1 321)	(74.8%)
Total operating income	214 988	209 950	5 038	2.4%
Operating costs	(138 308)	(138 010)	(298)	0.2%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and before non-controlling interests	76 680	71 940	4 740	6.6%
Profit attributable to Asset Management non-controlling interests**	(9 356)	(2 950)	(6 406)	>100.0%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	67 324	68 990	(1 666)	(2.4%)
UK and Other	32 637	32 065	572	1.8%
Southern Africa	34 687	36 925	(2 238)	(6.1%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	67 324	68 990	(1 666)	(2.4%)
Selected returns and key statistics				
Ordinary shareholders' equity*	149 971	136 394	13 577	10.0%
ROE (pre-tax)*	92.8%	94.4%		
Return on tangible equity (pre-tax)*	244.2%	332.8%		
Operating margin	35.7%	34.3%		
Operating profit per employee (£'000)^	89.1	89.0	0.1	0.1%

* *As calculated on pages 48 and 50, based on regulatory capital requirements.*

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

^ *Operating profit per employee excludes Silica, our third party administration business.*

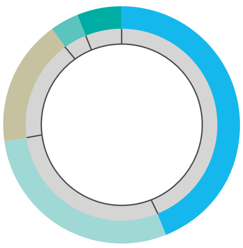
The variance in operating profit over the period can be explained as follows:

Market volatility continued into the first half of the financial year. Against this background, our operating profit before non-controlling interests grew by 6.6%. We have a positive business momentum and our wide range of investment capabilities means that we are well placed to face the future. Performance fees were lower (£16.6 million) than the prior year period (£17.2 million).

Assets under management and flows

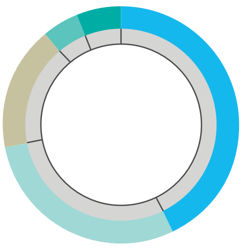
£'million	30 Sept 2014	Net flows	31 March 2014
Equities	31 355	1 304	29 198
Fixed income	20 909	1 129	19 754
Multi-asset	11 869	145	11 728
Alternatives	2 950	(50)	3 070
Third party funds on advisory platform	4 655	167	4 267
Total	71 738	2 695	68 017

Assets under management by asset group



30 September 2014
£71.7 billion total assets under management

Equities	44%
Fixed income	29%
Multi-asset	17%
Alternatives	4%
Third party funds on advisory platform	6%



31 March 2014
£68.0 billion total assets under management

Equities	43%
Fixed income	29%
Multi-asset	17%
Alternatives	5%
Third party funds on advisory platform	6%

Independent recognition

Calendar year 2014

Winner of Private Equity Africa Awards

Winner of African Banker Awards, Fund of the Year

Shortlisted for European Pension Awards' Emerging Markets Manager of the Year

Winner of European Funds Trophy 2014, Best Asset Manager: Multi-countries category with 26 – 40 funds.

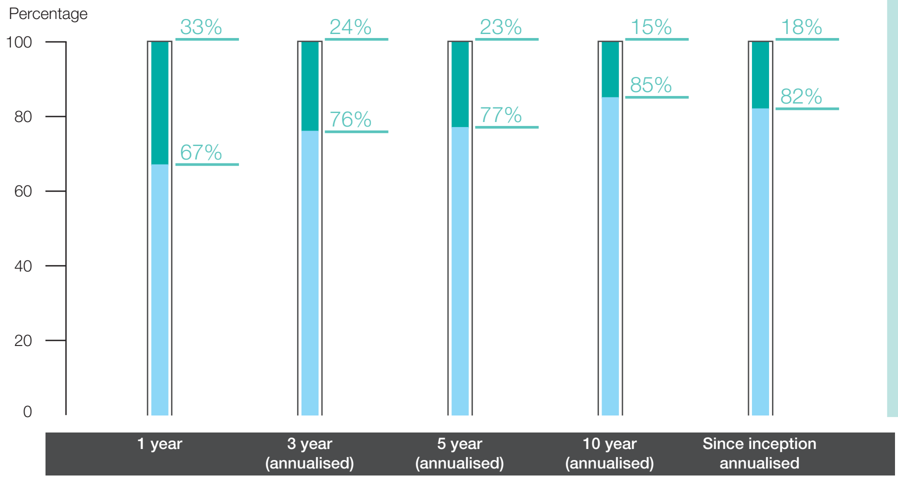
Investment performance

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

We measure our investment performance relative to peer groups and against benchmarks over one, three, five and 10 year periods, and since inception.

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

Overall firm performance

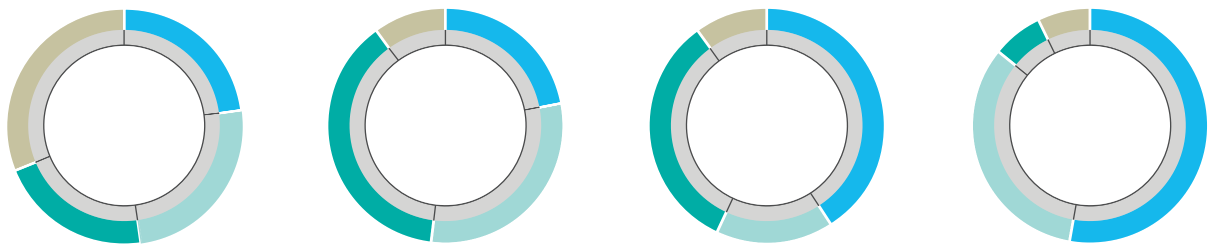


Outperformance
Underperformance

Source: Calculated by Investec Asset Management, gross of fees, performance to 30 September 2014.

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

Mutual funds investment performance



One year

First quartile	23%
Second quartile	25%
Third quartile	21%
Fourth quartile	31%

Three year

First quartile	22%
Second quartile	30%
Third quartile	38%
Fourth quartile	10%

Five year

First quartile	41%
Second quartile	16%
Third quartile	33%
Fourth quartile	10%

Ten year

First quartile	53%
Second quartile	33%
Third quartile	7%
Fourth quartile	7%

Source: Calculated from Morningstar data by value and excludes cash and cash plus funds. Performance to 30 September 2014.

Note: All Investec Asset Management fund ranges are relative to other funds in the same sector.

Questions and answers

Hendrik du Toit

Chief executive officer

Can you give us an overview of the environment in which you have operated since the start of the financial year?

A At Investec Asset Management, we serve the largest and most sophisticated institutional investors and asset platforms, irrespective of where they may be based, through five geographically defined client groups. We are also committed to building a strong presence in the advisor market in select regions. We build and develop competitive investment capabilities over the long term to enable us to assist our clients in meeting their investment objectives. We think and act with a very long-term horizon.

Since the beginning of the financial year, volatility in asset markets has increased as a consequence of the growing uncertainty about the impact of the US Federal Reserve's long signalled withdrawal from Quantitative Easing. Although not optimal, the conditions in asset markets have been reasonably good for our business.

Against this backdrop, we have had a solid half year for net flows which amounted to £2.7 billion.

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

A On the investments side, we continue to build out our investment capabilities, specifically Multi-Asset and Quality. We also had the first close of our second private equity fund.

Investment performance varied across our range of investment strategies, which reflects current market conditions. As always, there are a few strategies facing short-term performance pressure or market headwinds. However, it is important to re-affirm that we have a very competitive investment offering with excellent long-term track records, allowing us to compete effectively in the marketplace.

This reporting period is the eleventh consecutive half-year of positive net inflows.

We remain mindful of the pressure on active managers to deliver good performance and evolve our offering in line with client demand. Investec Asset Management continues to invest in its investment capabilities to achieve these objectives.

What are your strategic objectives for the following six months?

A Our near term objectives are as follows:

- Investment performance is always the priority
- Capture the multi-asset opportunity
- Develop additional global equity (including emerging market) strategies
- Simplify our proposition to the South African market
- Invest in our advisor business globally
- Continue to nurture growth opportunities (e.g. building scale in private markets)
- Cost and headcount control.

What is your outlook for the following six months?

A As a very long-term oriented business, we do not manage our business with a half yearly time horizon. We are hopeful that we can continue to attract net inflows and grow our overall business.

The next six months will also prove important to one or two areas where we have not performed as well as we would have liked to over the past year. All in all, we look forward to continuing to create value for our clients and shareholders over the next reporting period.

Wealth & Investment

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

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

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

Further detail on the Wealth & Investment management structure is available on our website: www.investec.com

Our value proposition

- Investec Wealth & Investment has been built via the acquisition and integration of businesses and organic growth over a long period of time
- Well established platforms in the UK, South Africa, Switzerland, Ireland and Guernsey
- The business currently has four distinct channels: direct, intermediaries, charities and international, and is progressing developing its online capabilities to form a fifth "digital" distribution channel
- Strategy to internationalise within jurisdictions where the Investec group already has an established business
- Focus is on organic growth in our key markets and enhancing our range of service for the benefit of our clients
- c.100 000 clients.

Interim highlights

Operating profit up 23.3% to £38.0 million, contributing 15.8% to group profit.

Assets under management
up 5.2% to
£43.7 billion

Operating margin 24.9% (2013: 22.4%).

Net new flows for the six month period of £1.5 billion

What we do and where we operate

Europe

Investments and savings

- Discretionary and advisory portfolio management services for private clients
- Specialist investment management services for charities, pension schemes and trusts
- Independent financial planning advice for private clients
- Specialist portfolio management services for international clients.

Pensions and retirement

- Discretionary investment management for company pension and Self Invested Personal Pensions (SIPPs)
- Advice and guidance on pension schemes, life assurance and income protection schemes.

Tax planning

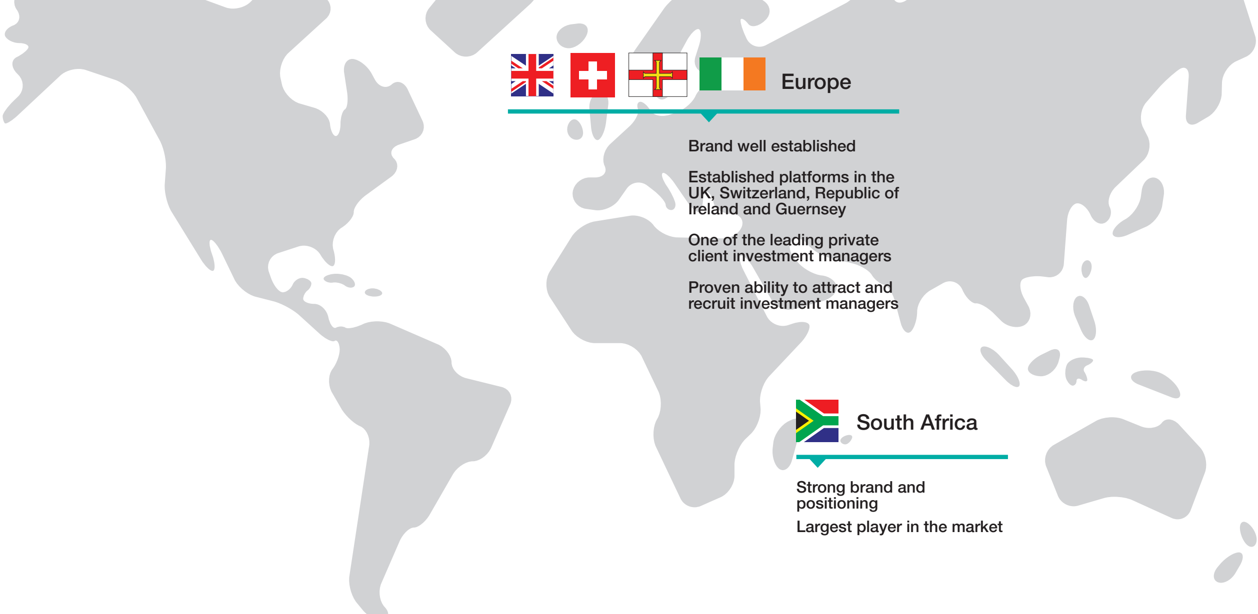
- Succession planning
- ISAs
- Retirement planning
- Venture Capital Trusts (VCT) and Enterprise Investment Schemes (EIS)

The European operations are conducted through Investec Wealth & Investment Limited in the UK, Investec Wealth & Investment Ireland, European Wealth Management, which operates from Switzerland, and in Guernsey through Investec Wealth & Investment Channel Islands.

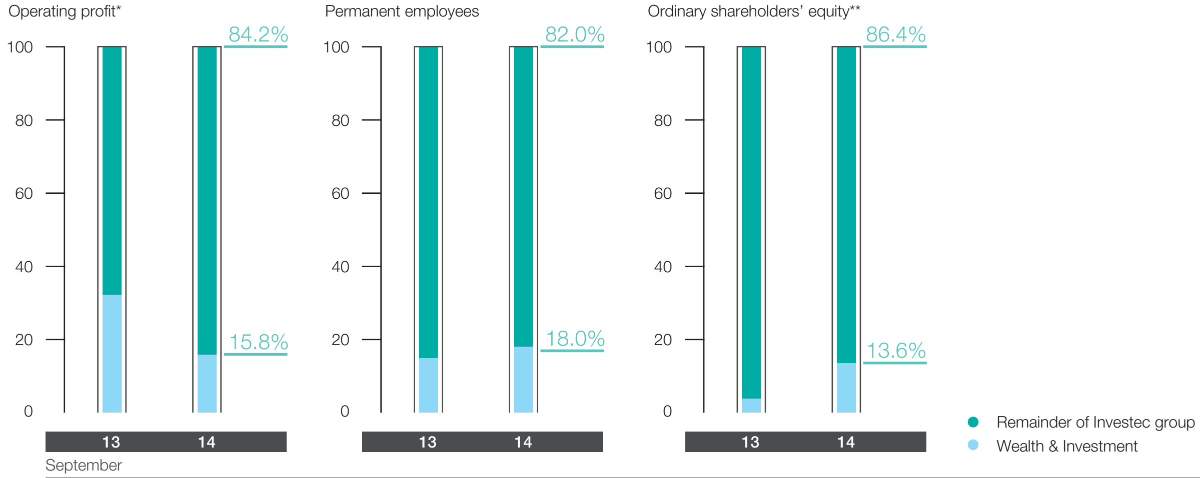
Over 1 000 staff operate from offices located throughout the UK and Europe, with combined funds under management of £28.2 billion. Investec Wealth & Investment is one of the UK's leading providers of private client investment management services.

South Africa

Investec Wealth & Investment South Africa provides portfolio management, wealth management and stockbroking services for private clients, charities, pension funds and trusts, operating from eight offices across South Africa with R53.1 billion of funds under full discretionary management and a further R231.6 billion of funds under various other forms of administration.



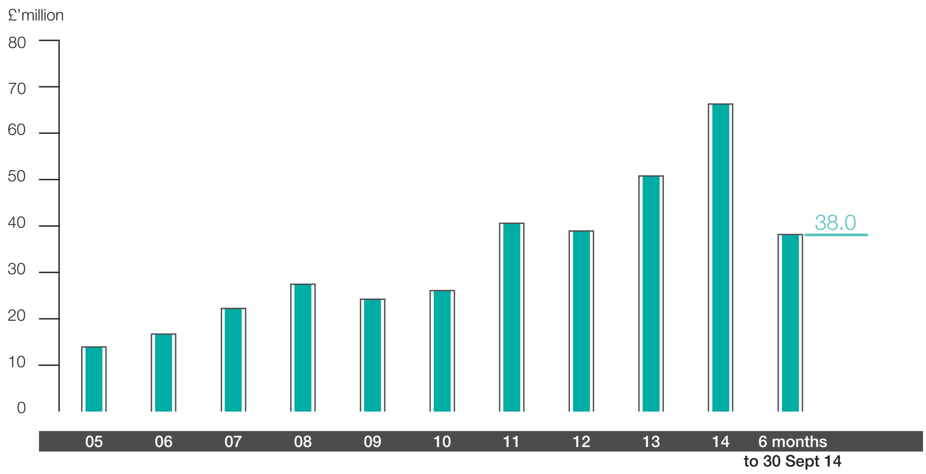
Financial analysis



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

** As calculated on page 48, based on regulatory capital requirements.

Operating profit^ — track record



^ Trend reflects numbers as at the year ended 31 March, unless otherwise stated. Amounts from 2008 are shown before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests. Prior to 2008 amounts have not been adjusted for non-controlling interests.

Income statement analysis

For the six months to £'000	30 Sept 2014	30 Sept 2013	Variance	% change
Net interest income	3 771	4 836	(1 065)	(22.0%)
Net fee and commission income	146 153	131 306	14 847	11.3%
Investment income	1 795	1 116	679	60.8%
Trading income arising from				
– customer flow	150	87	63	72.4%
– balance sheet management and other trading activities	392	3	389	>100.0%
Other operating income	672	479	193	40.3%
Total operating income	152 933	137 827	15 106	11.0%
Operating costs	(114 895)	(106 986)	(7 909)	7.4%
Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests	38 038	30 841	7 197	23.3%
UK and other	26 912	20 690	6 222	30.1%
South Africa	11 126	10 151	975	9.6%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	38 038	30 841	7 197	23.3%
Selected returns and key statistics				
Ordinary shareholders' equity*	260 891	269 447	(8 556)	(3.2%)
ROE (pre-tax)*	20.6%	16.0%		
Return on tangible equity (pre-tax)*	112.8%	181.4%		
Operating margin	24.9%	22.4%		
Operating profit per employee (£'000)*	26.6	23.0	3.6	15.7%

* *As calculated on pages 48 and 50, based on regulatory capital requirements.*

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

- The European operations have benefited from higher average funds under management in the UK, with a 5% increase in the closing relevant market indices compared to the prior period. Continued investment in the division's platforms and the employment of additional professional investment managers has supported solid net inflows in the first half of the year. Operating margins have improved from 19.1% in 2013 to 21.9%
- The South African business posted an operating profit of R194 million, an increase of 27.6% over the prior period, benefiting from higher average funds under management and solid discretionary net inflows. In addition, the business has continued to successfully leverage off the division's global investment platform and the group's integrated Private Client offering ("One Place").

Analysis of key earnings drivers (funds under management)

£'million	30 Sept 2014	31 March 2014	% change	30 Sept 2013	31 March 2013	% change
UK and Other	28 156	26 950	4.5%	25 328	24 733	2.4%
Discretionary	19 985	18 889	5.8%	17 529	16 806	4.3%
Non-discretionary and other	8 171	8 061	1.4%	7 799	7 927	(1.6%)
South Africa	15 531	14 574	6.6%	14 747	15 617	(5.6%)
Discretionary	2 897	2 674	8.3%	2 761	2 604	6.0%
Non-discretionary	12 634	11 900	6.2%	11 986	13 013	(7.9%)
Total	43 687	41 524	5.2%	40 075	40 350	(0.7%)

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

Funds under management

£'million	30 Sept 2014	31 March 2014	% change	30 Sept 2013	31 March 2013	% change
Investec Wealth & Investment Limited (UK)	25 321	24 282	4.3%	22 805	22 271	2.4%
Discretionary	19 263	18 291	5.3%	16 930	16 177	4.7%
Non-discretionary	5 845	5 753	1.6%	5 607	5 747	(2.4%)
Other	213	238	(10.5%)	268	347	(22.8%)
Rest of Europe	2 835	2 668	6.3%	2 523	2 462	2.5%
Discretionary	722	598	20.7%	599	629	(4.8%)
Non-discretionary	2 113	2 070	2.1%	1 924	1 833	5.0%
Total	28 156	26 950	4.5%	25 328	24 733	2.4%

Further analysis of the Investec Wealth & Investment Limited business

Funds under management and flows

£'billion	30 Sept 2014	31 March 2014	% change	30 Sept 2013	31 March 2013	% change
At the beginning of the period	24.28	22.27		22.27	19.96	
Inflows	1.47	2.48		1.13	1.87	
Outflows	(0.40)	(1.23)		(0.64)	(1.50)	
Market adjustment^	0.05	0.70		0.05	1.94	
Transfers*	(0.08)	0.06		–	–	–
At the end of the period	25.32	24.28	4.3%	22.81	22.27	2.4%
FTSE/WMA Balanced Index (at period end)	3 454	3 385	2.0%	3 293	3 300	(0.2%)
Annualised underlying rate of net organic growth in total funds under management**	8.8%	5.6%		4.4%	1.9%	
% of total funds managed on a discretionary basis	76.9%	76.3%		75.4%	74.2%	

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

Funds under management

R'million	30 Sept 2014	31 March 2014	% change	30 Sept 2013	31 March 2013	% change
Discretionary	53 093	46 961	13.1%	44 979	36 352	23.7%
Non-discretionary	231 588	208 959	10.8%	195 250	181 668	7.5%
Total	284 681	255 920	11.2%	240 229	218 020	10.2%

Net inflows/(outflows) at cost over the period

R'million	30 Sept 2014	31 March 2014	% change	30 Sept 2013	31 March 2013	% change
Discretionary	2 076	4 748	(56.3%)	2 909	3 714	(21.7%)
Non-discretionary	5 903	(2 405)^^	>100.0%	(3 640)^^	2 148	(>100.0%)
Total	7 979	2 343	>100.0%	(731)	5 862	(>100.0%)

^ *Impact of market movement and relative performance.*
^^ *Largely relating to clients who have moved their portfolios to another institution to serve as collateral in a transaction they were concluding.*
* *Reflects the net transfer of clients to/from other entities within the European division.*
** *Net organic inflows less outflows (excluding acquired inflows and exceptional outflows) as a percentage of opening funds under management.*

Questions and answers

Steve Elliott

Global head

Can you give us an overview of the environment in which you have operated since the start of the financial year?

A Market conditions for the UK business remained favourable for much of the first half of the financial year. Equity indices began the year in positive mood, which saw the FTSE 100 coming close to its all time high. However, political and economic risks have never been far from investor's minds. Concerns over the general global economic outlook, the geopolitical environment and the potential impact of the Ebola outbreak in West Africa were the catalyst for a significant fall in the equity indices during the latter stages of the interim period and the early part of the second half of the financial year.

Consolidation within the UK investment management sector remains a feature of the landscape as the regulatory environment continues to place increasing obligations on UK investment management businesses. Opportunities remain to recruit experienced investment managers and we have continued to utilise the strength of our offering to attract candidates who share our values and have the ability to contribute to the growth of our business.

In Ireland, confidence is returning along with the improved outlook as the recovery in the Irish economy continues to build momentum.

The harsh lessons learned are resulting in greater demand for portfolio management, diversification and risk adjusted returns. We believe we are well placed in Ireland to build on our position as one of the leading wealth and investment management providers within our target market.

In South Africa, the six months to the end of September 2014 has seen some volatility in the markets, with the JSE reaching an all time high in July of 52 242, and the yield on South Africa's benchmark bond slipping below 8.0%, as the equivalent US treasury yield dropped towards 2.0%. The emerging equity market sell-off on a perceived quickening in US interest rate 'lift off' (first rise in the US Federal Reserve funds target rate) then saw the FTSE/JSE Africa All Share Index eradicate its gains over the period. On a year to date basis the FTSE/JSE Africa All Share Index returned 12% in Rand terms, but was down 0.4% in US Dollars.

Foreigners sold R23.9 billion worth of South African bonds (net of purchases) in the six months to September 2014. Only a net R10.7 billion in equities was purchased by foreigners in this period, causing the rand to weaken to R11.28/USD and R18.28/GBP from R10.65/USD and R18.27/GBP in July 2014.

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

A A key element of our strategy in the UK and Europe is to use our investment expertise and quality of service to develop opportunities to extend our reach to new clients. Our offshore service in Guernsey, which was launched during the second half of the previous financial year, is making progress in both the Guernsey marketplace and as an offshore platform for clients of the wider business. The Private Office service, which draws on those elements of our service that can be targeted to fulfil the requirements of higher net worth individuals, provides a greater depth to our offering.

The expansion of our operations in Scotland is proving successful, with significant growth in funds under management following the recruitment which we undertook in the last financial year. We have continued to take advantage of the recruitment opportunities which currently exist in the industry and a number of experienced investment managers are due to join us during this financial year.

Whilst we pursue specific and measured opportunities for growth, our focus on ensuring that we provide our existing clients with the highest possible service will always be fundamental to what we do. Our offices across the UK have achieved rates of net organic growth in funds under management during the period that are ahead of our long term target. This can only be achieved if we remain focussed on the quality of our service and the strength of our investment processes.

The platform in Switzerland is now fully integrated within the Wealth & Investment business unit. We expect business activity on this platform to gradually increase as the business unt is internationalised.

In South Africa, through the collaboration of Private Banking and Wealth & Investment, we successfully launched Investec One Place.

Our private clients are global citizens and we now offer them integrated access to banking and investment services, both locally and internationally.

Investec South Africa clients can now bring the management of their international finances together under one roof through their preferred channel – whether it's mobile or tablet apps, the Investec Online platform, the 24/7 Global Client Support Centre or specialist private bankers and investment managers.

Across the discretionary and advisory investment mandates within the South African business, strong net asset flows have been secured.

We have achieved solid investment performance across our broad range of domestic and offshore investment mandates. We continue to invest in these processes.

Investec Wealth & Investment was once again named best wealth manager in South Africa, together with Investec Private Banking. This international accolade was awarded by the UK's Financial Times (FT) Group at their 6th Annual Private Banking Awards in Geneva. This is the second consecutive year Investec has won this global award.

This year's survey, conducted by London's FT Group, received 140 entries from 60 countries spanning every continent.

What are your strategic objectives for the following six months?

A In the UK, advancing our digital strategy is a key priority in order to ensure that we continue to meet the changing needs of our current and future clients. We have been working to develop our capability in this important area during the first part of the financial year, and this will continue throughout the second half of the year.

We can now offer our existing and potential future clients the choice of three platforms in separate jurisdictions within Europe in which their investments can be held, being the UK, Guernsey and Switzerland. We are continuing to explore opportunities to achieve a greater international reach of the business through the choice of the platforms which we are able to provide to potential clients.

We continue to reinforce our leading market positioning in South Africa as a seamless global investment business, enabling our clients to access global investment opportunities on a discretionary, advisory or execution only basis.

What is your outlook for the following six months?

A The outlook changed markedly during the latter part of September and into October, as markets priced in geopolitical threats, the slow down of the world economy, specific concerns around European growth and fears over the potential impact of the Ebola outbreak. This led to sharp falls in equity indices. We are now in a period of uncertainty and the rate at which investor confidence can recover remains to be seen. However, we expect the second half of the financial year to be significantly more challenging than the first.

Whilst the coming months may prove to be a testing period, our business model has shown its resilience against difficult trading conditions in the past and we remain confident that our strategy will deliver the continuing success of the business over the medium and longer term.

In South Africa we will shortly be launching our online self-directed investment platform targeting the Specialist Bank's emerging investment clients. This, and other ongoing initiatives in the digital and online channels should support revenue and business efficiencies.

Specialist expertise delivered with dedication and energy

Global heads

Andy Leith	Corporate Advisory and Investment activities
Robin Magid	Property Activities
David van der Walt	Corporate and Institutional Banking activities
Ciaran Whelan	Private Banking activities

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

Further information on the Specialist Banking management structure is available on our website: www.investec.com

Our value proposition

- High quality specialist banking solution to corporate, institutional 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.174 300
- Total high income and high net worth clients: c.155 700

Interim highlights

67.2%
Cost to income
(2013: 66.0%).

Operating profit
up 6.0% to
£126.1 million
contributing 52.4% to group profit

9.8%
ROE (pre-tax)
(2013: 8.8%).

Loans and advances
£15.9 billion

10.0%
Tangible ROE
(pre-tax)
(2013: 9.2 %).

Customer deposits
£22.3 billion

What we do

High income and high net worth private clients

Private Banking activities

Transactional banking and foreign exchange
Lending
Deposits
Investments

Southern Africa
UK and Europe

Corporates/government/institutional clients

Corporate Advisory and Investment activities

Advisory
Principal investments
Property investment fund management

Australia
Hong Kong
India
Southern Africa
UK and Europe

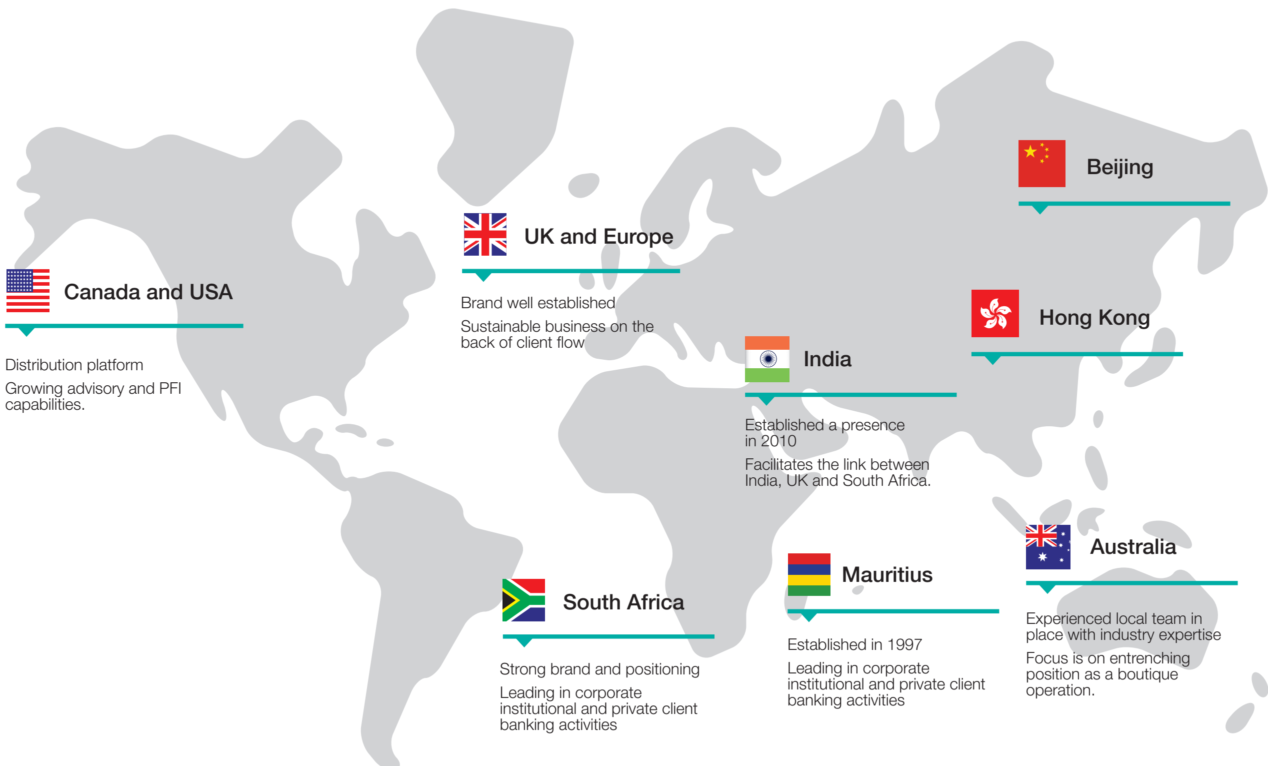
Corporate and Institutional Banking activities

Treasury and trading services
Specialised lending, funds and debt capital markets
Institutional research sales and trading

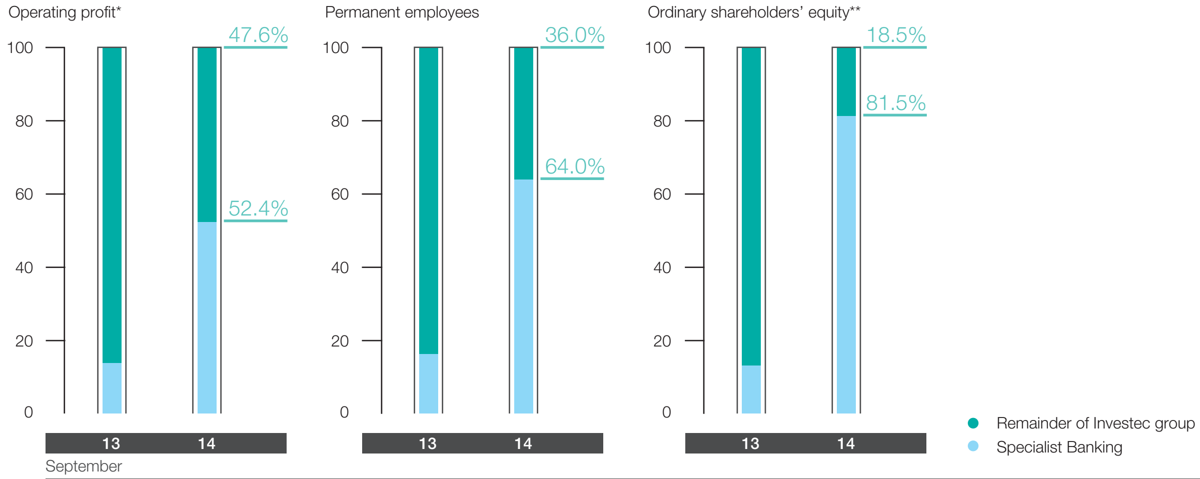
Australia
Canada
India
Southern Africa
UK and Europe
Hong Kong
USA

Integrated systems and infrastructure

Where we operate

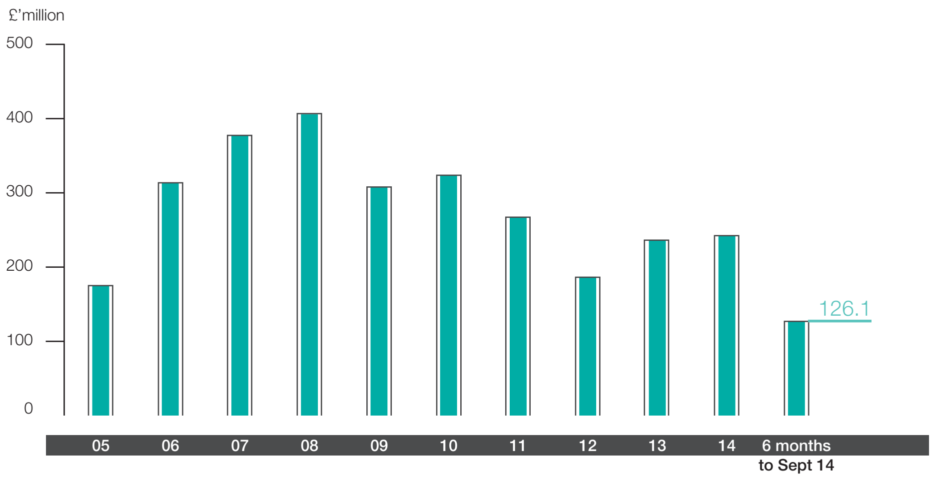


Financial analysis



* Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.
** As calculated on page 48, based on regulatory capital requirements.

Operating profit^ — track record



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

Income statement analysis

For the six months to £'000	30 Sept 2014	30 Sept 2013*	Variance	% change
Net interest income	326 572	311 522	15 050	4.8%
Net fee and commission income	168 217	146 475	21 742	14.8%
Investment income	44 171	60 698	(16 527)	(27.2%)
Trading income arising from				
– customer flow	51 135	54 344	(3 209)	(5.9%)
– balance sheet management and other trading activities	(9 445)	14 647	(24 092)	(>100.0%)
Other operating income	3 934	6 331	(2 397)	(37.9%)
Total operating income before impairment on loans and advances	584 584	594 017	(9 433)	(1.6%)
Impairment losses on loans and advances	(66 400)	(83 087)	16 687	(20.1%)
Operating costs	(393 090)	(393 527)	437	(0.1%)
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	125 094	117 403	7 691	6.6%
Losses attributable to non-controlling interests	957	1 493	(536)	(35.9%)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	126 051	118 896	7 155	6.0%
UK and Other	12 971	11 815	1 156	9.8%
Ongoing business	70 107	75 018	(4 911)	(6.5%)
Legacy business	(52 148)	(49 278)	(2 870)	5.8%
Australia	(4 988)	(13 925)	8 937	64.2%
Southern Africa	113 080	107 081	5 999	5.6%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	126 051	118 896	7 155	6.0%
Selected returns and key statistics				
Ordinary shareholders' equity**	2 521 394	2 687 837	(166 443)	(6.2%)
ROE (pre-tax)**	9.8%	8.8%		
Return on tangible equity (pre-tax)**	10.0%	9.2%		
Cost to income ratio	67.2%	66.0%		
Operating profit per employee (£'000)**	23.6	21.5	2.1	9.8%

* *Restated. Refer to page 16.*
** *As calculated on pages 48 and 50, based on regulatory capital requirements.*

The variance in the operating profit in the UK (excluding Australia) over the period can be explained as follows:

- Net interest income improved as a result of increased lending turnover and an improvement in the cost of funding, partially offset by less interest earned on running down legacy portfolios
- Net fee and commission income increased substantially as a result of a solid performance from the corporate finance and corporate treasury teams
- Investment and other trading income decreased as a result of a lower return generated on the Hong Kong investment portfolio
- Trading income from customer flow improved due to increased corporate treasury activity
- Other operating income includes associate income and income earned on an operating lease portfolio acquired during December 2010
- Total operating income increased by 1.2%
- Impairments decreased by 8.6%. Further information is provided on page 66
- Operating expenses increased largely as a result of higher compensation costs.

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

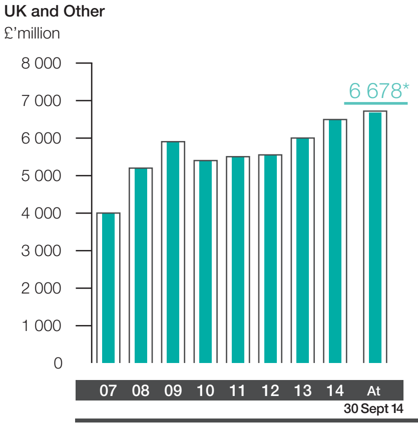
- The analysis and variances described below for the South African Specialist Banking division are based on the Rand numbers reported
- Results in Pounds Sterling have been negatively impacted by the depreciation of the average Rand: Pounds Sterling exchange rate of approximately 19% over the period. The Specialist Banking division reported operating profit before taxation of R2 008 million (2013: R1 654 million)
- Net interest income increased as a result of an increase in core loans and advances of 8.7% and a positive endowment impact
- Net fee and commission income improved as a result of good performances from the private banking professional finance and property businesses, with corporate fees remaining largely in line with the prior period
- Investment income was supported by a solid performance from the unlisted investments portfolio
- Trading income arising from customer flow and other trading activities decreased reflecting lower client activity in foreign exchange transactions and less activity on the balance sheet
- Total operating income increased by 15.7%
- Impairments decreased by 26.0%. Further information is provided on page 66
- Operating expenses increased by 15.2% largely as a result of increased variable remuneration given improved profitability, with fixed costs growing in line with inflation.

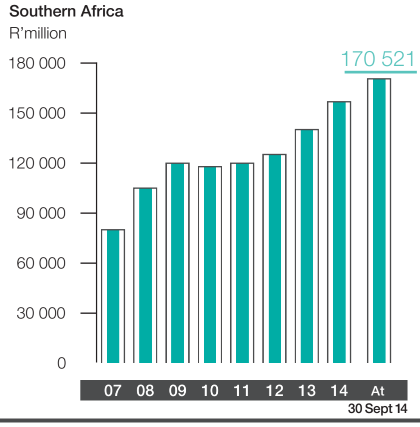
Analysis of key earnings drivers

Net core loans and advances

	£'million			Home currency 'million		
	30 Sept 2014	31 March 2014	% change	30 Sept 2014	31 March 2014	% change
UK and Other	6 634	6 492	2.2%	£6 634	£6 492	2.2%
Southern Africa	9 303	8 935	4.1%	R170 521	R156 870	8.7%
Australia	44	1 730	(97.5%)	A$81	A$3 114	97.4%
Total	15 981	17 157	(6.9%)			

Net core loans and advances





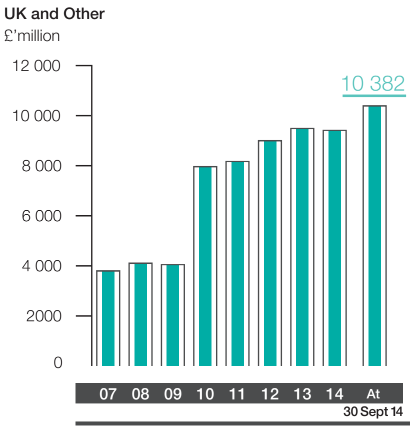
Trend reflects numbers as at the year ended 31 March unless stated otherwise.

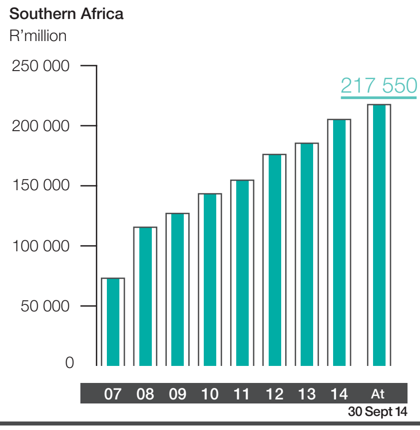
* *Including Australia.*

Total deposits

	£'million			Home currency 'million		
	30 Sept 2014	31 March 2014	% change	30 Sept 2014	31 March 2014	% change
UK and Other	10 382	9 407	10.4%	£10 382	£9 407	10.4%
Southern Africa	11 871	11 671	1.7%	R217 550	R204 903	6.2%
Australia	–	1 532	n/a	–	A$2 758	n/a
Total	22 253	22 610	(1.6%)			

Total deposits





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

Legacy business in the UK Specialist Bank

The legacy business in the UK Specialist Bank comprises:

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

An analysis of assets within the legacy business

£'million	30 Sept 2014 Total net assets (after impairments)	30 Sept 2014 Total balance sheet impairments	31 March 2014 Total net assets (after impairments)	31 March 2014 Total balance sheet impairments
Total sale assets*	n/a	–	1 242	154
Performing	n/a	–	820	3
Non-performing	n/a	–	422	151
Other corporate assets and securitisation activities	583	8	864	51
Private Bank Irish planning and development assets	56	58	60	59
Other Private Bank assets	1 121	80	1 261	82
Total other legacy assets	1 760	146	2 185	192
Performing	1 433	–	1 798	4
Non-performing	327	146	387	188

* *At 30 September 2014, shown as non-current assets held for sale. Refer to page 20.*

A further analysis of the UK Specialist Bank's results for the six months ended 30 September 2014

£'million	Ongoing business	Legacy business	Total
Total income	259.7	16.7	276.4
Total impairments	3.9	(47.6)	(43.7)
Total expenses^	(179.4)	(21.1)	(200.5)
Depreciation on operating leased assets	(0.9)	(0.2)	(1.1)
Net profit before tax	83.3	(52.2)	31.1
Taxation (using total effective tax rate for UK as reported at 20.6%)	(17.2)	10.8	(6.4)
Net profit after tax	66.1	(41.4)	24.7
Non-controlling interests	5.6	–	5.6
Attributable earnings before preference dividends	71.7	(41.4)	30.3
Average shareholders' equity	839	279	1 118
Actual shareholders' equity	867	264	1 131
Post-tax return on average shareholders' equity (before preference dividends)	17.1%	(29.7%)	5.4%
Cost to income ratio	69.3%	>100.0%	72.8%

^ *Excludes £18.7 million of group costs that have been fully allocated to the UK Specialist Bank.*

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

£'million	Ongoing business	Legacy business	Total
Total income	262.0	11.0	273.0
Total impairments	(11.4)	(36.4)	(47.8)
Total expenses**	(161.7)	(23.8)	(185.5)
Depreciation on operating leased assets	(3.9)	–	(3.9)
Net profit before tax	**85.0**	**(49.2)**	**35.8**
Taxation (using total effective tax rate for UK as reported at 23.7%)	(20.1)	11.7	(8.4)
Net profit after tax	**64.9**	**(37.5)**	**27.4**
Non-controlling interests	4.0	–	4.0
Attributable earnings before preference dividends	**68.9**	**(37.5)**	**31.4**
Average shareholders' equity	634	374	1 008
Post-tax return on average shareholders' equity (before preference dividends)	21.7%	(20.1%)	6.2%
Cost to income ratio	62.7%	>100.0%	68.9%

^ *Restated. Refer to page 16.*
** *Excludes R14.1 million of group costs that have been fully allocated to the UK Specialist Bank.*

Expected legacy business run off rate for assets

Questions and answers

David van der Walt

Geographical business leader **United Kingdom**

Can you give us an overview of the environment in which you have operated since the start of the financial year?

A The first six months of the year were relatively stable despite global political tensions with reasonably good activity levels.

Volatility was low affecting client hedging and flow business. The lack of hedging activity was offset by increased lending activity from our active clients.

The disrupted banking environment continues to favour the strong Investec brand and we were able to grow our market share.

The regulatory environment remains challenging with high associated costs. Some of the more recent changes and the ongoing negative rhetoric could pose a longer term threat to talent in the industry.

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

A During the period a significant amount of effort went into the sale of Kensington and Start. We are pleased that subject to regulatory approval these transactions should complete over the next six months.

The sale of Kensington is subject to a transitional services arrangement that is likely to endure for six months post completion. These sales are a substantial step forward in cleaning up our legacy portfolio.

In addition to the sales referred to above we commenced the process of integrating the ongoing Australian business post completion of the sale of the Australian Bank.

We remain focused on simplifying the operational structure wherever possible with a view to streamlining costs and infrastructure.

The process of building out our private bank continues and the Private Bank Account was formally launched in the UK and South Africa.

The corporate business performed very well during the period, leveraging off a solid client platform, with a number of awards received.

Overall performance was affected by a negative mark to market on our investment portfolio which is unlikely to recur.

What are your strategic objectives for the following six months?

A We continue to focus on building our franchise in the high income, high net worth and corporate market. Specific initiatives will focus on:

- Building market share in the private client transactional banking space
- Further development and roll out of our digital offering
- Successful completion of the sale of Kensington and Start
- Active management of the balance of the legacy portfolio with a focus on property assets
- Continue with the operational integration of the Irish business with the UK business
- Active management of surplus liquidity and cost of funds post the sale of Kensington
- Grow our client base

What is your outlook for the following six months?

A Subsequent to the half year there has been an increased nervousness in markets that has reduced activity and increased volatility. If the environment persists then performance may be impacted negatively although currently pipelines remain reasonable and increased volatility will be positive for hedging.

The sale of Kensington will result in a loss of revenue and a drag from surplus funding in the short term. In addition the focus on cleaning up the legacy is likely to see further costs and impairments.

The likely outcome is that the core bank will continue to grow but overall performance is likely to be mixed while the drag of the legacy prevails.

Questions and answers

Stephen Koseff

Geographical business leaders South Africa

Can you give us an overview of the environment in which you have operated since the start of the financial year?

A The South African economy is currently underperforming its potential with the slowdown in domestic economic activity largely driven by local developments. Slow economic growth has been exacerbated by the prolonged strike action and inadequate energy supply which has impacted consumer spending and unsecured lending. The Fed tapering earlier in the year resulted in emerging market outflows causing a sharp depreciation of the Rand, pushing inflation into the upper end of the target range and causing a moderate rise in interest rates. A number of downgrades by the rating agencies have not helped the situation.

Despite this, local business activity has been supported by strong equity markets with the JSE All Share Index up 12% for the interim period. We have experienced significant growth in our South African business as our target client base has made a strong recovery since the global crisis.

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

A The South African specialist bank has held up exceptionally well in an overall tough economic environment. The levels of defaults have continued to decline and activity levels have remained reasonable. Performance improved across the board benefiting from good activity in both the corporate and private client base.

We continue to see positive impetus from joint efforts between the private bank and wealth and investment business. We have made good progress with our digitisation strategy and the recent launch of One Place, where clients can transact and manage their finances from one place, has been well received.

The lending portfolios continue to experience good growth particularly across our corporate client and private client residential mortgage portfolios. The Retail Funding business created to focus on growing Basel III compliant deposits has seen good traction.

What are your strategic objectives for the following six months?

A Over the past few years, we have continued to build our franchise in our core client segments. Building and developing our client franchises remains integral to the growth and development of our organisation and we endeavour to continue to enhance our client experience, ensuring our target clients do more with us as an organisation.

We will continue to focus on cross-selling our products across different client bases, providing services between Private Bank and the Wealth & Investment business and a more focused approach to servicing the corporate market so that our Specialist Bank maintains its agility in providing our clients, both private and corporate, with integrated solutions.

We continue to roll out our Africa strategy. The African continent has made great strides in its democratisation over the past couple of years and South Africa is well-positioned to provide a platform for global players wishing to take advantage of the African opportunity. These initiatives remain focused largely on advisory, corporate institutional banking and asset management opportunities.

What is your outlook for the following six months?

A Notwithstanding the current structural challenges in the South African economy, there are a number of areas of strength and opportunity. We have sound fiscal and monetary policy supported by a strong financial sector and capable private sector. Strategic level plans have been adopted and we are starting to see execution of these plans by both the public and private sector. Furthermore, South Africa, and Investec, is well placed to benefit from the current growth in sub-Saharan Africa and there are many opportunities for private sector participation in the power sector.

Segmental geographic analysis – income statement

For the six months to 30 Sept 2014 £'000	UK and Other^	Southern Africa	Total group
Net interest income	180 748	151 638	332 386
Fee and commission income	408 202	182 464	590 666
Fee and commission expense	(56 661)	(6 999)	(63 660)
Investment income	3 223	42 752	45 975
Trading income arising from			
– customer flow	43 955	7 330	51 285
– balance sheet management and other trading activities	(11 244)	2 045	(9 199)
Other operating income	4 131	921	5 052
Total operating income before Impairment on loans and advances	572 354	380 151	952 505
Impairment losses on loans and advances	(53 978)	(12 422)	(66 400)
Operating income	518 376	367 729	886 105
Operating costs	(445 271)	(199 933)	(645 204)
Depreciation on operating leased assets	(1 089)	–	(1 089)
Operating profit before goodwill and acquired intangibles	72 016	167 796	239 812
Loss/(profit) attributable to other non-controlling interests	5 551	(4 594)	957
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	77 567	163 202	240 769
Profit attributable to Asset Management non-controlling interests	(5 047)	(4 309)	(9 356)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	72 520	158 893	231 413
Impairment of goodwill	(4 375)	(408)	(4 783)
Amortisation of acquired intangibles	(7 394)	–	(7 394)
Operating costs arising from integration,restructuring and partial disposal of subsidiaries	–	–	–
Net (loss)/profit on sale of subsidiaries and disposal groups held for sale	(18 593)	–	(18 593)
Earnings attributable to shareholders before taxation	42 158	158 485	200 643
Taxation on operating profit before goodwill	(15 900)	(29 267)	(45 167)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	(33 852)	–	(33 852)
Earnings attributable to shareholders	(7 594)	129 218	121 624
Selected returns and key statistics			
ROE (post tax)	5.2%	18.5%	10.7%
Return on tangible equity (post tax)	7.3%	18.6%	12.9%
Cost to income ratio	77.9%	52.6%	67.8%
Staff compensation to operating income	54.0%	36.1%	46.8%
Operating profit per employee (£'000)	20.3	37.0	29.2
Effective operational tax rate	22.1%	17.4%	18.8%
Total assets (£'million)	21 366	24 565	45 931

^ *Australia is no longer material to be a standalone geography. It is now included under UK and Other, as the business is a subsidiary of the Investec plc group. As a transition the table on page 140 provides details to enable comparability.*

Segmental geographic analysis – income statement (continued)

For the six months to 30 Sept 2013* £'000	UK and Other^	Southern Africa	Total group
Net interest income	170 642	147 772	318 414
Fee and commission income	372 624	188 455	561 079
Fee and commission expense	(66 070)	(10 133)	(76 203)
Investment income	32 401	29 427	61 828
Trading income arising from			
– customer flow	42 364	12 067	54 431
– balance sheet management and other trading activities	(4 083)	17 751	13 668
Other operating income	6 991	1 586	8 577
Total operating income before impairment on loans and advances	554 869	386 925	941 794
Impairment losses on loans and advances	(63 393)	(19 694)	(83 087)
Operating income	491 476	367 231	858 707
Operating costs	(425 623)	(209 044)	(634 667)
Depreciation on operating leased assets	(3 856)	–	(3 856)
Operating profit before goodwill and acquired intangibles	61 997	158 187	220 184
Loss/(profit) attributable to other non-controlling interests	3 954	(2 461)	1 493
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	65 951	155 726	221 677
Profit attributable to Asset Management non-controlling interests	(1 381)	(1 569)	(2 950)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	64 570	154 157	218 727
Impairment of goodwill	(336)	(518)	(854)
Amortisation of acquired intangibles	(6 702)	–	(6 702)
Operating costs arising from integration, restructuring and partial disposal of subsidiaries	(13 125)	(2 114)	(15 239)
Earnings attributable to shareholders before taxation	44 407	151 525	195 932
Taxation on operating profit before goodwill	(17 988)	(20 388)	(38 376)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	5 827	–	5 827
Earnings attributable to shareholders	32 246	131 137	163 383
Selected returns and key statistics			
ROE (post-tax)	4.2%	17.9%	10.0%
Return on tangible equity (post-tax)	6.2%	18.0%	12.3%
Cost to income ratio	77.2%	54.0%	67.7%
Staff compensation to operating income	52.2%	36.0%	45.6%
Operating profit per employee (£'000)	16.5	37.1	27.1
Effective operational tax rate	29.0%	12.9%	17.4%
Total assets (£'million)	22 739	24 791	47 530

* *Restated. Refer to page 16.*

^ *Australia is no longer material to be a standalone geography. It is now included under UK and Other, as the business is a subsidiary of the Investec plc group. As a transition the table on page 141 provides details to enable comparability.*

Segmental business and geographic analysis – income statement

For the six months to 30 Sept 2014 £'000	Asset Management UK and Other	 Southern Africa	 Total
Net interest income	117	1 926	2 043
Fee and commission income	176 183	82 363	258 546
Fee and commission expense	(45 910)	–	(45 910)
Investment income	–	9	9
Trading income arising from			
– customer flow	–	–	–
– balance sheet management and other trading activities	(173)	27	(146)
Other operating income	(443)	889	446
Total operating income before impairment losses on loans and advances	129 774	85 214	214 988
Impairment losses on loans and advances	–	–	–
Operating income	129 774	85 214	214 988
Operating costs	(92 090)	(46 218)	(138 308)
Depreciation on operating leased assets	-	–	–
Operating profit before goodwill and acquired intangibles	37 684	38 996	76 680
Loss/(profit) attributable to other non-controlling interests	–	–	–
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	37 684	38 996	76 680
Profit attributable to Asset Management non-controlling interests	(5 047)	(4 309)	(9 356)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	32 637	34 687	67 324
Selected returns and key statistics			
Cost to income ratio	71.0%	54.2%	64.3%
Staff compensation to operating income	54.6%	35.0%	46.8%

^ *Australia is no longer material to be a standalone geography. It is now included under UK and Other, as the business is a subsidiary of the Investec plc group. As a transition the table on page 140 provides details to enable comparability.*

Wealth & Investment			Specialist Banking			
UK and Other	Southern Africa	Total	UK and Other^	Southern Africa	Total	Total group
3 005	766	3 771	177 626	148 946	326 572	332 386
117 863	29 704	147 567	114 156	70 397	184 553	590 666
(625)	(789)	(1 414)	(10 126)	(6 210)	(16 336)	(63 660)
1 795	–	1 795	1 428	42 743	44 171	45 975
101	49	150	43 854	7 281	51 135	51 285
85	307	392	(11 156)	1 711	(9 445)	(9 199)
673	(1)	672	3 901	33	3 934	5 052
122 897	30 036	152 933	319 683	264 901	584 584	952 505
–	–	–	(53 978)	(12 422)	(66 400)	(66 400)
122 897	30 036	152 933	265 705	252 479	518 184	886 105
(95 985)	(18 910)	(114 895)	(257 196)	(134 805)	(392 001)	(645 204)
–	–	–	(1 089)	–	(1 089)	(1 089)
26 912	11 126	38 038	7 420	117 674	125 094	239 812
–	–	–	5 551	(4 594)	957	957
26 912	11 126	38 038	12 971	113 080	126 051	240 769
–	–	–	–	–	–	(9 356)
26 912	11 126	38 038	12 971	113 080	126 051	231 413
78.1%	63.0%	75.1%	80.7%	50.9%	67.2%	67.8%
58.1%	45.2%	55.5%	52.2%	35.4%	44.5%	46.8%

Segmental business and geographical analysis – income statement (continued)

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

* *Restated. Refer to page 16.*

^ *Australia is no longer material to be a standalone geography. It is now included under UK and Other, as the business is a subsidiary of the Investec plc group. As a transition the table on page 141 provides details to enable comparability.*

Wealth & Investment			Specialist Banking			
UK and Other	Southern Africa	Total	UK and Other^	Southern Africa	Total	Total group
4 453	383	4 836	166 044	145 478	311 522	318 414
103 194	30 544	133 738	97 725	72 697	170 422	561 079
(894)	(1 538)	(2 432)	(15 352)	(8 595)	(23 947)	(76 203)
1 116	–	1 116	31 285	29 413	60 698	61 828
46	41	87	42 318	12 026	54 344	54 431
(35)	38	3	(2 949)	17 596	14 647	13 668
479	–	479	6 697	(366)	6 331	8 577
108 359	29 468	137 827	325 768	268 249	594 017	941 794
–	–	–	(63 393)	(19 694)	(83 087)	(83 087)
108 359	29 468	137 827	262 375	248 555	510 930	858 707
(87 669)	(19 317)	(106 986)	(250 658)	(139 013)	(389 671)	(634 667)
–	–	–	(3 856)	–	(3 856)	(3 856)
20 690	10 151	30 841	7 861	109 542	117 403	220 184
–	–	–	3 954	(2 461)	1 493	1 493
20 690	10 151	30 841	11 815	107 081	118 896	221 677
–	–	–	–	–	–	(2 950)
20 690	10 151	30 841	11 815	107 081	118 896	218 727
80.9%	65.6%	77.6%	77.9%	51.8%	66.0%	67.7%
58.1%	45.9%	55.5%	49.2%	33.8%	42.2%	45.6%

Additional detail on UK and Other Specialist Banking – income statement

For the six months to 30 Sept 2014 £'000	Specialist Banking UK and Other	 Australia	 Total
Net interest income	155 213	22 413	177 626
Fee and commission income	95 749	18 407	114 156
Fee and commission expense	(11 671)	1 545	(10 126)
Investment income	1 553	(125)	1 428
Trading income arising from	–		
– customer flow	42 429	1 425	43 854
– balance sheet management and other trading activities	(10 648)	(508)	(11 156)
Other operating income	3 808	93	3 901
Total operating income before impairment losses on loans and advances	276 433	43 250	319 683
Impairment losses on loans and advances	(43 672)	(10 306)	(53 978)
Operating income	232 761	32 944	265 705
Operating costs	(219 264)	(37 932)	(257 196)
Depreciation on operating leased assets	(1 089)	–	(1 089)
Operating profit before goodwill and acquired intangibles	12 408	(4 988)	7 420
Loss attributable to other non-controlling interests	5 551	–	5 551
Operating profit before goodwill, acquired intangibles and after non-controlling interests	17 959	(4 988)	12 971
Selected returns and key statistics			
Cost to income ratio	79.6%	87.7%	80.7%
Staff compensation to operating income	50.6%	62.3%	52.2%

Divisional and segmental review

04

Additional detail on UK and Other Specialist Banking – income statement (continued)

For the six months to 30 Sept 2013* £'000	Specialist Banking UK and Other	 Australia	 Total
Net interest income	130 091	35 953	166 044
Fee and commission income	80 504	17 221	97 725
Fee and commission expense	(11 484)	(3 868)	(15 352)
Investment income	29 892	1 393	31 285
Trading income arising from			
– customer flow	38 704	3 614	42 318
– balance sheet management and other trading activities	(1 210)	(1 739)	(2 949)
Other operating income	6 545	152	6 697
Total operating income before impairment losses on loans and advances	273 042	52 726	325 768
Impairment losses on loans and advances	(47 802)	(15 591)	(63 393)
Operating income	225 240	37 135	262 375
Operating costs	(199 598)	(51 060)	(250 658)
Depreciation on operating leased assets	(3 856)	–	(3 856)
Operating profit before goodwill and acquired intangibles	21 786	(13 925)	7 861
Loss/(profit) attributable to other non-controlling interests	3 954	–	3 954
Operating profit before goodwill, acquired intangibles and after non-controlling interests	25 740	(13 925)	11 815
Selected returns and key statistics			
Cost to income ratio	74.1%	96.8%	77.9%
Staff compensation to operating income	46.1%	65.1%	49.2%

* *Restated. Refer to page 16.*

Segmental business analysis – income statement

For the six months to 30 Sept 2014 £'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Net interest income	2 043	3 771	326 572	332 386
Fee and commission income	258 546	147 567	184 553	590 666
Fee and commission expense	(45 910)	(1 414)	(16 336)	(63 660)
Investment income	9	1 795	44 171	45 975
Trading income arising from				
– customer flow	–	150	51 135	51 285
– balance sheet management and other trading activities	(146)	392	(9 445)	(9 199)
Other operating income	446	672	3 934	5 052
Total operating income before impairment on loans and advances	214 988	152 933	584 584	952 505
Impairment losses on loans and advances	–	–	(66 400)	(66 400)
Operating income	214 988	152 933	518 184	886 105
Operating costs	(138 308)	(114 895)	(392 001)	(645 204)
Depreciation on operating leased assets	–	–	(1 089)	(1 089)
Operating profit before goodwill and acquired intangibles	76 680	38 038	125 094	239 812
Loss attributable to other non-controlling interests	–	–	957	957
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	76 680	38 038	126 051	240 769
Profit attributable to Asset Management non-controlling interests	(9 356)	–	–	(9 356)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	67 324	38 038	126 051	231 413
Selected returns and key statistics				
ROE (pre-tax)	92.8%	20.6%	9.8%	13.5%
Return on tangible equity (pre-tax)	244.2%	112.8%	10.0%	16.3%
Cost to income ratio	64.3%	75.1%	67.2%	67.8%
Staff compensation to operating income	46.8%	55.5%	44.5%	46.8%
Operating profit per employee (£'000)	89.1^	26.6	23.6	29.2
Total assets (£'million)	509	1 444	43 978	45 931

^ *Operating profit per employee excludes Silica, our third party administration business.*

Segmental business analysis – income statement

For the six months to 30 Sept 2013* £'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Net interest income	2 056	4 836	311 522	318 414
Fee and commission income	256 919	133 738	170 422	561 079
Fee and commission expense	(49 824)	(2 432)	(23 947)	(76 203)
Investment income	14	1 116	60 698	61 828
Trading income arising from				
– customer flow	–	87	54 344	54 431
– balance sheet management and other trading activities	(982)	3	14 647	13 668
Other operating income	1 767	479	6 331	8 577
Total operating income before impairment on loans and advances	209 950	137 827	594 017	941 794
Impairment losses on loans and advances	–	–	(83 087)	(83 087)
Operating income	209 950	137 827	510 930	858 707
Operating costs	(138 010)	(106 986)	(389 671)	(634 667)
Depreciation on operating leased assets	–	–	(3 856)	(3 856)
Operating profit before goodwill and acquired intangibles	71 940	30 841	117 403	220 184
Loss attributable to other non-controlling interests	–	–	1 493	1 493
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	71 940	30 841	118 896	221 677
Profit attributable to Asset Management non-controlling interests	(2 950)	–	–	(2 950)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	68 990	30 841	118 896	218 727
Selected returns and key statistics				
ROE (pre-tax)	94.4%	16.0%	8.8%	12.3%
Return on tangible equity (pre-tax)	332.8%	181.4%	9.2%	15.2%
Cost to income ratio	65.7%	77.6%	66.0%	67.7%
Staff compensation to operating income	48.5%	55.5%	42.2%	45.6%
Operating profit per employee (£'000)	89.0^	23.0	21.5	27.1
Total assets (£'million)	613	1 583	45 334	47 530

* *Restated. Refer to page 16.*

^ *Operating profit per employee excludes Silica, our third party administration business.*

Combined consolidated segmental geographic analysis – balance sheet assets and liabilities

At 30 September 2014

£'000	UK and Other*	Southern Africa	Total group
Assets			
Cash and balances at central banks	2 854 044	324 465	3 178 509
Loans and advances to banks	934 533	1 664 092	2 598 625
Non-sovereign and non-bank cash placements	–	567 683	567 683
Reverse repurchase agreements and cash collateral on securities borrowed	725 292	395 127	1 120 419
Sovereign debt securities	859 800	1 796 872	2 656 672
Bank debt securities	220 744	1 201 646	1 422 390
Other debt securities	186 953	282 571	469 524
Derivative financial instruments	1 289 319	704 919	1 994 238
Securities arising from trading activities	550 106	370 138	920 244
Investment portfolio	409 063	500 344	909 407
Loans and advances to customers	6 678 250	8 899 258	15 577 508
Own originated loans and advances to customers securitised	–	403 742	403 742
Other loans and advances	204 706	223 159	427 865
Other securitised assets	444 716	492 792	937 508
Interests in associated undertakings	20 631	3 033	23 664
Deferred taxation assets	62 196	24 874	87 070
Other assets	1 238 250	324 128	1 562 378
Property and equipment	60 299	39 493	99 792
Investment properties	59 905	469 695	529 600
Goodwill	357 645	5 873	363 518
Intangible assets	144 344	5 548	149 892
Non-current assets/disposal groups classified as held for sale	4 065 628	39 889	4 105 517
	21 366 424	18 739 341	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
	21 366 424	24 564 876	45 931 300
Liabilities			
Deposits by banks	785 946	1 315 598	2 101 544
Derivative financial instruments	658 402	520 239	1 178 641
Other trading liabilities	374 918	511 710	886 628
Repurchase agreements and cash collateral on securities lent	599 965	682 707	1 282 672
Customer accounts (deposits)	10 382 230	11 871 245	22 253 475
Debt securities in issue	1 428 295	501 555	1 929 850
Liabilities arising on securitisation of own originated loans and advances	–	105 266	105 266
Liabilities arising on securitisation of other assets	311 921	432 093	744 014
Current taxation liabilities	102 477	86 745	189 222
Deferred taxation liabilities	51 324	31 764	83 088
Other liabilities	1 887 627	314 965	2 202 592
Liabilities directly associated with non-current assets/disposal groups held for sale	1 977 507	–	1 977 507
	18 560 612	16 373 887	34 934 499
Liabilities to customers under investment contracts	–	5 824 152	5 824 152
Insurance liabilities, including unit-linked liabilities	–	1 383	1 383
	18 560 612	22 199 422	40 760 034
Subordinated liabilities	659 637	580 891	1 240 528
	19 220 249	22 780 313	42 000 562

* *Includes Australia, which was previously reported separately. Refer to page 16.*

Divisional and segmental review

04

Combined consolidated segmental geographic analysis – balance sheet assets and liabilities (continued)

At 31 March 2014* £'000	UK and Other	Southern Africa	Australia	Total group
Assets				
Cash and balances at central banks	1 706 423	337 572	36 195	2 080 190
Loans and advances to banks	1 213 531	2 003 156	63 492	3 280 179
Non-sovereign and non-bank cash placements	–	515 189	–	515 189
Reverse repurchase agreements and cash collateral on securities borrowed	909 437	479 543	–	1 388 980
Sovereign debt securities	946 004	1 983 017	286 411	3 215 432
Bank debt securities	234 728	1 196 915	136 454	1 568 097
Other debt securities	221 063	376 150	8 165	605 378
Derivative financial instruments	868 270	700 545	50 600	1 619 415
Securities arising from trading activities	586 706	283 382	–	870 088
Investment portfolio	336 148	483 148	6 449	825 745
Loans and advances to customers	6 492 335	8 506 986	1 282 291	16 281 612
Own originated loans and advances to customers securitised	–	428 117	447 638	875 755
Other loans and advances	1 413 630	279 939	–	1 693 569
Other securitised assets	2 798 158	778 368	–	3 576 526
Interests in associated undertakings	17 947	2 950	3 419	24 316
Deferred taxation assets	65 971	26 033	39 138	131 142
Other assets	1 140 024	292 204	42 764	1 474 992
Property and equipment	59 377	42 815	6 546	108 738
Investment properties	61 715	447 513	–	509 228
Goodwill	397 756	6 560	29 255	433 571
Intangible assets	149 121	5 821	4 227	159 169
Non-current assets/disposal groups classified as held for sale	–	41 637	–	41 637
	19 618 344	19 217 560	2 443 044	41 278 948
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	5 862 959	–	5 862 959
	19 618 344	25 080 519	2 443 044	47 141 907
Liabilities				
Deposits by banks	1 416 696	1 304 474	–	2 721 170
Derivative financial instruments	598 218	527 362	44 652	1 170 232
Other trading liabilities	391 650	469 762	–	861 412
Repurchase agreements and cash collateral on securities lent	614 733	701 354	–	1 316 087
Customer accounts (deposits)	9 406 909	11 670 995	1 531 880	22 609 784
Debt securities in issue	1 003 759	487 254	105 617	1 596 630
Liabilities arising on securitisation of own originated loans and advances	–	280 450	449 084	729 534
Liabilities arising on securitisation of other assets	2 374 599	666 836	–	3 041 435
Current taxation liabilities	107 142	100 770	129	208 041
Deferred taxation liabilities	69 255	27 861	–	97 116
Other liabilities	1 153 598	384 062	35 217	1 572 877
	17 136 559	16 621 180	2 166 579	35 924 318
Liabilities to customers under investment contracts	–	5 861 389	–	5 861 389
Insurance liabilities, including unit-linked liabilities	–	1 570	–	1 570
	17 136 559	22 484 139	2 166 579	41 787 277
Subordinated liabilities	668 007	597 803	72 942	1 338 752
	17 804 566	23 081 942	2 239 521	43 126 029

* *Restated. Refer to page 16.*

Divisional and segmental review

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Combined consolidated segmental geographic analysis – balance sheet assets and liabilities (continued)

At 30 September 2013* £'000	UK and Other	Southern Africa	Australia	Total group
Assets				
Cash and balances at central banks	1 459 315	446 396	38 134	1 943 845
Loans and advances to banks	1 003 723	1 356 990	59 990	2 420 703
Non-sovereign and non-bank cash placements	–	474 151	–	474 151
Reverse repurchase agreements and cash collateral on securities borrowed	915 220	650 036	–	1 565 256
Sovereign debt securities	1 147 111	1 953 382	364 620	3 465 113
Bank debt securities	249 719	1 336 325	147 863	1 733 907
Other debt securities	211 975	345 760	16 550	574 285
Derivative financial instruments	1 229 958	713 544	57 503	2 001 005
Securities arising from trading activities	645 342	326 144	7 162	978 648
Investment portfolio	331 397	512 950	7 852	852 199
Loans and advances to customers	6 234 991	8 860 228	1 424 619	16 519 838
Own originated loans and advances to customers securitised	–	366 569	504 592	871 161
Other loans and advances	1 595 603	304 115	–	1 899 718
Other securitised assets	2 955 851	850 971	–	3 806 822
Interests in associated undertakings	19 137	3 040	3 551	25 728
Deferred taxation assets	61 519	30 579	40 652	132 750
Other assets	1 220 648	402 407	97 223	1 720 278
Property and equipment	69 642	47 354	7 402	124 398
Investment properties	–	395 277	–	395 277
Goodwill	406 102	8 244	41 938	456 284
Intangible assets	157 227	5 846	4 798	167 871
	19 914 480	19 390 308	2 824 449	42 129 237
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	5 400 964	–	5 400 964
	19 914 480	24 791 272	2 824 449	47 530 201
Liabilities				
Deposits by banks	1 646 577	704 852	–	2 351 429
Derivative financial instruments	609 003	548 363	51 211	1 208 577
Other trading liabilities	400 222	449 846	–	850 068
Repurchase agreements and cash collateral on securities lent	642 611	690 777	–	1 333 388
Customer accounts (deposits)	9 309 058	12 312 597	1 609 717	23 231 372
Debt securities in issue	957 756	481 343	197 177	1 636 276
Liabilities arising on securitisation of own originated loans and advances	–	389 477	502 696	892 173
Liabilities arising on securitisation of other assets	2 334 098	702 241	–	3 036 339
Current taxation liabilities	96 388	104 430	–	200 818
Deferred taxation liabilities	69 365	39 570	–	108 935
Other liabilities	1 460 913	342 656	58 596	1 862 165
	17 525 991	16 766 152	2 419 397	36 711 540
Liabilities to customers under investment contracts	–	5 399 181	–	5 399 181
Insurance liabilities, including unit-linked liabilities	–	1 782	–	1 782
	17 525 991	22 167 115	2 419 397	42 112 503
Subordinated liabilities	696 895	638 223	74 583	1 409 701
	18 222 886	22 805 338	2 493 980	43 522 204

* *Restated. Refer to page 16.*

Additional IAS 34 disclosure

Analysis of assets and liabilities at fair value and amortised cost

At 30 September 2014 £'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 groups 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 (i.e. as prices) or indirectly (i.e. 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 £'000	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 asets/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

Additional IAS 34 disclosure (continued)

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

£'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 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:

For the period ended 30 September 2014 £'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

For the period to 30 September 2014 £'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 (£2.3 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. £1.9 million worth of assets has been transferred from level 3 to level 2 due to an observable market input becoming available.

In addition £43.6 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 £60.2 million (31 March 2014: £43.1 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.

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, Black-Scholes	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 model	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
	Comparable quoted inputs	Net assets
Loans and advances to customers	Discounted cash flow model	Discount rates
Other assets	Discounted cash flow model	Discount rates
Liabilities		
Deposits by banks	Discounted cash flow model	Discount rates
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

Additional IAS 34 disclosure (continued)

	Balance sheet value £'000	Valuation method	Significant unobservable input changed	Range which unobservable input has been stressed	Reflected in the income statement (£'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%)-0% 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%)-5%	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)

^ *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.*

Additional IAS 34 disclosure (continued)

	Balance sheet value £'000	Valuation method	Significant unobservable input changed	Range which unobservable input has been stressed	Reflected in other comprehensive income (£'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)

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.

Additional IAS 34 disclosure (continued)

Fair value of financial assets and liabilities measured at amortised costs

At 30 September 2014 £'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

Combined consolidated income statement in Rand

R'million	Six months to 30 Sept 2014	Six months to 30 Sept 2013
Interest income	16 215	14 503
Interest expense	(10 278)	(9 713)
Net interest income	5 937	4 790
Fee and commission income	10 550	8 441
Fee and commission expense	(1 136)	(1 147)
Investment income	808	958
Trading income arising from	–	–
– customer flow	917	817
– balance sheet management and other trading activities	(167)	214
Other operating income	90	130
Total operating income before impairments on loans and advances	16 999	14 203
Impairment losses on loans and advances	(1 185)	(1 251)
Operating income	15 814	12 952
Operating costs	(11 525)	(9 542)
Depreciation on operating leased assets	(19)	(58)
Operating profit before goodwill	4 270	3 352
Inpairment of goodwill	(85)	(13)
Amortisation of acquired intangibles	(132)	(101)
Operating costs arising from integration, restructuring and partial disposal of subsidiaries	–	(231)
Operating profit	4 053	3 007
Net (loss)/profit on sale of subsidiaries and disposal groups held for sale	(742)	–
Profit before taxation	3 311	3 007
Taxation on operating profit before goodwill and acquired intangibles	(809)	(584)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	(608)	88
Profit after taxation	1 894	2 511
Profit attributable to other non-controlling interests	16	22
Profit attributable to Asset Management non-controlling interests	(168)	(46)
Earnings attributable to shareholders	1 742	2 487

* *Restated. Refer to page 16.*

Combined consolidated balance sheet in Rand

R'million	30 Sept 2014	31 March 2014*	30 Sept 2013*	31 March 2013*
Assets				
Cash and balances at central banks	58 249	36 521	31 656	24 876
Loans and advances to banks	47 622	57 589	39 422	43 767
Non-sovereign and non-bank cash placements	10 403	9 045	7 722	5 875
Reverse repurchase agreements and cash collateral on securities borrowed	20 533	24 386	25 490	32 918
Sovereign debt securities	48 686	56 452	56 430	56 902
Bank debt securities	26 066	27 530	28 237	26 225
Other debt securities	8 604	10 628	9 352	6 269
Derivative financial instruments	36 546	28 431	32 587	27 677
Securities arising from trading activities	16 864	15 276	15 937	13 002
Investment portfolio	16 666	14 497	13 878	12 964
Loans and advances to customers	285 470	285 849	269 028	244 017
Own originated loans and advances to customers securitised	7 399	15 375	14 187	12 985
Other loans and advances	7 841	29 733	30 937	28 386
Other securitised assets	17 181	62 792	61 995	55 869
Interests in associated undertakings	434	427	419	390
Deferred taxation assets	1 596	2 302	2 162	2 309
Other assets	28 632	25 896	28 015	27 348
Property and equipment	1 829	1 909	2 026	1 872
Investment properties	9 705	8 940	6 437	6 308
Goodwill	6 662	7 612	7 431	6 516
Intangible assets	2 747	2 794	2 734	2 492
Non-current assets/disposal groups classified as held for sale	75 237	731	–	–
	734 972	724 715	686 082	638 968
Other financial instruments at fair value through profit or loss in respect of				
– Liabilities to customers	106 757	102 934	87 956	86 893
	841 729	827 649	774 038	725 861
Liabilities				
Deposits by banks	38 512	47 774	38 293	42 533
Derivative financial instruments	21 600	20 545	19 682	20 143
Other trading liabilities	16 248	15 123	13 843	11 890
Repurchase agreements and cash collateral on securities lent	23 506	23 106	21 714	27 077
Customer accounts (deposits)	407 813	396 952	378 330	341 377
Debt securities in issue	35 364	28 029	26 647	26 541
Liabilities arising on securitisation of own originated loans and advances	1 929	12 808	14 529	12 928
Liabilities arising on securitisation	13 635	53 397	49 447	46 106
Current taxation liabilities	3 468	3 652	3 270	2 937
Deferred taxation liabilities	1 523	1 705	1 774	1 544
Other liabilities	40 368	27 614	30 326	26 382
Liabilities directly associated with non-current assets/disposal groups held for sale	36 239	–	–	–
	640 205	630 705	597 855	559 459
Liabilities to customers under investment contracts	106 732	102 906	87 926	86 864
Insurance liabilities, including unit-linked liabilities	25	28	29	29
	746 962	733 639	685 810	646 352
Subordinated liabilities	22 734	23 504	22 957	24 448
	769 696	757 143	708 767	670 800
Equity				
Shareholders' equity excluding non-controlling interests	62 575	62 718	58 590	51 152
Additional Tier 1 capital	550	–	–	–
Non-controlling interests	8 908	7 788	6 681	3 908
– Perpetual preferred securities issued by subsidiaries	4 388	4 437	4 257	3 894
– Non-controlling interests in partially held subsidiaries	4 520	3 351	2 423	14
Total equity	72 033	70 506	65 271	55 060
Total liabilities and equity	841 729	827 649	774 038	725 861

* *Restated. Refer to page 16.*

Divisional and segmental review

04

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

Six months to 30 Sept 2014 £'000	UK and Other	Australia	UK and Other total	Southern Africa	Total group	% change	% of total
Asset Management	673	–	673	696	1 369	26.7%	32.0%
Wealth & Investment	481	–	481	195	676	45.8%	15.8%
Specialist Bank	321	(89)	232	2 009	2 241	22.3%	52.2%
Total group	1 475	(89)	1 154	2 900	4 286	26.9%	100.0%
Other non-controlling interest – equity					(16)		
Operating profit					4 270		
% Change	22.8%	>100.0%	16.3%	21.6%	26.9%		
% of Total	34.4%	(2.1%)	26.9%	67.7%	100.0%		

Six months to 30 Sept 2013 £'000	UK and Other	Australia	UK and Other total	Southern Africa	Total group	% of total
Asset Management	503	–	503	578	1 081	32.0%
Wealth & Investment	311	–	311	152	463	13.7%
Specialist Bank	387	(209)	17	1 654	1 832	54.3%
Total group	1 201	(209)	992	2 384	3 376	100.0%
Other non-controlling interest – equity					(22)	
Operating profit					3 354	
% of Total	35.6%	(6.2%)	29.4%	70.6%	100.0%	

Five

Annexures

Annexure 1 Definitions

Adjusted shareholders' equity

Refer to calculation on page 48

Cost to income ratio

Operating costs divided by operating income (net of depreciation on leased assets). Depreciation on operating leased assets has been netted off against operating income

Core loans and advances

Refer to calculation on page 65

Dividend cover

Adjusted earnings per ordinary share before goodwill and non-operating items divided by dividends per ordinary share

Earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (i.e. adjusted earnings)

Refer to page 26

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

Refer to page 26

Effective operational tax rate

Tax on profit on ordinary activities (excluding non-operating items) divided by operating profit (excluding profit from associates)

Market capitalisation

Total number of shares in issue (including Investec plc and Investec Limited) multiplied by the closing share price of Investec plc on the London Stock Exchange

Net tangible asset value per share

Refer to calculation on page 46

Non-operating items

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

Operating profit

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

Operating profit per employee

Refer to calculation on page 50

Recurring income

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

Return on average adjusted shareholders' equity

Refer to calculation on page 48

Return on average adjusted tangible shareholders' equity

Refer to calculation on page 48

Return on risk-weighted assets

Adjusted earnings divided by average risk-weighted assets

Risk-weighted assets

Is calculated as the sum of risk-weighted assets for Investec plc and Investec Limited (converted into Pounds Sterling) as reflected on page 45

Staff compensation to operating income ratio

All employee related costs expressed as a percentage of operating income

Third party assets under administration

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

Total capital resources

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

Total equity

Total shareholders' equity including non-controlling interests

Weighted number of ordinary shares in issue

The number of ordinary shares in issue at the beginning of the year increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group less treasury shares. Refer to calculation on page 26

Annexure 2 Dividend announcements

Investec plc

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

Ordinary share dividend announcement

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, 5 December 2014
Shares commence trading ex-dividend	
On the London Stock Exchange (LSE)	Thursday, 11 December 2014
On the Johannesburg Stock Exchange (JSE)	Monday, 8 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, 8 December 2014 and Friday, 12 December 2014, both dates inclusive, nor may transfers between the UK and SA registers take place between Monday, 8 December 2014 and Friday, 12 December 2014, both dates inclusive.

Additional information for South African resident shareholders of Investec plc to take note of

- 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 11h00 (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 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 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 paid by Investec Limited on the SA DAS share.
- Shareholders registered on the South African register who are not exempt from paying the Dividend Tax will receive a net dividend of 124.10000 cents per share paid by Investec Limited on the SA DAS share, (gross dividend of 146.00000 cents per share less Dividend Tax of 21.90000 cents per share).

By order of the board

D Miller
Company Secretary

19 November 2014

Annexure 2 Dividend announcements (continued)

Investec plc

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

Rand denominated preference share dividend announcement

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

Declaration of dividend number 7

Notice is hereby given that preference dividend number 7 has been declared from income reserves for the period 1 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, 5 December 2014.

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

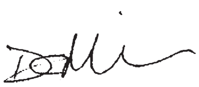
Last day to trade cum-dividend	Friday, 28 November 2014
Shares commence trading ex-dividend	Monday, 1 December 2014
Record date	Friday, 5 December 2014
Payment date	Monday, 15 December 2014

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

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

- Investec plc tax reference number: 2683967322360
- The issued preference share capital of Investec plc is 2 275 940 preference shares.
- The dividend paid by Investec plc to South African resident shareholders is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated).
- No Secondary Tax on Companies (“STC”) Credits has been 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 plc

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

Preference share dividend announcement

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

Declaration of dividend number 17

Notice is hereby given that preference dividend number 17 has been declared from income reserves for the period 1 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, 5 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 11h00 (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, 3 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, 4 December 2014
On the Johannesburg Stock Exchange (JSE)	Monday, 1 December 2014
Record date (on the JSE and CISX)	Friday, 5 December 2014
Payment date (on the JSE and CISX)	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, nor may transfers between the UK and SA registers may take place between Monday, 1 December 2014 and Friday, 5 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

Annexure 2 Dividend announcements (continued)

Investec Limited

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

Ordinary share dividend announcement

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 shareholder's 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, 5 December 2014
Shares commence trading ex-dividend	Monday, 8 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 11h00 (SA time) on Wednesday, 19 November 2014.

Share certificates may not be dematerialised or rematerialised between Monday, 8 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

Annexure 2 Dividend announcements (continued)

Investec Limited

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

Preference share dividend announcement

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 1 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, 5 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, 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 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 has 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

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

Annexure 3 Directors' responsibility statement

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

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

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

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

On behalf of the directors

Stephen Koseff
Chief Executive Officer

Bernard Kantor
Managing Director

21 November 2014

Annexure 4 Financial reporting and going concern

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

- Budgeting and forecasts
- Profitability
- Capital
- Liquidity.

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

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

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

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

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

The board is of the opinion, based on its knowledge of the group, key processes in operation and specific enquiries, that there are adequate resources to support the group as a going concern for the foreseeable future. Further information on our liquidity and capital position is provided on pages 91 to 105.

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

Annexure 5 Auditors' review reports

Independent review report to Investec plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report of Investec plc (incorporating Investec Limited) for the six months ended 30 September 2014 which comprises the combined consolidated income statement, combined consolidated statement of comprehensive income, combined consolidated balance sheet, summarised and combined consolidated cash flow statement and combined consolidated statement of changes in equity and related notes on pages 16, 26 to 27 and 134 to 153. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

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

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2014 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP

Ernst & Young LLP
London

21 November 2014

Notes:

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

Independent auditors' review report on the combined consolidated interim financial results to the Shareholders of Investec Limited

Introduction

We have reviewed the combined consolidated interim financial results of Investec Limited (incorporating Investec plc) contained in the accompanying interim report, which comprise the combined consolidated balance sheet as at 30 September 2014, the combined consolidated income statement, combined consolidated statement of comprehensive income, the summarised combined statement of changes in equity and summarised combined consolidated cash flow statement for the six months then ended, and selected explanatory notes, as set out on pages 16, pages 26 to 27, and pages 134 to 153.

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 are 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 combined consolidated interim financial results of Investec 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.
Registered Auditor

Ernst + Young Inc.

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

Sandton

21 November 2014