INTERIM
RESULTS PRESENTATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

Out of the Ordinary®

Investec

Specialist Banking | Asset Management | Wealth & Investment

Corporate information

Investec plc and Investec Limited

Secretary and registered office

Investec plc

David Miller
2 Gresham Street
London EC2V 7QP
United Kingdom
Telephone (44) 20 7597 4000
Facsimile (44) 20 7597 4491

Investec Limited

Niki van Wyk
100 Grayston Drive
Sandown Sandton 2196
PO Box 785700 Sandton 2196
Telephone (27) 11 286 7000
Facsimile (27) 11 286 7966

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

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
United Kingdom
Telephone (44) 870 707 1077

Transfer secretaries in South Africa

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

Directorate

Executive directors

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

Non-executive directors

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

For queries regarding information in this document

Investor Relations

Telephone (27) 11 286 7070
(44) 20 7597 5546
e-mail: investorrelations@investec.com
Internet address:
www.investec.com/en_za/#home/investor_relations.html

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 that provides a diverse range of financial products and services to a select client base.

Founded as a leasing company in Johannesburg in 1974.	We acquired a banking licence in 1980 and were listed on the JSE Limited South Africa in 1986.
In July 2002, we created a dual listed companies structure (DLC) 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.

What we do

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

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

Our strategic goals and objectives are based on the aspiration to be recognised as a distinctive specialist bank and asset manager. This distinction is embodied in our entrepreneurial culture, which is balanced by a strong risk management discipline, client-centric approach and 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	2	3	4
Distinctive performance	**Client focus**	**Cast-iron integrity**	**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

Material 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 while 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

Asset Management

- Maintain a balance between emerging markets and developed world income
- Continue to invest in the business and add capacity to improve competitiveness in the future.

Wealth & Investment

- Build and leverage the private office offering
- Strong integration with the private banking business
- Digitisation of the offering.

Specialist Banking

- Build the private client and corporate and institutional client franchise businesses
- Leverage the integration with the Wealth & Investment business.

Continue to look for opportunities to build new digitally led businesses in line with our client needs.

Deepen the strong relationships we have with our core client base to offer them a broad spectrum of services and products.

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	Specialist Banking	Wealth & Investment
Operating completely independently		
Corporate/institutional/government		Private client (high net worth/high income)/ charities/trusts
Investment management services to external clients	Advisory Transactional banking Lending Treasury and trading Investment activities	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		Capital intensive activities	
Contribute 54% to group income	Asset management Wealth management Advisory services Transactional banking services Property funds	Contribute 46% 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

1

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 2015		31 March 2015		30 Sept 2014	
Currency per £1.00	Period end	Average	Period end	Average	Period end	Average
South African Rand	20.95	19.33	17.97	17.82	18.33	17.86
Australian Dollar	2.15	2.05	1.95	1.85	1.85	1.81
Euro	1.35	1.39	1.38	1.28	1.28	1.24
US Dollar	1.51	1.54	1.49	1.62	1.62	1.68

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 8.2% and the closing rate has depreciated by 16.6% since 31 March 2015.

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 2015	Period ended 31 March 2015	Average for the six months: 1 April 2015 to 30 Sept 2015	Period ended 30 Sept 2014	Period ended 31 March 2014	Average for the six months: 1 April 2014 to 30 Sept 2014
Market indicators						
FTSE All share	3 336	3 664	3 629	3 534	3 556	3 609
JSE All share	50 089	52 182	51 924	49 336	47 771	50 448
S&P	1 920	2 068	2 064	1 972	1 872	1 938
Nikkei	17 388	19 207	19 729	16 174	14 828	15 107
Dow Jones	16 285	17 776	17 535	17 043	16 458	16 781
Rates						
UK overnight	0.35%	0.42%	0.46%	0.40%	0.33%	0.43%
UK 10 year	1.77%	1.58%	1.91%	2.43%	2.74%	2.63%
UK Clearing Banks Base Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
LIBOR – 3 month	0.58%	0.57%	0.58%	0.57%	0.52%	0.55%
SA R186	8.45%	7.80%	8.20%	8.33%	8.40%	8.25%
Rand overnight	6.75%	6.30%	6.22%	5.82%	5.78%	5.74%
SA prime overdraft rate	9.50%	9.25%	9.34%	9.25%	9.00%	9.10%
JIBAR – 3 month	6.31%	6.11%	6.19%	6.13%	5.73%	5.90%
US 10 year	2.06%	1.93%	2.19%	2.51%	2.73%	2.55%
Commodities						
Gold	US$1 114/oz	US$1 188/oz	US$1 159/oz	US$1 213/oz	US$1 289/oz	US$1 327/oz
Gas Oil	US$464/mt	US$526/mt	US$532/mt	US$806/mt	US$904/mt	US$915/mt
Platinum	US$908/oz	US$1 129/oz	US$1 056/oz	US$1 300/oz	US$1 418/oz	US$1 435/oz

Source: Datastream

Basis of presentation

Statutory basis

Statutory information is set out on pages 54 to 66. The sale of businesses during the previous financial year (as explained on page 15) have had a significant effect on the comparability of the group's financial position and results. As a result, comparison on a statutory basis of these interim results with the prior period would be less meaningful.

Ongoing basis

In order to present a more meaningful view of the group's performance, the results are presented on an ongoing basis excluding items that in management's view could distort the comparison of performance between periods. Based on this principle, the following items are excluded from underlying profit:

- the results of the businesses sold, i.e. Investec Bank (Australia) Limited, the UK Kensington business and the Start (Irish) mortgage business;
- the remaining legacy business in the UK.

This basis of presentation is consistent with the approach adopted for the year ended 31 March 2015. A reconciliation between the statutory and ongoing income statement is provided on page 17.

Overview of results

Unless the context indicates otherwise, all comparatives included in the commentary relate to the six months ended 30 September 2014. Group results have been negatively impacted by the 8.2% depreciation of the average Rand: Pounds Sterling exchange rate over the period. Amounts represented on a currency neutral basis for income statement items assume that the relevant average exchange rates remain the same for the six month period to 30 September 2015 when compared to the prior period. Amounts represented on a currency neutral basis for balance sheet items assume that the relevant closing exchange rates remain the same as at 30 September 2015 when compared to 31 March 2015.

Positive business momentum contributes to improved results

- Sustained improvement in the operating environment in the UK has supported good levels of activity in the banking businesses.
- In South Africa the corporate and private banking businesses have seen strong growth in loan portfolios and client activity, notwithstanding an overall weakness in macro-economic conditions.
- The Specialist Banking investment and fixed income portfolios have posted a solid result during the period.
- The Specialist Banking business has reported results substantially ahead of the prior period.
- The Asset Management and Wealth & Investment businesses have reported solid net inflows of £4.0 billion.
- Continued investment in infrastructure, digital platforms and increased headcount are supporting growth initiatives in the overall business.
- The group has further grown and enhanced its international offering, increasing its client base and deepening its core franchise.
- A diversified portfolio and a sound balance of earnings generated between capital light and capital intensive businesses continues to support a high level of recurring income.

Statutory operating profit salient features

- Statutory operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests (operating profit) increased 16.1% to £279.4 million (2014: £240.8 million) – an increase of 22.5% on a currency neutral basis.
- Statutory adjusted earnings per share (EPS) before goodwill, acquired intangibles and non-operating items increased 13.2% from 19.7 pence to 22.3 pence – an increase of 19.8% on a currency neutral basis.

Solid performance from the ongoing business

- Ongoing operating profit increased 16.5% to £315.0 million (2014: £270.4 million) – an increase of 22.2% on a currency neutral basis.
- Ongoing adjusted EPS before goodwill, acquired intangibles and non-operating items increased 13.3% from 22.5 pence to 25.5 pence – an increase of 19.1% on a currency neutral basis.
- Third party assets under management decreased 8.2% to £113.9 billion (31 March 2015: £124.1 billion) – a decrease of 3.1% on a currency neutral basis.
- Customer accounts (deposits) decreased 4.2% to £21.7 billion (31 March 2015: £22.6 billion) – an increase of 4.5% on a currency neutral basis.
- Core loans and advances decreased 2.5% to £16.1 billion (31 March 2015: £16.5 billion) – an increase of 7.1% on a currency neutral basis.

The UK legacy portfolio continues to be actively managed down

- The legacy portfolio reduced from £696 million at 31 March 2015 to £645 million through redemptions and write-offs.
- The legacy business reported a loss before taxation of £35.5 million (2014: £41.7 million) with impairments on the legacy portfolio reducing 24.5% from £37.6 million to £28.4 million.

Maintained a sound balance sheet

- Capital remained well in excess of current regulatory requirements. The group is comfortable with its common equity tier 1 ratio target at a 10% level, as its current leverage ratios for both Investec Limited and Investec plc are above 7%.
- Liquidity remained strong with cash and near cash balances amounting to £9.2 billion.

Dividend increase of 11.8%

The board declared a dividend of 9.5 pence per ordinary share (2014: 8.5 pence) resulting in a dividend cover based on the group's adjusted EPS before goodwill and non-operating items of 2.3 times (2014: 2.3 times), consistent with the group's dividend policy.

Overall group performance – ongoing basis

Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests (operating profit) increased 16.5% to £315.0 million (2014: £270.4 million) – an increase of 22.2% on a currency neutral basis. Group results have been negatively impacted by the 8.2% depreciation of the average Rand: Pounds Sterling exchange rate over the period.

The combined South African businesses operating profit rose 13.0% in Rands, while the combined UK and Other businesses posted a 37.8% increase in operating profit in Pounds Sterling.

Operating profit in the Specialist Banking business increased 29.1% benefiting from good levels of client activity across our geographies, supported by a deepening of the client franchise. Wealth & Investment's operating profit decreased by 0.5% and Asset Management's operating profit declined 8.0%. Both divisions have continued to experience higher levels of average funds under management and net inflows.

Salient features of the period under review are:

- Adjusted earnings attributable to shareholders before goodwill, acquired intangibles and non-operating items increased 15.2% to £222.6 million (2014: £193.2 million) – an increase of 20.9% on a currency neutral basis.
- Adjusted earnings per share (EPS) before goodwill, acquired intangibles and non-operating items increased 13.3% from 22.5 pence to 25.5 pence – an increase of 19.1% on a currency neutral basis.
- Recurring income as a percentage of total operating income amounted to 71.6% (2014: 74.6%).
- The annualised credit loss charge as a percentage of average gross core loans and advances amounted to 0.22% (2014: 0.29%), with impairments decreasing by 14.3% to £17.7 million.
- Third party assets under management decreased 8.2% to £113.9 billion (31 March 2015: £124.1billion) – a decrease of 3.1% on a currency neutral basis.
- Customer accounts (deposits) decreased 4.2% to £21.7 billion (31 March 2015: £22.6 billion) – an increase of 4.5% on a currency neutral basis.
- Core loans and advances decreased 2.5% to £16.1 billion (31 March 2015: £16.5 billion) – an increase of 7.1% on a currency neutral basis.

Business unit review – ongoing basis

Asset Management

Asset Management operating profit decreased by 8.0% to £70.6 million (2014: £76.7 million). The business benefited from solid net inflows of £2.9 billion. Earnings were impacted by market and currency volatility and lower performance fees in South Africa. Total funds under management amount to £70.1 billion (31 March 2015: £77.5 billion).

Wealth & Investment

Wealth & Investment operating profit decreased by 0.5% to £37.9 million (2014: £38.0 million). The business benefited from higher average funds under management and net inflows of £1.1 billion. Total funds under management amount to £43.4 billion (31 March 2015: £46.1 billion). Overall performance of the global business is marginally behind the prior period due to investment expenditure on growth initiatives, particularly in the UK business. These initiatives should support an increase in operating margin in the medium term.

Specialist Banking

Specialist Banking operating profit increased by 29.1% to £229.2 million (2014: £177.6 million).

South Africa reported a solid increase in net interest income driven by loan book growth of 9.5% to R199.4 billion. The unlisted investment portfolio performed well during the period. The corporate and private banking businesses benefited from positive business momentum and franchise growth. The credit loss ratio on average core loans and advances improved marginally to 0.28% (2014: 0.29%), despite the business reporting a moderate increase in impairments.

The UK and Other businesses experienced good levels of activity, higher earnings from the fixed income portfolio and a normalised performance from the Hong Kong investment portfolio. Core loans grew 3.1% to £6.6 billion and impairments declined over the period, with the credit loss ratio amounting to 0.13% (2014: 0.27%).

Further information on key developments within each of the business units is provided on pages 29 to 51.

Group costs

These largely relate to group brand and marketing costs and a portion of executive and support functions which are associated with group level activities. These costs are not incurred by the operating divisions and are necessary to support the operational functioning of the group. Historically, these numbers were reflected solely in the results of the Specialist Bank and the group now reflects these separately. These costs amounted to £22.6 million (2014: £21.9 million).

Financial statement analysis – ongoing basis

Total operating income

Total operating income before impairment losses on loans and advances increased by 11.2% to £992.1 million (2014: £891.8 million).

Net interest income increased by 7.8% to £284.1 million (2014: £263.5 million) largely due to strong book growth and an increase in margin earned on early redemption of loans, reflecting higher activity levels.

Net fee and commission income increased by 0.9% to £530.6 million (2014: £525.9 million) as a result of higher average funds under management over the period and net inflows in the asset management and wealth management businesses. The Specialist Banking business benefited from a solid performance from the corporate treasury, corporate structuring and property fund management businesses in South Africa. Growth in fees in the global private banking business was supported by increased client activity. This was partially offset by lower fees earned in the UK corporate finance business and the asset management business in South Africa.

Investment income increased significantly to £112.4 million (2014: £54.8 million). The group's unlisted investment portfolio in South Africa delivered a solid performance, the Hong Kong investment portfolio performance normalised and the UK experienced higher earnings from the fixed income portfolio.

Trading income arising from customer flow increased by 10.8% to £57.3 million

(2014: £51.7 million) while trading income from other trading activities reflected a profit of £4.3 million (2014: loss of £9.1 million) largely due to foreign currency gains.

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 £20.7 million to £17.7 million. Since 31 March 2015 gross defaults have improved from £247.1 million to £210.1 million. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounted to 0.85% (31 March 2015: 1.04%).

Operating costs

The ratio of total operating costs to total operating income was 65.4% (2014: 67.4%). Total operating costs grew by 8.0% to £648.6 million (2014: £600.5 million) reflecting: an increase in headcount and business infrastructure expenses across divisions to support increased activity and growth initiatives; and an increase in variable remuneration given increased profitability in certain businesses.

Taxation

The effective tax rate amounts to 21.2 % (2014:18.8%).

Profit attributable to non-controlling interests mainly comprises:

- £8.6 million profit attributable to non-controlling interests in the Asset Management business.
- £12.7 million profit attributable to non-controlling interests in the Investec Property Fund Limited.
- A reduction of £2.5 million relating to Euro denominated preferred securities issued by a subsidiary of Investec plc, which were reflected on the balance sheet as part of non-controlling interests. (The transaction was hedged and a forex transaction loss arising on the hedge was reflected in operating profit before goodwill with the equal and opposite impact reflected in earnings attributable to non-controlling interests). These securitites were redeemed on 24 June 2015.

Balance sheet analysis

Since 31 March 2015:

- Total shareholders' equity (including non-controlling interests) decreased by 9.3% to £3.7 billion largely due to the depreciation of the Rand against Pounds Sterling.
- Net asset value per share decreased 5.2% to 345.8 pence and net tangible asset value per share (which excludes goodwill and intangible assets) decreased by 6.8% to 287.1 pence.
- The annualised return on adjusted average shareholders' equity of the ongoing business increased from 13.8% to 14.8%.

Liquidity and funding

As at 30 September 2015 the group held £9.2 billion in cash and near cash balances (£4.4 billion in Investec plc and R100.0 billion in Investec Limited) which amounted to 36.0% of its liability base. Loans and advances to customers as a percentage of customer deposits amounted to 75.1% (31 March 2015: 74.0%). The group had higher average liquidity levels in the UK driven by the sale of group assets in the prior financial year. These balances have decreased by 12.9% since 31 March 2015, as part of a planned strategy by the group to reduce surplus cash balances post the sale of group assets, while maintaining its overall conservative approach to liquidity management. The group comfortably meets Basel liquidity requirements for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) in the UK. In South Africa the group has continued to see good progress from Investec Cash Investments leading to higher cash balances. Basel III LCR regulations have been implemented from 1 January 2015. Investec Bank Limited (Solo basis) ended the period to 30 September 2015 with the three-month average of its LCR at 118.3%, which is well ahead of the minimum levels required. Further detail with respect to the bank's LCR ratio in South Africa is provided on the website.

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. Further information is provided on pages 153 to 162.

Legacy business – overview of results

Since 31 March 2015 the group's legacy portfolio in the UK has continued to be actively managed down from £696 million to £645 million largely through redemptions and write-offs. The total legacy business over the period reported a loss before taxation of £35.5 million (2014: £41.7 million). The remaining legacy portfolio will continue to be managed down as the group sees opportunities to clear the portfolio. Management believes that the remaining legacy book will still take two to four years to wind down. Total net defaults in the legacy book amount to £181 million (31 March 2015: £185 million).

Outlook

Investec is positioning itself for sustained growth with an enhanced operational focus. The group has successfully implemented its key strategic initiatives and continues to develop its core businesses in its principal markets. The macro environment is uncertain as global equity markets remain volatile and, in South Africa, social and economic challenges persist. Investec, nevertheless, remains positive. Current levels of activity are supporting performance as the group focuses on providing value for shareholders and an exceptional experience for clients.

Additional information

Sale of businesses

Further detail is provided on page 15.

Acquisition of the Blue Strata group

On 1 July 2015, Investec Bank Limited concluded transaction agreements with the management and shareholders of the Blue Strata group for the acquisition of the remaining 51.5% of the Blue Strata group, not already owned by it. Investec and Blue Strata have had a fruitful partnership over the past 13 years since Blue Strata's founding in 2002.

As import regulations and complexities increase, Blue Strata offers a compelling value proposition to clients by simplifying the import process, and Investec foresees exciting benefits unfolding in offering Blue Strata's services to more of Investec's existing client base. The full integration of the business into Investec offers the opportunity to unlock substantial benefits and will allow Blue Strata to accelerate its growth.

The assets and liabilities at the date of acquisition, goodwill arising and total consideration paid are shown below:

£'000	Fair value of assets and liabilities
Loans and advances to banks	3 690
Investment portfolio	2 241
Deferred taxation assets	338
Other assets	75 288
Property and equipment	1 330
Intangible assets	21 562
Assets	104 449
Current taxation liabilities	(14)
Deferred taxation liabilities	6 332
Other liabilities	13 431
Liabilities	19 749
Net fair value of assets acquired	84 700
Fair value of existing 48.5% equity interest held in Blue Strata	18 648
Issue of Investec Limited shares	19 240
Loan eliminated on consolidation	55 001
Fair value of consideration	92 889
Goodwill	8 189

For the post-acquisition period, 1 July 2015 to 30 September 2015, the operating income of Blue Strata was £3.1 million and the profit before taxation amounted to £1.4 million.

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 2015 are consistent with those adopted in the financial statements for the year ended 31 March 2015.

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 2015 will be posted to stakeholders on 30 November 2015. These accounts will be available on the group's website on the same date.

Proviso

- Please note that matters discussed in this report 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 18 November 2015.
- The information in the announcement for the six months ended 30 September 2015, which was approved by the board of directors on 18 November 2015, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. The 31 March 2015 financial statements were filed with the registrar and were unqualified with the audit report containing no statements in respect of sections 498(2) or 498(3) of the UK Companies Act.
- This announcement is available on the group's website: www.investec.com

On behalf of the boards of Investec plc and Investec Limited

Fani Titi Chairman	Stephen Koseff Chief executive officer	Bernard Kantor Managing director

18 November 2015

2

Unaudited ongoing financial results

Introduction – understanding our results

Sale of businesses

During the period under review the group sold a number of businesses namely, Investec Bank (Australia) Limited, Kensington Group plc and Start Mortgage Holdings Limited as set out below.

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 resulted in the derecognition of approximately £1.7 billion of assets and approximately £1.7 billion of liabilities associated with the businesses sold. We continue to have a presence in Australia, focusing on our core activities of Specialised Finance, Corporate Advisory, Property Fund Management and Asset Management. The remaining business operates as a non-banking subsidiary of the Investec group. As a result, we are no longer reporting the activities of our Australian businesses separately, with these activities now reported under the 'UK and Other' geographical segment and the 'UK and Other' Specialist Banking segment.

Sales of Kensington Group plc and Start Mortgage Holdings Limited

On 9 September 2014 we announced the sale of our 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. This transaction became effective on 30 January 2015.

On 15 September 2014 we announced the sale of our Irish intermediated mortgage business Start Mortgage Holdings Limited (Start) together with certain other Irish mortgage assets to an affiliate of Lone Star Funds. This transaction became effective on 4 December 2014.

This resulted in the derecognition of approximately £4.1 billion of assets and approximately £2 billion of external liabilities associated with these businesses sold.

Impact of these sales on our operational performance

The sales of these businesses have had a significant effect on the comparability of our financial statutory position and results. As a result, comparison on a statutory basis of the 2015 interim results with the 2014 interim results would be less meaningful.

In order to present a more meaningful view of our performance, additional management information is presented on our ongoing businesses. The additional information presented on an ongoing basis excludes items that, in management's view, could distort the comparison of performance between periods. Based on this principle, the following items are excluded from underlying statutory profit to derive ongoing operating profit:

- The results of the businesses sold as mentioned above
- The remaining legacy business in the UK (as set out on pages 26 and 27).

This basis of presentation is consistent with the approach adopted for the year ended 31 March 2015.

A reconciliation between the statutory and ongoing income statement is provided on page 17.

Ongoing information

The tables that follow provide information on our ongoing results.

	Results in Pounds Sterling			Results in Rand		
	Six months to 30 Sept 2015	Six months to 30 Sept 2014	% change	Six months to 30 Sept 2015	Six months to 30 Sept 2014	% change
Operating profit before taxation* (million)	£315	£270	16.5%	R6 129	R4 816	27.3%
Adjusted earnings attributable to shareholders** (million)	£223	£193	15.2%	R4 328	R3 432	26.1%
Adjusted earnings per share**	25.5p	22.5p	13.3%	496c	400c	24.1%

* *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.*

Consolidated summarised ongoing income statement

£'000	Six months to 30 Sept 2015	Six months to 30 Sept 2014	Variance	% change
Net interest income	284 142	263 468	20 674	7.8%
Net fee and commission income	530 590	525 895	4 695	0.9%
Investment income	112 373	54 793	57 580	>100.0%
Trading income arising from				
– customer flow	57 318	51 716	5 602	10.8%
– balance sheet management and other trading activities	4 304	(9 088)	13 392	>100.0%
Other operating income	3 345	5 004	(1 659)	(33.2%)
Total operating income before impairment losses on loans and advances	992 072	891 788	100 284	11.2%
Impairment losses on loans and advances	(17 741)	(20 701)	2 960	(14.3%)
Operating income	974 331	871 087	103 244	11.9%
Operating costs	(648 630)	(600 507)	(48 123)	8.0%
Depreciation on operating leased assets	(220)	(1 089)	869	(79.8%)
Operating profit before goodwill, acquired intangibles and non-operating items	325 481	269 491	55 990	20.8%
(Profit)/loss attributable to other non-controlling interests	(10 518)	957	(11 475)	(>100.0%)
Profit attributable to Asset Management non-controlling interests	(8 647)	(9 356)	709	(7.6%)
Operating profit before taxation	306 316	261 092	45 224	17.3%
Taxation	(69 018)	(50 757)	(18 261)	36.0%
Preference dividends accrued	(14 708)	(17 181)	2 473	(14.4%)
Adjusted attributable earnings to ordinary shareholders	222 590	193 154	29 436	15.2%
Number of weighted average shares (million)	871.8	858.1		
Adjusted earnings per share (pence)	25.5	22.5		13.3%
Cost to income ratio	65.4%	67.4%		

Reconciliation from statutory summarised income statement to ongoing summarised income statement

For the six months to 30 Sept 2015 £'000	Statutory as disclosed^	Removal of:** UK legacy business excluding sale assets	Sale assets UK	Sale assets Australia	Ongoing business
Net interest income	285 500	1 358	–	–	284 142
Net fee and commission income	533 906	3 316	–	–	530 590
Investment income	112 387	14	–	–	112 373
Trading income arising from					
– customer flow	56 895	(423)	–	–	57 318
– balance sheet management and other trading activities	4 004	(300)	–	–	4 304
Other operating income	3 345	–	–	–	3 345
Total operating income before impairment losses on loans and advances	**996 037**	**3 965**	**–**	**–**	**992 072**
Impairment losses on loans and advances	(46 140)	(28 399)	–	–	(17 741)
Operating income/(loss)	**949 897**	**(24 434)**	**–**	**–**	**974 331**
Operating costs	(659 719)	(11 089)	–	–	(648 630)
Depreciation on operating leased assets	(220)	–	–	–	(220)
Operating profit/(loss) before goodwill, acquired intangibles and non-operating items	**289 958**	**(35 523)**	**–**	**–**	**325 481**
Profit attributable to other non-controlling interests	(10 518)	–	–	–	(10 518)
Profit attributable to Asset Management non-controlling interests	(8 647)	–	–	–	(8 647)
Operating profit/(loss) before taxation	**270 793**	**(35 523)**	**–**	**–**	**306 316**
Taxation	(61 485)	7 533*	–	–	(69 018)
Preference dividends accrued	(14 708)	–	–	–	(14 708)
Adjusted attributable earnings to ordinary shareholders	**194 600**	**(27 990)**	**–**	**–**	**222 590**
Number of weighted average shares (million)	871.8				871.8
Adjusted earnings per share (pence)	**22.3**				**25.5**
Cost to income ratio	66.2%				65.4%

* *Applying the group's effective statutory taxation rate of 21.2%.*

^ *Refer to page 54.*

** • *The results of the businesses sold, i.e. Investec Bank (Australia) Limited, the UK Kensington business and the Start (Irish) mortgage business.*

• *The remaining legacy business in the UK.*

Reconciliation from statutory summarised income statement to ongoing summarised income statement (continued)

For the six months to 30 Sept 2014 £'000	Statutory as disclosed^	Removal of:** UK legacy business excluding sale assets	Sale assets UK	Sale assets Australia	Ongoing business
Net interest income	332 386	10 790	45 861	12 267	263 468
Net fee and commission income	527 006	1 689	(3 306)	2 728	525 895
Investment income	45 975	(4 689)	(2 262)	(1 867)	54 793
Trading income arising from					
– customer flow	51 285	(183)	(38)	(210)	51 716
– balance sheet management and other trading activities	(9 199)	168	(125)	(154)	(9 088)
Other operating income	5 052	–	–	48	5 004
Total operating income before impairment losses on loans and advances	**952 505**	**7 775**	**40 130**	**12 812**	**891 788**
Impairment losses on loans and advances	(66 400)	(37 629)	(6 594)	(1 476)	(20 701)
Operating income/(loss)	**886 105**	**(29 854)**	**33 536**	**11 336**	**871 087**
Operating costs	(645 204)	(11 838)	(20 056)	(12 803)	(600 507)
Depreciation on operating leased assets	(1 089)	–	–	–	(1 089)
Operating profit/(loss) before goodwill, acquired intangibles and non-operating items	**239 812**	**(41 692)**	**13 480**	**(1 467)**	**269 491**
Loss attributable to other non-controlling interests	957	–	–	–	957
Profit attributable to Asset Management non-controlling interests	(9 356)	–	–	–	(9 356)
Operating profit/(loss) before taxation	**231 413**	**(41 692)**	**13 480**	**(1 467)**	**261 092**
Taxation	(45 167)	7 853*	(2 539)*	276*	(50 757)
Preference dividends accrued	(17 181)	–	–	–	(17 181)
Adjusted attributable earnings to ordinary shareholders	**169 065**	**(33 839)**	**10 941**	**(1 191)**	**193 154**
Number of weighted average shares (million)	858.1				858.1
Adjusted earnings per share (pence)	**19.7**				**22.5**
Cost to income ratio	67.8%				67.4%

* *Applying the group's effective statutory taxation rate of 18.8%.*

^ *Refer to page 54.*

** • *The results of the businesses sold, i.e. Investec Bank (Australia) Limited, the UK Kensington business and the Start (Irish) mortgage business.*
• *The remaining legacy business in the UK.*

Reconciliation from statutory summarised income statement to ongoing summarised income statement for the UK and Other Specialist Banking

For the six months to 30 Sept 2015 £'000	UK and Other Specialist Banking statutory as disclosed^	Removal of:** UK legacy business excluding sale assets	Sale assets UK	Sales assets Australia	UK and Other Specialist Banking ongoing business
Net interest income	128 072	1 358	–	–	126 714
Net fee and commission income	92 548	3 316	–	–	89 232
Investment income	44 469	14	–	–	44 455
Trading income arising from					
– customer flow	44 945	(423)	–	–	45 368
– balance sheet management and other trading activities	(2 113)	(300)	–	–	(1 813)
Other operating income	2 849	–	–	–	2 849
Total operating income before impairment losses on loans and advances	**310 770**	**3 965**	**–**	**–**	**306 805**
Impairment losses on loans and advances	(31 314)	(28 399)	–	–	(2 915)
Operating income/(loss)	**279 456**	**(24 434)**	**–**	**–**	**303 890**
Operating costs	(217 184)	(11 089)	–	–	(206 095)
Depreciation on operating leased assets	(216)	–	–	–	(216)
Operating profit/(loss) before goodwill, acquired intangibles and non-operating items	**62 056**	**(35 523)**	**–**	**–**	**97 579**
Loss attributable to other non-controlling interests	1 207	–	–	–	1 207
Operating profit/(loss) before taxation	**63 263**	**(35 523)**	**–**	**–**	**98 786**

For the six months to 30 Sept 2014 £'000	UK and Other Specialist Banking statutory as disclosed^	Removal of:** UK legacy business excluding sale assets	Sale assets UK	Sales assets Australia	UK and Other Specialist Banking ongoing business
Net interest income	177 626	10 790	45 861	12 267	108 708
Net fee and commission income	104 030	1 689	(3 306)	2 728	102 919
Investment income	1 428	(4 689)	(2 262)	(1 867)	10 246
Trading income arising from					
– customer flow	43 854	(183)	(38)	(210)	44 285
– balance sheet management and other trading activities	(11 156)	168	(125)	(154)	(11 045)
Other operating income	3 901	–	–	48	3 853
Total operating income before impairment losses on loans and advances	**319 683**	**7 775**	**40 130**	**12 812**	**258 966**
Impairment losses on loans and advances	(53 978)	(37 629)	(6 594)	(1 476)	(8 279)
Operating income/(loss)	**265 705**	**(29 854)**	**33 536**	**11 336**	**250 687**
Operating costs	(239 973)	(11 838)	(20 056)	(12 803)	(195 276)
Depreciation on operating leased assets	(1 089)	–	–	–	(1 089)
Operating profit/(loss) before goodwill, acquired intangibles and non-operating items	**24 643**	**(41 692)**	**13 480**	**(1 467)**	**54 322**
Loss attributable to other non-controlling interests	5 551	–	–	–	5 551
Operating profit/(loss) before taxation	**30 194**	**(41 692)**	**13 480**	**(1 467)**	**59 873**

^ *Refer to page 54.*

** • *The results of the businesses sold, i.e. Investec Bank (Australia) Limited, the UK Kensington business and the Start (Irish) mortgage business.*
• *The remaining legacy business in the UK.*

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

For the six months to 30 Sept 2015 £'000	UK and Other	Southern Africa	Total group	% change	% of total
Asset Management	40 127	30 427	70 554	(8.0%)	22.4%
Wealth & Investment	25 896	11 954	37 850	(0.5%)	12.0%
Specialist Banking	98 786	130 389	229 175	29.1%	72.8%
	164 809	172 770	337 579	15.5%	107.2%
Group costs	(17 036)	(5 580)	(22 616)	3.5%	(7.2%)
Total group	147 773	167 190	314 963	16.5%	100.0%
Other non-controlling interest – equity			10 518		
Operating profit			325 481		
% change	37.8%	2.4%	16.5%		
% of total	46.9%	53.1%	100.0%		

For the six months to 30 Sept 2014 £'000	UK and Other	Southern Africa	Total group	% of total
Asset Management	37 684	38 996	76 680	28.4%
Wealth & Investment	26 912	11 126	38 038	14.1%
Specialist Banking	59 873	117 712	177 585	65.6%
	124 469	167 834	292 303	108.1%
Group costs	(17 223)	(4 632)	(21 855)	(8.1%)
Total group	107 246	163 202	270 448	100.0%
Other non-controlling interest – equity			(957)	
Operating profit			269 491	
% of total	39.7%	60.3%	100.0%	

A reconciliation of the UK and Other Specialist Banking's operating profit: ongoing vs statutory basis

£'000	Six months to 30 Sept 2015	Six months to 30 Sept 2014	% change
Total ongoing UK and Other Specialist Banking per above	98 786	59 873	65.0%
UK legacy remaining	(35 523)	(41 692)	(14.8%)
UK sale assets	–	13 480	100.0%
Australian sale assets	–	(1 467)	100.0%
Total UK and Other Specialist Banking per statutory accounts	63 263	30 194	>100.0%

Ongoing segmental geographic analysis – summarised income statement

For the six months to £'000	30 Sept 2015 UK and Other	30 Sept 2015 Southern Africa	30 Sept 2015 Total group	30 Sept 2014 UK and Other	30 Sept 2014 Southern Africa	30 Sept 2014 Total group
Net interest income	128 859	155 283	284 142	111 830	151 638	263 468
Net fee and commission income	351 142	179 448	530 590	350 430	175 465	525 895
Investment income	44 225	68 148	112 373	12 041	42 752	54 793
Trading income arising from						
– customer flow	45 900	11 418	57 318	44 386	7 330	51 716
– balance sheet management and other trading activities	(2 895)	7 199	4 304	(11 133)	2 045	(9 088)
Other operating income/(loss)	3 709	(364)	3 345	4 083	921	5 004
Total operating income before impairment losses on loans and advances	**570 940**	**421 132**	**992 072**	**511 637**	**380 151**	**891 788**
Impairment losses on loans and advances	(2 915)	(14 826)	(17 741)	(8 279)	(12 422)	(20 701)
Operating income	**568 025**	**406 306**	**974 331**	**503 358**	**367 729**	**871 087**
Operating costs	(421 243)	(227 387)	(648 630)	(400 574)	(199 933)	(600 507)
Depreciation on operating leased assets	(216)	(4)	(220)	(1 089)	–	(1 089)
Operating profit before goodwill, acquired intangibles and non-operating items	**146 566**	**178 915**	**325 481**	**101 695**	**167 796**	**269 491**
(Profit)/loss attributable to other non-controlling interests	1 207	(11 725)	(10 518)	5 551	(4 594)	957
Operating profit before goodwill, acquired intangibles, non-operating items and after other non-controlling interests	**147 773**	**167 190**	**314 963**	**107 246**	**163 202**	**270 448**
Profit attributable to Asset Management non-controlling interests	(5 357)	(3 290)	(8 647)	(5 047)	(4 309)	(9 356)
Operating profit before goodwill, acquired intangibles, non-operating items and after non-controlling interests	**142 416**	**163 900**	**306 316**	**102 199**	**158 893**	**261 092**
Selected returns and key statistics						
Cost to income ratio	73.8%	54.0%	65.4%	78.5%	52.6%	67.4%

Ongoing segmental business and geographic analysis – summarised income statement

For the six months to 30 Sept 2015 £'000	Asset Management UK and Other	 Southern Africa	 Total	Wealth & Investment UK and Other	 Southern Africa	 Total
Net interest income	123	1 856	1 979	2 022	1 606	3 628
Net fee and commission income	139 841	72 611	212 452	122 069	30 937	153 006
Investment income	–	38	38	(230)	(21)	(251)
Trading income arising from						
– customer flow	–	–	–	532	28	560
– balance sheet management and other trading activities	(1 164)	215	(949)	82	80	162
Other operating income/(loss)	165	45	210	695	2	697
Total operating income before impairment losses on loans and advances	138 965	74 765	213 730	125 170	32 632	157 802
Impairment losses on loans and advances	–	–	–	–	–	–
Operating income	138 965	74 765	213 730	125 170	32 632	157 802
Operating costs	(98 838)	(44 338)	(143 176)	(99 274)	(20 678)	(119 952)
Depreciation on operating leased assets	–	–	–	–	–	–
Operating profit before goodwill, acquired intangibles and non-operating items	40 127	30 427	70 554	25 896	11 954	37 850
(Profit)/loss attributable to other non-controlling interests	–	–	–	–	–	–
Operating profit before goodwill, acquired intangibles, non-operating items and after other non-controlling interests	40 127	30 427	70 554	25 896	11 954	37 850
Profit attributable to Asset Management non-controlling interests	(5 357)	(3 290)	(8 647)	–	–	–
Operating profit before goodwill, acquired intangibles, non-operating items and after non-controlling interests	34 770	27 137	61 907	25 896	11 954	37 850
Selected returns and key statistics						
Cost to income ratio	71.1%	59.3%	67.0%	79.3%	63.4%	76.0%

	Specialist Banking			Group costs			
	UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	Total group
	126 714	151 821	278 535	–	–	–	284 142
	89 232	75 900	165 132	–	–	–	530 590
	44 455	68 131	112 586	–	–	–	112 373
	45 368	11 390	56 758	–	–	–	57 318
	(1 813)	6 904	5 091	–	–	–	4 304
	2 849	(411)	2 438	–	–	–	3 345
	306 805	313 735	620 540	–	–	–	992 072
	(2 915)	(14 826)	(17 741)	–	–	–	(17 741)
	303 890	298 909	602 799	–	–	–	974 331
	(206 095)	(156 791)	(362 886)	(17 036)	(5 580)	(22 616)	(648 630)
	(216)	(4)	(220)	–	–	–	(220)
	97 579	142 114	239 693	(17 036)	(5 580)	(22 616)	325 481
	1 207	(11 725)	(10 518)	–	–	–	(10 518)
	98 786	130 389	229 175	(17 036)	(5 580)	(22 616)	314 963
	–	–	–	–	–	–	(8 647)
	98 786	130 389	229 175	(17 036)	(5 580)	(22 616)	306 316
	67.2%	50.0%	58.5%	n/a	n/a	n/a	65.4%

Ongoing segmental business and geographic analysis – summarised income statement (continued)

For the six months to 30 Sept 2014 £'000	Asset Management UK and Other	 Southern Africa	 Total	Wealth & Investment UK and Other	 Southern Africa	 Total
Net interest income	117	1 926	2 043	3 005	766	3 771
Net fee and commission income	130 273	82 363	212 636	117 238	28 915	146 153
Investment income	–	9	9	1 795	–	1 795
Trading income arising from						
– customer flow	–	–	–	101	49	150
– balance sheet management and other trading activities	(173)	27	(146)	85	307	392
Other operating income/(loss)	(443)	889	446	673	(1)	672
Total operating income before impairment losses on loans and advances	129 774	85 214	214 988	122 897	30 036	152 933
Impairment losses on loans and advances	–	–	–	–	–	–
Operating income	129 774	85 214	214 988	122 897	30 036	152 933
Operating costs	(92 090)	(46 218)	(138 308)	(95 985)	(18 910)	(114 895)
Depreciation on operating leased assets	–	–	–	–	–	–
Operating profit before goodwill, acquired intangibles and non-operating items	37 684	38 996	76 680	26 912	11 126	38 038
Loss/(profit) attributable to other non-controlling interests	–	–	–	–	–	–
Operating profit before goodwill, acquired intangibles, non-operating items and after other non-controlling interests	37 684	38 996	76 680	26 912	11 126	38 038
Profit attributable to Asset Management non-controlling interests	(5 047)	(4 309)	(9 356)	–	–	–
Operating profit before goodwill, acquired intangibles, non-operating items and after non-controlling interests	32 637	34 687	67 324	26 912	11 126	38 038
Selected returns and key statistics						
Cost to income ratio	71.0%	54.2%	64.3%	78.1%	63.0%	75.1%

Unaudited ongoing financial results

2

Specialist Banking			Group costs			
UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	Total group
108 708	148 946	257 654	–	–	–	263 468
102 919	64 187	167 106	–	–	–	525 895
10 246	42 743	52 989	–	–	–	54 793
44 285	7 281	51 566	–	–	–	51 716
(11 045)	1 711	(9 334)	–	–	–	(9 088)
3 853	33	3 886	–	–	–	5 004
258 966	264 901	523 867	–	–	–	891 788
(8 279)	(12 422)	(20 701)	–	–	–	(20 701)
250 687	252 479	503 166	–	–	–	871 087
(195 276)	(130 173)	(325 449)	(17 223)	(4 632)	(21 855)	(600 507)
(1 089)	–	(1 089)	–	–	–	(1 089)
54 322	122 306	176 628	(17 223)	(4 632)	(21 855)	269 491
5 551	(4 594)	957	–	–	–	957
59 873	117 712	177 585	(17 223)	(4 632)	(21 855)	270 448
–	–	–	–	–	–	(9 356)
59 873	117 712	177 585	(17 223)	(4 632)	(21 855)	261 092
75.7%	49.1%	62.3%	n/a	n/a	n/a	67.4%

Return on equity – ongoing basis

£'000	30 Sept 2015	31 March 2015	Average	30 Sept 2014	31 March 2014	Average
Calculation of average shareholders' equity						
Ordinary shareholders' equity	2 947 847	3 085 374	3 016 611	2 802 307	2 861 406	2 831 857
Goodwill and intangible assets (excluding software)	(512 744)	(494 111)	(503 428)	(504 238)	(577 816)	(541 027)
Adjusted tangible shareholders' equity	2 435 103	2 591 263	2 513 183	2 298 069	2 283 590	2 290 830

£'000	30 Sept 2015	31 March 2015	30 Sept 2014
Operating profit before goodwill impairment and non-operational items	325 481	592 404	269 491
Non-controlling interests	(19 165)	(29 885)	(8 399)
Preference dividends	(14 708)	(36 427)	(17 181)
Revised operating profit	291 608	526 092	243 911
Tax on ordinary activities	(69 018)	(116 182)	(50 757)
Revised operating profit after tax	222 590	409 910	193 154
Pre-tax return on average adjusted shareholders' equity	19.3%	17.7%	17.2%
Post-tax return on average adjusted shareholders' equity	14.8%	13.8%	13.6%
Pre-tax return on average adjusted tangible shareholders' equity	23.2%	21.6%	21.3%
Post-tax return on average adjusted tangible shareholders' equity	17.7%	16.8%	16.9%

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 materially impacted the business model
- Assets written prior to 2008 with very low/negative margins
- Assets relating to business we are no longer undertaking.

Legacy business – overview of results

The total legacy business over the period reported a loss before taxation of £35.5 million (2014: £41.7 million).

The remaining legacy portfolio will continue to be managed down as the group sees opportunities to clear the portfolio. The book has declined significantly over the past few years as a result of strategic sales, redemptions and write-offs. Management believes that the remaining legacy book will still take two to four years to wind down. Total net defaults in the legacy book amount to £181 million (31 March 2015: £185 million).

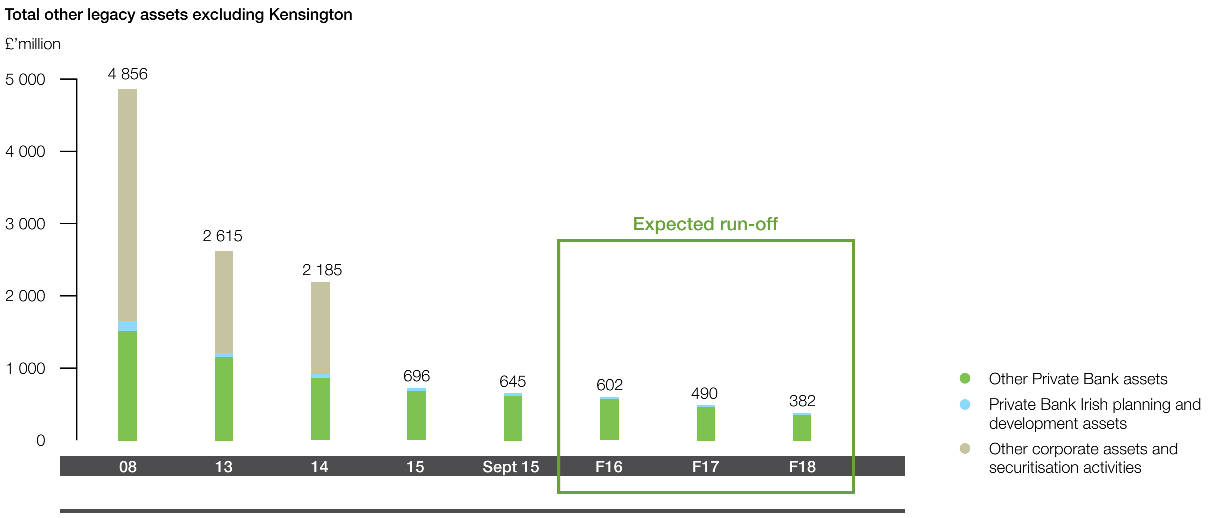
Return on equity – ongoing basis (continued)

An analysis of assets within the legacy business

£'million	30 Sept 2015 Total net assets (after impairments)	30 Sept 2015 Total balance sheet impairment	31 March 2015 Total net assets (after impairments)	31 March 2015 Total balance sheet impairment
Private Bank Irish planning and development assets	37	41	47	50
Other Private Bank assets	608	125	649	126
Total other legacy assets	645	166	696	176
Performing	464	–	511	–
Non-performing	181	166*	185	176*

* *Included in balance sheet impairments is a group portfolio impairment of £35.9 million (31 March 2015: £33.2 million). The 31 March 2015 disclosures have been adjusted to reflect the allocation of this portfolio impairment to the legacy portfolio.*

Expected run-off of legacy assets



Unaudited ongoing financial results

2

3

Divisional and segmental review

Group divisional structure

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

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

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

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

Asset Management

What we do

Equity
Fixed income
Multi-Asset
Alternatives

Where we operate

Africa
Americas
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
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

At Investec Asset Management, we want to assist people around the globe to retire with dignity or to meet their financial objectives. We do this by assisting institutional asset owners and financial advisors to meet the investment objectives of their members and clients. Our business is to manage clients' investments to the highest standard possible by exceeding their investment and client service expectations

Established in 1991 in South Africa, we have built a successful global investment management firm. We are still managed by our founding members whose tenure and continuity has provided stability and growth.

Our investment team of over 175 investment professionals applies clear investment philosophies and processes across the major asset classes. Our client group is organised in five geographically defined units serving our target clients around the globe. These teams are supported by our global investment and operational platform.

Global head: Hendrik du Toit

Value proposition

- Organically built 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 clients
- Unique and clearly understood culture
- Stable and experienced leadership.

Interim highlights

Net new flows of £2.9 billion for the six-month period (2014: £2.7 billion)

Assets under management

£70.1 billion

Operating profit before non-controlling interests decreased by 8.0% to £70.6 million, contributing 25.2% to group profit

Operating margin

33.0%

(2014: 35.7%)

What we do

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

Capabilities and organisational structure

Global investments

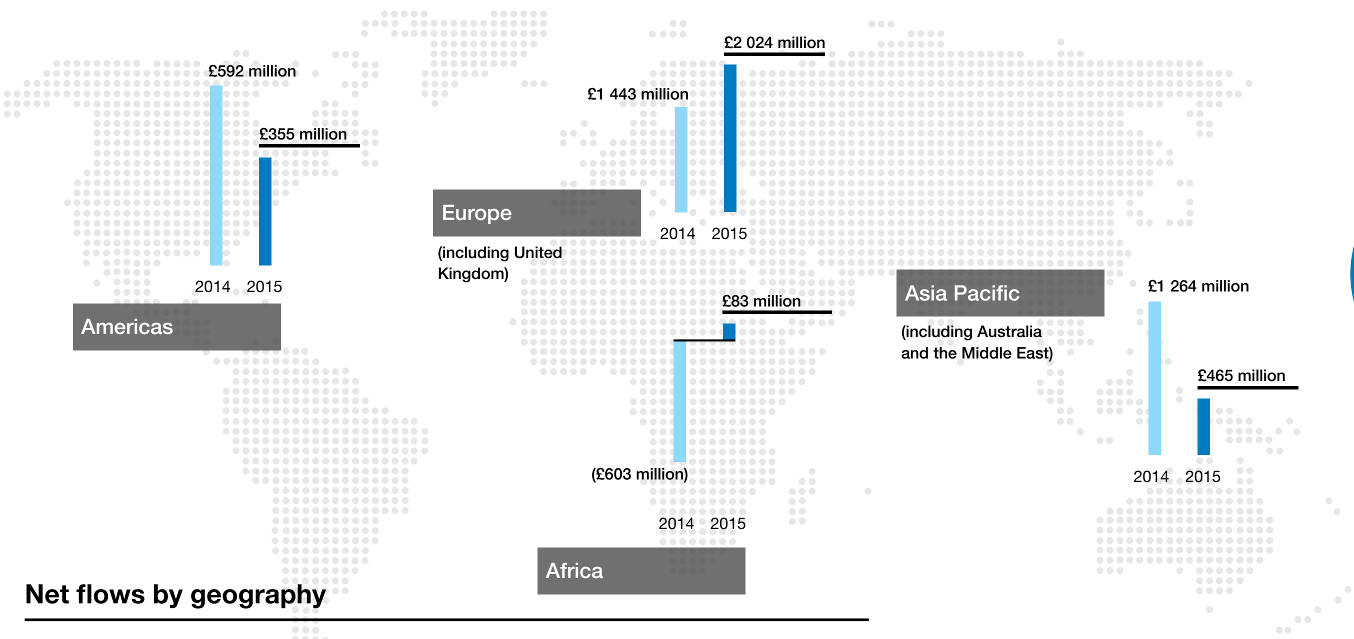
Equity	Fixed Income	Multi-Asset	Alternatives
• Global • Regional	• Developed markets • Emerging markets	• Global growth • Global income	• Commodities and resources • Private equity • Private debt • Real estate

Global client base

United Kingdom	Europe	Africa	Americas	Asia Pacific

Global operations platform

Where we operate

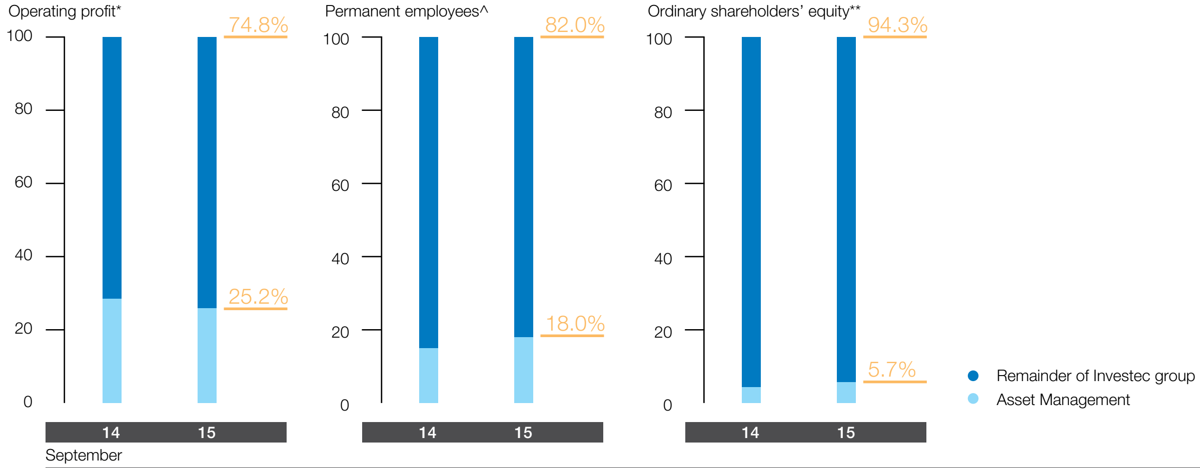


Net flows by geography

For the six months to 30 September 2014 and 30 September 2015.

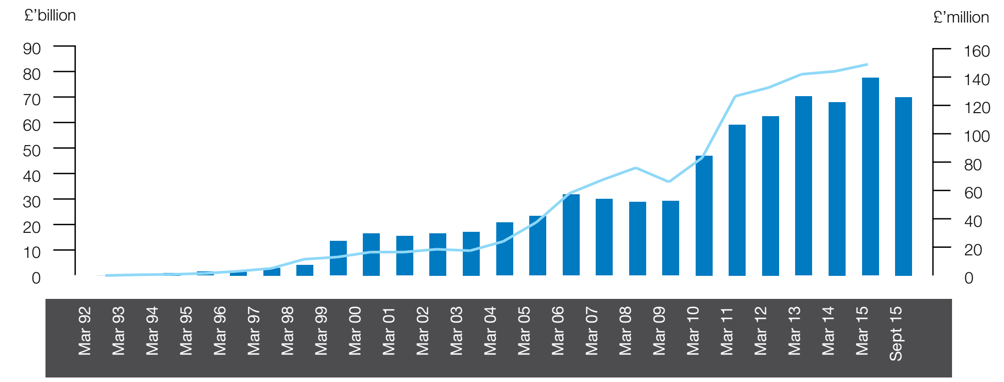
Note: The net flows for the six months to 30 September 2015 exclude an historic low value cash plus account of £0.5 billion, which is subject to volatile net flows.

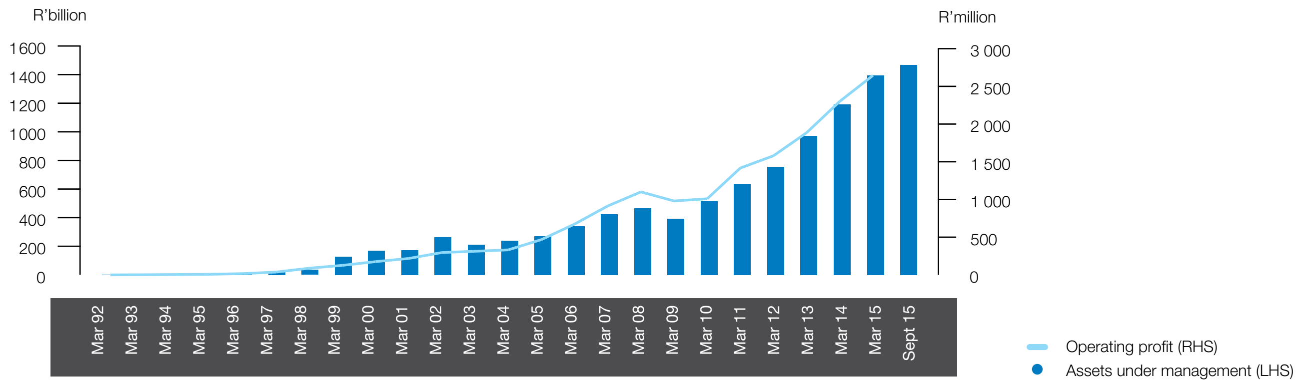
Financial analysis



* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*
** *As calculated on page 86, based on regulatory capital requirements.*
^ *Including Silica, our third party administration business.*

Historical financial performance





Income statement analysis

For the six months to £'000	30 Sept 2015	30 Sept 2014	Variance	% change
Net interest income	1 979	2 043	(64)	(3.1%)
Net fee and commission income	212 452	212 636	(184)	(0.1%)
Investment income	38	9	29	>100.0%
Trading income arising from balance sheet management and other trading activities	(949)	(146)	(803)	>100.0%
Other operating income	210	446	(236)	(52.9%)
Total operating income	213 730	214 988	(1 258)	(0.6%)
Operating costs	(143 176)	(138 308)	(4 868)	3.5%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and before non-controlling interests	70 554	76 680	(6 126)	(8.0%)
Profit attributable to Asset Management non-controlling interests**	(8 647)	(9 356)	709	7.6%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	61 907	67 324	(5 417)	(8.0%)
UK and Other	34 770	32 637	2 133	6.5%
Southern Africa	27 137	34 687	(7 550)	(21.8%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	61 907	67 324	(5 417)	(8.0%)
Selected returns and key statistics				
Ordinary shareholders' equity*	163 149	149 971	13 178	8.8%
ROE (pre-tax)*	83.8%	98.6%		
Return on tangible equity (pre-tax)*	190.7%	259.5%		
Operating margin	33.0%	35.7%		
Operating profit per employee (£'000)*^	77.0	89.1	(12.1)	13.6%

* *As calculated on pages 86 and 87, based on regulatory capital requirements.*

** *Earnings after tax 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:

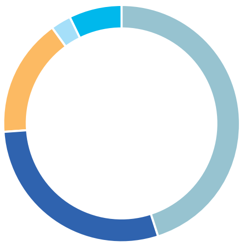
Market volatility continued into the first half of the financial year. Against this backdrop, our operating profit before non-controlling interests decreased by 8.0%. We have a positive business momentum and our wide range of investment capabilities means that we are well placed to face the future. Performance fees of £11.3 million were lower than in the prior half year period (£16.6 million).

Assets under management and flows

£'million	AUM 30 Sept 2015	Net inflows	AUM 31 March 2015
Equities	31 521	1 178	32 494
Fixed income	20 508	1 632	21 950
Multi-Asset	11 155	(116)	15 122
Alternatives	2 233	58	2 657
Third party funds on advisory platform	4 703	175	5 287
Total	70 120	2 927	77 510

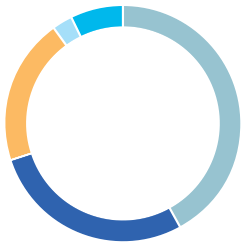
Note: The assets under management and flows for the six months to 30 September 2015 exclude an historic low value cash plus account of £0.5 billion which is subject to volatile net flows.

Assets under management by asset group



30 Sept 2015

Equities	45%
Fixed Income	29%
Multi-Asset	16%
Alternatives	3%
Third party funds on advisory platform	7%



31 March 2015

Equities	42%
Fixed Income	28%
Multi-Asset	20%
Alternatives	3%
Third party funds on advisory platform	7%

Independent recognition

Financial year 2015

Winner of Global Investor Awards/ISF Investment Excellence Award for Asset Manager and Equity Manager of the Year, Emerging Markets

Winner of Private Equity Africa Awards Portfolio Company of the Year – Development Impact

Winner of EMEA Finance's Achievement Awards Best Private Equity Investment in EMEA

Winner of European Pension Awards Emerging Markets Manager of the Year

Investment performance

All of our investment capabilities are managed with the simple aim of delivering performance which meets or exceeds our clients' expectations around agreed risk parameters. Short-term headwinds have affected our investment performance, but our long-term track record remains competitive.

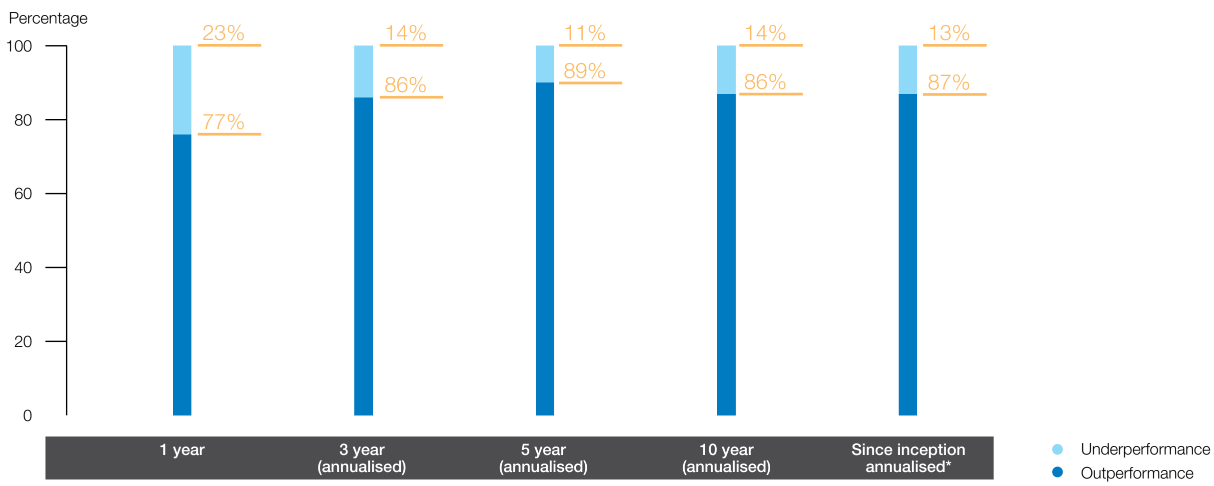
Mutual funds investment performance

One year		Three years		Five years		Ten years	
First quartile	26%	First quartile	21%	First quartile	36%	First quartile	55%
Second quartile	30%	Second quartile	35%	Second quartile	30%	Second quartile	22%
Third quartile	23%	Third quartile	24%	Third quartile	13%	Third quartile	15%
Fourth quartile	21%	Fourth quartile	20%	Fourth quartile	21%	Fourth quartile	8%

Source: Calculated from Morningstar data by value, excludes cash and cash plus funds. Performance to 30 September 2015.

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

Overall firm performance



Source: Investec Asset Management, gross of fees, data to 30 September 2015.

** Since the inception date of each portfolio, only annualised if inception date is older than 12 months.*

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.

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 Financial assets, especially those in emerging markets, alongside the currencies from these markets have declined in value since the beginning of the financial year. As a consequence our assets under management, denominated in Sterling, have declined over the period, in spite of continued net inflows.

In short, this has been a tough environment for emerging market-heavy asset management firms.

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

A Over the first half of the financial year we have seen positive net inflows across all our client groups, amounting to £2.9 billion. The majority of these net flows originated from Europe, the Americas and Asia Pacific regions. We are developing momentum in the biggest markets in the world in line with our strategy.

Our investment performance is competitive across the board. It was particularly encouraging to note that most of our investment strategies performed as expected during the August correction. Our investment performance in South Africa has improved markedly since the previous reporting period.

We have also been encouraged about our growing ability to attract and retain the very best talent in the business. This is very positive for our long-term future.

In spite of the current uncertainty in markets and the impact of emerging market currency weakness, our business is robust and competitive. Similarly, the pipeline of new business is good.

What are your strategic objectives for the next six months?

A Our primary objective remains to manage the money of our clients to the highest possible standard, and in line with client expectations and product and strategy specifications. At Investec Asset Management, clients will always come first. If we pursue their interests, we will do well.

Our strategy has not changed: our strategic objectives are to invest in and nurture growth opportunities, enhance depth and quality, and position the firm for long-term sustainability in our chosen markets. Furthermore, we continue to do our best to attract, develop and promote talent, alongside a stable leadership, while preserving and enhancing the unique culture of our business.

What is your outlook for the next six months?

A The ongoing weakness in emerging market currencies, especially the South African Rand, will continue to put pressure on revenues in Sterling terms without a substantial upward movement in financial assets. Consequently, our full year earnings are expected to be lower than the prior year. More importantly, we remain resolute and focused on building, developing and enhancing our business for the long term. We see annual earnings as the outcome of our work over many years, adjusted for market and economic conditions.

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 head: Eddie Clarke

Today the business specialises in wealth management, portfolio management, private office and stockbroking services for individuals, families, trusts and charities. Investec Wealth & Investment is one of the UK's leading private client investment managers, the largest in South Africa, has a significant European presence, and is developing its operations internationally.

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 making progress in developing its digital capabilities to form a fifth 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 services for the benefit of our clients.

Interim highlights

Operating profit flat at £37.9 million, contributing 13.5% to group profit

Assets under management £43.4 billion (1.8% up from 30 September 2014; 5.9% down from 31 March 2015)

Operating margin 24.0% (2014: 24.9%)

Net new flows of £1.1 billion

What we do and where we operate

UK and 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)

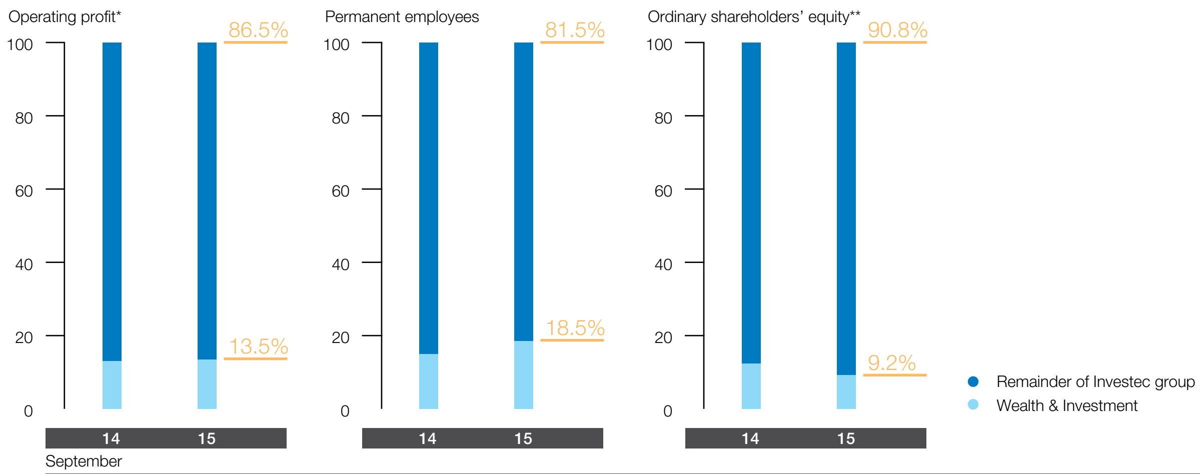
The European operations are conducted through Investec Wealth & Investment Limited in the UK, Investec Bank Switzerland, Investec Wealth & Investment Ireland and in Guernsey through Investec Wealth & Investment Channel Islands.

Over 1 200 staff operate from offices located throughout the UK and Europe, with combined funds under management of £28.5 billion. Investec Wealth & Investment is one of the UK's leading providers of private client investment management services.

South Africa

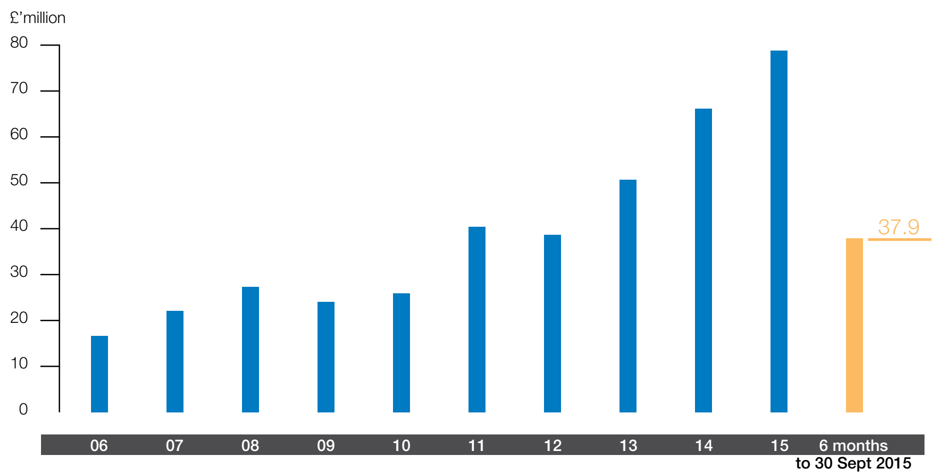
Investec Wealth & Investment South Africa provides portfolio management, wealth management and stockbroking services for private clients, charities, pension funds and trusts, operating from eight offices across South Africa with R94.9 billion of discretionary and annuity managed assets and a further R217.2 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 86, 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 2015	30 Sept 2014	Variance	% change
Net interest income	3 628	3 771	(143)	(3.8%)
Net fee and commission income	153 006	146 153	6 853	4.7%
Investment (loss)/income	(251)	1 795	(2 046)	(>100.0%)
Trading income arising from				
– customer flow	560	150	410	>100.0%
– balance sheet management and other trading activities	162	392	(230)	(58.7%)
Other operating income	697	672	25	3.7%
Total operating income	157 802	152 933	4 869	3.2%
Operating costs	(119 952)	(114 895)	(5 057)	4.4%
Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests	37 850	38 038	(188)	(0.5%)
UK and Europe	25 896	26 912	(1 016)	(3.8%)
South Africa (including Mauritius)	11 954	11 126	828	7.4%
Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests	37 850	38 038	(188)	(0.5%)
Selected returns and key statistics				
Ordinary shareholders' equity*	264 155	260 891	3 264	1.3%
ROE (pre-tax)*	25.5%	22.9%		
Return on tangible equity (pre-tax)*	141.1%	124.9%		
Operating margin	24.0%	24.9%		
Operating profit per employee (£'000)*	24.5	26.6	(2.1)	(7.9%)

* *As calculated on pages 86 and 87, based on regulatory capital requirements.*

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

- The UK and Europe operations have benefited from higher average funds under management in the UK, with a 3.4% increase in the key relevant billing date 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 during both the current period and the second half of the previous financial year. Operating margin at 20.7% (2014: 21.9%) is being adversely impacted in the short-term by the costs associated with the development of the digital distribution platform.
- The South African business posted an operating profit of R231 million, an increase of 19.1% (in Rand terms) over the prior period, benefiting from higher average funds under management and solid discretionary and annuity asset net inflows.

Analysis of key earnings drivers (funds under management)

£'million	30 Sept 2015	31 March 2015	% change	30 Sept 2014*	31 March 2014*	% change
UK and Europe	28 451	29 562	(3.8%)	27 443	26 574	3.3%
Discretionary	20 864	21 602	(3.4%)	19 246	18 513	4.0%
Non-discretionary and other	7 587	7 960	(4.7%)	8 197	8 061	1.7%
South Africa	14 899	16 514	(9.8%)	15 149	14 198	6.7%
Discretionary	4 529	4 974	(8.9%)	4 462	4 189	6.5%
Non-discretionary and other	10 370	11 540	(10.1%)	10 687	10 009	6.8%
Total	43 350	46 076	(5.9%)	42 592	40 772	4.5%

* *Restated to reflect internal adjustments to the jurisdiction in which funds under management are recognised.*

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

Funds under management

£'million	30 Sept 2015	31 March 2015	% change	30 Sept 2014*	31 March 2014*	% change
Investec Wealth & Investment Limited (UK)	26 104	27 319	(4.4%)	24 928	24 176	3.1%
Discretionary	20 342	21 128	(3.7%)	18 867	18 185	3.8%
Non-discretionary	5 574	5 971	(6.6%)	5 848	5 753	1.7%
Other	188	220	(14.5%)	213	238	(10.5%)
Rest of Europe	2 347	2 243	4.6%	2 515	2 398	4.9%
Discretionary	522	474	10.1%	379	328	15.5%
Non-discretionary	1 825	1 769	3.2%	2 136	2 070	3.2%
Total	28 451	29 562	(3.8%)	27 443	26 574	3.3%

* *Restated as per note on page 40.*

Further analysis of the Investec Wealth & Investment Limited UK business

Funds under management and flows

£'billion	30 Sept 2015	31 March 2015	% change	30 Sept 2014*	31 March 2014*	% change
At the beginning of the period	27.32	24.18		24.18	22.27	
Inflows	1.40	2.90		1.47	2.48	
Outflows	(0.64)	(1.02)		(0.40)	(1.23)	
Market adjustment^	(1.98)	1.34		(0.24)	0.70	
Transfers^^	–	(0.08)		(0.08)	(0.04)	
At the end of the period	26.10	27.32	(4.4%)	24.93	24.18	3.1%
WMA Private Investors Balanced Index (at period end)	3 421	3 684	(7.1%)	3 454	3 385	2.0%
Annualised underlying rate of net organic growth in total funds under management**	5.6%	7.8%		8.9%	5.6%	
% of total funds managed on a discretionary basis	78.6%	78.1%		76.5%	76.2%	

^ *Impact of market movement and relative performance.*
^^ *Reflects the transfer of clients from Investec Bank Switzerland and the reclassification of assets between jurisdictions.*
* *Restated as per note on page 40.*
** *Net organic inflows less outflows (excluding acquired inflows and exceptional outflows) as a percentage of opening funds under management.*

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

Funds under management

R'million	30 Sept 2015	31 March 2015	% change	30 Sept 2014*	31 March 2014*	% change
Discretionary and annuity assets	94 883	89 382	6.2%	81 796	73 558	11.2%
Non-discretionary	217 243	207 379	4.8%	195 892	175 757	11.5%
Total	312 126	296 761	5.2%	277 688	249 315	11.4%

Net inflows/(outflows) at cost over the period

R'million	30 Sept 2015	31 March 2015	30 Sept 2014*	31 March 2014*
Discretionary and annuity assets	3 818	6 261	3 201	4 959
Non-discretionary	2 375	8 065	5 903	(2 616)#
Total	6 193	14 326	9 104	2 343

Largely relating to clients who have moved their portfolios to another institution to serve as collateral in a transaction they were concluding.
* *Restated as per note on page 40.*

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 Equity markets began the financial year in buoyant mood, with the UK's FTSE 100 breaking through the significant 7 000 point milestone to set a new high during April. These gains reflected the belief that global economic growth was set to accelerate and Europe and emerging economies were managing their challenges. However, this confidence was short lived and the markets suffered sharp falls in August following concerns about the state of the Chinese economy and concerns over the prospect of a rise in US interest rates. Indices have since recovered some of the lost ground, but the outlook remains uncertain and it will take some time for investor confidence to return to the levels we saw at the start of the year. We therefore expect the second half of the financial year to be significantly more challenging than the first, with both our ad valorum and transaction-based income adversely affected by market conditions.

The level of regulatory pressure remains high in the UK marketplace for investment management businesses and consolidation in the sector continues. We have maintained our appetite to pursue opportunities to recruit experienced investment managers who are attracted by the strength of our offering, where they share our culture and values and have the ability to contribute to the future success of the business.

In South Africa, the JSE All Share Index peaked early in the period at 55 355 with a low of 46 530 towards the period end. Total returns fell, as interest rate expectations elevated, bond yields rose domestically and globally stock exchanges weakened.

Emerging markets reacted negatively to expectations of future higher interest rates in the US. The dovish tone of the September Federal Open Market Committee meeting sparked further concern on global growth already spooked by the effects of China's policy of rebalancing its economy. US inflation expectations consequently fell, Brazil saw credit rating downgrades and the Rand hit its worst point against the US Dollar historically. Marked Rand weakness came from the slump in the commodity cycle that afflicted all commodity currencies, and an increase in risk aversion.

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

A Our drive to enhance the digital aspects of our offering to clients is a key feature for the business currently. The substantial task of building our Click & Invest online discretionary investment management service, which was announced in the last financial year, is continuing to make good progress. We are looking forward to the UK launch of this new offering, during the 2016/17 financial year which will supplement our core investment management service and reach out to individuals who may not otherwise have formed part of our traditional client base. Enhancements to the digital aspects of our core offering also remain very much in focus as we seek to ensure that our bespoke services meet the varying needs of all of our clients now and in the future.

As we build and enhance our core services in an increasingly competitive and regulated marketplace, it is right that we look to review those areas of our business which do not form part of our central offering. The UK business has agreed to the disposal of its small fund management operation, which was acquired in 2012 as part of the wider Williams de Broë business.

We remain focused on delivering the high standards of client service on which our strategy for organic growth is built, along with increasing the appeal of our services to a wider potential client base through initiatives such as our Private Office service and coordination of our services with those of the Private Banking business.

During the interim period, the South African business continued to focus on the enhancement of our One Place strategy to service our private client banking and investment needs, both locally and internationally. We also expanded our Wealth & Investment footprint in Mauritius, having recently been granted a licence.

We have been focusing on the internationalisation of our private client offering by facilitating offshore diversification, leveraging off of our international capabilities and services in the UK, Switzerland and Mauritius. Investec was internationally recognised by *Euromoney* for leading private banking and investment services in South Africa, and acknowledged as the Best Private Bank and Wealth Manager in South Africa for the third year in a row by the *Financial Times* of London.

Our digital strategy in South Africa continues with the roll out of our self-directed investment platform, Online Portfolio Manager, which enables seamless digital investing.

What are your strategic objectives for the next six months?

A Serving our existing client base to the best of our ability is central to the strategy of our global Wealth & Investment business. Reaching key milestones in the development of our digital offering will remain a key objective for the second half of the financial year as we move closer to the launch of the Click & Invest service.

We expect the challenging market conditions to be a key feature for the second half of the financial year. We have built a business that has proved its resilience to adverse conditions in the past, and we must remain focused on those aspects of our business which drive and maintain us as we move through a period of increased uncertainty.

The UK business remains committed to the development and expansion of its financial planning capability and we continue to see this as a key and increasingly important part of our service within the UK, as the complexity of the personal financial world continues to increase.

Broadening our international presence in a measured and evolutionary way is something we are continuing to prioritise. The planning for the launch of our Asian operation hosted by the group's Hong Kong office is nearing completion, and we expect to be in a position to take on our first clients in this market during the last quarter of the financial year.

We remain committed to our internationalisation programme with Switzerland as the core service centre for our international clients.

The Wealth & Investment team in Dublin continues to grow its skills set and is integrated within the global investment process to meet the requirements of clients in a growing Irish economy.

In South Africa, we continue to entrench our leading market position by focusing on our clients' needs and on internationalising the offering. Our strategy of working together with the Private Banking business is proving successful. We will continue to enhance and improve our integrated banking and investment solution, both locally and internationally, for the benefit of all of our private clients.

What is your outlook for the following six months?

A We expect the backdrop to the second half of the financial year to be challenging as the outlook for the global economy and investor sentiment remains uncertain. However, we remain confident that our strategy to invest for the future success of the business, while remaining focused on the resilience of our business model, provides the balance that will optimise the performance of the business over both the short and longer terms, while continuing to ensure that we deliver the most suitable client outcomes.

Specialist expertise delivered with dedication and energy

Global heads
David van der Walt
Ciaran Whelan

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.

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.

Interim highlights

Operating profit (ongoing)
up 29.1% to
£229.2 million

Operating profit (statutory)
up 30.9% to
£193.7 million

59.9%
cost to income (statutory)
(2014: 63.4%)

Loans and advances (statutory)
£16.7 billion

18.2%
ROE (pre-tax) (ongoing business)
(2014: 15.2%)

Customer deposits (statutory)
£21.7 billion

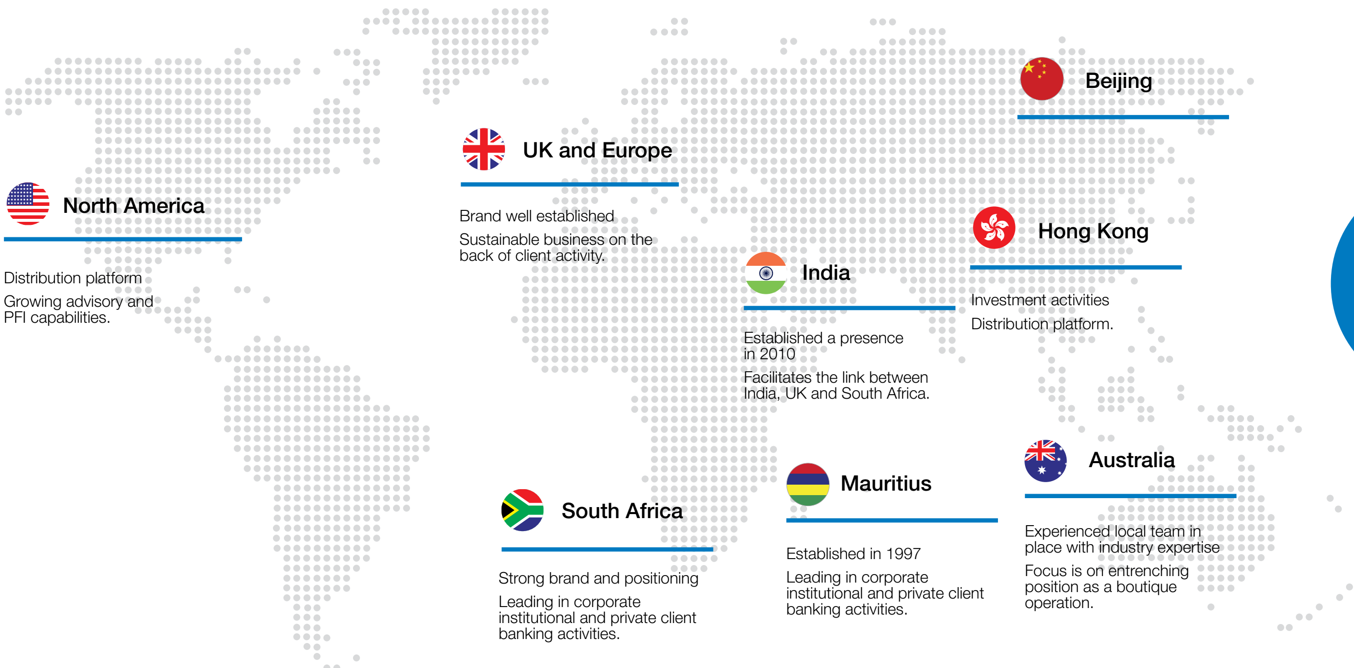
What we do

Corporates/government/institutional clients

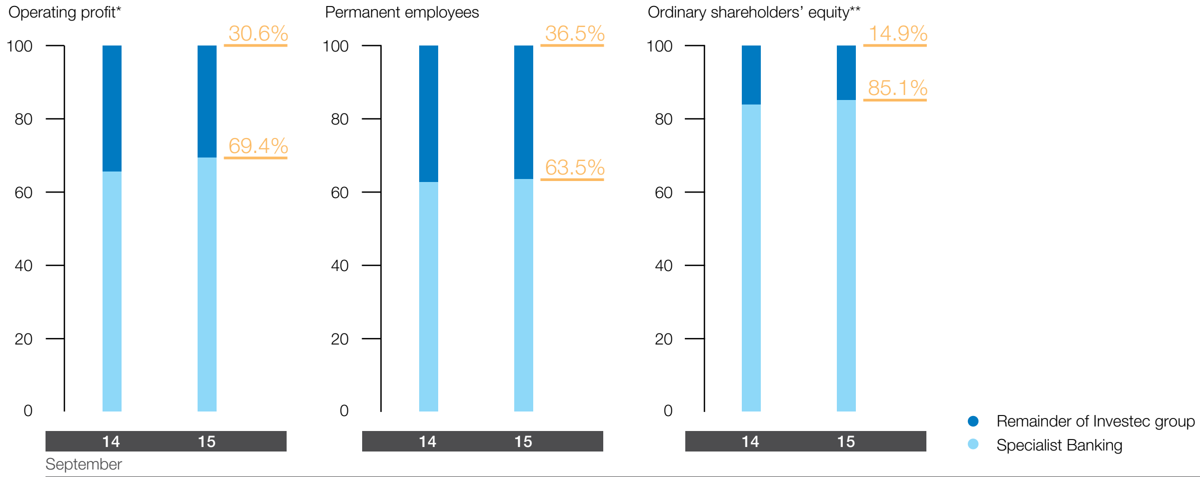
High income and high net worth private clients	Corporates/government/institutional clients	
Private Banking activities	**Corporate Advisory and Investment activities**	**Corporate and Institutional Banking activities**
Transactional banking and foreign exchange Lending Deposits Investments	Advisory Principal investments Property investment fund management	Treasury and trading services Specialised lending, funds and debt capital markets Institutional research sales and trading
Southern Africa UK and Europe	Australia Hong Kong India Southern Africa UK and Europe	Australia Hong Kong India Southern Africa UK and Europe USA

Integrated systems and infrastructure

Where we operate



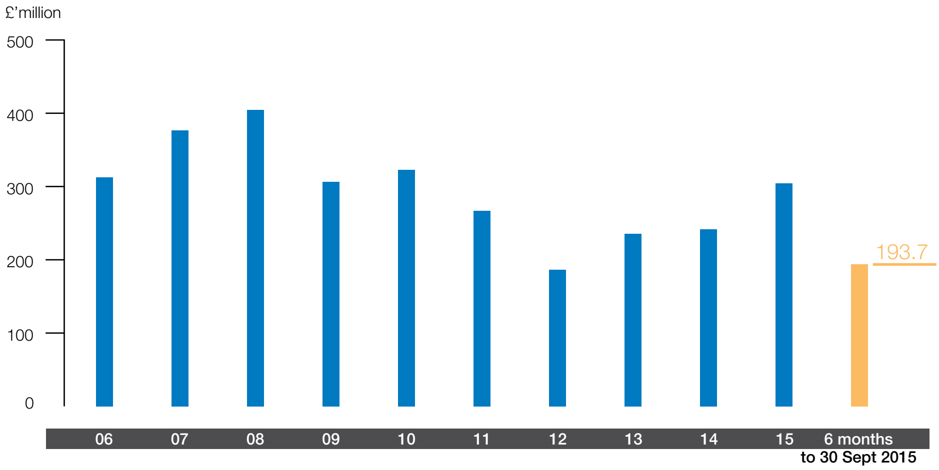
Financial analysis



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

** *As calculated on page 86, 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 2015	30 Sept 2014	Variance	% change
Net interest income	279 893	326 572	(46 679)	(14.3%)
Net fee and commission income	168 448	168 217	231	(0.1%)
Investment income	112 600	44 171	68 429	>100.0%
Trading income arising from				
– customer flow	56 335	51 135	5 200	10.2%
– balance sheet management and other trading activities	4 791	(9 445)	14 236	>100.0%
Other operating income	2 438	3 934	(1 496)	(38.0%)
Total operating income before impairment losses on loans and advances	**624 505**	**584 584**	**39 921**	**6.8%**
Impairment losses on loans and advances	(46 140)	(66 400)	20 260	(30.5%)
Operating income	**578 365**	**518 184**	**60 181**	**11.6%**
Operating costs	(373 975)	(370 146)	(3 829)	1.0%
Depreciation on operating leased assets	(220)	(1 089)	869	79.8%
Operating profit before goodwill, acquired intangibles and non-operating items and taxation	**204 170**	**146 949**	**57 221**	**38.9%**
Operating (profit)/loss attributable to non-controlling interests	(10 518)	957	(11 475)	(>100.0%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	**193 652**	**147 906**	**45 746**	**30.9%**
UK and Other	63 263	30 194	33 069	>100.0%
Ongoing^	98 786	59 873	38 913	65.0%
Legacy remaining^	(35 523)	(41 692)	6 169	14.8%
Sale assets^	–	12 013	(12 013)	(100.0%)
Southern Africa	130 389	117 712	12 677	10.8%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	**193 652**	**147 906**	**45 746**	**30.9%**
Selected returns and key statistics				
Ordinary shareholders' equity**	2 434 225	2 521 394	(87 169)	(3.5%)
South Africa	1 247 084	1 255 226	(8 142)	(0.6%)
Ongoing UK and Other	1 114 411	977 168	137 376	14.1%
Remaining Legacy	72 730	139 461	(66 864)	(47.9%)
Sale assets	–	149 539	(149 539)	(100.0%)
Statutory ROE (pre-tax)**	14.8%	10.9%		
Ongoing ROE (pre-tax)**	18.2%	15.2%		
Southern Africa	18.8%	17.7%		
Ongoing UK and Other	17.6%	13.3%		
Cost to income ratio	59.9%	63.4%		
Operating profit per employee (£'000)**	36.4	27.7	8.7	31.4%

** *As calculated on pages 86 and 87, based on regulatory capital requirements.*
^ *Detailed income statement provided on page 19.*

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

- Net interest income increased as a result of growth in core loans and advances of 2.1% and an increase in margin earned on early redemption of loans, reflecting higher activity levels.
- Net fee and commission income declined largely as a result of lower corporate finance fees earned in the period, partially offset by a sound performance from the corporate treasury and private banking businesses.
- Investment income improved as a result of a normalised performance from the Hong Kong portfolio.
- Trading income from customer flow remained in line with the prior period.
- Other trading income includes the impact of accounting for the 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 other trading income and the opposite impact is reflected in earnings attributable to non-controlling interests.)
- Other operating income includes associate income and income earned on an operating lease portfolio acquired during December 2010.
- Total operating income increased by 18.5%.
- Impairments decreased by 64.8%. Further information is provided on page 122.
- Operating expenses increased by 5.5% largely as a result of an increase in headcount and system infrastructure costs, notably in support of growing the private banking business.

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

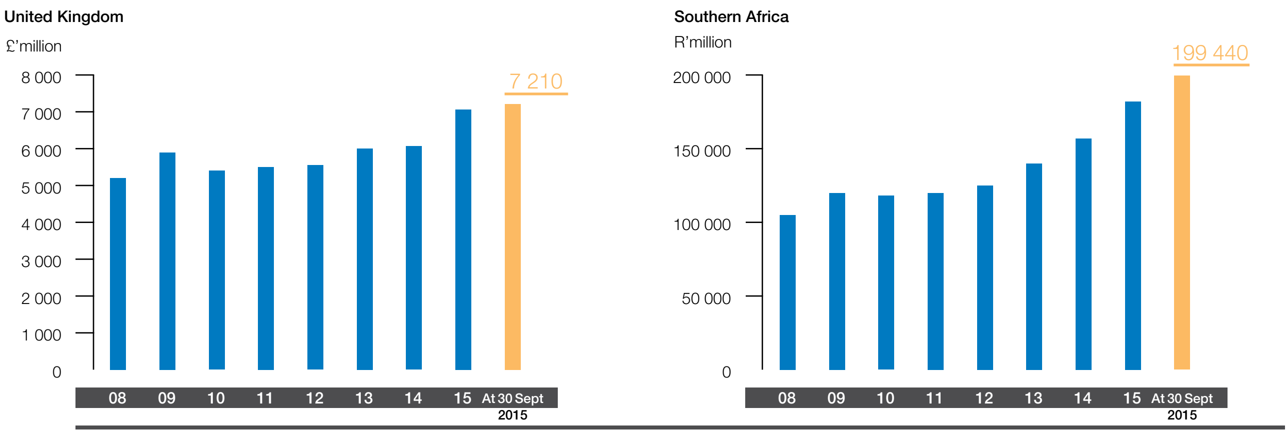
- The analysis and variances described below for the South African Specialist Banking division are based on the Rand numbers reported.
- Results in Pounds Sterling have been negatively impacted by the depreciation of the average Rand: Pounds Sterling exchange rate of 8.2% over the period. The Specialist Banking division reported operating profit before taxation of R2 568 million (2014: R2 105 million).
- Net interest income increased as a result of an increase in core loans and advances of 9.5%.
- Net fee and commission income improved as a result of good performances from the private banking and property fund management businesses. A solid performance from the corporate lending, structuring and treasury teams supported strong growth in corporate fees.
- Investment income was supported by a solid performance from the unlisted investments portfolio.
- Trading income arising from customer flow increased, reflecting higher activity levels.
- Total operating income increased by 30.0%.
- Impairments increased, although the credit loss ratio remained in line with the prior period at 0.28%. Further information is provided on page 122.
- Operating expenses increased by 32.2% largely as a result of increased variable remuneration given improved profitability, and an increase in headcount and system infrastructure costs to support growth initiatives.

Analysis of key earnings drivers

Net core loans and advances

	£'million			Home currency 'million		
	30 Sept 2015	31 March 2015	% change	30 Sept 2015	31 March 2015	% change
UK	7 210	7 061	2.1%	£7 210	£7 061	2.1%
Southern Africa	9 521	10 128	(6.0%)	R199 440	R182 058	9.5%
Total	16 731	17 189	(2.7%)			

Net core loans and advances



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

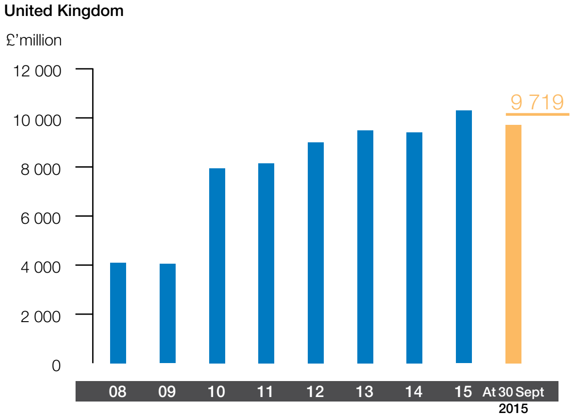
Divisional and segmental review

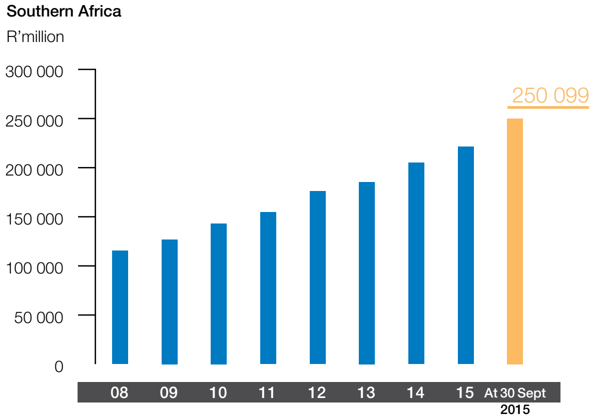
3

Total deposits

	£'million			Home currency 'million		
	30 Sept 2015	31 March 2015	% change	30 Sept 2015	31 March 2015	% change
UK	9 719	10 298	(5.6%)	£9 719	£10 298	(5.6%)
Southern Africa	11 940	12 317	(3.1%)	R250 099	R221 377	13.0%
Total	21 659	22 615	(4.2%)			

Total deposits

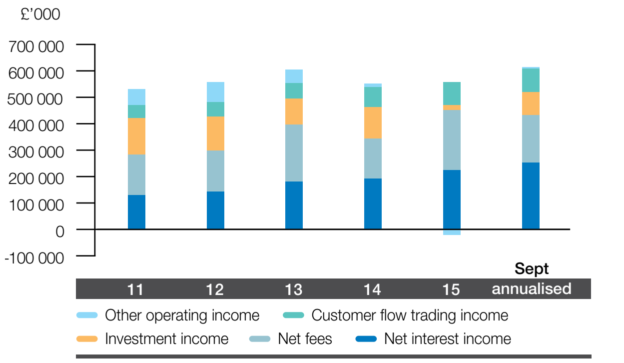




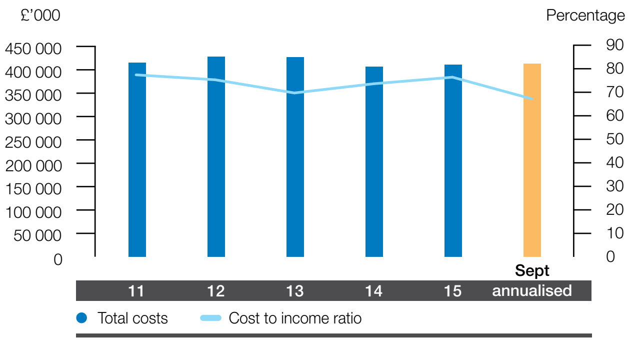
Trend reflects numbers as at the year ended 31 March, unless otherwise stated.

UK Specialist Bank ongoing

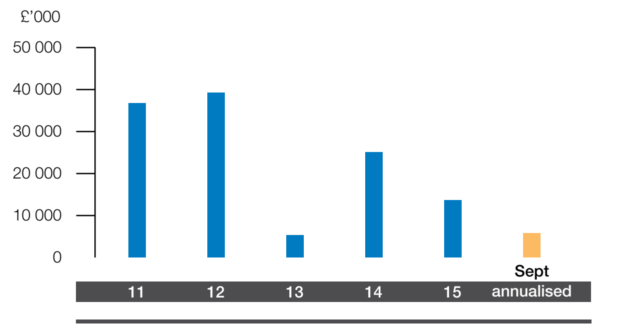
Total operating income



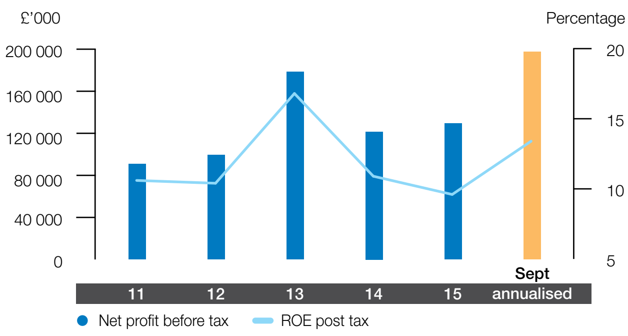
Total costs



Impairments

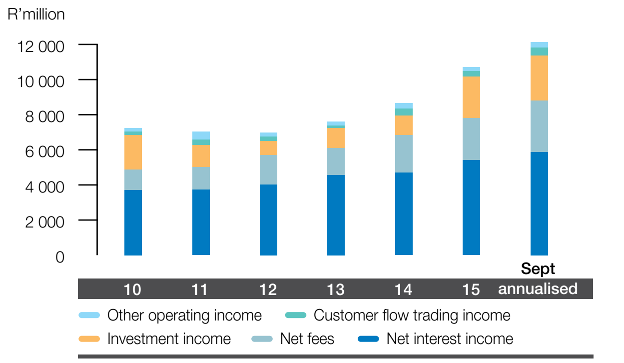


Net profit before tax and ROE

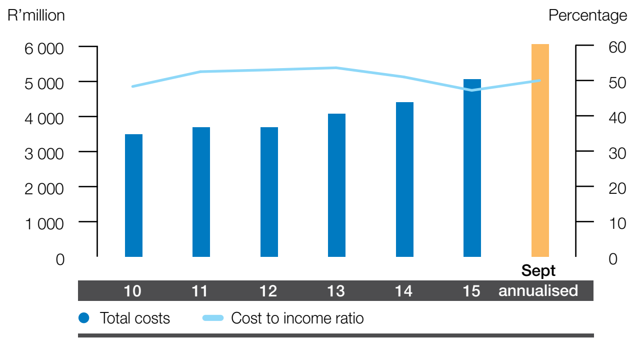


South Africa Specialist Bank ongoing

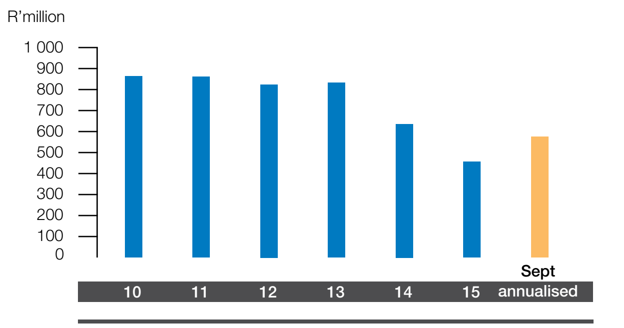
Total operating income



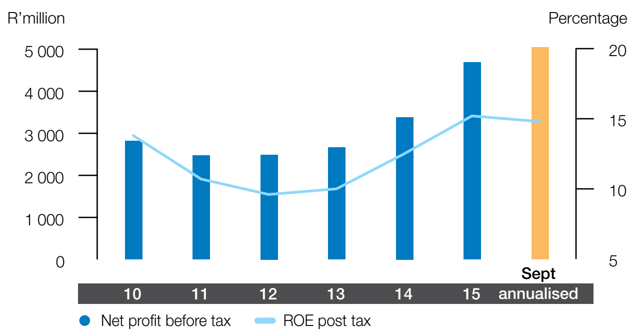
Total costs



Impairments



Net profit before tax and ROE



Trends in the above graphs are for the year-ended 31 March, unless otherwise stated.

Questions and answers

David van der Walt

Ciaran Whelan

Geographical business leaders

United Kingdom

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

A In May's General Election the Conservative Party was returned with an overall working majority of 16, replacing the outgoing Conservative/ Liberal Democrat coalition. This dispelled fears of an inconclusive result which might have presaged a period of prolonged political uncertainty.

Meanwhile the UK economic recovery remained solid, although latest figures for Q2 showed that the annual rate of growth eased back to 2.4%, from a pace of 3% or so throughout much of 2014. There was also a shift in terms of the main drivers of growth, with domestic demand firming and signs that external factors are weakening. Strengthening pay trends and low inflation bolstered both household confidence and consumer spending. Meanwhile the strength of Sterling, up a further 1.5% in trade weighted terms over the latest six months, put pressure on UK exports, particularly those to the Euro area.

CPI inflation remained stable and was contained within a narrow band between (0.1%) and 0.1%, with September in mildly negative territory at the bottom of this range. With inflation this low, there was relatively little pressure on the Monetary Policy Committee (MPC) to tighten policy, and accordingly the overall monetary stance was maintained, with the Bank rate at 0.5% and the asset purchase (QE) target at £375 billion. Nevertheless, Bank of England Governor, Mark Carney made repeated statements to the tune that the debate on higher interest rates would be thrown into 'sharper relief' at the turn of the year.

Markets underwent various bouts of volatility during the period. Nerves over the fiscal situation in Greece were heightened by a referendum in July in which 61% of Greeks rejected the terms of a third bailout offered by international lenders. However, the situation was eased by a cross party agreement to accept similar conditions, and a degree of continuity was achieved though the ruling Syria/Independent Greeks coalition winning snap elections in September. A period of Chinese market instability lent an uncertain tone to markets, following a modest devaluation of the Yuan against the US Dollar. This resulted in a widespread correction in emerging markets with spillover effects elsewhere. Against this uncertain background, the Federal Reserve chose not to begin to raise the Fed funds target at the 17 September Federal Open Market Committee meeting.

Overall, the environment was conducive to good levels of activity and was relatively benign.

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

A Following a busy year last year, executing strategic sales and simplifying the business, this year started with a renewed focus back on building our client base within agreed tramlines.

We had particular success with the rating agencies recognising the hard work and changes we have made, with Moody's increasing our rating from Baa3 to A3 and more recently Fitch moving us from BBB- to BBB. We have already started to see the positive impact of these rating moves on our funding costs.

Generally business performance has been good across the board with activity levels in line with budget. We will continue to focus on deepening the franchise.

In line with our objectives of building the business with particular emphasis on investing in the private banking business, Ciaran Whelan, the global head of the Private Banking business, relocated to the UK to personally oversee the development of the business and to ensure we are focused on the right outcomes.

What are your strategic objectives for the next six months?

A We have significant momentum in the corporate and specialist business. Our main objective continues to be to grow and increase our core businesses with particular emphasis on growing and gaining traction in the Private Banking business. To this end we continue to invest in our private banking infrastructure to ensure our customer experience is the best in the market.

Markets and regulatory developments over the last number of years have meant that we have been particularly internally focused. We are intending to shift this momentum, re-energising the organisation through our distinctive culture and client focus which has allowed us to outperform over the years. A significant amount of time will be focused back on our culture to drive performance.

We will continue to actively manage the legacy portfolio and reduce our exposure in the most appropriate manner.

What is your outlook for the next six months?

A Confidence levels may become affected by the possibility of a Brexit and continuing economic uncertainty in the Eurozone. Overall we believe the environment will remain positive for us and we should enjoy reasonable growth.

Questions and answers

Richard Wainwright

Geographical business leader 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 has been constrained by the global slowdown and the slump in commodity prices which impacted the industrial sector. Slow economic growth has been further exacerbated by the reduction in the ease of doing business for the private corporate sector following electricity supply and other infrastructure constraints as well as the escalation in labour disruptions. The Rand has been very volatile this year, which has compounded poor business confidence in South Africa. The JSE All Share Index defied economic fundamentals and increased 2.9% on average over the interim period.

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

A The South African specialist bank reported a solid performance with operating profit up 22.0% driven by strong loan book growth in the corporate and private banking businesses. Good client activity supported the strong positive business momentum and franchise growth. The unlisted investment portfolio also performed well during the period.

We continue to benefit from the collaboration between the Private Bank and Wealth & Investment business, with international recognition from the *Financial Times* as the Best Private Bank and Wealth Manager in South Africa for the third year running. We have made good progress with our digitisation strategy which focuses on ensuring that we create a client experience that is both Out of the Ordinary plus 'high tech and high touch'. This is part of our strategy to deepen our strong relationships with our core client base, and offer them a broad spectrum of services and products.

What are your strategic objectives for the next six months?

A We continue 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 are committed to optimising the client experience, ensuring our target clients do more with us as an organisation.

Our strategic focus in South Africa remains the following:

- To continue to organically grow the transactional banking, property and private capital businesses
- To perpetuate our position in the corporate and institutional market
- To leverage opportunities through the Africa platform.

What is your outlook for the next six months?

A Despite the current structural challenges in the South African economy, corporate activity continues to flourish and present opportunities. We have a strong financial sector and an active private sector which will continue to support momentum in the specialist banking businesses.

4

Unaudited statutory financial results

Statutory combined consolidated income statement

£'000	Six months to 30 Sept 2015	Six months to 30 Sept 2014	Year to 31 March 2015
Interest income	849 817	912 645	1 790 867
Interest expense	(564 317)	(580 259)	(1 155 890)
Net interest income	**285 500**	**332 386**	**634 977**
Fee and commission income	591 037	590 666	1 226 257
Fee and commission expense	(57 131)	(63 660)	(137 214)
Investment income	112 387	45 975	128 334
Trading income arising from			
– customer flow	56 895	51 285	106 313
– balance sheet management and other trading activities	4 004	(9 199)	(13 424)
Other operating income	3 345	5 052	12 236
Total operating income before impairment losses on loans and advances	**996 037**	**952 505**	**1 957 479**
Impairment losses on loans and advances	(46 140)	(66 400)	(128 381)
Operating income	**949 897**	**886 105**	**1 829 098**
Operating costs	(659 719)	(645 204)	(1 322 705)
Depreciation on operating leased assets	(220)	(1 089)	(1 535)
Operating profit before goodwill and acquired intangibles	**289 958**	**239 812**	**504 858**
Impairment of goodwill	(717)	(4 783)	(5 337)
Amortisation of acquired intangibles	(7 848)	(7 394)	(14 497)
Operating profit	**281 393**	**227 635**	**485 024**
Net loss on disposal of subsidiaries	(4 746)	(18 593)	(93 033)
Profit before taxation	**276 647**	**209 042**	**391 991**
Taxation on operating profit before goodwill and acquired intangibles	(61 485)	(45 167)	(99 023)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	1 610	(33 852)	(17 574)
Profit after taxation	**216 772**	**130 023**	**275 394**
Profit attributable to Asset Management non-controlling interests	(8 647)	(9 356)	(18 184)
(Profit)/loss attributable to other non-controlling interests	(10 518)	957	(11 701)
Earnings attributable to shareholders	**197 607**	**121 624**	**245 509**
Earnings per share (pence)			
– Basic	20.1	11.6	24.4
– Diluted	19.1	11.0	23.1
Adjusted earnings per share (pence)			
– Basic	22.3	19.7	39.4
– Diluted	21.2	18.7	37.3
Dividends per share (pence)			
– Interim	9.5	8.5	8.5
– Final	n/a	n/a	11.5
Headline earnings per share (pence)			
– Basic	21.0	17.6	35.8
– Diluted	20.0	16.7	33.9
Number of weighted average shares (million)	871.8	858.1	862.7

Statutory combined consolidated statement of comprehensive income

£'000	Six months to 30 Sept 2015	Six months to 30 Sept 2014	Year to 31 March 2015
Profit after taxation	216 772	130 023	275 394
Other comprehensive (loss)/income:			
Items that may be reclassified to the income statement			
Fair value movements on cash flow hedges taken directly to other comprehensive income*	(16 734)	(5 124)	(32 816)
Gains on realisation of available-for-sale assets recycled through the income statement*	(1 145)	(4 432)	(4 660)
Fair value movements on available-for-sale assets taken directly to other comprehensive income*	(13 757)	9 158	1 037
Foreign currency adjustments on translating foreign operations	(266 255)	(115 842)	(58 318)
Items that will never be reclassified to the income statement			
Re-measurement of net defined pension liability	–	–	6 340
Total comprehensive (loss)/income	(81 119)	13 783	186 977
Total comprehensive (loss)/income attributable to ordinary shareholders	(67 075)	(17 850)	120 124
Total comprehensive (loss)/income attributable to non-controlling interests	(36 478)	9 698	32 050
Total comprehensive income attributable to perpetual preferred securities	22 434	21 935	34 803
Total comprehensive (loss)/income	(81 119)	13 783	186 977

* *Net of taxation of (£14.6 million) [Six months to 30 September 2014: (£0.9 million). Year to 31 March 2015: £1.3 million].*

Statutory combined consolidated balance sheet

At £'000	30 Sept 2015	31 March 2015	30 Sept 2014
Assets			
Cash and balances at central banks	2 003 037	2 529 562	3 178 509
Loans and advances to banks	2 261 008	3 045 864	2 598 625
Non-sovereign and non-bank cash placements	545 878	586 400	567 683
Reverse repurchase agreements and cash collateral on securities borrowed	2 504 339	1 812 156	1 120 419
Sovereign debt securities	2 739 669	2 958 641	2 656 672
Bank debt securities	988 133	1 161 055	1 422 390
Other debt securities	832 494	627 373	469 524
Derivative financial instruments	1 331 618	1 580 681	1 994 238
Securities arising from trading activities	1 354 599	1 086 349	920 244
Investment portfolio	929 115	947 846	909 407
Loans and advances to customers	16 267 283	16 740 263	15 577 508
Own originated loans and advances to customers securitised	463 436	448 647	403 742
Other loans and advances	305 480	574 830	427 865
Other securitised assets	279 262	780 596	937 508
Interests in associated undertakings	23 809	25 244	23 664
Deferred taxation assets	94 023	99 301	87 070
Other assets	2 071 704	1 741 713	1 562 378
Property and equipment	94 231	102 354	99 792
Investment properties	531 835	617 898	529 600
Goodwill	368 319	361 527	363 518
Intangible assets	155 619	147 227	149 892
Non-current assets classified as held for sale	28 692	40 726	4 105 517
	36 173 583	38 016 253	40 105 765
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	5 526 475	6 337 149	5 825 535
	41 700 058	44 353 402	45 931 300
Liabilities			
Deposits by banks	1 810 306	1 908 294	2 101 544
Derivative financial instruments	1 396 041	1 544 168	1 178 641
Other trading liabilities	1 312 201	885 003	886 628
Repurchase agreements and cash collateral on securities lent	877 301	1 284 945	1 282 672
Customer accounts (deposits)	21 658 505	22 614 868	22 253 475
Debt securities in issue	2 033 245	1 709 369	1 929 850
Liabilities arising on securitisation of own originated loans and advances	82 670	109 953	105 266
Liabilities arising on securitisation of other assets	197 900	616 909	744 014
Current taxation liabilities	193 243	201 790	189 222
Deferred taxation liabilities	87 040	76 481	83 088
Other liabilities	1 737 744	1 845 679	2 202 592
Liabilities directly associated with non-current assets held for sale	–	–	1 977 507
	31 386 196	32 797 459	34 934 499
Liabilities to customers under investment contracts	5 524 800	6 335 326	5 824 152
Insurance liabilities, including unit-linked liabilities	1 675	1 823	1 383
	36 912 671	39 134 608	40 760 034
Subordinated liabilities	1 121 679	1 178 299	1 240 528
	38 034 350	40 312 907	42 000 562
Equity			
Ordinary share capital	228	226	225
Perpetual preference share capital	153	153	153
Share premium	2 259 909	2 258 148	2 457 327
Treasury shares	(104 395)	(68 065)	(93 650)
Other reserves	(777 277)	(563 985)	(590 248)
Retained income	1 943 523	1 874 360	1 640 801
Shareholders' equity excluding non-controlling interests	3 322 141	3 500 837	3 414 608
Other Additional Tier 1 securities in issue	26 257	30 599	30 012
Non-controlling interests	317 310	509 059	486 118
– Perpetual preferred securities issued by subsidiaries	73 245	229 957	239 466
– Non controlling interests in partially held subsidiaries	244 065	279 102	246 652
Total equity	3 665 708	4 040 495	3 930 738
Total liabilities and equity	41 700 058	44 353 402	45 931 300

Statutory summarised combined consolidated cash flow statement

£'000	Six months to 30 Sept 2015	Six months to 30 Sept 2014	Year to 31 March 2015
Cash inflows from operations	350 477	308 376	617 363
Increase in operating assets	(1 859 634)	(986 865)	(2 312 292)
Increase in operating liabilities	1 220 550	1 638 568	2 291 132
Net cash (outflow)/inflow from operating activities	(288 607)	960 079	596 203
Net cash (outflow)/inflow from investing activities	(19 081)	81 915	193 737
Net cash outflow from financing activities	(348 234)	(168 665)	(259 012)
Effects of exchange rate changes on cash and cash equivalents	(181 554)	(46 188)	(17 091)
Net (decrease)/increase in cash and cash equivalents	(837 476)	827 141	513 837
Cash and cash equivalents at the beginning of the period	4 562 848	4 049 011	4 049 011
Cash and cash equivalents at the end of the period	3 725 372	4 876 152	4 562 848

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).

Statutory consolidated statement of changes in equity

£'000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
At 1 April 2014				
Movement in reserves 1 April 2014 – 30 September 2014	224	153	2 473 131	(85 981)
Profit after taxation	–	–	–	–
Fair value movements on cash flow hedges taken directly to other comprehensive income	–	–	–	–
Gains on available-for-sale assets recycled to 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	–	38 894	–
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	–	–	–	–
Capital conversion of subsidiary	–	–	–	–
Movement of treasury shares	–	–	(54 698)	(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				
Movement in reserves 1 October 2014 – 31 March 2015	225	153	2 457 327	(93 650)
Profit after taxation	–	–	–	–
Fair value movements on cash flow hedges taken directly to other comprehensive income	–	–	–	–
Gains on available-for-sale assets recycled to the income statement	–	–	–	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	(4 212)	–
Remeasurement of net defined pension asset	–	–	–	–
Total comprehensive income for the period	–	–	(4 212)	–
Share-based payments adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders and Other Additional Tier 1 security holders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests and Other Additional Tier 1 security holders	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of ordinary shares	1	–	–	–
Issue of equity by subsidiaries	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–
Non-controlling interest relating to partial disposal of subsidiaries	–	–	–	–
Partial sale of subsidiary	–	–	–	–
Movement of treasury shares	–	–	(19 336)	9 719
Transfer from share premium	–	–	(175 631)	–
Transfer from regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	15 866
At 31 March 2015				
Movement in reserves 1 April 2015 – 30 September 2015	226	153	2 258 148	(68 065)
Profit after taxation	–	–	–	–
Fair value movements on cash flow hedges taken directly to other comprehensive income	–	–	–	–
Gains on available-for-sale assets recycled to the income statement	–	–	–	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	(25 132)	–
Total comprehensive loss for the period	–	–	(25 132)	–
Share-based payments adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders and Other Additional Tier 1 security holders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests and Other Additional Tier 1 security holders	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of ordinary shares	2	–	54 703	–
Acquisition of non-controlling interests	–	–	–	–
Repurchase of non-controlling interests	–	–	–	–
Movement of treasury shares	–	–	(28 265)	(70 663)
Transfer to capital reserve	–	–	455	–
Transfer to regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	34 333
At 30 September 2015	228	153	2 259 909	(104 395)

	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)	–	14 295	(7 640)
	–	–	–	–	–	–	–	–	(14 295)	(14 295)
	–	–	–	–	–	–	–	–	(10 194)	(10 194)
	–	–	–	–	–	–	38 895	–	–	38 895
	–	–	–	–	–	–	–	30 012	–	30 012
	–	–	–	–	–	–	–	–	3 179	3 179
	–	–	–	–	–	–	–	–	35	35
	–	–	–	–	–	1 214	1 214	–	–	1 214
	–	–	–	–	–	–	–	–	39 818	39 818
	–	–	–	–	–	–	(113 020)	–	–	(113 020)
	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
	–	–	–	–	–	123 885	123 885	–	21 486	145 371
	–	–	–	(27 692)	–	–	(27 692)	–	–	(27 692)
	–	(228)	–	–	–	–	(228)	–	–	(228)
	–	(8 121)	–	–	–	–	(8 121)	–	–	(8 121)
	–	1	–	–	61 159	(877)	56 071	587	866	57 524
	–	–	–	–	–	6 340	6 340	–	–	6 340
	–	(8 348)	–	(27 692)	61 159	129 348	150 255	587	22 352	173 194
	–	–	–	–	–	34 765	34 765	–	–	34 765
	–	–	–	–	–	(72 849)	(72 849)	–	–	(72 849)
	–	–	–	–	–	(12 868)	(12 868)	1 598	3 256	(8 014)
	–	–	–	–	–	–	–	(1 598)	(3 256)	(4 854)
	–	–	–	–	–	–	–	–	(19 272)	(19 272)
	–	–	–	–	–	–	1	–	–	1
	–	–	–	–	–	–	–	–	16 547	16 547
	–	–	–	–	–	–	–	–	4	4
	–	–	–	–	–	(3 458)	(3 458)	–	–	(3 458)
	–	–	–	–	–	–	–	–	3 310	3 310
	–	–	–	–	–	–	(9 617)	–	–	(9 617)
	(116)	–	–	–	–	175 747	–	–	–	–
	–	–	1 260	–	–	(1 260)	–	–	–	–
	–	–	–	–	–	(15 866)	–	–	–	–
	10 973	4 235	29 423	(76 541)	(532 075)	1 874 360	3 500 837	30 599	509 059	4 040 495
	–	–	–	–	–	197 607	197 607	–	19 165	216 772
	–	–	–	(16 734)	–	–	(16 734)	–	–	(16 734)
	–	(1 145)	–	–	–	–	(1 145)	–	–	(1 145)
	–	(13 757)	–	–	–	–	(13 757)	–	–	(13 757)
	–	–	331	–	(186 790)	5 321	(206 270)	(4 342)	(55 643)	(266 255)
	–	(14 902)	331	(16 734)	(186 790)	202 928	(40 299)	(4 342)	(36 478)	(81 119)
	–	–	–	–	–	26 156	26 156	–	–	26 156
	–	–	–	–	–	(97 896)	(97 896)	–	–	(97 896)
	–	–	–	–	–	(22 434)	(22 434)	1 468	13 200	(7 766)
	–	–	–	–	–	–	–	(1 468)	(13 200)	(14 668)
	–	–	–	–	–	–	–	–	(13 165)	(13 165)
	–	–	–	–	–	–	54 705	–	–	54 705
	–	–	–	–	–	–	–	–	28	28
	–	–	–	–	–	–	–	–	(142 134)	(142 134)
	–	–	–	–	–	–	(98 928)	–	–	(98 928)
	–	–	–	–	–	(455)	–	–	–	–
	–	–	4 803	–	–	(4 803)	–	–	–	–
	–	–	–	–	–	(34 333)	–	–	–	–
	10 973	(10 667)	34 557	(93 275)	(718 865)	1 943 523	3 322 141	26 257	317 310	3 665 708

Unaudited statutory financial results

4

Statutory dividends and earnings per share

	30 Sept 2015	30 Sept 2014
Ordinary dividends – pence per share		
Interim	9.5	8.5
Earnings	£'000	£'000
Earnings attributable to shareholders	197 607	121 624
Preference dividends paid	(22 434)	(21 935)
Earnings and diluted earnings attributable to ordinary shareholders	175 173	99 689
Weighted number of shares in issue		
Weighted total average number of shares in issue during the period	904 198 282	895 584 938
Weighted average number of treasury shares	(32 407 072)	(37 498 452)
Weighted average number of shares in issue during the period	871 791 210	858 086 486
Weighted average number of shares resulting from future dilutive potential shares	46 406 155	46 330 183
Adjusted weighted number of shares potentially in issue	918 197 365	904 416 669
Earnings per share – pence		
Basic earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders in Investec plc and Investec Limited by the weighted average number of ordinary shares in issue during the period	20.1	11.6
Diluted earnings per share – pence		
Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the year plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the period	19.1	11.0
Adjusted earnings per share – pence		
Adjusted earnings per share is calculated by dividing the earnings before deducting goodwill impairment and non-operating items attributable to the ordinary shareholders, after taking into account earnings attributable to perpetual preference shareholders, by the weighted average number of ordinary shares in issue during the period	22.3	19.7
	£'000	£'000
Earnings attributable to shareholders	197 607	121 624
Impairment of goodwill	717	4 783
Amortisation of acquired intangibles	7 848	7 394
Net loss on disposal of subsidiaries	4 746	18 593
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	(1 610)	33 852
Preference dividends paid	(22 434)	(21 935)
Accrual adjustment on earnings attributable to other equity holders**	7 726	4 869
Currency hedge attributable to perpetual equity instruments**	–	(115)
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	194 600	169 065

** *In accordance with IFRS, dividends attributable to equity holders are 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.*

Statutory dividends and earnings per share (continued)

	30 Sept 2015	30 Sept 2014
Headline earnings per share – pence		
Headline earnings per share has been calculated 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	21.0	17.6
	£'000	£'000
Earnings attributable to shareholders	197 607	121 624
Impairment of goodwill	717	4 783
Net loss on disposal of subsidiaries	4 746	18 593
Taxation on acquisition/disposal/integration of subsidiaries	–	35 376
Preference dividends paid	(22 434)	(21 935)
Property revaluation, net of taxation**	(564)	(3 147)
Gains on available-for-sale instruments recycled through the income statement**	(1 145)	(4 432)
Write down of non-current assets classified as held for sale**	4 508	–
Headline earnings attributable to ordinary shareholders**	183 435	150 862

** *Taxation on headline earnings adjustments amounted to £0.7 million (2014: £1.6 million) with no impact on earnings attributable to non-controlling interests.*

Exchange rate impact on statutory results

As discussed on page 8 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 8.2% and the closing rate has depreciated by 16.6% since 31 March 2015. 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 2015	Actual as reported Six months to 30 Sept 2014	Actual as reported % change	Neutral currency^ Six months to 30 Sept 2015	Neutral currency % change
Operating profit before taxation* (million)	£279	£241	16.1%	£295	22.5%
Earnings attributable to shareholders (million)	£198	£122	62.5%	£209	72.0%
Adjusted earnings attributable to shareholders** (million)	£195	£169	15.1%	£206	21.5%
Adjusted earnings per share**	22.3p	19.7p	13.2%	23.6p	19.8%
Basic earnings per share	20.1p	11.6p	73.3%	21.3p	83.6%
Dividends per share	9.5p	8.5p	11.8%	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 rates that were applied in the prior year, i.e. 17.86 and 1.81, respectively.*

	Results in Pounds Sterling				
	Actual as reported At 30 Sept 2015	Actual as reported At 31 March 2015	Actual as reported % change	Neutral currency^^ At 30 Sept 2015	Neutral currency % change
Net asset value per share	345.8p	364.9p	(5.2%)	364.6p	(0.1%)
Net tangible asset value per share	287.1p	308.1p	(6.8%)	305.4p	(0.9%)
Total equity (million)	£3 666	£4 040	(9.3%)	£3 985	(1.4%)
Total assets (million)	£41 700	£44 353	(6.0%)	£45 808	3.3%
Core loans and advances (million)	£16 731	£17 189	(2.7%)	£18 305	6.5%
Cash and near cash balances (million)	£9 165	£9 975	(8.1%)	£9 957	(0.2%)
Customer accounts (deposits) (million)	£21 659	£22 615	(4.2%)	£23 633	4.5%
Third party assets under management (million)	£113 942	£124 106	(8.2%)	£120 223	(3.1%)

^^ *For balance sheet items we have assumed that the Rand: Pounds Sterling and the Australian Dollar: Pounds Sterling closing exchange rates have remained neutral since 31 March 2015.*

Exchange rate impact on statutory results (continued)

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 2015	Six months to 30 Sept 2014	% change	Six months to 30 Sept 2015	Six months to 30 Sept 2014	% change
Operating profit before taxation* (million)	£279	£241	16.1%	R5 442	R4 286	27.0%
Earnings attributable to shareholders (million)	£198	£122	62.5%	R3 843	R1 742	>100.0%
Adjusted earnings attributable to shareholders** (million)	£195	£169	15.1%	R3 787	R3 002	26.1%
Adjusted earnings per share**	22.3p	19.7p	13.2%	434.4c	349.9c	24.1%
Basic earnings per share	20.1p	11.6p	73.3%	391.6c	157.1c	>100.0%
Headline earnings per share	21.0p	17.6p	19.3%	410.5c	312.0c	31.6%
Dividends per share	9.5p	8.5p	11.8%	207c	146c	41.8%
	At 30 Sept 2015	At 31 March 2015	% change	At 30 Sept 2015	At 31 March 2015	% change
Net asset value per share	345.8p	364.9p	(5.2%)	7 244c	6 559c	10.4%
Net tangible asset value per share	287.1p	308.1p	(6.8%)	6 014c	5 538c	8.6%
Total equity (million)	£3 666	£4 040	(9.3%)	R76 786	R72 625	5.7%
Total assets (million)	£41 700	£44 353	(6.0%)	R873 498	R797 218	9.6%
Core loans and advances (million)	£16 731	£17 189	(2.7%)	R350 460	R308 957	13.4%
Cash and near cash balances (million)	£9 165	£9 975	(8.1%)	R192 013	R179 242	7.1%
Customer accounts (deposits) (million)	£21 659	£22 615	(4.2%)	R453 683	R406 485	11.6%
Third party assets under management (million)	£113 942	£124 106	(8.2%)	R2 387 077	R2 230 197	7.0%

* *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.*

Statutory salient features

	30 Sept 2015	30 Sept 2014	% change Sept 2015 vs Sept 2014	31 March 2015
Income statement and selected returns				
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	194 600	169 065	15.1%	339 523
Headline earnings (£'000)	183 435	150 862	21.6%	308 770
Operating profit* (£'000)	279 440	240 769	16.1%	493 157
Operating profit: Southern Africa (% of total)*	59.8%	67.8%		70.8%
Operating profit: UK and Other (% of total)*	40.2%	32.2%		29.2%
Cost to income ratio	66.2%	67.8%		67.6%
Staff compensation to operating income ratio	46.8%	46.8%		47.4%
Annualised return on average adjusted shareholders' equity (post-tax)	12.6%	10.7%		10.6%
Annualised return on average adjusted tangible shareholders' equity (post-tax)	15.0%	12.9%		12.7%
Annualised return on average risk-weighted assets	1.51%	1.24%		1.25%
Operating profit per employee (£'000)	33.3	29.2	14.0%	59.7
Net interest income as a % of operating income	28.7%	34.9%		32.4%
Non-interest income as a % of operating income	71.3%	65.1%		67.6%
Recurring income as a % of total operating income	71.5%	77.1%		74.2%
Effective operational tax rate	21.2%	18.8%		19.6%
Balance sheet				
Total capital resources (including subordinated liabilities) (£'million)	4 787	5 171	(7.4%)	5 219
Total shareholders' equity (including preference shares and non-controlling interests) (£'million)	3 666	3 931	(6.7%)	4 040
Shareholders' equity (excluding non-controlling interests) (£'million)	3 322	3 415	(2.7%)	3 501
Total assets (£'million)	41 700	45 931	(9.2%)	44 353
Net core loans and advances to customers (including own originated securitised assets) (£'million)	16 731	15 981	4.7%	17 189
Core loans and advances to customers as a % of total assets	40.1%	34.8%		38.8%
Cash and near cash balances (£'million)	9 165	9 037	1.4%	9 975
Customer accounts (deposits) (£'million)	21 659	22 253	(2.7%)	22 615
Third party assets under management (£'million)	113 942	114 631	(0.6%)	124 106
Capital adequacy ratio: Investec plc^	16.4%	16.4%		16.7%
Capital adequacy tier 1 ratio: Investec plc^	11.7%	11.4%		11.9%
Common equity tier 1 ratio: Investec plc^	10.5%	9.5%		10.2%
Leverage ratio: Investec plc^	7.4%	7.6%		7.7%
Capital adequacy ratio: Investec Limited^	14.2%	15.0%		14.7%
Capital adequacy tier 1 ratio: Investec Limited^	10.9%	11.2%		11.3%
Common equity tier 1 ratio: Limited^	9.5%	9.5%		9.6%
Leverage ratio: Investec Limited^	7.4%	8.2%		8.1%
Credit loss ratio (income statement impairment charge as a % of average gross core loans and advances)	0.54%	0.70%		0.68%
Defaults (net of impairments and before collateral) as a % of net core loans and advances to customers	1.90%	2.23%		2.07%
Gearing ratio (assets excluding assurance assets to total equity)	9.9x	10.2x		9.4x
Core loans to equity ratio	4.6x	4.1x		4.3x
Loans and advances to customers: customer deposits	75.1%	70.0%		74.0%
Salient financial features and key statistics				
Adjusted earnings per share (pence)	22.3	19.7	13.2%	39.4
Headline earnings per share (pence)	21.0	17.6	19.3%	35.8
Basic earnings per share (pence)	20.1	11.6	73.3%	24.4
Diluted earnings per share (pence)	19.1	11.0	73.6%	23.1
Dividends per share (pence)	9.5	8.5	11.8%	20.0
Dividend cover (times)	2.3	2.3	–	2.0
Net asset value per share (pence)	345.8	357.7	(3.3%)	364.9
Net tangible asset value per share (pence)	287.1	299.4	(4.1%)	308.1
Weighted number of ordinary shares in issue (million)	871.8	858.1	1.6%	862.7
Total number of shares in issue (million)	908.8	899.3	1.1%	899.4
Closing share price (pence)	505	520	(2.9%)	561
Market capitalisation (£'million)	4 589	4 676	(1.9%)	5 045
Number of employees in the group (including temps and contractors)	8 505	8 211	3.6%	8 254
Closing ZAR:£ exchange rate	20.95	18.33	14.3%	17.97
Average ZAR:£ exchange rate	19.33	17.86	8.2%	17.82

Refer to definitions and calculations on page 166.

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

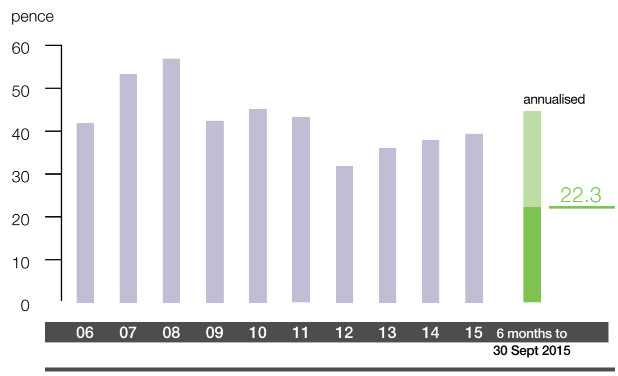
^ *The group's expected Basel III 'fully loaded' numbers are provided on page 162.*

Track record

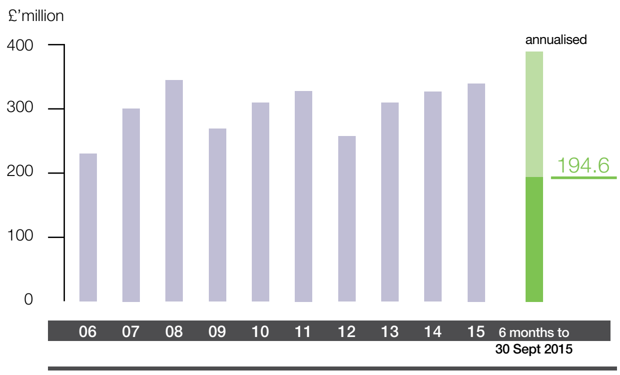
Up 13.2% to 22.3 pence

Up 15.1% to £194.6 million

Adjusted earnings per share



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



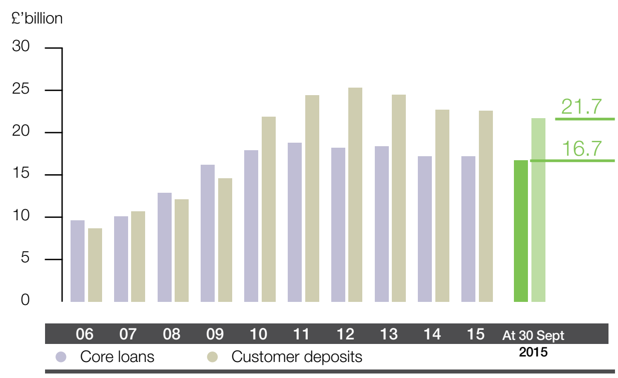
Core loans: down 2.7% to £16.7 billion since 31 March 2015 – an increase of 6.5% on a currency neutral basis*

Deposits: down 4.2% to £21.7 billion since 31 March 2015 – an increase of 4.5% on a currency neutral basis*

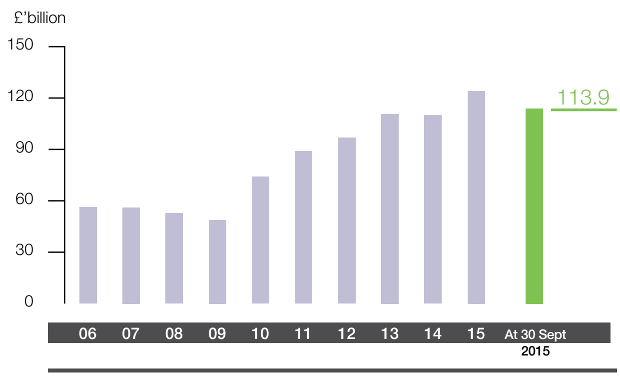
Down 8.2% to £113.9 billion since 31 March 2015 – a decrease of 3.1% on a currency neutral basis*

Net inflows of £4.0 billion

Core loans and customer deposits



Third party assets under management



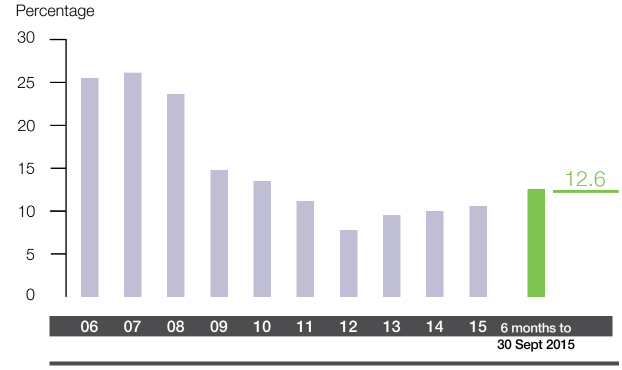
* *Currency neutral basis: calculation assumes that the closing exchange rates of the group's relevant exchange rates, as reflected on page 8, remain the same as at 30 September 2015 when compared to 31 March 2015.*

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

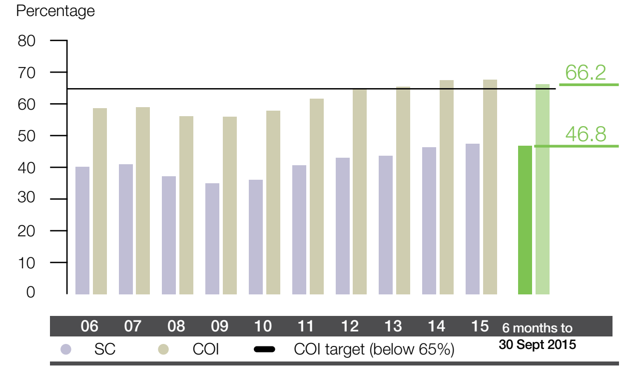
ROE*



Target

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

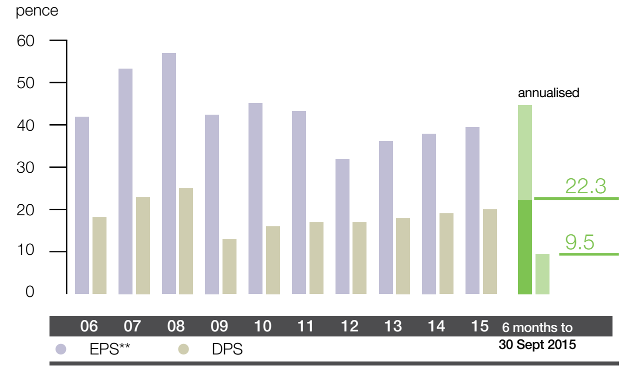
Cost to income ratio (COI) and staff compensation to operating income ratio (SC)



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

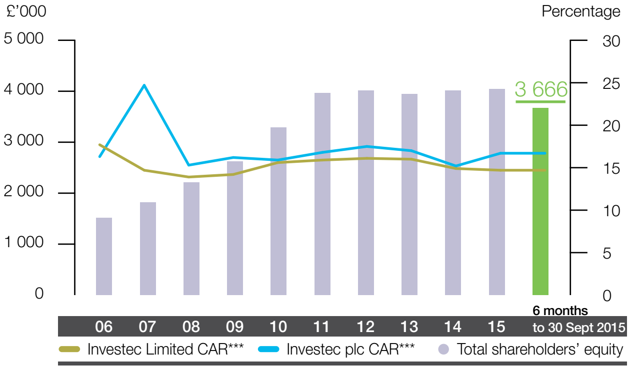
Adjusted earnings per share (EPS) and dividends per share (DPS)



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 84.*

** *Adjusted EPS before goodwill, acquired intangibles and non-operating items as defined on page 166. 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 has been reporting in terms of Basel III since 31 March 2014.*

Note:
The numbers shown in the financial targets graphs on this page are for the years ended 31 March, unless otherwise stated.

5

Financial review and additional information – statutory basis (unaudited)

Key income drivers

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

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

- Movements 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	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.

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.

For additional information pertaining to the management and monitoring of these risks, see our 2015 Annual Report.

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

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.

Statutory 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 statutory 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 29 to 51.

Total operating income

Total operating income increased by 4.6% to £996.0 million (2014: £952.5 million). The various components of total operating income are analysed below.

£'000	30 Sept 2015	% of total income	30 Sept 2014	% of total income	% change
Net interest income	285 500	28.7%	332 386	34.9%	(14.1%)
Net fee and commission income	533 906	53.6%	527 006	55.3%	1.3%
Investment income	112 387	11.3%	45 975	4.8%	>100.0%
Trading income arising from					
– customer flow	56 895	5.7%	51 285	5.4%	10.9%
– balance sheet management and other trading activities	4 004	0.4%	(9 199)	(0.9%)	>100.0%
Other operating income	3 345	0.3%	5 052	0.5%	(33.8%)
Total operating income before impairments	996 037	100.0%	952 505	100.0%	4.6%

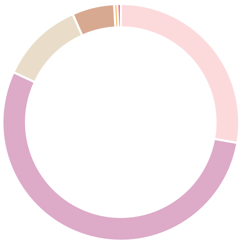
The following table sets out information on total operating income before impairment losses on loans and advances by geography for the period under review.

£'000	30 Sept 2015	% of total income	30 Sept 2014	% of total income	% change
UK and Other	574 905	57.7%	572 354	60.1%	0.4%
Southern Africa	421 132	42.3%	380 151	39.9%	10.8%
Total operating income before impairments	996 037	100.0%	952 505	100.0%	4.6%

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

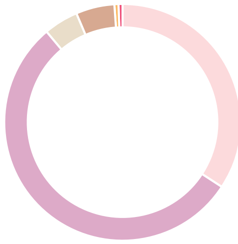
£'000	30 Sept 2015	% of total income	30 Sept 2014	% of total income	% change
Asset Management	213 730	21.5%	214 988	22.6%	(0.6%)
Wealth & Investment	157 802	15.8%	152 933	16.1%	3.2%
Specialist Banking	624 505	62.7%	584 584	61.3%	6.8%
Total operating income before impairments	996 037	100.0%	952 505	100.0%	4.6%

% of total operating income before impairments



30 Sept 2015
£996.0 million total operating income before impairments

Net interest income	28.7%
Net fee and commission income	53.6%
Investment income	11.3%
Trading income arising from customer flow	5.7%
Trading income arising from balance sheet management and other trading activities	0.4%
Other operating income	0.3%



30 Sept 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%

Net interest income

Net interest income decreased by 14.1% to £285.5 million (2014: £332.4 million) largely due to a lower return earned on the legacy portfolios which are running down; the sales of Investec Bank (Australia) Limited, Kensington UK and Start Irish operations; and the depreciation of the Rand against Pounds Sterling. This was partially offset by strong book growth and an increase in margin earned on early redemption of loans, reflecting higher activity levels.

£'000	30 Sept 2015	30 Sept 2014	Variance	% change
Asset Management	1 979	2 043	(64)	(3.1%)
Wealth & Investment	3 628	3 771	(143)	(3.8%)
Specialist Banking	279 893	326 572	(46 679)	(14.3%)
Net interest income	285 500	332 386	(46 886)	(14.1%)

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

		UK and Other		Southern Africa		Total group	
For the six months to 30 Sept 2015 £'000	Notes	Balance sheet value	Interest income	Balance sheet value	Interest income	Balance sheet value	Interest income
Cash, near cash and bank debt and sovereign debt securities	1	5 032 050	22 430	6 010 014	144 309	11 042 064	166 739
Core loans and advances	2	7 210 297	210 499	9 520 422	415 814	16 730 719	626 313
Private client		3 498 779	75 009	6 313 392	270 864	9 812 171	345 873
Corporate, institutional and other clients		3 711 518	135 490	3 207 030	144 950	6 918 548	280 440
Other debt securities and other loans and advances		585 424	43 579	552 550	10 700	1 137 974	54 279
Other interest-earning assets	3	156 491	–	122 771	2 486	279 262	2 486
Total interest-earning assets		12 984 262	276 508	16 205 757	573 309	29 190 019	849 817

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; and bank debt securities.*
2. *Comprises (as per the balance sheet) loans and advances to customers; and own originated loans and advances to customers securitised.*
3. *Comprises (as per the balance sheet) other securitised assets.*

For the six months to 30 Sept 2015 £'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	2 169 848	(22 650)	2 551 004	(43 000)	4 720 852	(65 650)
Customer accounts (deposits)		9 718 955	(65 437)	11 939 550	(349 587)	21 658 505	(415 024)
Other interest-bearing liabilities	5	123 237	(25 818)	157 333	(4 642)	280 570	(30 460)
Subordinated liabilities		624 792	(32 386)	496 887	(20 797)	1 121 679	(53 183)
Total interest-bearing liabilities		12 636 832	(146 291)	15 144 774	(418 026)	27 781 606	(564 317)
Net interest income			130 217		155 283		285 500

For the six months to 30 Sept 2014 £'000	Notes	UK and Other Balance sheet value	UK and Other Interest income	Southern Africa Balance sheet value	Southern Africa Interest income	Total group Balance sheet value	Total group Interest income
Cash, near cash and 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

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 (deposits)		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
		14 167 999	181 130	15 489 350	399 129	29 657 349	580 259
Net interest income			180 748		151 638		332 386

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; and bank debt securities.*
2. *Comprises (as per the balance sheet) loans and advances to customers; and 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; and liabilities arising on securitisation.*

Net fee and commission income

Net fee and commission income increased by 1.3% to £533.9 million (2014: £527.0 million) as a result of higher average funds under management over the period and net inflows in the asset management and wealth management businesses. The Specialist Banking business benefited from a solid performance from the corporate treasury, corporate structuring and property fund management businesses in South Africa. Growth in fees in the global private banking business was supported by increased client activity. This was partially offset by lower fees earned in the UK corporate finance business and the asset management business in South Africa.

£'000	30 Sept 2015	30 Sept 2014	Variance	% change
Asset Management	212 452	212 636	(184)	(0.1%)
Wealth & Investment	153 006	146 153	6 853	4.7%
Specialist Banking	168 448	168 217	231	0.1%
Net fee and commission income	533 906	527 006	6 900	1.3%

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

For the six months to 30 Sept 2015 £'000	UK and Other	Southern Africa	Total group
Asset management and wealth management businesses net fee and commission income	261 910	103 548	365 458
Fund management fees/fees for assets under management	278 845	92 581	371 426
Private client transactional fees	29 076	15 995	45 071
Fee and commission expense	(46 011)	(5 028)	(51 039)
Specialist Banking net fee and commission income	92 548	75 900	168 448
Corporate and institutional transactional and advisory services	81 772	64 342	132 290
Private client transactional fees	11 306	17 120	42 250
Fee and commission expense	(530)	(5 562)	(6 092)
Net fee and commission income	354 458	179 448	533 906
Annuity fees (net of fees payable)	286 570	140 077	426 647
Deal fees	67 888	39 371	107 259

For the six months to 30 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
Fund 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 fee and commission income	351 541	175 465	527 006
Annuity fees (net of fees payable)	270 887	131 096	401 983
Deal fees	80 654	44 369	125 023

Investment income

Investment income increased significantly to £112.4 million (2014: £46.0 million). The group's unlisted investment portfolio in South Africa delivered a solid performance, the Hong Kong investment portfolio performance normalised and the UK experienced higher earnings from the fixed income portfolio.

£'000	30 Sept 2015	30 Sept 2014	Variance	% change
Asset Management	38	9	29	>100.0%
Wealth & Investment	(251)	1 795	(2 046)	(>100.0%)
Specialist Banking	112 600	44 171	68 429	>100.0%
Investment income	112 387	45 975	66 412	>100.0%

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

For the six months to 30 Sept 2015 £'000	UK and Other	Southern Africa	Total group
Realised	38 033	33 542	71 575
Unrealised	(8 359)	31 881	23 522
Dividend income	12 486	9 806	22 292
Funding and other net related (costs)/income	2 079	(7 081)	(5 002)
Investment income	44 239	68 148	112 387

For the six months to 30 Sept 2015 £'000	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
UK and Other	26 182	23 008	(1 188)	(3 763)	44 239
Realised	6 835	31 084	–	114	38 033
Unrealised	6 861	(8 076)	(1 188)	(5 956)	(8 359)
Dividend income	12 486	–	–	–	12 486
Funding and other net related income	–	–	–	2 079	2 079
Southern Africa	58 132	5 927	2 860	1 229	68 148
Realised	21 376	3 059	8 397	710	33 542
Unrealised	34 525	2 868	(5 537)	25	31 881
Dividend income	9 717	–	–	89	9 806
Funding and other net related (costs)/income	(7 486)	–	–	405	(7 081)
Total investment income	84 314	28 935	1 672	(2 534)	112 387

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

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	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 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).*

Trading income

Trading income arising from customer flow increased by 10.9% to £56.9 million (2014: £51.3 million) while trading income from other trading activities reflected a profit of £4.0 million (2014: loss of £9.2 million) largely due to foreign currency gains (these are largely offset in non-controlling interests as discussed on page 82).

Arising from customer flow

£'000	30 Sept 2015	30 Sept 2014	Variance	% change
Wealth & Investment	560	150	410	>100.0%
Specialist Banking	56 335	51 135	5 200	10.2%
Trading income arising from customer flow	56 895	51 285	5 610	10.9%

Trading income arising from balance sheet management and other trading activities

£'000	30 Sept 2015	30 Sept 2014	Variance	% change
Asset Management	(949)	(146)	(803)	(>100.0%)
Wealth & Investment	162	392	(230)	(58.7%)
Specialist Banking	4 791	(9 445)	14 236	>100.0%
Trading income/(loss) arising from balance sheet management and other trading activities	4 004	(9 199)	13 203	>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 £66.4 million to £46.1 million, with the credit loss ratio on core loans and advances amounting to 0.54%. Since 31 March 2015, gross defaults have improved from £608.4 million to £556.3 million. The percentage of default loans (net of impairments, but before taking collateral into account) to core loans and advances amounted to 1.90% (31 March 2015: 2.07%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.44 times (31 March 2015: 1.37 times). Further information is provided on pages 121 and 132.

£'000	30 Sept 2015	30 Sept 2014	Variance	% change
UK and Other	(31 314)	(53 978)	22 664	(42.0%)
Southern Africa	(14 826)	(12 422)	(2 404)	19.4%
Total impairment losses on loans and advances	(46 140)	(66 400)	20 260	(30.5%)
Impairment losses on loans and advances in home currency Southern Africa (R'million)	(288)	(221)	(67)	30.3%

Operating costs

The ratio of total operating costs to total operating income was 66.2% (2014: 67.8%). Total operating costs grew by 2.3% to £659.7 million (2014: £645.2 million) reflecting: an increase in headcount and business infrastructure expenses across divisions to support increased activity and growth initiatives; an increase in variable remuneration given increased profitability in certain businesses; and a reduction in costs arising from the sale of certain businesses.

£'000	30 Sept 2015	% of total expenses	30 Sept 2014	% of total expenses	% change
Staff costs	(465 906)	70.6%	(445 963)	69.0%	4.5%
– fixed	(293 096)	44.4%	(288 830)	44.7%	1.5%
– variable	(172 810)	26.2%	(157 133)	24.3%	10.0%
Business expenses	(94 333)	14.3%	(97 690)	15.1%	(3.4%)
Premises expenses (excluding depreciation)	(28 658)	4.3%	(32 863)	5.1%	(12.8%)
Equipment expenses (excluding depreciation)	(31 046)	4.7%	(27 384)	4.2%	13.4%
Marketing expenses	(28 790)	4.4%	(28 321)	4.4%	1.7%
Depreciation and impairment of property, plant, equipment and software	(10 986)	1.7%	(12 983)	2.0%	(15.4%)
Total operating costs	(659 719)	100.0%	(645 204)	99.8%	2.2%
Depreciation on operating leased assets	(220)	–	(1 089)	0.2%	(79.8%)
Total costs	(659 939)	100.0%	(646 293)	100.0%	2.1%

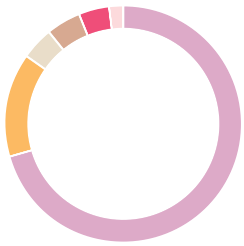
The following table sets out certain information on total expenses by geography for the period under review.

£'000	30 Sept 2015	% of total expenses	30 Sept 2014	% of total expenses	% change
UK and Other	(432 548)	65.5%	(446 360)	69.1%	(3.1%)
Southern Africa	(227 391)	34.5%	(199 933)	30.9%	13.7%
Total costs	(659 939)	100.0%	(646 293)	100.0%	2.1%

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

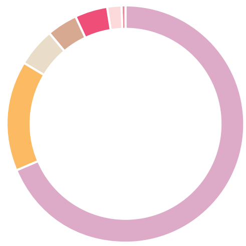
£'000	30 Sept 2015	% of total expenses	30 Sept 2014	% of total expenses	% change
Asset Management	(143 176)	21.7%	(138 308)	21.4%	3.5%
Wealth & Investment	(119 952)	18.2%	(114 895)	17.8%	4.4%
Specialist Banking	(374 195)	56.7%	(371 235)	57.4%	0.8%
Group costs	(22 616)	3.4%	(21 855)	3.4%	3.5%
Total costs	(659 939)	100.0%	(646 293)	100.0%	2.1%

% of total expenses



30 Sept 2015
£659.9 million total expenses

Staff costs	70.6%
Business expenses	14.3%
Premises expenses	4.3%
Equipment expenses	4.7%
Marketing expenses	4.4%
Depreciation	1.7%
Depreciation on operating leased assets	0.0%



30 Sept 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%

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 16.1% from £240.8 million to £279.4 million.

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

For the six months to 30 Sept 2015 £'000	UK and Other	Southern Africa	Total group	% change	% of total
Asset Management	40 127	30 427	70 554	(8.0%)	25.2%
Wealth & Investment	25 896	11 954	37 850	(0.5%)	13.5%
Specialist Banking	63 263	130 389	193 652	30.9%	69.4%
	129 286	172 770	302 056	15.0%	108.1%
Group costs	(17 036)	(5 580)	(22 616)	3.5%	(8.1%)
Total group	112 250	167 190	279 440	16.1%	100.0%
Other non-controlling interest – equity			10 518		
Operating profit			289 958		
% change	44.7%	2.4%			
% of total	40.2%	59.8%	100.0%		

For the six months to 30 Sept 2014 £'000	UK and Other	Southern Africa	Total group	% of total
Asset Management	37 684	38 996	76 680	31.8%
Wealth & Investment	26 912	11 126	38 038	15.8%
Specialist Banking	30 194	117 712	147 906	61.5%
	94 790	167 834	262 624	109.1%
Group costs	(17 223)	(4 632)	(21 855)	(9.1%)
Total group	77 567	163 202	240 769	100.0%
Other non-controlling interest – equity			(957)	
Operating profit			239 812	
% of total	32.2%	67.8%	100.0%	

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 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Operating margin	33.0%	34.2%	34.7%	34.5%	35.7%	37.0%	33.4%
Net inflows in funds under management as a % of opening funds under management#	7.6%	4.6%	3.7%	6.7%	8.8%	16.0%	16.2%
Average income yield earned on funds under management^#	0.58%	0.60%	0.60%	0.62%	0.62%	0.66%	0.67%

Wealth & Investment

	30 Sept 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Global business (in Pounds)							
Operating margin	24.0%	25.2%	22.9%	20.3%	19.7%	25.9%	n/a*
Net organic growth in funds under management as a % of opening funds under management#	4.7%	6.6%	3.5%	2.0%	(5.3%)	6.2%	n/a*
Average income yield earned on funds under management^#	0.71%	0.72%	0.71%	0.66%	0.61%	0.55%	n/a*
UK and Other^^ (in Pounds)							
Operating margin	20.7%	22.7%	20.1%	17.3%	16.3%	24.5%	n/a*
Net organic growth in funds under management as a % of opening funds under management#	5.2%	7.1%	5.1%	1.3%	(7.4%)	3.5%	n/a*
Average income yield earned on funds under management^#	0.86%	0.89%	0.89%	0.86%	0.80%	0.68%	n/a*
South Africa (in Rands)							
Operating margin	36.6%	35.1%	33.9%	31.3%	28.5%	28.9%	35.5%
Net organic growth in discretionary funds under management as a % of opening discretionary funds under management#	8.5%	8.5%	13.6%	13.9%	8.7%	6.0%	3.4%
Average income yield earned on funds under management^**#	0.41%	0.41%	0.41%	0.37%	0.39%	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.*

^^ *Other comprises European Wealth Management, which prior to 1 July 2010 was part of the Private Bank, Investec Wealth & Investment Ireland (formerly NCB), which was acquired on 12 June 2012 and Investec Wealth & Investment Channel Islands.*

Figures for periods to 30 September are annualised.

Specialist Banking – statutory basis

	30 Sept 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Global business (in Pounds)							
Cost to income ratio	59.9%*	63.1%*	63.2%*	63.1%	62.4%	60.1%	56.4%
ROE post-tax^	11.7%	8.6%	7.9%	6.4%	5.1%	8.2%	11.4%
ROE post-tax (ongoing business)^	14.1%	12.8%	11.9%	–	–	–	–
Growth in net core loans	(2.7%)	0.2%^^	(6.8%)	1.0%	(2.8%)	4.8%	10.3%
Growth in risk-weighted assets	(5.7%)	(4.9%)^^	(6.0%)	4.7%	1.5%	13.3%	16.1%
Defaults (net of impairments as a % of core loans)	1.90%	2.07%	2.30%	2.73%	3.31%	4.66%	3.98%
Credit loss ratio on core loans	0.54%	0.68%	0.68%	0.84%	1.12%	1.27%	1.16%
UK and Other# (in Pounds)							
Cost to income ratio	69.9%*	78.9%*	72.5%*	69.0%	68.3%	64.1%	61.4%
ROE post-tax^	8.0%	2.1%	3.6%	1.7%	(1.8%)	2.6%	6.9%
ROE post-tax (ongoing business)**^	13.4%	9.6%	10.9%	–	–	–	–
Growth in net core loans	2.1%	(14.1%)^^	(0.3%)	6.6%	0.3%	6.2%	(1.6%)
Growth in risk-weighted assets	(3.7%)	(15.5%)^^	0.4%	7.7%	4.6%	9.6%	5.3%
Defaults (net of impairments as a % of core loans)	2.93%	3.00%	3.21%	3.75%	4.10%	5.67%	4.94%
Credit loss ratio on core loans	0.89%	1.16%	0.99%	1.16%	1.65%	2.05%	1.72%
Southern Africa (in Rands)							
Cost to income ratio	49.8%*	47.2%*	51.0%*	55.5%	55.2%	54.7%	49.8%
ROE post-tax^	14.8%	15.2%	12.5%	10.0%	9.6%	10.7%	13.8%
Growth in net core loans	9.5%	16.1%	10.6%	10.2%	6.6%	0.3%	1.9%
Growth in risk-weighted assets	8.0%	8.3%	11.0%	16.5%	11.9%	13.8%	3.6%
Defaults (net of impairments) as a % of core loans	1.12%	1.43%	1.46%	1.89%	2.73%	3.97%	3.32%
Credit loss ratio on core loans	0.28%	0.28%	0.42%	0.61%	0.65%	0.71%	0.68%

^ *Divisional ROEs are reported on a pre-tax basis. For the purpose of this calculation we have applied the group's effective tax rate to derive post-tax numbers. Capital as at 30 September 2015 was c. £1.2 billion in the UK and c. R26.1 billion in South Africa.*

^^ *Impacted by sale of assets.*

* *Excludes group costs.*

** *Further information is provided on pages 19 and 47.*

Includes UK, Europe, Australia and the legacy businesses.

Impairment of goodwill

The current period's goodwill impairment relates to certain asset management businesses acquired in prior years.

Goodwill and intangible assets analysis – balance sheet information

£'000	30 Sept 2015	31 March 2015	30 Sept 2014
UK and Other	356 225	356 090	357 645
Asset Management	88 045	88 045	88 045
Wealth & Investment	242 245	242 126	242 570
Specialist Banking	25 935	25 919	27 030
Southern Africa	12 094	5 437	5 873
Asset Management	2 065	3 320	3 836
Wealth & Investment	1 630	1 877	1 972
Specialist Banking	8 399	240	65
Total goodwill	368 319	361 527	363 518
Intangible assets	155 619	147 227	149 892
Total goodwill and intangible assets	523 938	508 754	513 410

Amortisation of acquired intangibles

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

Net loss on disposal of subsidiaries

As part of the sale of Kensington (as discussed on page 15) a final net settlement amount was paid after the 31 March 2015 year end. As a result of this payment, a further loss before taxation of £4.7 million was recognised during the period.

Taxation

The effective tax rate amounts to 21.2% (2014: 18.8%).

	Effective tax rates				
	30 Sept 2015	30 Sept 2014	30 Sept 2015 £'000	30 Sept 2014 £'000	% change
UK and Other	24.0%	22.1%	26 703	15 900	67.9%
Southern Africa	19.4%	17.4%	34 782	29 267	18.8%
Tax	21.2%	18.8%	61 485	45 167	36.1%

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests mainly comprises:

- £8.6 million profit attributable to non-controlling interests in the Asset Management business.
- £12.7 million profit attributable to non-controlling interests in the Investec Property Fund Limited.
- A reduction of £2.5 million relating to Euro-denominated preferred securities issued by a subsidiary of Investec plc which were reflected on the balance sheet as part of non-controlling interests. (The transaction was hedged and a forex transaction loss arising on the hedge was reflected in operating profit before goodwill with the equal and opposite impact reflected in earnings attributable to non-controlling interests). These securities were redeemed on 24 June 2015.

Earnings attributable to shareholders

As a result of the foregoing factors, earnings attributable to shareholders increased from £121.6 million to £197.6 million.

Dividends and earnings per share

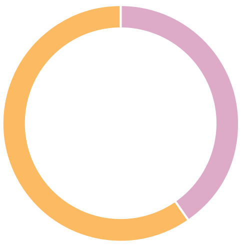
Information with respect to dividends and earnings per share is provided on pages 60 and 61 and pages 167 to 172.

Statutory balance sheet analysis

Since 31 March 2015:

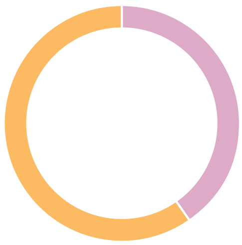
- Total shareholders' equity (including non-controlling interests) decreased by 9.3% to £3.7 billion, largely due to the depreciation of the Rand against Pounds Sterling.
- Net asset value per share decreased 5.2% to 345.8 pence and net tangible asset value per share (which excludes goodwill and intangible assets) decreased by 6.8% to 287.1 pence.
- The annualised return on adjusted average shareholders' equity increased from 10.6% to 12.6%.

Assets by geography



30 Sept 2015
£41.70 billion total assets

UK and Other	40.4%
Southern Africa	59.6%



31 March 2015
£44.35 billion total assets

UK and Other	40.5%
Southern Africa	59.5%

Statutory net tangible asset value per share

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

£'000	30 Sept 2015	31 March 2015	30 Sept 2014
Shareholders' equity	3 322 141	3 500 837	3 414 608
Less: perpetual preference shares issued by holding companies	(301 564)	(326 693)	(323 301)
Less: goodwill and intangible assets (excluding software)	(512 744)	(494 111)	(504 238)
Net tangible asset value	**2 507 833**	**2 680 033**	**2 587 069**
Number of shares in issue (million)	908.8	899.4	899.3
Treasury shares (million)	(35.3)	(29.5)	(35.2)
Number of shares in issue in this calculation (million)	**873.5**	**869.9**	**864.1**
Net tangible asset value per share (pence)	**287.1**	**308.1**	**299.4**
Net asset value per share (pence)	**345.8**	**364.9**	**357.7**

Statutory return on risk-weighted assets

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

	30 Sept 2015	31 March 2015	Average	30 Sept 2014	31 March 2014	Average
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	194 600	339 523		169 065	326 923	
Investec plc risk-weighted assets (£'million)	11 144	11 608	11 376	12 316	13 711	13 014
Investec Limited risk-weighted assets^ (£'million)	13 857	14 992	14 426	14 229	14 125	14 177
Total risk-weighted assets (£'million)	**25 001**	**26 600**	**25 801**	**26 545**	**27 836**	**27 191**
Return on average risk-weighted assets	**1.51%**	**1.25%**		**1.24%**	**1.14%**	
^Investec Limited risk-weighted assets (R'million)	290 301	269 466	279 883	260 827	248 040	254 434

Return on equity by country and business – statutory

£'000	30 Sept 2015	31 March 2015	Average	30 Sept 2014	31 March 2014	Average
Calculation of average shareholders' equity						
Ordinary shareholders' equity	3 020 577	3 174 144	3 097 361	3 091 307	3 241 406	3 166 357
Goodwill and intangible assets (excluding software)	(512 744)	(494 111)	(503 428)	(504 238)	(577 816)	(541 027)
Adjusted tangible shareholders' equity	**2 507 833**	**2 680 033**	**2 593 933**	**2 587 069**	**2 663 590**	**2 625 330**

£'000	30 Sept 2015	31 March 2015	30 Sept 2014
Operating profit before goodwill impairment, acquired intangibles and non-operational items	289 958	504 858	239 812
Non-controlling interests	(19 165)	(29 885)	(8 399)
Preference dividends	(14 708)	(36 427)	(17 181)
Revised operating profit	**256 085**	**438 546**	**214 232**
Tax on ordinary activities	(61 485)	(99 023)	(45 167)
Revised operating profit after tax	**194 600**	**339 523**	**169 065**
Pre-tax return on average adjusted shareholders' equity	16.5%	13.7%	13.5%
Post-tax return on average adjusted shareholders' equity	12.6%	10.6%	10.7%
Pre-tax return on average adjusted tangible shareholders' equity	19.7%	16.4%	16.3%
Post-tax return on average adjusted tangible shareholders' equity	15.0%	12.7%	12.9%

Return on equity on an ongoing basis is provided on page 26.

Return on equity by geography

£'000	UK and Other statutory	Southern Africa	Total group	UK and Other ongoing
Total operating profit	111 043	178 915	289 958	146 566
Tax on profit on ordinary activities	(26 703)	(34 782)	(61 485)	(34 236)
Non-controlling interests	(4 150)	(15 015)	(19 165)	(4 150)
Preference dividends paid	(4 040)	(10 668)	(14 708)	(4 040)
Profit on ordinary activities after taxation – 30 September 2015	76 150	118 450	194 600	104 140
Profit on ordinary activities after taxation – 30 September 2014	49 128	119 937	169 065	73 217
Ordinary shareholders' equity – 30 September 2015	1 738 584	1 281 993	3 020 577	1 665 854
Goodwill and intangible assets (excluding software)	(481 619)	(31 125)	(512 744)	(481 619)
Tangible ordinary shareholders' equity – 30 September 2015	1 256 965	1 250 868	2 507 833	1 184 235
Ordinary shareholders' equity – 31 March 2015	1 764 017	1 410 127	3 174 144	1 675 247
Goodwill and intangible assets (excluding software)	(488 674)	(5 437)	(494 111)	(488 674)
Tangible ordinary shareholders' equity – 31 March 2015	1 275 343	1 404 690	2 680 033	1 186 573
Ordinary shareholders' equity – 30 September 2014	1 801 419	1 289 888	3 091 307	1 512 419
Goodwill and intangible assets (excluding software)	(498 366)	(5 872)	(504 238)	(498 366)
Tangible ordinary shareholders' equity – 30 September 2014	1 303 053	1 284 016	2 587 069	1 014 053
Average ordinary shareholders' equity – 30 September 2015	1 751 301	1 346 060	3 097 361	1 670 551
Average ordinary shareholders' equity – 30 September 2014	1 871 852	1 294 505	3 166 357	1 537 352
Average tangible shareholders' equity – 30 September 2015	1 266 154	1 327 779	2 593 933	1 185 404
Average tangible shareholders' equity – 30 September 2014	1 337 040	1 288 290	2 625 330	1 002 540
Post-tax return on average ordinary shareholders' equity – 30 September 2015	8.7%	17.6%	12.6%	12.5%
Post-tax return on average ordinary shareholders' equity – 30 September 2014	5.2%	18.5%	10.7%	9.5%
Post-tax return on average tangible shareholders' equity – 30 September 2015	12.0%	17.8%	15.0%	17.6%
Post-tax return on average tangible shareholders' equity – 30 September 2014	7.3%	18.6%	12.9%	14.6%
Pre-tax return on adjusted average ordinary shareholders' equity – 30 September 2015	11.7%	22.8%	16.5%	16.6%
Pre-tax return on adjusted average ordinary shareholders' equity – 30 September 2014	6.9%	23.1%	13.5%	10.3%
Pre-tax return on average tangible shareholders' equity – 30 September 2015	16.2%	23.1%	19.7%	23.3%
Pre-tax return on average tangible ordinary shareholders' equity – 30 September 2014	9.7%	23.2%	16.3%	15.7%

Return on equity by business°

£'000	Asset Management	Wealth & Investment^	Specialist Banking statutory	Specialist Banking ongoing
Total operating profit, after other non-controlling interests	70 554	37 850	193 652	229 175
Notional return on regulatory capital	1 416	828	(2 244)	(2 244)
Notional cost of statutory capital	(3 303)	(4 895)	8 198	8 198
Cost of subordinated debt	(575)	(514)	1 089	1 089
Cost of preference shares	(243)	(127)	(14 338)	(14 338)
Adjusted earnings – 30 September 2015	67 849	33 142	186 357	221 880
Adjusted earnings – 30 September 2014	73 204	31 642	140 597	170 276
Ordinary shareholders' equity – 30 September 2015	163 149	264 155	2 434 225	2 361 495
Goodwill and intangible assets (excluding software)	(90 110)	(209 505)	(54 079)	(54 079)
Tangible ordinary shareholders' equity – 30 September 2015	73 039	54 650	2 380 146	2 307 416
Ordinary shareholders' equity – 31 March 2015	160 648	255 318	2 599 130	2 510 360
Goodwill and intangible assets (excluding software)	(91 365)	(216 017)	(27 679)	(27 679)
Tangible ordinary shareholders' equity – 31 March 2015	69 283	39 301	2 571 451	2 482 681
Ordinary shareholders' equity – 30 September 2014	149 971	260 891	2 521 394	2 232 394
Goodwill and intangible assets (excluding software)	(91 881)	(222 942)	(30 365)	(30 365)
Tangible ordinary shareholders' equity – 30 September 2014	58 090	37 949	2 491 029	2 202 029
Average ordinary shareholders' equity – 30 September 2015	161 899	259 737	2 516 678	2 435 928
Average ordinary shareholders' equity – 30 September 2014	148 547	276 771	2 581 989	2 247 489
Average tangible shareholders' equity – 30 September 2015	71 161	46 976	2 475 799	2 395 049
Average tangible shareholders' equity – 30 September 2014	56 411	50 660	2 518 258	2 138 258
Pre-tax return on adjusted average ordinary shareholders' equity – 30 September 2015	83.8%	25.5%	14.8%	18.2%
Pre-tax return on adjusted average ordinary shareholders' equity – 30 September 2014	98.6%	22.9%	10.9%	15.2%
Pre-tax return on average tangible ordinary shareholders' equity – 30 September 2015	190.7%	141.1%	15.1%	18.5%
Pre-tax return on average tangible ordinary shareholders' equity – 30 September 2014	259.5%	124.9%	11.2%	15.9%

° *The return on equity by business is based on the level of internal capital required by each business, inclusive of an allocation of any surplus capital held by the group. The operating profit is adjusted to reflect a capital structure that includes common equity, additional tier 1 capital and subordinated debt.*

^ *The Wealth & Investment is consistent with the group 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).*

Statutory 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 2015	1 513	1 553	5 439	8 505
Number of employees – 31 March 2015	1 508	1 533	5 213	8 254
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
Average employees – six months to 30 September 2015	1 511	1 543	5 326	8 380
Average employees – six months to 30 September 2014	1 462	1 431	5 342	8 235
Operating profit* – six months to 30 September 2015 (£'000)	70 554	37 850	193 652	302 056
Operating profit* – six months to 30 September 2014 (£'000)#	76 680	38 038	147 906	262 624
Operating profit per employee^ – 30 September 2015 (£'000)	46.7^^	24.5	36.4	33.3
Operating profit per employee^ – 30 September 2014 (£'000)#	52.4^^	26.6	27.7	29.2

By geography	UK and Other#	Southern Africa	Total group
Number of employees – 30 September 2015	3 855	4 650	8 505
Number of employees – 31 March 2015	3 729	4 525	8 254
Number of employees – 30 September 2014	3 797	4 414	8 211
Number of employees – 31 March 2014	3 854	4 404	8 258
Average employees – six months to 30 September 2015	3 792	4 588	8 380
Average employees – six months to 30 September 2014	3 826	4 409	8 235
Operating profit – six months to 30 September 2015 (£'000)	112 250	167 190	279 440
Operating profit – six months to 30 September 2014 (£'000)#	77 567	163 202	240 769
Operating profit per employee^ – 30 September 2015 (£'000)	29.6	36.4	33.3
Operating profit per employee^ – 30 September 2014 (£'000)#	20.3	37.0	29.2

* *Operating profit excludes group costs.*
^ *Based on average number of employees over the period.*
^^ *For Asset Management, operating profit per employee includes Silica, our third party administration business.*
\# *Includes Australia, which was previously reported separately. Refer to page 15.*

Number of employees

By division – permanent employees	30 Sept 2015	30 Sept 2014
Asset Management		
UK and Other	458	429
Southern Africa*	983	962
Total	1 441	1 391
Wealth & Investment		
UK and Other	1 186	1 095
Southern Africa	302	300
Total	1 488	1 395
Specialist Banking		
UK and Other	2 041	2 115
Southern Africa	3 047	2 829
Total	5 088	4 944
Total number of permanent employees	8 017	7 730

* *Includes Silica employees, Asset Management's third party administration business.*

By geography	30 Sept 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
UK and Other	3 685	3 560	3 671	3 827	3 625	3 036
Southern Africa	4 332	4 199	3 986	3 748	3 661	3 680
Temporary employees and contractors	488	495	601	576	495	521
Total number of employees	8 505	8 254	8 258	8 151	7 781	7 237

Total third party assets under management

£'million	30 Sept 2015	31 March 2015	30 Sept 2014
Asset Management	70 120	77 510	71 738
UK and Other	47 327	50 622	46 175
Southern Africa	22 793	26 888	25 563
Wealth & Investment*	43 350	46 076	42 592
UK and Other	28 451	29 562	15 149
Southern Africa	14 899	16 514	27 443
Property activities	371	412	192
UK and Other	156	168	–
Southern Africa	215	244	192
UK and Other funds	101	108	109
Total	113 942	124 106	114 631

A further analysis of third party assets under management

At 30 Sept 2015 £'million	UK and Other	Southern Africa	Total
Asset Management	47 327	22 793	70 120
Mutual funds	18 102	9 943	28 045
Segregated mandates	29 225	12 850	42 075
Wealth & Investment	28 451	14 899	43 350
Discretionary	20 864	4 529	25 393
Non-discretionary	7 399	10 370	17 769
Other	188	–	188
Property activities	156	215	371
Australia other funds	101	–	101
Total third party assets under management	76 220	37 722	113 942

At 31 March 2015 £'million	UK and Other	Southern Africa	Total
Asset Management	50 622	26 888	77 510
Mutual funds	19 398	11 179	30 577
Segregated mandates	31 224	15 709	46 933
Wealth & Investment*	29 562	16 514	46 076
Discretionary	21 602	4 974	26 576
Non-discretionary	7 740	11 540	19 280
Other	220	–	220
Property activities	168	244	412
Australia other funds	108	–	108
Total third party assets under management	80 460	43 646	124 106

* *Restated to reflect internal adjustments to the jurisdiction in which funds under management are recognised.*

Statutory segmental geographic analysis – income statement

For the six months to 30 Sept 2015 £'000	UK and Other	Southern Africa	Total group
Net interest income	130 217	155 283	285 500
Net fee and commission income	354 458	179 448	533 906
Investment income	44 239	68 148	112 387
Trading income arising from			
– customer flow	45 477	11 418	56 895
– balance sheet management and other trading activities	(3 195)	7 199	4 004
Other operating income/(loss)	3 709	(364)	3 345
Total operating income before impairment losses on loans and advances	574 905	421 132	996 037
Impairment losses on loans and advances	(31 314)	(14 826)	(46 140)
Operating income	543 591	406 306	949 897
Operating costs	(432 332)	(227 387)	(659 719)
Depreciation on operating leased assets	(216)	(4)	(220)
Operating profit before goodwill and acquired intangibles	111 043	178 915	289 958
(Profit)/loss attributable to other non-controlling interests	1 207	(11 725)	(10 518)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	112 250	167 190	279 440
Profit attributable to Asset Management non-controlling interests	(5 357)	(3 290)	(8 647)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	106 893	163 900	270 793
Impairment of goodwill	–	(717)	(717)
Amortisation of acquired intangibles	(7 233)	(615)	(7 848)
Net loss on disposal of subsidiaries	(4 746)	–	(4 746)
Earnings attributable to shareholders before taxation	94 914	162 568	257 482
Taxation on operating profit before goodwill	(26 703)	(34 782)	(61 485)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	1 438	172	1 610
Earnings attributable to shareholders	69 649	127 958	197 607
Selected returns and key statistics			
ROE (post-tax)	8.7%	17.6%	12.6%
Return on tangible equity (post-tax)	12.0%	17.8%	15.0%
Cost to income ratio	75.2%	54.0%	66.2%
Staff compensation to operating income	53.2%	38.0%	46.8%
Operating profit per employee (£'000)	29.6	36.4	33.3
Effective operational tax rate	24.0%	19.4%	21.2%
Total assets (£'million)	16 861	24 839	41 700

Statistical segmental geographic analysis – income statement

(continued)

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
Net fee and commission income	351 541	175 465	527 006
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 losses 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)
Net loss on disposal of subsidiaries	(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 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

Statutory segmental business and geographic analysis – income statement

For the six months to 30 Sept 2015 £'000	Asset Management UK and Other	Asset Management Southern Africa	Asset Management Total	Wealth & Investment UK and Other	Wealth & Investment Southern Africa	Wealth & Investment Total
Net interest income	123	1 856	1 979	2 022	1 606	3 628
Net fee and commission income	139 841	72 611	212 452	122 069	30 937	153 006
Investment income/(loss)	–	38	38	(230)	(21)	(251)
Trading income arising from						
– customer flow	–	–	–	532	28	560
– balance sheet management and other trading activities	(1 164)	215	(949)	82	80	162
Other operating income	165	45	210	695	2	697
Total operating income before impairment losses on loans and advances	138 965	74 765	213 730	125 170	32 632	157 802
Impairment losses on loans and advances	–	–	–	–	–	–
Operating income	138 965	74 765	213 730	125 170	32 632	157 802
Operating costs	(98 838)	(44 338)	(143 176)	(99 274)	(20 678)	(119 952)
Depreciation on operating leased assets	–	–	–	–	–	–
Operating profit before goodwill and acquired intangibles	40 127	30 427	70 554	25 896	11 954	37 850
(Profit)/loss attributable to other non-controlling interests	–	–	–	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	40 127	30 427	70 554	25 896	11 954	37 850
Profit attributable to Asset Management non-controlling interests	(5 357)	(3 290)	(8 647)	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	34 770	27 137	61 907	25 896	11 954	37 850
Selected returns and key statistics						
Cost to income ratio	71.1%	59.3%	67.0%	79.3%	63.4%	76.0%
Staff compensation to operating income	53.7%	35.7%	47.4%	57.2%	44.5%	54.6%

Financial review and additional information – statutory basis (unaudited)

5

	Specialist Banking			Group costs			
	UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	Total group
	128 072	151 821	279 893	–	–	–	285 500
	92 548	75 900	168 448	–	–	–	533 906
	44 469	68 131	112 600	–	–	–	112 387
	44 945	11 390	56 335	–	–	–	56 895
	(2 113)	6 904	4 791	–	–	–	4 004
	2 849	(411)	2 438	–	–	–	3 345
	310 770	313 735	624 505	–	–	–	996 037
	(31 314)	(14 826)	(46 140)	–		–	(46 140)
	279 456	298 909	578 365	–	–	–	949 897
	(217 184)	(156 791)	(373 975)	(17 036)	(5 580)	(22 616)	(659 719)
	(216)	(4)	(220)	–	–	–	(220)
	62 056	142 114	204 170	(17 036)	(5 580)	(22 616)	289 958
	1 207	(11 725)	(10 518)	–	–	–	(10 518)
	63 263	130 389	193 652	(17 036)	(5 580)	(22 616)	279 440
	–	–	–	–	–	–	(8 647)
	63 263	130 389	193 652	(17 036)	(5 580)	(22 616)	270 793
	69.9%	50.0%	59.9%				66.2%
	51.4%	37.8%	44.6%				46.8%

Statutory segmental business and geographic analysis – income statement (continued)

For the six months to 30 Sept 2014 £'000	Asset Management UK and Other	Asset Management Southern Africa	Asset Management Total	Wealth & Investment UK and Other	Wealth & Investment Southern Africa	Wealth & Investment Total
Net interest income	117	1 926	2 043	3 005	766	3 771
Net fee and commission income	130 273	82 363	212 636	117 238	28 915	146 153
Investment income	–	9	9	1 795	–	1 795
Trading income arising from						
– customer flow	–	–	–	101	49	150
– balance sheet management and other trading activities	(173)	27	(146)	85	307	392
Other operating income/(loss)	(443)	889	446	673	(1)	672
Total operating income before impairment losses on loans and advances	129 774	85 214	214 988	122 897	30 036	152 933
Impairment losses on loans and advances	–	–	–	–	–	–
Operating income	129 774	85 214	214 988	122 897	30 036	152 933
Operating costs	(92 090)	(46 218)	(138 308)	(95 985)	(18 910)	(114 895)
Depreciation on operating leased assets	–	–	–	–	–	–
Operating profit before goodwill and acquired intangibles	37 684	38 996	76 680	26 912	11 126	38 038
Loss/(profit) attributable to other non-controlling interests	–	–	–	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	37 684	38 996	76 680	26 912	11 126	38 038
Profit attributable to Asset Management non-controlling interests	(5 047)	(4 309)	(9 356)	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	32 637	34 687	67 324	26 912	11 126	38 038
Selected returns and key statistics						
Cost to income ratio	71.0%	54.2%	64.3%	78.1%	63.0%	75.1%
Staff compensation to operating income	54.6%	35.0%	46.8%	58.1%	45.2%	55.5%

Specialist Banking			Group costs			
UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	Total group
177 626	148 946	326 572	–	–	–	332 386
104 030	64 187	168 217	–	–	–	527 006
1 428	42 743	44 171	–	–	–	45 975
43 854	7 281	51 135	–	–	–	51 285
(11 156)	1 711	(9 445)	–	–	–	(9 199)
3 901	33	3 934	–	–	–	5 052
319 683	264 901	584 584	–	–	–	952 505
(53 978)	(12 422)	(66 400)	–	–	–	(66 400)
265 705	252 479	518 184	–	–	–	886 105
(239 973)	(130 173)	(370 146)	(17 223)	(4 632)	(21 855)	(645 204)
(1 089)	–	(1 089)	–	–	–	(1 089)
24 643	122 306	146 949	(17 223)	(4 632)	(21 855)	239 812
5 551	(4 594)	957	–	–	–	957
30 194	117 712	147 906	(17 223)	(4 632)	(21 855)	240 769
–	–	–	–	–	–	(9 356)
30 194	117 712	147 906	(17 223)	(4 632)	(21 855)	231 413
75.3%	49.1%	63.4%				67.8%
52.2%	35.4%	44.5%				46.8%

Statutory segmental business analysis – income statement

For the six months to 30 Sept 2015 £'000	Asset Management	Wealth & Investment	Specialist Banking	Group costs	Total group
Net interest income	1 979	3 628	279 893	–	285 500
Net fee and commission income	212 452	153 006	168 448	–	533 906
Investment income/(loss)	38	(251)	112 600	–	112 387
Trading income arising from					
– customer flow	–	560	56 335	–	56 895
– balance sheet management and other trading activities	(949)	162	4 791	–	4 004
Other operating income	210	697	2 438	–	3 345
Total operating income before impairment losses on loans and advances	**213 730**	**157 802**	**624 505**	**–**	**996 037**
Impairment losses on loans and advances	–	–	(46 140)	–	(46 140)
Operating income	**213 730**	**157 802**	**578 365**	**–**	**949 897**
Operating costs	(143 176)	(119 952)	(373 975)	(22 616)	(659 719)
Depreciation on operating leased assets	–	–	(220)	–	(220)
Operating profit/(loss) before goodwill and acquired intangibles	**70 554**	**37 850**	**204 170**	**(22 616)**	**289 958**
Profit attributable to other non-controlling interests	–	–	(10 518)	–	(10 518)
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	**70 554**	**37 850**	**193 652**	**(22 616)**	**279 440**
Profit attributable to Asset Management non-controlling interests	(8 647)	–	–	–	(8 647)
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	**61 907**	**37 850**	**193 652**	**(22 616)**	**270 793**
Selected returns and key statistics					
ROE	83.8%	25.5%	14.8%		18.2%
Return on tangible equity (pre-tax)	190.7%	141.1%	15.1%		18.5%
Cost to income ratio	67.0%	76.0%	59.9%		66.2%
Staff compensation to operating income	47.4%	54.6%	44.6%		46.8%
Operating profit per employee (£'000)	46.7	24.5	36.4		33.3
Total assets (£'million)	481	2 004	39 215		41 700

Statutory segmental business analysis – income statement (continued)

For the six months to 30 Sept 2014 £'000	Asset Management	Wealth & Investment	Specialist Banking	Group costs	Total group
Net interest income	2 043	3 771	326 572	–	332 386
Net fee and commission income	212 636	146 153	168 217	–	527 006
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 losses 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)	(370 146)	(21 855)	(645 204)
Depreciation on operating leased assets	–	–	(1 089)	–	(1 089)
Operating profit/(loss) before goodwill and acquired intangibles	**76 680**	**38 038**	**146 949**	**(21 855)**	**239 812**
Loss attributable to other non-controlling interests	–	–	957	–	957
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	**76 680**	**38 038**	**147 906**	**(21 855)**	**240 769**
Profit attributable to Asset Management non-controlling interests	(9 356)	–	–	–	(9 356)
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	**67 324**	**38 038**	**147 906**	**(21 855)**	**231 413**
Selected returns and key statistics					
ROE (pre-tax)	98.6%	22.9%	10.9%		15.2%
Return on tangible equity (pre-tax)	259.5%	124.9%	11.2%		15.9%
Cost to income ratio	64.3%	75.1%	63.4%		67.8%
Staff compensation to operating income	46.8%	55.5%	44.5%		46.8%
Operating profit per employee (£'000)	89.1	26.6	27.7		29.2
Total assets (£'million)	509	1 444	43 978		45 931

Statutory combined consolidated segmental geographic analysis – balance sheet assets and liabilities

At 30 Sept 2015 £'000	UK and Other	Southern Africa	Total group
Assets			
Cash and balances at central banks	1 683 278	319 759	2 003 037
Loans and advances to banks	952 262	1 308 746	2 261 008
Non-sovereign and non-bank cash placements	–	545 878	545 878
Reverse repurchase agreements and cash collateral on securities borrowed	1 137 998	1 366 341	2 504 339
Sovereign debt securities	1 075 933	1 663 736	2 739 669
Bank debt securities	182 579	805 554	988 133
Other debt securities	297 028	535 466	832 494
Derivative financial instruments	640 199	691 419	1 331 618
Securities arising from trading activities	658 158	696 441	1 354 599
Investment portfolio	409 257	519 858	929 115
Loans and advances to customers	7 210 297	9 056 986	16 267 283
Own originated loans and advances to customers securitised	–	463 436	463 436
Other loans and advances	288 396	17 084	305 480
Other securitised assets	156 491	122 771	279 262
Interests in associated undertakings	21 275	2 534	23 809
Deferred taxation assets	71 364	22 659	94 023
Other assets	1 474 480	597 224	2 071 704
Property and equipment	58 702	35 529	94 231
Investment properties	58 309	473 526	531 835
Goodwill	356 225	12 094	368 319
Intangible assets	129 020	26 599	155 619
Non-current assets classified as held for sale	–	28 692	28 692
	16 861 251	19 312 332	36 173 583
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	5 526 475	5 526 475
	16 861 251	24 838 807	41 700 058
Liabilities			
Deposits by banks	220 445	1 589 861	1 810 306
Derivative financial instruments	771 250	624 791	1 396 041
Other trading liabilities	269 125	1 043 076	1 312 201
Repurchase agreements and cash collateral on securities lent	420 146	457 155	877 301
Customer accounts (deposits)	9 718 955	11 939 550	21 658 505
Debt securities in issue	1 529 257	503 988	2 033 245
Liabilities arising on securitisation of own originated loans and advances	–	82 670	82 670
Liabilities arising on securitisation of other assets	123 237	74 663	197 900
Current taxation liabilities	131 251	61 992	193 243
Deferred taxation liabilities	45 882	41 158	87 040
Other liabilities	1 271 849	465 895	1 737 744
	14 501 397	16 884 799	31 386 196
Liabilities to customers under investment contracts	–	5 524 800	5 524 800
Insurance liabilities, including unit-linked liabilities	–	1 675	1 675
	14 501 397	22 411 274	36 912 671
Subordinated liabilities	624 792	496 887	1 121 679
	15 126 189	22 908 161	38 034 350

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

At 31 March 2015 £'000	UK and Other	Southern Africa	Total group
Assets			
Cash and balances at central banks	2 181 242	348 320	2 529 562
Loans and advances to banks	1 050 412	1 995 452	3 045 864
Non-sovereign and non-bank cash placements	–	586 400	586 400
Reverse repurchase agreements and cash collateral on securities borrowed	1 214 949	597 207	1 812 156
Sovereign debt securities	1 212 910	1 745 731	2 958 641
Bank debt securities	219 342	941 713	1 161 055
Other debt securities	222 485	404 888	627 373
Derivative financial instruments	736 297	844 384	1 580 681
Securities arising from trading activities	670 298	416 051	1 086 349
Investment portfolio	400 941	546 905	947 846
Loans and advances to customers	7 061 117	9 679 146	16 740 263
Own originated loans and advances to customers securitised	–	448 647	448 647
Other loans and advances	553 166	21 664	574 830
Other securitised assets	411 983	368 613	780 596
Interests in associated undertakings	21 931	3 313	25 244
Deferred taxation assets	73 618	25 683	99 301
Other assets	1 317 392	424 321	1 741 713
Property and equipment	63 069	39 285	102 354
Investment properties	65 736	552 162	617 898
Goodwill	356 090	5 437	361 527
Intangible assets	136 655	10 572	147 227
Non-current assets classified as held for sale	–	40 726	40 726
	17 969 633	20 046 620	38 016 253
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	6 337 149	6 337 149
	17 969 633	26 383 769	44 353 402
Liabilities			
Deposits by banks	207 963	1 700 331	1 908 294
Derivative financial instruments	854 247	689 921	1 544 168
Other trading liabilities	251 879	633 124	885 003
Repurchase agreements and cash collateral on securities lent	597 259	687 686	1 284 945
Customer accounts (deposits)	10 298 493	12 316 375	22 614 868
Debt securities in issue	1 191 986	517 383	1 709 369
Liabilities arising on securitisation of own originated loans and advances	–	109 953	109 953
Liabilities arising on securitisation of other assets	330 526	286 383	616 909
Current taxation liabilities	104 605	97 185	201 790
Deferred taxation liabilities	45 403	31 078	76 481
Other liabilities	1 411 727	433 952	1 845 679
	15 294 088	17 503 371	32 797 459
Liabilities to customers under investment contracts	–	6 335 326	6 335 326
Insurance liabilities, including unit-linked liabilities	–	1 823	1 823
	15 294 088	23 840 520	39 134 608
Subordinated liabilities	596 923	581 376	1 178 299
	15 891 011	24 421 896	40 312 907

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

At 30 Sept 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 15.*

Analysis of financial assets and liabilities by category of financial instrument

At 30 Sept 2015 £'000	Financial instruments at fair value	Financial instruments at amortised cost	Insurance related instruments at fair value	Non–financial instruments	Total
Assets					
Cash and balances at central banks	1 360	2 001 677	–	–	2 003 037
Loans and advances to banks	103 758	2 157 250	–	–	2 261 008
Non-sovereign and non-bank cash placements	150	545 728	–	–	545 878
Reverse repurchase agreements and cash collateral on securities borrowed	945 265	1 559 074	–	–	2 504 339
Sovereign debt securities	2 564 631	175 038	–	–	2 739 669
Bank debt securities	391 799	596 334	–	–	988 133
Other debt securities	563 077	269 417	–	–	832 494
Derivative financial instruments	1 331 618	–	–	–	1 331 618
Securities arising from trading activities	1 354 599	–	–	–	1 354 599
Investment portfolio	929 115	–	–	–	929 115
Loans and advances to customers	584 014	15 683 269	–	–	16 267 283
Own originated loans and advances to customers securitised	–	463 436	–	–	463 436
Other loans and advances	–	305 480	–	–	305 480
Other securitised assets	163 037	116 225	–	–	279 262
Interests in associated undertakings	–	–	–	23 809	23 809
Deferred taxation assets	–	–	–	94 023	94 023
Other assets	273 555	1 280 197	–	517 952	2 071 704
Property and equipment	–	–	–	94 231	94 231
Investment properties	–	–	–	531 835	531 835
Goodwill	–	–	–	368 319	368 319
Intangible assets	–	–	–	155 619	155 619
Non-current assets classified as held for sale	–	–	–	28 692	28 692
	9 205 978	25 153 125	–	1 814 480	36 173 583
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	–	5 526 475	–	5 526 475
	9 205 978	25 153 125	5 526 475	1 814 480	41 700 058
Liabilities					
Deposits by banks	–	1 810 306	–	–	1 810 306
Derivative financial instruments	1 396 041	–	–	–	1 396 041
Other trading liabilities	1 312 201	–	–	–	1 312 201
Repurchase agreements and cash collateral on securities lent	323 109	554 192	–	–	877 301
Customer accounts (deposits)	746 705	20 911 800	–	–	21 658 505
Debt securities in issue	508 333	1 524 912	–	–	2 033 245
Liabilities arising on securitisation of own originated loans and advances	–	82 670	–	–	82 670
Liabilities arising on securitisation of other assets	197 900	–	–	–	197 900
Current taxation liabilities	–	–	–	193 243	193 243
Deferred taxation liabilities	–	–	–	87 040	87 040
Other liabilities	82 944	1 244 201	–	410 599	1 737 744
	4 567 233	26 128 081	–	690 882	31 386 196
Liabilities to customers under investment contracts	–	–	5 524 800	–	5 524 800
Insurance liabilities, including unit-linked liabilities	–	–	1 675	–	1 675
	4 567 233	26 128 081	5 526 475	690 882	36 912 671
Subordinated liabilities	–	1 121 679	–	–	1 121 679
	4 567 233	27 249 760	5 526 475	690 882	38 034 350

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. These are all classified as level 1.

		Fair value category		
At 30 Sept 2015 £'000	Total instruments at fair value	Level 1	Level 2	Level 3
Assets				
Cash and balances at central banks	1 360	1 360	–	–
Loans and advances to banks	103 758	103 758	–	–
Non-sovereign and non-bank cash placements	150	–	150	–
Reverse repurchase agreements and cash collateral on securities borrowed	945 265	–	945 265	–
Sovereign debt securities	2 564 631	2 564 631	–	–
Bank debt securities	391 799	240 550	151 249	–
Other debt securities	563 077	462 174	85 131	15 772
Derivative financial instruments	1 331 618	–	1 296 042	35 576
Securities arising from trading activities	1 354 599	1 299 580	45 739	9 280
Investment portfolio	929 115	85 385	74 659	769 071
Loans and advances to customers	584 014	–	553 210	30 804
Other securitised assets	163 037	–	–	163 037
Other assets	273 555	241 675	31 880	–
	9 205 978	4 999 113	3 183 325	1 023 540
Liabilities				
Derivative financial instruments	1 396 041	–	1 394 196	1 845
Other trading liabilities	1 312 201	1 254 496	57 705	–
Repurchase agreements and cash collateral on securities lent	323 109	–	323 109	–
Customer accounts (deposits)	746 705	–	746 705	–
Debt securities in issue	508 333	–	507 680	653
Liabilities arising on securitisation of other assets	197 900	–	–	197 900
Other liabilities	82 944	46 710	36 234	–
	4 567 233	1 301 206	3 065 629	200 398
Net assets	4 638 745	3 697 907	117 696	823 142

Transfers between level 1 and level 2

During the period derivative financial instrument assets and liabilities to the value of £173.1 million and £367.7 million respectively were transferred from level 1 to level 2 to reflect the modeling which is now being used to arrive at the fair value.

Financial instruments carried at fair value (continued)

Level 2 financial assets and financial liabilities

The following table sets out the group's principal valuation techniques as at 30 September 2015 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 assumptions
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 Volatilities
Bank debt securities	Black-Scholes Discounted cash flow model	Discount rates, swap curves and NCD curves
Other debt securities	Discounted cash flow model	Volatilities 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
Securities arising from trading activities	Standard industry derivative pricing model	Interest rate curves, implied bond spreads, equity volatilities
Investment portfolio	Discounted cash flow model, net asset value model Comparable quoted inputs	Discount rate and fund unit price Net assets
Loans and advances to customers	Discounted cash flow model	Discount rates
Other assets	Discounted cash flow model	Discount rates
Liabilities		
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes	Discount rate, risk free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit 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

Financial instruments carried at fair value (continued)

For the six months to 30 Sept £'000	Total level 3 financial instruments	Fair value through profit and loss instruments	Available-for-sale instruments
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:			
Balance as at 1 April 2015	851 703	860 995	(9 292)
Total gains or losses	20 367	16 280	4 087
In the income statement	20 416	16 280	4 136
In the statement of comprehensive income	(49)	–	(49)
Purchases	84 157	56 284	27 873
Sales	(57 767)	(54 404)	(3 363)
Issues	(2 071)	(2 071)	–
Settlements	(4 435)	119	(4 554)
Transfers into level 3	7 901	7 407	494
Transfers out of level 3	(2 304)	(2 304)	–
Foreign exchange adjustments	(74 409)	(74 477)	68
Balance as at 30 September 2015	823 142	807 829	15 313

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

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

For the six months to 30 Sept 2015 £'000	Total	Realised	Unrealised
Total gains or (losses) included in the income statement for the period			
Net interest income	(2 068)	(2 168)	100
Fee and commission income	2 942	–	2 942
Investment income	22 986	(13 324)	36 310
Trading loss arising from customer flow	(6 161)	–	(6 161)
Trading income arising from balance sheet management and other trading activities	2 757	167	2 590
Other operating loss	(40)	(43)	3
	20 416	(15 368)	35 784
Total gains or (losses) included in other comprehensive income for the period			
Gains on realisation of available-for-sale assets recycled through the income statement	4 136	4 136	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	(49)	–	(49)
	4 087	4 136	(49)

Financial instruments carried at fair value (continued)

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

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

At 30 Sept 2015	Balance sheet value £'000	Significant unobservable input changed in valuation method	Range over which unobservable input has been stressed	Reflected in income statement Favourable changes £'000	Unfavourable changes £'000
Assets					
Other debt securities	15 772			163	(163)
		Credit spreads	(2%) – 3%	119	(119)
		Other	(6%) – 5%	44	(44)
Derivative financial instruments	35 576			17 144	(8 426)
		Discount rates	(5%) – 5%	301	(245)
		Volatilities	(4%) – 3%	1 719	(1 708)
		Volatilities	(25%)/40%	2 274	(1 375)
		Credit spreads	(50bps)/50bps	529	(407)
		Cash flow adjustments	(3%) – 8%	899	(1 914)
		Price-earnings multiple	**	1 950	–
		Other	^	1 900	(800)
		Other	(11%) – 10%	7 572	(1 977)
Securities arising from trading activities	9 280				
		Cash flow adjustments	(2%) – 1%	1 921	(1 921)
Investment portfolio	701 785			77 879	(89 124)
		Cash flow adjustments		1 123	(305)
		Price-earnings multiple	(10%) – 10%	1 841	(1 105)
		EBITDA	5x EBITDA	3 288	(3 555)
		Price-earnings multiple	**	49 047	(66 025)
		Other	^	981	(4 961)
		Other	(10%) – 10%	21 599	(13 173)
Loans and advances to customers	30 804			1 078	(10 947)
		Cash flows	(5%) – 5%	–	(9 817)
		Other	(9%) – 3%	1 078	(1 130)
Other securitised assets*	163 037			3 376	(7 850)
		Credit spreads	– 6 months/ +12 month adjustment to CDR curve	3 186	(7 660)
		Other		190	(190)
Liabilities					
Derivative financial instruments	(1 845)			2 173	(970)
		Cash flow adjustments	(2%) – 1%	1 913	(899)
		Volatilities	(2%) – 3%	260	(71)
Debt securities in issue	(653)	Credit spreads	(2%) – 1%	–	–
Liabilities arising on securitisation of other assets*	(197 900)			5 108	(2 149)
		Credit default rates. Loss severity, prepayment rates	(5%) – 5%	4 863	(1 686)
		Other		245	(463)
	755 856			108 842	(121 550)

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

** *The price-earnings multiple has been stressed on an investment by investment basis in order to obtain the aggressive and conservative valuations.*

^ *These valuation sensitivities have been stressed individually using varying scenario based techniques to obtain the aggressive and conservative valuations.*

Financial instruments carried at fair value (continued)

	Balance sheet value £'000	Significant unobservable input changed in valuation method	Range over which unobservable input has been stressed	Reflected in other comprehensive income: Favourable changes £'000	Reflected in other comprehensive income: Unfavourable changes £'000
Investment portfolio	67 286	EBITDA	(10%) – 10% or 5x EBITDA	4 212	(3 405)
Total level 3	823 142			113 054	(124 955)

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 a counterparty. 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 asset. It is an unobservable input into a discounted cash flow valuation.

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 exposure. It represents an estimate of how much a particular underlying instrument, parameter or index will change in value over time. Volatilities are a key input into Black Scholes valuation method.

Cash flows
Cash flows relate to the future cash flows which can be expected from the instrument and requires judgement. Cash flows are inputs into a discounted cash flow valuation.

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

Price earnings multiple
The price-to-earnings ratio is an equity valuation multiple. It is a key driver in the valuation of unlisted investments.

Fair value of financial assets and liabilities at amortised cost

At 30 Sept 2015 £'000	Carrying amount	Fair value
Assets		
Cash and balances at central banks	2 001 677	2 001 677
Loans and advances to banks	2 157 250	2 157 250
Non-sovereign and non-bank cash placements	545 728	545 728
Reverse repurchase agreements and cash collateral on securities borrowed	1 559 074	1 559 074
Sovereign debt securities	175 038	178 470
Bank debt securities	596 334	617 845
Other debt securities	269 417	264 842
Loans and advances to customers	15 683 269	15 758 370
Own originated loans and advances to customers securitised	463 436	463 436
Other loans and advances	305 480	292 509
Other securitised assets	116 225	116 225
Other assets	1 280 197	1 280 197
	25 153 125	25 235 623
Liabilities		
Deposits by banks	1 810 306	1 770 257
Repurchase agreements and cash collateral on securities lent	554 192	551 593
Customer accounts (deposits)	20 911 800	20 915 778
Debt securities in issue	1 524 912	1 516 072
Liabilities arising on securitisation of own originated loans and advances	82 670	82 670
Other liabilities	1 244 201	1 245 847
Subordinated liabilities	1 121 679	1 202 254
	27 249 760	27 284 471

Shareholder analysis

Investec ordinary shares

As at 30 September 2015 Investec plc and Investec Limited had 617.4 million and 291.4 million ordinary shares in issue respectively.

Largest ordinary shareholders as at 30 Sept 2015

Investec plc – Top 10 holders

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 Mgt (UK)	16 280 078	2.7%
Legal & General Investment Mgt (UK)	15 579 104	2.5%
Cumulative total	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.

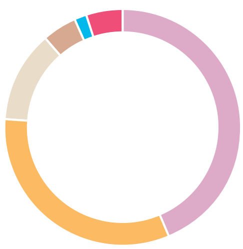
Investec Limited – Top 10 holders

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%
Cumulative total	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.

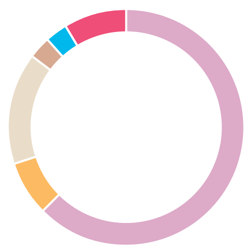
* *In November 2003, Investec Limited implemented an empowerment transaction in which empowerment partners and an employee share scheme acquired 25.1% of the equity shareholding in Investec Limited.*

Geographical holding by beneficial ordinary share owner as at 30 Sept 2015



Investec plc

South Africa	43.8%
UK	32.5%
USA and Canada	12.4%
Rest of Europe	4.9%
Asia	1.4%
Other countries and unknown	5.0%



Investec Limited

South Africa	62.5%
UK	7.5%
USA and Canada	15.3%
Rest of Europe	3.2%
Asia	2.9%
Other countries and unknown	8.6%

Share statistics

Investec plc

For the period ended	30 Sept 2015	31 March 2015	30 Sept 2014	31 March 2014	30 Sept 2013	31 March 2013	30 Sept 2012	31 March 2012	30 Sept 2011	31 March 2011
Closing market price per share (Pounds)										
– period ended	5.05	5.61	5.20	4.85	4.00	4.59	3.82	3.82	3.49	4.78
– highest	6.47	5.75	5.63	5.08	5.06	5.14	4.01	5.22	5.22	5.50
– lowest	4.96	5.61	4.91	3.66	3.87	3.10	3.10	3.18	3.49	4.29
Number of ordinary shares in issue (million)[1]	617.4	613.6	613.6	608.8	608.8	605.2	605.2	598.3	542.4	537.2
Market capitalisation (£'million)[1]	3 117	3 442	3 191	2 453	2 453	2 778	2 312	2 286	1 893	2 568
Daily average volumes of share traded ('000)	1 470	2 170	2 405	1 985	1 665	1 305	1 201	1 683	1 647	1 634

Investec Limited

For the period ended	30 Sept 2015	31 March 2015	30 Sept 2014	31 March 2014	30 Sept 2013	31 March 2013	30 Sept 2012	31 March 2012	30 Sept 2011	31 March 2011
Closing market price per share (Rands)										
– period ended	105.85	100.51	94.89	84.84	65.97	64.26	51.10	47.16	44.20	52.80
– highest	118.83	103.15	101.89	85.04	73.49	69.89	52.80	57.36	57.36	65.50
– lowest	100.42	100.34	86.02	59.00	60.09	41.31	41.31	42.00	43.97	49.49
Number of ordinary shares in issue (million)	291.4	285.7	285.7	282.9	282.9	279.6	279.6	276.0	276.0	272.8
Market capitalisation (R'million)[2]	96 195	90 388	85 335	75 652	58 825	56 857	45 213	41 232	36 173	42 768
Market capitalisation (£'million)[2]	4 589	5 045	4 676	4 325	3 567	4 061	3 380	3 340	2 856	3 872
Daily average volume of shares traded ('000)	891	739	735	810	942	980	1 029	1 033	981	794

[1] *The LSE only include the shares in issue for Investec plc, i.e. 617.4 million, in calculating market capitalisation, as Investec Limited is not incorporated in the UK.*

[2] *The JSE Limited 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. a total of 908.8 million shares in issue.*

Largest perpetual preference shareholders as at 30 Sept 2015

Shareholders holding beneficial interests in excess of 5% of the issued preference shares are as follows:

Investec plc perpetual preference

Pershing Nominees Limited	6.2%
Chase Nominees Limited (Artemis)	6.6%

Investec plc (Rand denominated) perpetual preference shares

NES Investments (Pty) Limited	5.3%
Liberty Active Investment	6.5%
Regent Insurance Company Ltd	6.6%

Investec Limited perpetual preference shares

Standard Chartered Bank as trustee – Coronation Strategic Income Fund	5.2%
Standard Chartered Bank as trustee – Coronation Capital Plus Fund	5.4%

Investec Limited redeemable preference shares

Febros Nominees	5.1%
Febros Nominees	6.0%
Febros Nominees	7.9%

Investec Bank Limited perpetual preference shares

There were no shareholders holding beneficial interests in excess of 5% of the issued preference shares in Investec Bank Limited as at 30 September 2015.

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 2015.

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. We seek to achieve an appropriate balance between risk and reward, taking cognisance of all stakeholders' interests. A strong risk and capital management culture is embedded into our values.

Group Risk Management monitors, manages and reports on our risks to ensure that they are within the stated risk appetite mandated by the board of directors through the board risk and capital committee.

We monitor and control risk exposure through independent Credit, Market, Liquidity, Operational, Legal Risk, Internal Audit and Compliance 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. There are specialist divisions in the UK and South Africa and smaller risk divisions in other regions tasked with promoting sound risk management practices.

Risk Management units are locally responsive yet globally aware. This helps to ensure that all initiatives and businesses operate within our defined risk parameters and objectives, continually seeking new ways to enhance 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.

Credit and counterparty risk management

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

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

- Lending transactions through loans and advances to clients and counterparties creates the risk that an obligor will be unable or unwilling to repay capital and/or interest on loans and advances granted to them. This category includes bank placements, where we have placed funds with other financial institutions
- Issuer risk on financial instruments where payments due from the issuer of a financial instrument will not be received
- Trading transactions, giving rise to settlement and replacement risk (collectively counterparty risk):
  - Settlement risk is the risk that the settlement of a transaction does not take place as expected. Our definition of a settlement debtor is a short-term receivable (i.e. less than five days) which is excluded from credit and counterparty risk due to market guaranteed settlement mechanisms
  - Replacement risk is the financial cost of having to enter into a replacement contract with an alternative market counterparty, following default by the original counterparty.

Credit and counterparty risks can be impacted by country risk where cross-border transactions are undertaken. This can include geopolitical risks, transfer and convertibility risks, and the impact on the borrower's credit profile due to local economic and political conditions.

While we do not have a separate country risk committee, the local and global credit committees will consider, analyse and assess the appropriate limits to be recorded when required to assume exposure to foreign jurisdictions. The local group credit committee has the authority to approve country limits within mandate. The global credit committee is responsible for approving country limits not within the mandate of local group credit committees.

The relevant credit committees within Investec will also consider wrong-way risk at the time of granting credit limits to each counterparty. In the banking book environment, wrong-way risk occurs where the value of collateral to secure a transaction, or guarantor, is positively correlated with the probability of default of the borrower or counterparty. For counterparty credit risk resulting from transactions in traded products (such as OTC derivatives), wrong-way risk is defined as exposure to a counterparty that is adversely correlated with the credit quality of that counterparty. It arises when default risk and credit exposure increase together.

Credit and counterparty risk may also arise in other ways and it is the role of the Global Risk Management functions and the various independent credit committees to identify risks falling outside these definitions.

An analysis of gross credit and counterparty exposures

Credit and counterparty exposures decreased by 3.8% largely due to a decrease in cash balances in the UK as part of a planned reduction in surplus cash post the strategic sales undertaken; and a depreciation of the Rand against Pounds Sterling. Cash and near cash balances amount to £9.2 billion and are largely reflected in the following line items in the table below: cash and balances at central banks, loans and advances to banks, non-sovereign and non-bank cash placements and sovereign debt securities.

£'000	30 Sept 2015	31 March 2015	% change	Average*
Cash and balances at central banks	2 001 611	2 528 133	(20.8%)	2 264 872
Loans and advances to banks	2 261 008	3 045 864	(25.8%)	2 653 436
Non-sovereign and non-bank cash placements	545 878	586 400	(6.9%)	566 139
Reverse repurchase agreements and cash collateral on securities borrowed	2 504 339	1 812 156	38.2%	2 158 247
Sovereign debt securities	2 739 669	2 958 641	(7.4%)	2 849 155
Bank debt securities	988 133	1 161 055	(14.9%)	1 074 594
Other debt securities	831 506	626 367	32.8%	728 937
Derivative financial instruments	1 078 315	1 343 810	(19.8%)	1 211 062
Securities arising from trading activities	580 800	570 288	1.8%	575 544
Loans and advances to customers (gross)	16 505 514	16 992 064	(2.9%)	16 748 789
Own originated loans and advances to customers securitised (gross)	463 798	448 921	3.3%	456 360
Other loans and advances (gross)	357 686	420 611	(15.0%)	389 148
Other securitised assets (gross)	9 464	51 223	(81.5%)	30 344
Other assets	391 814	63 862	>100%	227 838
Total on-balance sheet exposures	**31 259 535**	**32 609 395**	**(4.1%)**	**31 934 465**
Guarantees^	700 920	750 006	(6.5%)	725 463
Contingent liabilities, committed facilities and other	3 296 483	3 291 309	0.2%	3 293 896
Total off-balance sheet exposures	**3 997 403**	**4 041 315**	**(1.1%)**	**4 019 359**
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	**35 256 938**	**36 650 710**	**(3.8%)**	**35 953 824**

** Where the average is based on a straight-line average for the period 1 April 2015 to 30 September 2015.*

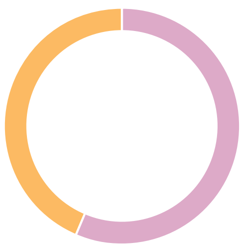
^ Excludes guarantees provided to clients which are backed/secured by cash on deposit with the bank.

An analysis of gross credit and counterparty exposures by geography

£'000	UK and Other 30 Sept 2015	UK and Other 31 March 2015	Southern Africa 30 Sept 2015	Southern Africa 31 March 2015	Total 30 Sept 2015	Total 31 March 2015
Cash and balances at central banks	1 681 860	2 179 822	319 751	348 311	2 001 611	2 528 133
Loans and advances to banks	952 262	1 050 412	1 308 746	1 995 452	2 261 008	3 045 864
Non-sovereign and non-bank cash placements	–	–	545 878	586 400	545 878	586 400
Reverse repurchase agreements and cash collateral on securities borrowed	1 137 998	1 214 949	1 366 341	597 207	2 504 339	1 812 156
Sovereign debt securities	1 075 933	1 212 910	1 663 736	1 745 731	2 739 669	2 958 641
Bank debt securities	182 579	219 342	805 554	941 713	988 133	1 161 055
Other debt securities	296 040	221 480	535 466	404 887	831 506	626 367
Derivative financial instruments	400 633	516 034	677 682	827 776	1 078 315	1 343 810
Securities arising from trading activities	507 480	513 673	73 320	56 615	580 800	570 288
Loans and advances to customers (gross)	7 385 313	7 249 561	9 120 201	9 742 503	16 505 514	16 992 064
Own originated loans and advances to customers securitised (gross)	–	–	463 798	448 921	463 798	448 921
Other loans and advances (gross)	336 433	393 353	21 253	27 258	357 686	420 611
Other securitised assets (gross)	9 464	51 223	–	–	9 464	51 223
Other assets	321 239	55 383	70 575	8 479	391 814	63 862
Total on-balance sheet exposures	14 287 234	14 878 142	16 972 301	17 731 253	31 259 535	32 609 395
Guarantees^	28 911	31 664	672 009	718 342	700 920	750 006
Contingent liabilities, committed facilities and other	1 028 915	835 858	2 267 568	2 455 451	3 296 483	3 291 309
Total off-balance sheet exposures	1 057 826	867 522	2 939 577	3 173 793	3 997 403	4 041 315
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	15 345 060	15 745 664	19 911 878	20 905 046	35 256 938	36 650 710

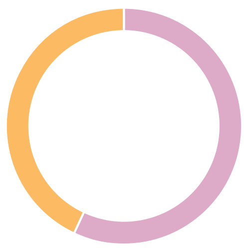
^ *Excludes guarantees provided to clients which are backed/secured by cash on deposit with the bank.*

An analysis of gross credit and counterparty exposures by geography



30 Sept 2015
£35 257 million

Southern Africa	56.5%
UK and Other	43.5%



31 March 2015
£36 651 million

Southern Africa	57.0%
UK and Other	43.0%

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

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

£'000	Total credit and counterparty exposure	Assets that we deem to have no legal credit exposure	Note reference	Total balance sheet
At 30 September 2015				
Cash and balances at central banks	2 001 611	1 426		2 003 037
Loans and advances to banks	2 261 008	–		2 261 008
Non-sovereign and non-bank cash placements	545 878	–		545 878
Reverse repurchase agreements and cash collateral on securities borrowed	2 504 339	–		2 504 339
Sovereign debt securities	2 739 669	–		2 739 669
Bank debt securities	988 133	–		988 133
Other debt securities	831 506	988		832 494
Derivative financial instruments	1 078 315	253 303		1 331 618
Securities arising from trading activities	580 800	773 799		1 354 599
Investment portfolio	–	929 115	1	929 115
Loans and advances to customers	16 505 514	(238 231)	2	16 267 283
Own originated loans and advances to customers securitised	463 798	(362)	2	463 436
Other loans and advances	357 686	(52 206)	2	305 480
Other securitised assets	9 464	269 798	3	279 262
Interest in associated undertakings	–	23 809		23 809
Deferred taxation assets	–	94 023		94 023
Other assets	391 814	1 679 890	4	2 071 704
Property and equipment	–	94 231		94 231
Investment properties	–	531 835		531 835
Goodwill	–	368 319		368 319
Intangible assets	–	155 619		155 619
Non-current assets (or disposal groups) classified as held for sale	–	28 692		28 692
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	5 526 475		5 526 475
Total on-balance sheet exposures	31 259 535	10 440 523		41 700 058

1. *Largely relates to exposures that are classified as equity risk in the banking book. Further information is provided on pages 134 to 136.*
2. *Largely relates to impairments.*
3. *While the group manages all risks (including credit risk) from a day-to-day operational perspective, certain of these assets are within special purpose vehicles that ring-fence the assets to specific credit providers and limit security to the assets in the vehicle. The table above reflects the net credit exposure in the vehicles that the group has reflected in the 'total credit and counterparty exposure' with the maximum credit exposure referenced to credit providers external to the group in the column headed 'assets that we deem to have no legal credit exposure'. Also includes cash in the securitised vehicles.*
4. *Other assets include settlement debtors which we deem to have no credit risk exposure as they are settled on a delivery against payment basis.*

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

£'000	Total credit and counterparty exposure	Assets that we deem to have no legal credit exposure	Note reference	Total balance sheet
At 31 March 2015				
Cash and balances at central banks	2 528 133	1 429		2 529 562
Loans and advances to banks	3 045 864	–		3 045 864
Non-sovereign and non-bank cash placements	586 400	–		586 400
Reverse repurchase agreements and cash collateral on securities borrowed	1 812 156	–		1 812 156
Sovereign debt securities	2 958 641	–		2 958 641
Bank debt securities	1 161 055	–		1 161 055
Other debt securities	626 367	1 006		627 373
Derivative financial instruments	1 343 810	236 871		1 580 681
Securities arising from trading activities	570 288	516 061		1 086 349
Investment portfolio	–	947 846	1	947 846
Loans and advances to customers	16 992 064	(251 801)	2	16 740 263
Own originated loans and advances to customers securitised	448 921	(274)	2	448 647
Other loans and advances	420 611	154 219	3	574 830
Other securitised assets	51 223	729 373	3	780 596
Interest in associated undertakings	–	25 244		25 244
Deferred taxation assets	–	99 301		99 301
Other assets	63 862	1 677 851	4	1 741 713
Property and equipment	–	102 354		102 354
Investment properties	–	617 898		617 898
Goodwill	–	361 527		361 527
Intangible assets	–	147 227		147 227
Non-current assets (or disposal groups) classified as held for sale	–	40 726		40 726
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	6 337 149		6 337 149
Total on-balance sheet exposures	32 609 395	11 744 007		44 353 402

1. *Largely relates to exposures that are classified as equity risk in the banking book. Further information is provided on pages 134 to 136.*
2. *Largely relates to impairments.*
3. *While the group manages all risks (including credit risk) from a day-to-day operational perspective, certain of these assets are within special purpose vehicles that ring-fence the assets to specific credit providers and limit security to the assets in the vehicle. The table above reflects the net credit exposure in the vehicles that the group has reflected in the 'total credit and counterparty exposure' with the maximum credit exposure referenced to credit providers external to the group in the column headed 'assets that we deem to have no legal credit exposure'. Also includes cash in the securitised vehicles.*
4. *Other assets include settlement debtors which 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 2015

£'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	2 001 611	–	–	–	–	–	2 001 611
Loans and advances to banks	2 185 168	3 311	2 518	67 700	2 311	–	2 261 008
Non-sovereign and non-bank cash placements	545 878	–	–	–	–	–	545 878
Reverse repurchase agreements and cash collateral on securities borrowed	2 151 271	100 557	48 503	165 818	38 190	–	2 504 339
Sovereign debt securities	596 092	550 695	268 007	234 138	328 711	762 026	2 739 669
Bank debt securities	87 070	39 669	224 706	345 792	231 280	59 616	988 133
Other debt securities	71 835	16 256	672	275 856	295 216	171 671	831 506
Derivative financial instruments	105 937	120 547	149 554	430 055	203 687	68 535	1 078 315
Securities arising from trading activities	235 847	696	5 390	142 725	103 911	92 231	580 800
Loans and advances to customers (gross)	2 136 374	1 113 201	1 570 608	7 597 572	1 752 185	2 335 574	16 505 514
Own originated loans and advances to customers securitised (gross)	257	–	–	1 121	18 048	444 372	463 798
Other loans and advances (gross)	24 400	200	739	76 736	43 645	211 966	357 686
Other securitised assets (gross)	–	–	–	–	–	9 464	9 464
Other assets	391 814	–	–	–	–	–	391 814
Total on-balance sheet exposures	10 533 554	1 945 132	2 270 697	9 337 513	3 017 184	4 155 455	31 259 535
Guarantees^	261 047	3 249	15 062	298 202	112 301	11 059	700 920
Contingent liabilities, committed facilities and other	736 145	198 718	350 613	1 145 739	137 476	727 792	3 296 483
Total off-balance sheet exposures	997 192	201 967	365 675	1 443 941	249 777	738 851	3 997 403
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	11 530 746	2 147 099	2 636 372	10 781 454	3 266 961	4 894 306	35 256 938

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

Detailed analysis of gross credit and counterparty exposures by industry at 30 September 2015

£'000	HNW and other 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	–	–	–	–	2 001 611	–	–
Loans and advances to banks	–	–	–	–	–	–	2 261 008
Non-sovereign and non-bank cash placements	–	–	8	–	13 197	23 404	192 231
Reverse repurchase agreements and cash collateral on securities borrowed	30 118	–	–	–	–	79 733	2 356 417
Sovereign debt securities	–	–	–	–	2 739 669	–	–
Bank debt securities	–	–	–	–	–	–	988 133
Other debt securities	–	–	–	–	135 385	5 483	235 842
Derivative financial instruments	23 980	–	503	34 123	211	45 560	819 020
Securities arising from trading activities	–	–	–	32 291	331 025	–	186 912
Loans and advances to customers (gross)	5 285 024	4 264 558	90 037	638 882	414 412	832 038	1 103 472
Own originated loans and advances to customers securitised (gross)	463 798	–	–	–	–	–	–
Other loans and advances (gross)	–	–	–	–	–	–	144 971
Other securitised assets (gross)	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	324 512
Total on-balance sheet exposures	5 802 920	4 264 558	90 548	705 296	5 635 510	986 218	8 612 518
Guarantees^^	197 450	46 617	–	31 640	85 851	1 554	194 084
Contingent liabilities, committed facilities and other	1 384 377	471 595	26 849	252 192	19 010	80 748	336 658
Total off-balance sheet exposures	1 581 827	518 212	26 849	283 832	104 861	82 302	530 742
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	7 384 747	4 782 770	117 397	989 128	5 740 371	1 068 520	9 143 260

^ *Historically legacy positions to non-target market clients.*
^^ *Excludes guarantees provided to clients which are backed/secured by cash on deposit with the group.*

Retailers and wholesalers	Manufacturing and commerce	Construction	Corporate commercial real estate	Other residential mortgages^	Mining and resources	Leisure, entertainment and tourism	Transport	Communication	Total
–	–	–	–	–	–	–	–	–	2 001 611
–	–	–	–	–	–	–	–	–	2 261 008
70 091	138 117	29 746	–	–	49 015	–	18 480	11 589	545 878
–	36 756	–	–	–	–	–	1 315	–	2 504 339
–	–	–	–	–	–	–	–	–	2 739 669
–	–	–	–	–	–	–	–	–	988 133
978	47 868	–	–	71 786	163 133	12 225	4 917	153 889	831 506
11 862	49 339	8 312	23 358	–	25 086	14 342	20 597	2 022	1 078 315
3 444	7 097	–	–	–	–	–	6 454	13 577	580 800
449 834	883 364	187 647	391 137	–	402 376	297 899	921 814	343 020	16 505 514
–	–	–	–	–	–	–	–	–	463 798
–	–	–	48	212 667	–	–	–	–	357 686
–	–	–	–	9 464	–	–	–	–	9 464
51 200	6 381	1 063	–	–	–	1 051	–	7 607	391 814
587 409	1 168 922	226 768	414 543	293 917	639 610	325 517	973 577	531 704	31 259 535
17 293	32 723	–	–	–	85 380	–	573	7 755	700 920
89 169	75 284	27 606	66 099	–	176 419	44 590	185 971	59 916	3 296 483
106 462	108 007	27 606	66 099	–	261 799	44 590	186 544	67 671	3 997 403
693 871	1 276 929	254 374	480 642	293 917	901 409	370 107	1 160 121	599 375	35 256 938

Detailed analysis of gross credit and counterparty exposures by industry at 31 March 2015

£'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	–	–	–	–	2 528 133	–	–
Loans and advances to banks	–	–	–	–	–	–	3 045 864
Non-sovereign and non-bank cash placements	–	–	–	–	–	30 246	196 226
Reverse repurchase agreements and cash collateral on securities borrowed	32 216	–	–	54 045	–	3 977	1 668 929
Sovereign debt securities	–	–	–	–	2 958 641	–	–
Bank debt securities	–	–	–	–	–	–	1 161 055
Other debt securities	–	–	–	64 976	7 396	3 474	144 656
Derivative financial instruments	8 097	–	579	48 317	–	34 605	998 229
Securities arising from trading activities	–	–	–	35 210	395 266	9 968	97 934
Loans and advances to customers (gross)	5 402 037	4 433 910	55 159	629 184	242 777	710 874	1 211 277
Own originated loans and advances to customers securitised (gross)	448 921	–	–	–	–	–	–
Other loans and advances (gross)	–	–	–	–	–	–	144 181
Other securitised assets (gross)	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	63 715
Total on-balance sheet exposures	5 891 271	4 433 910	55 738	831 732	6 132 213	793 144	8 732 066
Guarantees^^	239 887	83 502	–	31 431	74 137	6 702	127 008
Contingent liabilities, committed facilities and other	1 569 702	493 792	25 803	280 445	29 012	67 625	256 054
Total off-balance sheet exposures	1 809 589	577 294	25 803	311 876	103 149	74 327	383 062
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	7 700 860	5 011 204	81 541	1 143 608	6 235 362	867 471	9 115 128

^ *Historically legacy positions to non-target market clients.*
^^ *Excludes guarantees provided to clients which are backed/secured by cash on deposit with the group.*

Retailers and wholesalers	Manufacturing and commerce	Construction	Corporate commercial real estate	Other residential mortgages^	Mining and resources	Leisure, entertainment and tourism	Transport	Communication	Total
–	–	–	–	–	–	–	–	–	2 528 133
–	–	–	–	–	–	–	–	–	3 045 864
98 445	121 811	19 471	–	–	26 625	–	67 276	26 300	586 400
–	48 110	–	–	–	–	–	4 879	–	1 812 156
–	–	–	–	–	–	–	–	–	2 958 641
–	–	–	–	–	–	–	–	–	1 161 055
1 102	3 535	–	–	63 793	149 423	5 925	53 181	128 906	626 367
51 163	60 924	8 937	40 286	–	40 855	14 327	18 647	18 844	1 343 810
3 828	14 001	–	1 343	–	3 631	1 150	4 828	3 129	570 288
513 560	996 676	215 453	463 046	–	415 206	186 534	1 083 217	433 154	16 992 064
–	–	–	–	–	–	–	–	–	448 921
–	–	–	9 702	266 728	–	–	–	–	420 611
–	–	–	–	51 223	–	–	–	–	51 223
–	138	–	9	–	–	–	–	–	63 862
668 098	1 245 195	243 861	514 386	381 744	635 740	207 936	1 232 028	610 333	32 609 395
44 525	46 894	–	35	430	92 757	–	899	1 799	750 006
57 645	57 818	26 306	14 830	–	135 153	16 962	213 051	47 111	3 291 309
102 170	104 712	26 306	14 865	430	227 910	16 962	213 950	48 910	4 041 315
770 268	1 349 907	270 167	529 251	382 174	863 650	224 898	1 445 978	659 243	36 650 710

Private client loans account for 59.0% of total gross core loans and advances, as represented by the industry classification 'HNW and professional individuals' and 'lending collateralised by property'

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.

	Gross core loans and advances		Other credit and counterparty exposures		Total	
£'000	30 Sept 2015	31 March 2015	30 Sept 2015	31 March 2015	30 Sept 2015	31 March 2015
HNW and professional individuals	5 748 822	5 850 958	1 635 925	1 849 902	7 384 747	7 700 860
Lending collateralised by property – largely to private clients	4 264 558	4 433 910	518 212	577 294	4 782 770	5 011 204
Agriculture	90 037	55 159	27 360	26 382	117 397	81 541
Electricity, gas and water (utility services)	638 882	629 184	350 246	514 424	989 128	1 143 608
Public and non-business services	414 412	242 777	5 325 959	5 992 585	5 740 371	6 235 362
Business services	832 038	710 874	236 482	156 597	1 068 520	867 471
Finance and insurance	1 103 472	1 211 277	8 039 788	7 903 851	9 143 260	9 115 128
Retailers and wholesalers	449 834	513 560	244 037	256 708	693 871	770 268
Manufacturing and commerce	883 364	996 676	393 565	353 231	1 276 929	1 349 907
Construction	187 647	215 453	66 727	54 714	254 374	270 167
Corporate commercial real estate	391 137	463 046	89 505	66 205	480 642	529 251
Other residential mortgages	–	–	293 917	382 174	293 917	382 174
Mining and resources	402 376	415 206	499 033	448 444	901 409	863 650
Leisure, entertainment and tourism	297 899	186 534	72 208	38 364	370 107	224 898
Transport	921 814	1 083 217	238 307	362 761	1 160 121	1 445 978
Communication	343 020	433 154	256 355	226 089	599 375	659 243
Total	16 969 312	17 440 985	18 287 626	19 209 725	35 256 938	36 650 710

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

£'000	30 Sept 2015	31 March 2015
Loans and advances to customers as per the balance sheet	16 267 283	16 740 263
Add: Own originated loans and advances securitised as per the balance sheet	463 436	448 647
Net core loans and advances to customers	16 730 719	17 188 910

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

£'000	30 Sept 2015	31 March 2015
Gross core loans and advances to customers	16 969 312	17 440 985
Total impairments	(238 593)	(252 075)
Specific impairments	(191 593)	(208 348)
Portfolio impairments	(47 000)	(43 727)
Net core loans and advances to customers	16 730 719	17 188 910
Average gross core loans and advances to customers	17 205 149	17 431 458
Current loans and advances to customers	16 270 807	16 650 156
Past due loans and advances to customers (1 – 60 days)	99 706	102 832
Special mention loans and advances to customers	42 469	79 636
Default loans and advances to customers	556 330	608 361
Gross core loans and advances to customers	16 969 312	17 440 985
Current loans and advances to customers	16 270 807	16 650 156
Default loans that are current and not impaired	24 764	70 589
Gross core loans and advances to customers that are past due but not impaired	251 063	244 095
Gross core loans and advances to customers that are impaired	422 678	476 145
Gross core loans and advances to customers	16 969 312	17 440 985
Total income statement charge for impairments on core loans and advances	(46 290)	(118 068)
Gross default loans and advances to customers	556 330	608 361
Specific impairments	(191 593)	(208 348)
Portfolio impairments	(47 000)	(43 727)
Defaults net of impairments	317 737	356 286
Aggregate collateral and other credit enhancements on defaults	456 274	488 258
Net default loans and advances to customers (limited to zero)	–	–
Ratios		
Total impairments as a % of gross core loans and advances to customers	1.41%	1.45%
Total impairments as a % of gross default loans	42.89%	41.44%
Gross defaults as a % of gross core loans and advances to customers	3.28%	3.49%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.90%	2.07%
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)	0.54%	0.68%

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

£'000	UK and Other 30 Sept 2015	UK and Other 31 March 2015	Southern Africa 30 Sept 2015	Southern Africa 31 March 2015	Total group 30 Sept 2015	Total group 31 March 2015
Gross core loans and advances to customers	7 385 313	7 249 561	9 583 999	10 191 424	16 969 312	17 440 985
Total impairments	(175 016)	(188 444)	(63 577)	(63 631)	(238 593)	(252 075)
Specific impairments	(138 510)	(154 262)	(53 083)	(54 086)	(191 593)	(208 348)
Portfolio impairments	(36 506)	(34 182)	(10 494)	(9 545)	(47 000)	(43 727)
Net core loans and advances to customers	7 210 297	7 061 117	9 520 422	10 127 793	16 730 719	17 188 910
% of total	43.1%	41.1%	56.9%	58.9%	100.0%	100.0%
% change since March 2015	2.1%		(6.0%)*		(2.7%)*	
Average gross core loans and advances to customers	7 317 437	7 832 564	9 887 712	9 598 894	17 205 149	17 431 458
Current loans and advances to customers	6 910 596	6 733 402	9 360 211	9 916 754	16 270 807	16 650 156
Past due loans and advances to customers (1 – 60 days)	57 298	73 489	42 408	29 343	99 706	102 832
Special mention loans and advances to customers	30 842	42 556	11 627	37 080	42 469	79 636
Default loans and advances to customers	386 577	400 114	169 753	208 247	556 330	608 361
Gross core loans and advances to customers	7 385 313	7 249 561	9 583 999	10 191 424	16 969 312	17 440 985
Current loans and advances to customers	6 910 596	6 733 402	9 360 211	9 916 754	16 270 807	16 650 156
Default loans that are current and not impaired	17 684	26 785	7 080	43 804	24 764	70 589
Gross core loans and advances to customers that are past due but not impaired	147 003	146 428	104 060	97 667	251 063	244 095
Gross core loans and advances to customers that are impaired	310 030	342 946	112 648	133 199	422 678	476 145
Gross core loans and advances to customers	7 385 313	7 249 561	9 583 999	10 191 424	16 969 312	17 440 985
Total income statement charge for impairments on core loans and advances	(32 626)	(90 709)	(13 664)	(27 359)	(46 290)	(118 068)
Gross default loans and advances to customers	386 577	400 114	169 753	208 247	556 330	608 361
Specific impairments	(138 510)	(154 262)	(53 083)	(54 086)	(191 593)	(208 348)
Portfolio impairments	(36 506)	(34 182)	(10 494)	(9 545)	(47 000)	(43 727)
Defaults net of impairments	211 561	211 670	106 176	144 616	317 737	356 286
Aggregate collateral and other credit enhancements	278 698	280 697	177 576	207 561	456 274	488 258
Net default loans and advances to customers (limited to zero)	–	–	–	–	–	–
Ratios						
Total impairments as a % of gross core loans and advances to customers	2.37%	2.60%	0.66%	0.62%	1.41%	1.45%
Total impairments as a % of gross default loans	45.27%	47.10%	37.45%	30.56%	42.89%	41.44%
Gross defaults as a % of gross core loans and advances to customers	5.23%	5.52%	1.77%	2.04%	3.28%	3.49%
Defaults (net of impairments) as a % of net core loans and advances to customers	2.93%	3.00%	1.12%	1.43%	1.90%	2.07%
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)	0.89%	1.16%	0.28%	0.28%	0.54%	0.68%

* *Impacted by depreciation of the Rand : Pounds Sterling exchange rate. The loan book in South Africa increased by 9.5% from R182.1 billion to R199.4 billion.*

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

£'000	30 Sept 2015	31 March 2015
Default loans that are current	186 355	262 221
1 – 60 days	156 384	201 425
61 – 90 days	19 298	10 331
91 – 180 days	60 561	21 839
181 – 365 days	55 810	56 884
>365 days	220 097	238 129
Past due and default core loans and advances to customers (actual capital exposure)	698 505	790 829
1 – 60 days	14 049	35 974
61 – 90 days	820	2 234
91 – 180 days	25 211	9 807
181 – 365 days	22 372	12 929
>365 days	179 637	209 923
Past due and default core loans and advances to customers (actual amount in arrears)	242 089	270 867

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 2015							
Default loans that are current and not impaired							
Total capital exposure	24 764	–	–	–	–	–	24 764
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	–	128 619	15 289	52 091	25 690	29 374	251 063
Amount in arrears	–	13 387	274	20 494	9 389	15 348	58 892
Gross core loans and advances to customers that are impaired							
Total capital exposure	161 591	27 765	4 009	8 470	30 120	190 723	422 678
Amount in arrears	–	662	546	4 717	12 983	164 289	183 197
At 31 March 2015							
Default loans that are current and not impaired							
Total capital exposure	70 589	–	–	–	–	–	70 589
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	–	172 458	8 102	15 008	16 521	32 006	244 095
Amount in arrears	–	27 436	1 944	6 215	5 760	17 951	59 306
Gross core loans and advances to customers that are impaired							
Total capital exposure	191 632	28 967	2 229	6 831	40 363	206 123	476 145
Amount in arrears	–	8 538	290	3 592	7 169	191 972	211 561

An age analysis of past due and default core loans and advances to customers at 30 September 2015 (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)	–	99 706	–	–	–	–	99 706
Special mention	–	25 928	13 653	1 245	406	1 237	42 469
Special mention (1 – 90 days)	–	25 928	152	1 245*	406*	1 237*	28 968
Special mention (61 – 90 days and item well secured)	–	–	13 501	–	–	–	13 501
Default	186 355	30 750	5 645	59 316	55 404	218 860	556 330
Sub-standard	69 787	14 910	2 135	50 863	43 027	83 507	264 229
Doubtful	115 177	15 840	3 502	7 677	11 695	48 289	202 180
Loss	1 391	–	8	776	682	87 064	89 921
Total	186 355	156 384	19 298	60 561	55 810	220 097	698 505

An age analysis of past due and default core loans and advances to customers at 30 September 2015 (based on actual amount in arrears)

£'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	>365 days	Total
Past due (1 – 60 days)	–	13 202	–	–	–	–	13 202
Special mention	–	145	219	61	31	335	791
Special mention (1 – 90 days)	–	145	4	61*	31*	335*	576
Special mention (61 – 90 days and item well secured)	–	–	215	–	–	–	215
Default	–	702	601	25 150	22 341	179 302	228 096
Sub-standard	–	68	551	20 421	14 185	54 887	90 112
Doubtful	–	634	42	3 958	7 481	37 725	49 840
Loss	–	–	8	771	675	86 690	88 144
Total	–	14 049	820	25 211	22 372	179 637	242 089

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

An age analysis of past due and default core loans and advances to customers at 31 March 2015 (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)	–	102 832	–	–	–	–	102 832
Special mention	–	67 695	6 531	1 067	1 896	2 447	79 636
Special mention (1 – 90 days)	–	67 695	114	1 067*	1 896*	2 447*	73 219
Special mention (61 – 90 days and item well secured)	–	–	6 417	–	–	–	6 417
Default	262 221	30 898	3 800	20 772	54 988	235 682	608 361
Sub-standard	131 309	1 987	1 571	14 192	43 605	69 299	261 963
Doubtful	129 544	28 911	2 229	5 768	10 951	63 990	241 393
Loss	1 368	–	–	812	432	102 393	105 005
Total	262 221	201 425	10 331	21 839	56 884	238 129	790 829

An age analysis of past due and default core loans and advances to customers at 31 March 2015 (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)	–	8 137	–	–	–	–	8 137
Special mention	–	19 271	1 260	345	1 435	1 493	23 804
Special mention (1 – 90 days)	–	19 271	3	345*	1 435*	1 493*	22 547
Special mention (61 – 90 days and item well secured)	–	–	1 257	–	–	–	1 257
Default	–	8 566	974	9 462	11 494	208 430	238 926
Sub-standard	–	31	684	6 093	5 901	56 001	68 710
Doubtful	–	8 535	290	2 557	5 161	50 036	66 579
Loss	–	–	–	812	432	102 393	103 637
Total	–	35 974	2 234	9 807	12 929	209 923	270 867

* *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 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 impair-ments	Portfolio impair-ments	Total net core loans and advances (actual capital exposure)	Actual amount in arrears
At 30 September 2015								
Current core loans and advances	16 270 807	–	–	16 270 807	–	(46 838)	16 223 969	–
Past due (1 – 60 days)	–	99 706	–	99 706	–	(136)	99 570	13 202
Special mention	–	42 469	–	42 469	–	(22)	42 447	791
Special mention (1 – 90 days)	–	28 968	–	28 968	–	(11)	28 957	576
Special mention (61 – 90 days and item well secured)	–	13 501	–	13 501	–	(11)	13 490	215
Default	24 764	108 888	422 678	556 330	(191 593)	(4)	364 733	228 096
Sub-standard	24 764	108 567	130 898	264 229	(37 236)	(4)	226 989	90 112
Doubtful	–	321	201 859	202 180	(99 934)	–	102 246	49 840
Loss	–	–	89 921	89 921	(54 423)	–	35 498	88 144
Total	16 295 571	251 063	422 678	16 969 312	(191 593)	(47 000)	16 730 719	242 089
At 31 March 2015								
Current core loans and advances	16 650 156	–	–	16 650 156	–	(43 163)	16 606 993	–
Past due (1 – 60 days)	–	102 832	–	102 832	–	(147)	102 685	8 137
Special mention	–	79 636	–	79 636	–	(415)	79 221	23 804
Special mention (1 – 90 days)	–	73 219	–	73 219	–	(384)	72 835	22 547
Special mention (61 – 90 days and item well secured)	–	6 417	–	6 417	–	(31)	6 386	1 257
Default	70 589	61 627	476 145	608 361	(208 348)	(2)	400 011	238 926
Sub-standard	70 023	61 627	130 313	261 963	(36 870)	(2)	225 091	68 710
Doubtful	566	–	240 827	241 393	(108 580)	–	132 813	66 579
Loss	–	–	105 005	105 005	(62 898)	–	42 107	103 637
Total	16 720 745	244 095	476 145	17 440 985	(208 348)	(43 727)	17 188 910	270 867

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

£'000	Private client, professional and HNW individuals	Corporate sector	Insurance, financial services (excluding sovereign)	Public and government sector (including central banks)	Trade finance and other	Total core loans and advances to customers
At 30 September 2015						
Current core loans and advances	9 419 330	5 110 857	1 097 540	408 153	234 927	16 270 807
Past due (1 – 60 days)	77 134	13 877	21	1 021	7 653	99 706
Special mention	39 888	2 277	2	302	–	42 469
Special mention (1 – 90 days)	26 773	2 195	–	–	–	28 968
Special mention (61 – 90 days and item well secured)	13 115	82	2	302	–	13 501
Default	477 028	61 204	5 909	4 936	7 253	556 330
Sub-standard	238 281	22 236	2 689	829	194	264 229
Doubtful	150 735	37 427	3 215	3 744	7 059	202 180
Loss	88 012	1 541	5	363	–	89 921
Total gross core loans and advances to customers	10 013 380	5 188 215	1 103 472	414 412	249 833	16 969 312
Total impairments	(201 209)	(30 501)	(387)	(588)	(5 908)	(238 593)
Specific impairments	(156 624)	(28 242)	(233)	(586)	(5 908)	(191 593)
Portfolio impairments	(44 585)	(2 259)	(154)	(2)	–	(47 000)
Net core loans and advances to customers	9 812 171	5 157 714	1 103 085	413 824	243 925	16 730 719
At 31 March 2015						
Current core loans and advances	9 581 985	5 400 581	1 211 033	237 114	219 443	16 650 156
Past due (1 – 60 days)	95 386	3 696	–	870	2 880	102 832
Special mention	77 859	1 623	–	–	154	79 636
Special mention (1 – 90 days)	71 864	1 355	–	–	–	73 219
Special mention (61 – 90 days and item well secured)	5 995	268	–	–	154	6 417
Default	529 638	64 225	244	4 793	9 461	608 361
Sub-standard	244 048	17 800	–	–	115	261 963
Doubtful	182 129	45 221	229	4 468	9 346	241 393
Loss	103 461	1 204	15	325	–	105 005
Total gross core loans and advances to customers	10 284 868	5 470 125	1 211 277	242 777	231 938	17 440 985
Total impairments	(216 154)	(28 325)	(350)	(847)	(6 399)	(252 075)
Specific impairments	(174 498)	(26 488)	(150)	(813)	(6 399)	(208 348)
Portfolio impairments	(41 656)	(1 837)	(200)	(34)	–	(43 727)
Net core loans and advances to customers	10 068 714	5 441 800	1 210 927	241 930	225 539	17 188 910

An analysis of core loans and advances by risk category at 30 September 2015

£'000	UK and Other					Southern Africa				
	Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements on defaults	Balance sheet impairments	Income statement impairments*	Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements on defaults	Balance sheet impairments	Income statement impairments*
Lending collateralised by property	2 334 301	327 135	229 704	(119 720)	(20 108)	1 930 257	60 022	60 372	(18 307)	1 656
Commercial real estate	1 429 158	122 930	83 413	(46 833)	(13 757)	1 786 750	29 389	35 479	(9 301)	93
Commercial real estate – investment	1 199 640	70 601	59 814	(15 077)	(4 495)	1 562 288	10 813	17 800	(2 660)	204
Commercial real estate – development	118 198	20 614	6 618	(13 995)	(365)	157 002	4 216	3 945	(694)	(964)
Commercial vacant land and planning	111 320	31 715	16 981	(17 761)	(8 897)	67 460	14 360	13 734	(5 947)	853
Residential real estate	905 143	204 205	146 291	(72 887)	(6 351)	143 507	30 633	24 893	(9 006)	1 563
Residential real estate – investment	305 352	72 206	65 789	(14 651)	(2 270)	–	–	–	–	–
Residential real estate – development	534 215	94 178	55 768	(44 373)	(2 709)	70 707	20 868	17 745	(5 262)	(3 353)
Residential vacant land and planning	65 576	37 821	24 734	(13 863)	(1 372)	72 800	9 765	7 148	(3 744)	4 916
High net worth and other private client lending	1 331 777	29 097	26 343	(11 073)	(7 537)	4 417 045	60 774	88 158	(7 524)	(6 163)
Mortgages	1 059 624	6 438	12 937	–	102	2 497 798	22 604	35 510	(1 659)	(860)
High net worth and specialised lending	272 153	22 659	13 406	(11 073)	(7 639)	1 919 247	38 170	52 648	(5 865)	(5 303)
Corporate and other lending	3 719 235	30 345	22 651	(7 717)	(4 981)	3 236 697	48 957	29 046	(27 252)	(9 157)
Acquisition finance	776 846	912	912	–	43	739 034	23 998	18 883	(8 222)	(5 053)
Asset-based lending	263 698	–	–	–	–	226 352	7 253	4 912	(5 908)	(1 033)
Fund finance	459 931	–	–	–	–	–	–	–	–	–
Other corporates and financial institutions and governments	612 222	–	–	–	–	1 741 024	11 235	5 251	(6 651)	(2 908)
Asset finance	1 150 594	11 310	5 931	(5 402)	(2 277)	221 150	–	–	–	504
Small ticket asset finance	868 471	11 310	5 931	(5 402)	(2 277)	58 671	–	–	–	11
Large ticket asset finance	282 123	–	–	–	–	162 479	–	–	–	493
Project finance	442 237	4 416	4 416	–	(2 710)	282 676	–	–	–	6 366
Resource finance	13 707	13 707	11 392	(2 315)	(37)	26 461	6 471	–	(6 471)	(7 033)
Portfolio impairments				(36 506)					(10 494)	
Total	7 385 313	386 577	278 698	(175 016)	(32 626)	9 583 999	169 753	177 576	(63 577)	(13 664)

* *Where a positive number represents a recovery.*

Total group				
Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements on defaults	Balance sheet impairments	Income statement impairments*
4 264 558	387 157	290 076	(138 027)	(18 452)
3 215 908	152 319	118 892	(56 134)	(13 664)
2 761 928	81 414	77 614	(17 737)	(4 291)
275 200	24 830	10 563	(14 689)	(1 329)
178 780	46 075	30 715	(23 708)	(8 044)
1 048 650	234 838	171 184	(81 893)	(4 788)
305 352	72 206	65 789	(14 651)	(2 270)
604 922	115 046	73 513	(49 635)	(6 062)
138 376	47 586	31 882	(17 607)	3 544
5 748 822	89 871	114 501	(18 597)	(13 700)
3 557 422	29 042	48 447	(1 659)	(758)
2 191 400	60 829	66 054	(16 938)	(12 942)
6 955 932	79 302	51 697	(34 969)	(14 138)
1 515 880	24 910	19 795	(8 222)	(5 010)
490 050	7 253	4 912	(5 908)	(1 033)
459 931	–	–	–	–
2 353 246	11 235	5 251	(6 651)	(2 908)
1 371 744	11 310	5 931	(5 402)	(1 773)
927 142	11 310	5 931	(5 402)	(2 266)
444 602	–	–	–	493
724 913	4 416	4 416	–	3 656
40 168	20 178	11 392	(8 786)	(7 070)
			(47 000)	
16 969 312	556 330	456 274	(238 593)	(46 290)

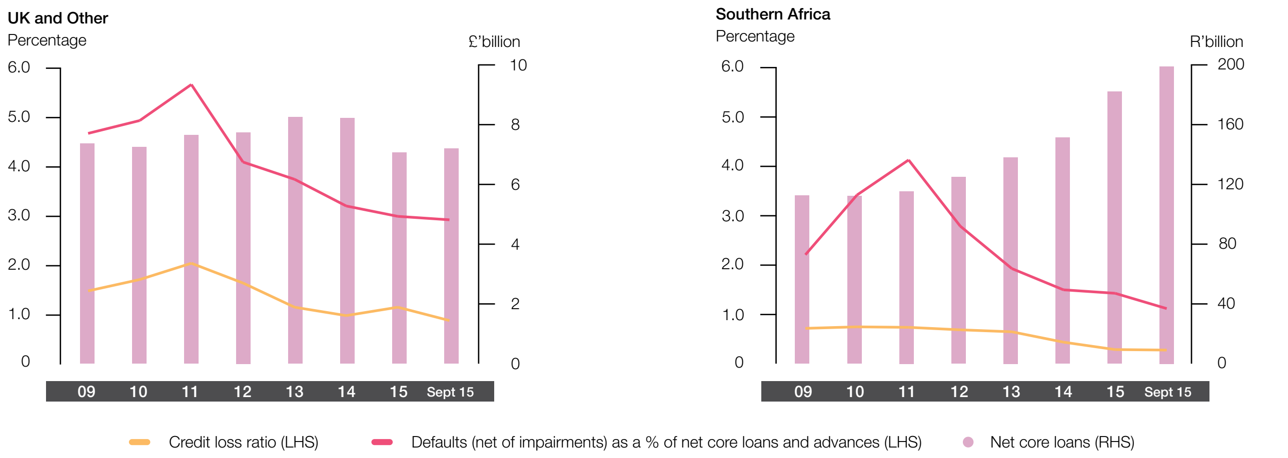
An analysis of core loans and advances by risk category at 31 March 2015

	UK and Other					Southern Africa				
£'000	Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements on defaults	Balance sheet impairments	Income statement impairments*	Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements on defaults	Balance sheet impairments	Income statement impairments*
Lending collateralised by property	2 318 053	343 229	233 676	(134 451)	(65 477)	2 115 857	72 994	72 462	(19 791)	(10 055)
Commercial real estate	1 510 506	122 886	79 588	(51 517)	(31 193)	1 942 835	36 261	41 200	(10 219)	(8 061)
Commercial real estate – investment	1 229 217	58 142	50 302	(11 752)	(18 918)	1 726 158	15 370	24 658	(1 746)	(2 100)
Commercial real estate – development	147 707	20 129	6 544	(13 585)	(4 953)	131 974	4 020	4 217	(321)	(209)
Commercial vacant land and planning	133 582	44 615	22 742	(26 180)	(7 322)	84 703	16 871	12 325	(8 152)	(5 752)
Residential real estate	807 547	220 343	154 088	(82 934)	(34 284)	173 022	36 733	31 262	(9 572)	(1 994)
Residential real estate – investment	292 089	53 911	50 294	(10 756)	(5 738)	–	–	–	–	–
Residential real estate – development	425 258	116 163	74 975	(50 571)	(14 638)	88 448	19 262	18 510	(2 755)	(84)
Residential vacant land and planning	90 200	50 269	28 819	(21 607)	(13 908)	84 574	17 471	12 752	(6 817)	(1 910)
High net worth and other private client lending	1 203 489	30 113	29 012	(11 048)	(12 139)	4 647 469	83 302	106 385	(9 208)	(1 741)
Mortgages	952 617	7 977	13 015	(914)	(1 091)	2 764 265	25 663	41 973	(2 472)	(428)
High net worth and specialised lending	250 872	22 136	15 997	(10 134)	(11 048)	1 883 204	57 639	64 412	(6 736)	(1 313)
Corporate and other lending	3 728 019	26 772	18 009	(8 763)	(13 093)	3 428 098	51 951	28 714	(25 087)	(15 563)
Acquisition finance	731 195	–	–	–	1 231	906 000	26 784	17 389	(12 392)	(10 422)
Asset-based lending	241 859	–	–	–	–	206 814	9 461	6 527	(6 399)	(2 055)
Fund finance	495 037	–	–	–	–	–	–	–	–	–
Other corporates and financial institutions and governments	719 049	–	–	–	(3 091)	1 728 443	14 731	4 757	(5 360)	(3 187)
Asset finance	1 119 165	8 346	3 642	(4 704)	(5 464)	246 702	3	41	37	(1 245)
Small ticket asset finance	835 773	8 346	3 642	(4 704)	(5 464)	68 319	3	41	37	(932)
Large ticket asset finance	283 392	–	–	–	–	178 383	–	–	–	(313)
Project finance	407 577	4 289	2 585	(1 704)	(719)	311 357	972	–	(973)	1 346
Resource finance	14 137	14 137	11 782	(2 355)	(5 050)	28 782	–	–	–	–
Portfolio impairments				(34 182)					(9 545)	
Total	7 249 561	400 114	280 697	(188 444)	(90 709)	10 191 424	208 247	207 561	(63 631)	(27 359)

* *Where a positive number represents a recovery.*

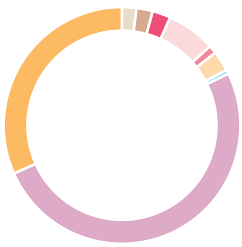
Total group				
Gross core loans	Gross defaults	Aggregate collateral and other credit enhance-ments on defaults	Balance sheet impair-ments	Income statement impair-ments*
4 433 910	416 223	306 138	(154 242)	(75 532)
3 453 341	159 147	120 788	(61 736)	(39 254)
2 955 375	73 512	74 960	(13 498)	(21 018)
279 681	24 149	10 761	(13 906)	(5 162)
218 285	61 486	35 067	(34 332)	(13 074)
980 569	257 076	185 350	(92 506)	(36 278)
292 089	53 911	50 294	(10 756)	(5 738)
513 706	135 425	93 485	(53 326)	(14 722)
174 774	67 740	41 571	(28 424)	(15 818)
5 850 958	113 415	135 397	(20 256)	(13 880)
3 716 882	33 640	54 988	(3 386)	(1 519)
2 134 076	79 775	80 409	(16 870)	(12 361)
7 156 117	78 723	46 723	(33 850)	(28 656)
1 637 195	26 784	17 389	(12 392)	(9 191)
448 673	9 461	6 527	(6 399)	(2 055)
495 037	–	–	–	–
2 447 492	14 731	4 757	(5 360)	(6 278)
1 365 867	8 349	3 683	(4 667)	(6 709)
904 092	8 349	3 683	(4 667)	(6 396)
461 775	–	–	–	(313)
718 934	5 261	2 585	(2 677)	627
42 919	14 137	11 782	(2 355)	(5 050)
			(43 727)	
17 440 985	608 361	488 258	(252 075)	(118 068)

Asset quality trends



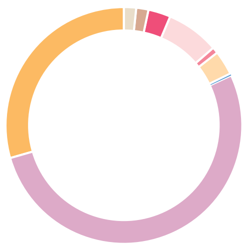
Additional information

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



30 Sept 2015
£16 969 million

Africa (excluding RSA)	2.0%
Asia	2.1%
Australia	2.6%
Europe (excluding UK)	6.7%
Europe (Non-EU)	1.1%
North America	2.7%
Other	0.4%
South Africa	50.8%
United Kingdom	31.6%



31 March 2015
£17 441 million

Africa (excluding RSA)	1.9%
Asia	1.7%
Australia	3.0%
Europe (excluding UK)	7.1%
Europe (Non-EU)	0.9%
North America	3.3%
Other	0.3%
South Africa	52.5%
United Kingdom	29.3%

Collateral

A summary of total collateral is provided in the table below.

£'000	Collateral held against Core loans and advances	Collateral held against Other credit and counterparty exposures*	Total
At 30 September 2015			
Eligible financial collateral	2 248 507	1 377 310	3 625 817
Listed shares	1 979 543	538 252	2 517 795
Cash	196 403	234 570	430 973
Debt securities issued by sovereigns	72 561	604 488	677 049
Property charge	16 800 198	250 425	17 050 623
Residential property	8 358 310	245 264	8 603 574
Residential development	833 023	–	833 023
Commercial property development	700 124	5 161	705 285
Commercial property investments	6 908 741	–	6 908 741
Other collateral	6 056 849	878 919	6 935 768
Unlisted shares	776 240	–	776 240
Charges other than property	506 559	814 385	1 320 944
Debtors, stock and other corporate assets	2 338 779	–	2 338 779
Guarantees	1 882 706	1 081	1 883 787
Other	552 565	63 453	616 018
Total collateral	25 105 554	2 506 654	27 612 208
At 31 March 2015			
Eligible financial collateral	2 295 543	2 310 860	4 606 403
Listed shares	2 055 962	1 133 577	3 189 539
Cash	118 390	535 064	653 454
Debt securities issued by sovereigns	121 191	642 219	763 410
Property charge	16 987 602	259 789	17 247 391
Residential property	8 579 139	254 565	8 833 704
Residential development	554 920	–	554 920
Commercial property development	674 921	5 224	680 145
Commercial property investments	7 178 622	–	7 178 622
Other collateral	6 942 551	757 079	7 699 630
Unlisted shares	940 251	–	940 251
Charges other than property	576 953	729 614	1 306 567
Debtors, stock and other corporate assets	2 565 083	–	2 565 083
Guarantees	1 505 080	833	1 505 913
Other	1 355 184	26 632	1 381 816
Total collateral	26 225 696	3 327 728	29 553 424

* *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.

Valuation and accounting methodologies

The tables below provide an analysis of income and revaluations recorded with respect to these investments.

For the six months to 30 September 2015 £'000 Country/category	Income (pre-funding costs)				Fair value through equity
	Unrealised	Realised	Dividends	Total	
Unlisted investments	22 457	28 036	20 499	70 992	1 008
UK and Other	(7 706)	12 534	12 486	17 314	932
Southern Africa	30 163	15 502	8 013	53 678	76
Listed equities	20 946	(9 207)	1 704	13 443	549
UK and Other	16 049	(9 177)	–	6 872	273
Southern Africa	4 897	(30)	1 704	6 571	276
Investment and trading properties^	(4 861)	9 085	–	4 224	–
UK and Other	880	(208)	–	672	–
Southern Africa	(5 741)	9 293	–	3 552	–
Warrants, profit shares and other embedded derivatives	(2 017)	9 381	–	7 364	–
UK and Other	(1 482)	3 478	–	1 996	–
Southern Africa	(535)	5 903	–	5 368	–
Total	36 525	37 295	22 203	96 023	1 557

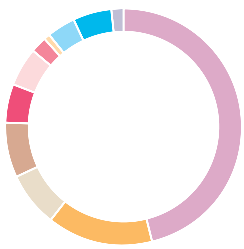
^ *For the purposes of the above analysis, the exposures arising from the consolidation of the Investec Property Fund have been reflected at the level of our economic ownership, being 33.2%. It is noted that the ultimate impact on the income statement reflects the group's net attributable earnings from the investment.*

For the year to 31 March 2015 £'000 Country/category	Income (pre-funding costs) Unrealised	 Realised	 Dividends	 Total	Fair value through equity
Unlisted investments	8 940	85 624	24 618	119 182	709
UK and Other	(25 673)	60 017	5 106	39 450	709
Southern Africa	34 613	25 607	19 512	79 732	–
Listed equities	20 515	357	6 068	26 940	100
UK and Other	19 770	1 505	772	22 047	425
Southern Africa	745	(1 148)	5 296	4 893	(325)
Investment and trading properties^	6 727	21 747	–	28 474	–
UK and Other	8 664	2 354	–	11 018	–
Southern Africa	(1 937)	19 393	–	17 456	–
Warrants, profit shares and other embedded derivatives	(76 947)	19 628	–	(57 319)	–
UK and Other	(70 947)	1 873	–	(69 074)	–
Southern Africa	(6 000)	17 755	–	11 755	–
Total	(40 765)	127 356	30 686	117 277	809

^ *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 33.1% in March 2015. It is noted that the ultimate impact on the income statement reflects the group's net attributable earnings from the investment.*

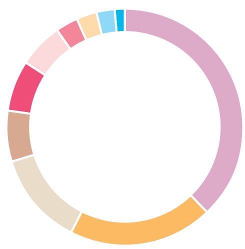
Additional information

An analysis of the investment portfolio, warrants, profit shares and other embedded derivatives by industry of exposure



30 Sept 2015 (£1 004 million)

Manufacturing and commerce	46.2%
Finance and insurance	14.6%
Mining and resources	7.5%
Real estate	7.4%
Retailers and wholesalers	5.3%
Communication	5.2%
Other	2.2%
Agriculture	1.0%
Business services	3.7%
Transport	5.4%
Construction	1.5%



31 March 2015 (£1 041 million)

Manufacturing and commerce	38.0%
Finance and insurance	19.6%
Mining and resources	12.8%
Real estate	7.0%
Retailers and wholesalers	6.8%
Communication	6.3%
Other	2.9%
Agriculture	2.9%
Business services	2.5%
Transport	1.2%

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 2015	Valuation change stress test 30 Sept 2015*	On-balance sheet value of investments 31 March 2015	Valuation change stress test 31 March 2015*
Unlisted investments	797 241	119 586	810 031	121 505
UK and Other	310 176	46 526	287 821	43 173
Southern Africa	487 065	73 060	522 210	78 332
Listed equities	160 566	40 142	178 541	44 635
UK and Other	99 082	24 771	113 120	28 280
Southern Africa	61 485	15 371	65 421	16 355
Total listed equities and unlisted investments**	957 807	159 728	988 572	166 140
UK and Other	409 258	71 297	400 941	71 453
Southern Africa	548 549	88 431	587 631	94 687
Investment and trading properties^	482 462	68 036	550 367	76 641
UK and Other	161 074	26 384	191 499	31 726
Southern Africa	321 388	41 652	358 868	44 915
Warrants, profit shares and other embedded derivatives	45 766	16 018	52 719	18 452
UK and Other	32 032	11 211	36 111	12 639
Southern Africa	13 734	4 807	16 608	5 813
Total	1 486 035	243 782	1 591 658	261 233

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

^ *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 33.2% (March 2015: 33.1%).*

* *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 at 30 September 2015, as reflected above, we could have a £244 million reversal in revenue (which assumes a year in which there is a 'severe stress scenario' simultaneously across all asset classes). 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.

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 113 for the balance sheet and credit risk classification.

The group applies the standardised approach in the assessment of regulatory capital for securitisation exposures within its banking book and trading book. The trading book exposures at 30 September 2015 are not regarded as material, and therefore no further information is disclosed for these exposures.

The information below sets out the initiatives we have focused on over the past few years, albeit that most of these business lines have been curtailed given the changes in the securitisation market and given the strategic divestments Investec has undertaken last year.

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 originated through the Kensington business which was disposed of in January 2015. For regulatory purposes, structured entities are not consolidated where significant risk in the structured entities 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.

The bank has no securitisations backed by revolving exposures.

Fitch Ratings, Moody's, S&P and DBRS have been involved in rating these abovementioned transactions.

We hold rated structured credit instruments (including resecuritisation exposures). These exposures are largely in the UK and amount to £270 million at 30 September 2015 (31 March 2015: £317 million). This is intended as a hold to maturity portfolio 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 15 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 Private Mortgages 1. This facility, which totalled R0.2 billion at 30 September 2015 (31 March 2015: R0.2 billion), has not been drawn on and is reflected as off-balance sheet contingent exposures in terms of our credit analysis. Refer to page 138.

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 R1.7 billion at 30 September 2015 (31 March 2015: R1.4 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 R9.7 billion at 30 September 2015 (31 March 2015: R8.1 billion) and consist of residential mortgages (R9.7 billion). Within these securitisation vehicles loans greater than 90 days in arrears amounted to R21.8 million.

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 2015 £'million	Exposure 31 March 2015 £'million	Balance sheet and credit risk classification	Asset quality – relevant comments
Structured credit*	362	437	Other debt securities, other loans and advances, and other securitised assets	
Rated	350	395		
Unrated	12	42		
Loans and advances to customers and third party intermediary originating platforms (mortgage loans) (with the potential to be securitised)	182	180	Other loans and advances	
Private Client division assets which have been securitised	463	449	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 121
South Africa – liquidity facilities provided to third party corporate securitisation vehicles	10	11	Off-balance sheet credit exposure as these facilities have remained undrawn and reflect a contingent liability of the bank	

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

	30 September 2015			31 March 2015		
£'million	Rated**	Unrated	Total	Rated	Unrated	Total
US corporate loans	136	–	136	118	–	118
UK and European RMBS	172	9	181	222	29	251
UK and European CMBS	–	–	–	6	4	10
UK and European corporate loans	36	3	39	42	9	51
Australian RMBS	6	–	6	7	–	7
Total	350	12	362	395	42	437
Investec plc	270	9	279	317	33	350
Investec Limited	80	3	83	78	9	87

****Further analysis of rated structured credit at 30 September 2015**

£'million	AAA	AA	A	BBB	BB	B	CCC and below	Total
US corporate loans	73	21	35	7	–	–	–	136
UK and European RMBS	33	62	47	17	10	–	3	172
UK and European corporate loans	16	9	10	1	–	–	–	36
Australian RMBS	–	6	–	–	–	–	–	6
Total at 30 September 2015	122	98	92	25	10	–	3	350
Total at 31 March 2015	64	163	82	53	11	–	22	395

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 foreign exchange, 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 and for the aggregate risk of the trading book.

These reports are distributed to management and traders. There is a formal process for management recognition and authorisation for any risk excesses incurred. The production of risk reports allows for the monitoring of every instrument traded against prescribed limits. Valuation models for new instruments or products are independently validated by Market Risk 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 review a profit attribution, where our daily traded revenue 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 (sVaR), 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, the December Rand crisis in 2001 and the Lehmans crisis. 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 backtesting. 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 'backtesting breach' is considered to have occurred. Over time we expect the average rate of observed backtesting breaches to be consistent with the percentile of the VaR statistic being tested.

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 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, while the capital requirements of the whole portfolio are calculated using standard rules.

The graphs that follow show the result of backtesting total daily VaR against 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

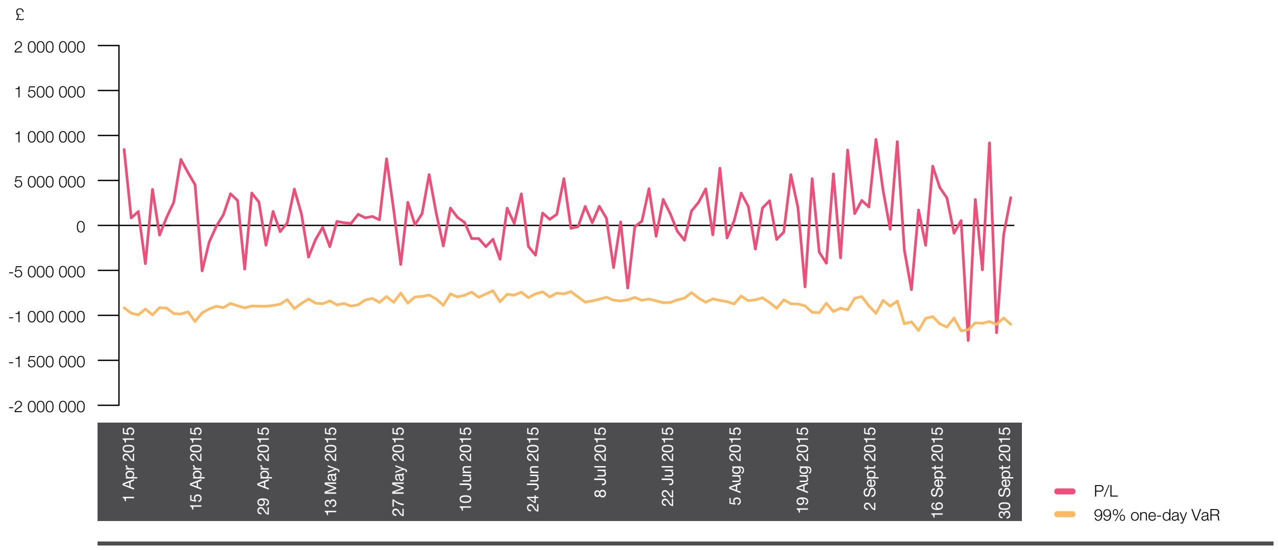
	30 September 2015				31 March 2015			
	Period end	Average	High	Low	Year end	Average	High	Low
UK and Other (using 95% VaR)								
Equities (£'000)	554	537	699	412	524	573	825	436
Foreign exchange (£'000)	33	33	81	15	23	20	64	1
Interest rates (£'000)	188	219	559	136	495	300	536	197
Consolidated (£'000)*	577	581	719	488	691	617	921	475
Southern Africa (using 95% VaR)								
Commodities (R'million)	0.1	0.1	0.2	–	–	0.1	0.5	–
Equities (R'million)	2.4	2.4	5.8	1.2	1.7	2.7	6.7	0.7
Foreign exchange (R'million)	3.2	2.8	6.4	1.4	3.0	3.1	5.9	1.1
Interest rates (R'million)	1.3	1.3	3.0	0.6	2.7	1.6	3.5	0.9
Consolidated (R'million)*	4.2	4.2	8.5	2.1	3.5	4.4	7.7	1.7

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

UK and Other

The average VaR utilisation for the six months to 30 September 2015 was lower than for 31 March 2015, as a result of a decrease in the interest rate risk run across all trading businesses. Using hypothetical (clean) profit and loss data for backtesting resulted two exceptions at the 99% confidence level, i.e. where the loss was greater than the 99% one-day VaR. This is one exception more than expected at the 99% level and is due to increased equity volatility during August and September 2015.

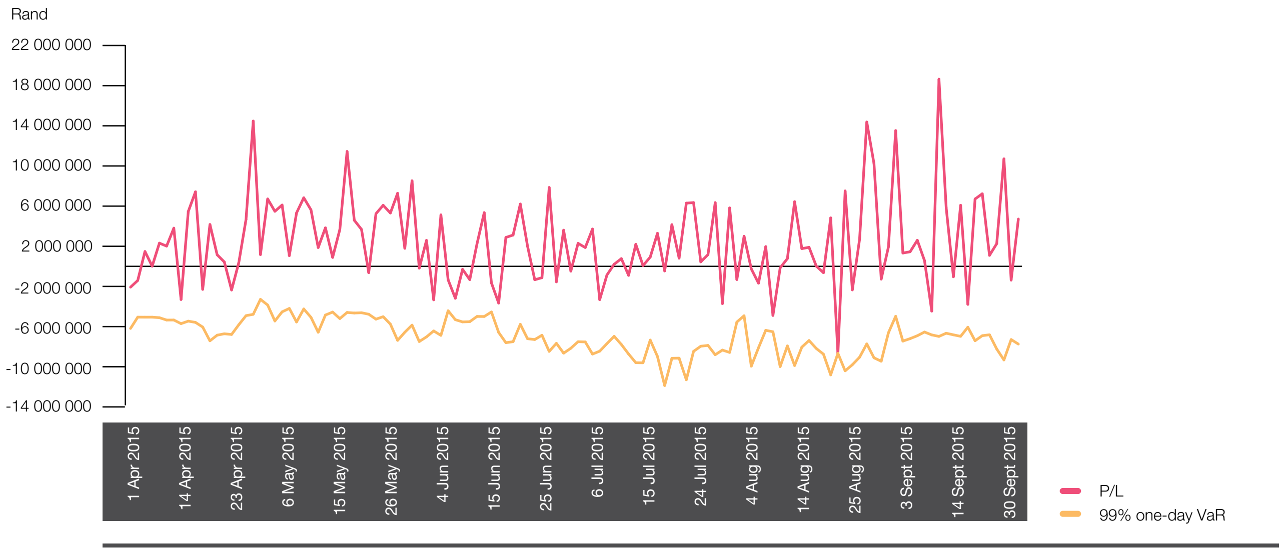
99% one-day VaR backtesting



Southern Africa

VaR for the six months to 30 September 2015 increased moderately during the period. Using hypothetical (clean) profit and loss data for backtesting resulted in one exception (as shown in the graph below), which is in line with the one exception that a 99% VaR implies. The exception was due to normal trading losses.

99% one-day VaR backtesting



ETL

	UK and Other 95% (one-day) £'000	Southern Africa 95% (one-day) R'million
30 September 2015		
Equities	735	4.9
Foreign exchange	46	5.1
Interest rates	213	2.0
Consolidated*	774	7.0
31 March 2015		
Equities	663	2.5
Foreign exchange	34	4.4
Interest rates	717	3.8
Consolidated*	874	5.1

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

Stress testing

The table below indicates the potential losses that could arise if the portfolio is stress tested under extreme market conditions. The method used is known as extreme value theory (EVT), the reported stress scenario below calculates the 99% EVT which is a 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 2015				31 March 2015
	Period end	Average	High	Low	Year end
UK and Other (using 99% EVT)					
Equities (£'000)	1 631	1 258	2 275	761	1 658
Foreign exchange (£'000)	93	82	221	37	102
Interest rates (£'000)	327	546	1 312	280	1 676
Consolidated (£'000)**	1 787	1 261	2 222	827	1 413
Southern Africa (using 99% EVT)					
Commodities (R'million)	0.1	0.2	1.9	–	0.1
Equities (R'million)	9.5	7.2	29.0	3.0	9.6
Foreign exchange (R'million)	13.0	13.5	72.2	4.4	16.2
Interest rates (R'million)	4.5	5.4	9.5	2.1	7.7
Consolidated (R'million)**	12.3	13.7	53.9	5.2	13.5

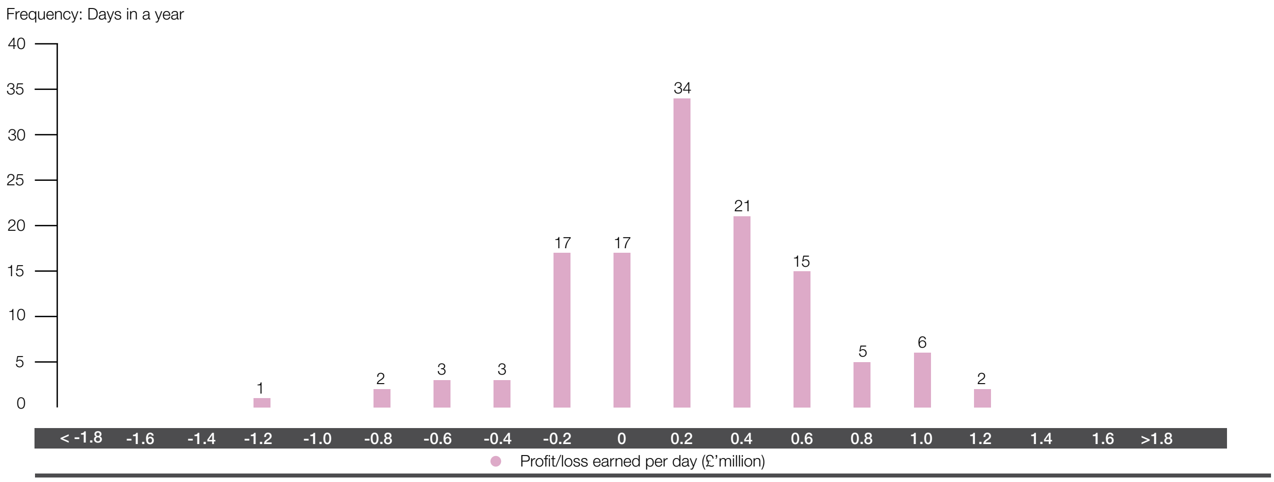
** *The consolidated stress testing for each entity is lower than the sum of the individual stress test numbers. This arises from the correlation offset between various asset classes (diversification).*

Profit and loss histograms

UK and Other

The histogram below illustrates the distribution of revenue during the period for our trading businesses. The distribution is skewed to the profit side and the graph shows that a positive trading revenue was realised on 83 days out of a total of 126 days in the trading business. The average daily trading revenue generated for the six months to 30 September 2015 was £119 423 (31 March 2015: £162 486).

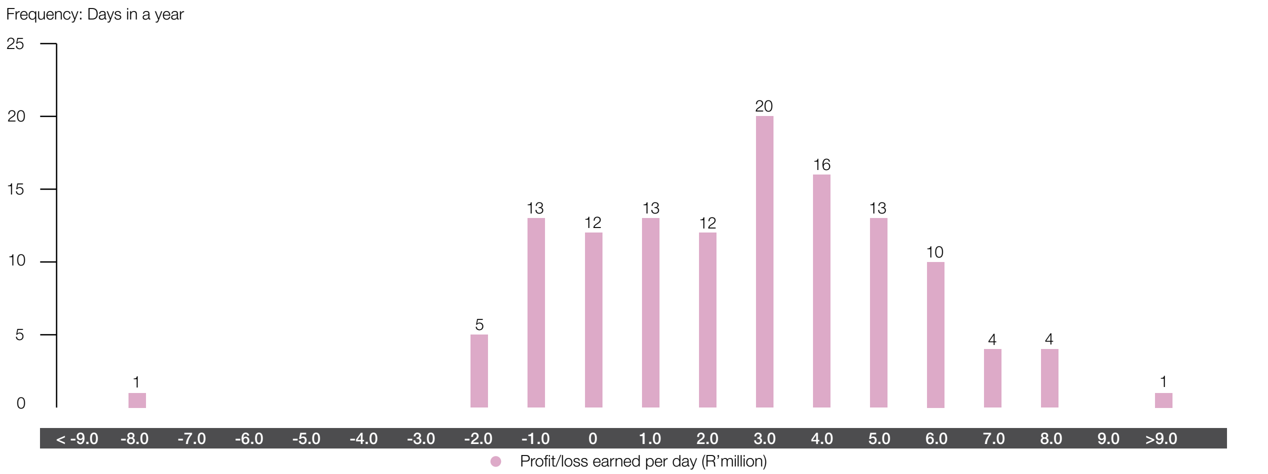
Profit and loss



Southern Africa

The histogram below illustrates the distribution of daily revenue during the period for our trading businesses. The distribution is skewed to the profit side and the graph shows that a positive trading revenue was realised on 93 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 2015 was R2.1 million (31 March 2015: R1.5 million).

Profit and loss



Balance sheet risk management

Balance sheet risk description

Balance sheet risk encompasses 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, encumbrance and leverage.

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 2015

£'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	3 170	2	–	1	7	–	3 180
Investment/trading assets and statutory liquids	579	13	29	234	848	9	1 712
Securitised assets	157	–	–	–	–	–	157
Advances	5 850	468	325	706	253	5	7 607
Non-rate assets	–	–	–	–	–	2 080	2 080
Assets	9 756	483	354	941	1 108	2 094	14 736
Deposits – banks	(251)	–	–	–	–	–	(251)
Deposits – non-banks	(7 844)	(354)	(901)	(618)	–	–	(9 717)
Negotiable paper	(244)	(28)	(29)	(408)	(508)	–	(1 217)
Securitised liabilities	(123)	–	–	–	–	–	(123)
Subordinated liabilities	–	–	–	(18)	(575)	(31)	(624)
Other liabilities	–	–	–	–	–	(909)	(909)
Liabilities	(8 462)	(382)	(930)	(1 044)	(1 083)	(940)	(12 841)
Intercompany loans	26	–	–	–	–	(12)	14
Shareholders' funds	–	–	–	–	–	(1 909)	(1 909)
Balance sheet	1 320	101	(576)	(103)	25	(767)	–
Off-balance sheet	652	198	(132)	(135)	(583)	–	–
Repricing gap	1 972	299	(708)	(238)	(558)	(767)	–
Cumulative repricing gap	1 972	2 271	1 563	1 325	767	–	–

Southern Africa – interest rate sensitivity at 30 September 2015

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	26 012	28	1	34	–	6 612	32 687
Cash and short-term funds – non-banks	11 408	24	–	–	–	3	11 435
Investment/trading assets and statutory liquids	33 377	11 032	7 344	13 783	13 020	30 683	109 239
Securitised assets	10 610	–	–	–	–	49	10 659
Advances	171 346	5 329	994	9 586	2 626	254	190 135
Other assets	2 637	–	–	–	–	12 000	14 637
Assets	255 390	16 413	8 339	23 403	15 646	49 601	368 792
Deposits – banks	(32 537)	(724)	–	–	–	(42)	(33 303)
Deposits – non-banks	(207 517)	(14 482)	(14 034)	(10 503)	(2 164)	(1 262)	(249 962)
Negotiable paper	(5 970)	(192)	(252)	(4 285)	(1)	–	(10 700)
Securitised liabilities	(410)	–	–	–	(571)	(751)	(1 732)
Investment/trading liabilities	(2)	–	–	–	–	(19 827)	(19 829)
Subordinated liabilities	(7 447)	–	–	(200)	(2 605)	(156)	(10 408)
Other liabilities	(138)	–	–	(6)	–	(10 493)	(10 637)
Liabilities	(254 021)	(15 398)	(14 286)	(14 994)	(5 341)	(32 531)	(336 571)
Intercompany loans	10 672	(239)	(160)	(239)	201	1 610	11 845
Shareholders' funds	(3 264)	–	–	–	(1 421)	(32 405)	(37 090)
Balance sheet	8 777	776	(6 107)	8 170	9 085	(13 725)	6 976
Off-balance sheet	10 995	(4 677)	4 757	(9 508)	(8 348)	(195)	(6 976)
Repricing gap	19 772	(3 901)	(1 350)	(1 338)	737	(13 920)	–
Cumulative repricing gap	19 772	15 871	14 521	13 183	13 920	–	

Economic value sensitivity at 30 September 2015

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 interest rate sensitive 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	EUR	AUD	ZAR	Other (GBP)	All (GBP)
200bps down	(81.0)	(9.8)	(4.9)	0.6	2.0	0.4	(89.9)
200bps up	74.5	10.2	6.9	(0.6)	(1.6)	(0.4)	85.2

Southern Africa

	Sensitivity to the following interest rates (expressed in original currencies)						
'million	ZAR	GBP	USD	EUR	AUD	Other (ZAR)	All (ZAR)
200bps down	124.8	5.4	15.0	–	0.8	93.1	545.1
200bps up	(128.4)	(4.8)	(12.0)	0.1	(0.8)	(16.8)	(418.4)

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.

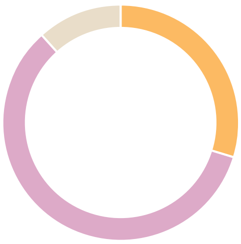
Liquidity risk is further broken down into:

- **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:

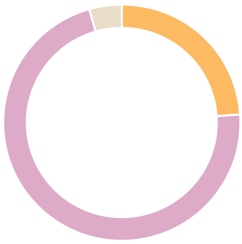
- Unforeseen withdrawals of deposits
- Restricted access to new funding with appropriate maturity and interest rate characteristics
- Inability to liquidate a marketable asset in a timely manner with minimal risk of capital loss
- Unpredicted customer non-payment of loan obligations
- A sudden increased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

An analysis of cash and near cash at 30 September 2015



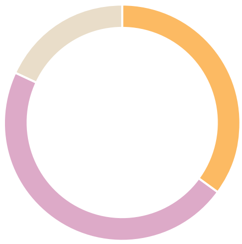
Total group
£9 165 million

Cash	29.8%
Central Bank cash placements and guaranteed liquidity	58.7%
Near cash (other 'monetisable' assets)	11.5%



Investec plc
£4 390 million

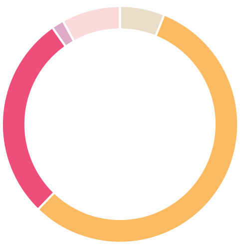
Cash	24.2%
Central Bank cash placements and guaranteed liquidity	71.4%
Near cash (other 'monetisable' assets)	4.4%



Investec Limited
R100 042 million

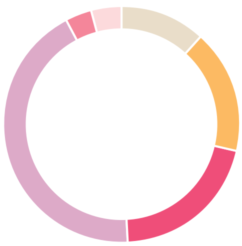
Cash	35.1%
Central Bank cash placements and guaranteed liquidity	46.9%
Near cash (other 'monetisable' assets)	18.0%

Bank and non-bank depositor concentration by type at 30 September 2015



UK and Other
£10 359 million

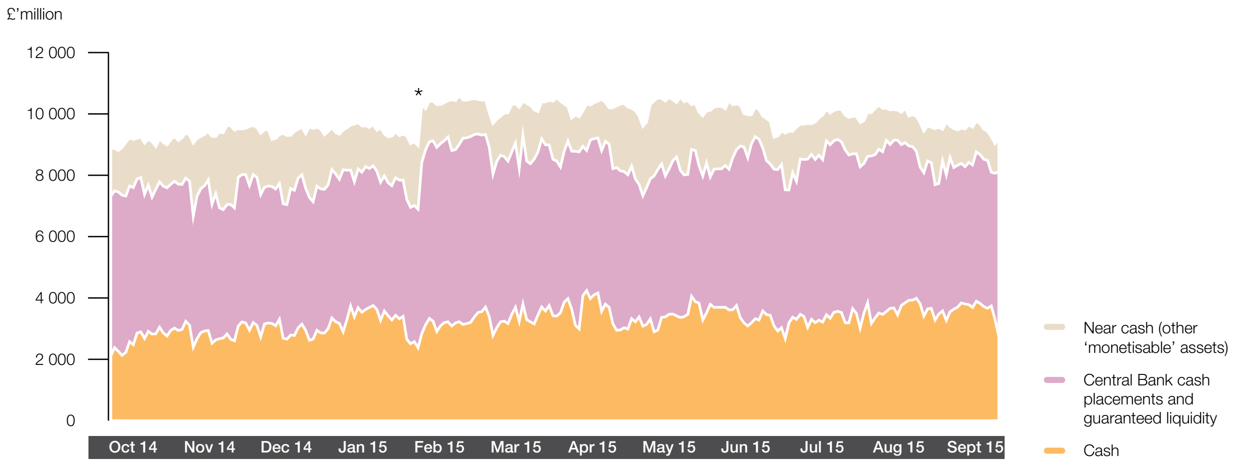
Banks	6.2%
Individuals	56.1%
Non-financial corporates	28.1%
Other financials	1.8%
Small business	7.8%



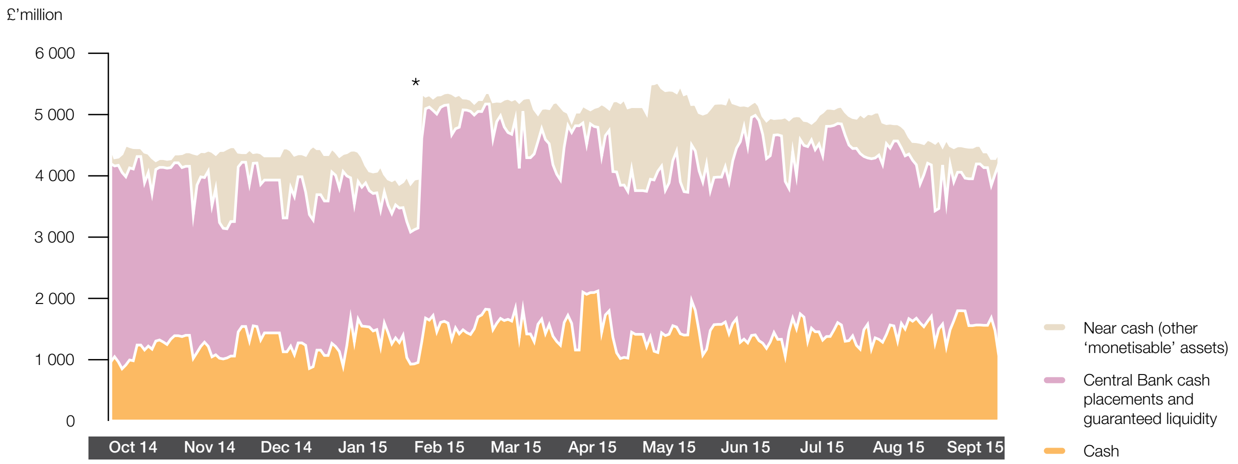
Southern Africa
R283 402 million

Banks	11.8%
Individuals	16.9%
Non-financial corporates	20.7%
Other financials	43.0%
Public sector	3.5%
Small business	4.1%

Total Investec group cash and near cash trend

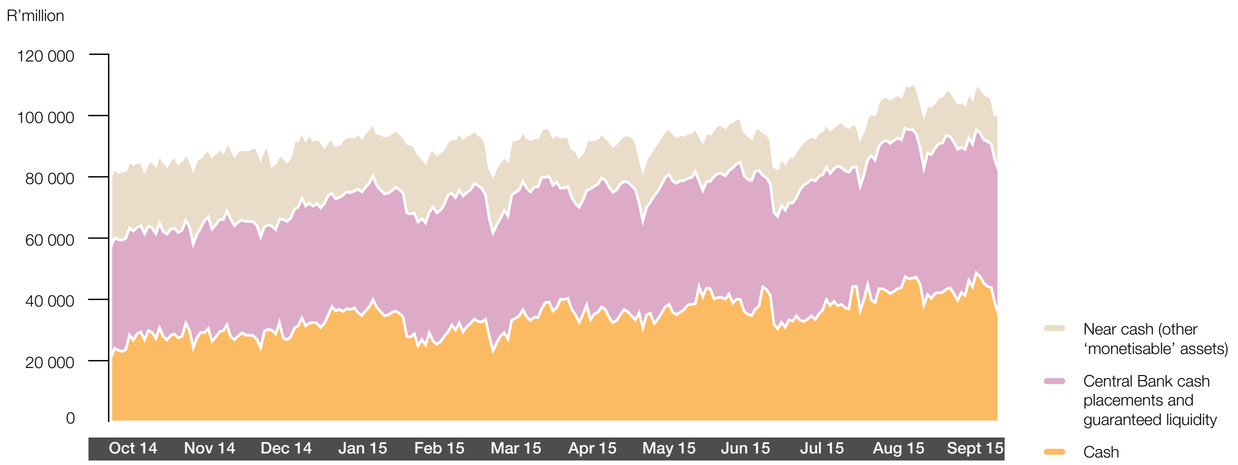


Investec plc cash and near cash trend



* *Increase in cash balances due to the sale of group assets.*

Investec Limited cash and near cash trend



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 £9.2 billion. We continued to enjoy strong inflows of customer deposits while 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 against both expected and unexpected cash flows
- The actual contractual profile of this asset class is of little consequence, as practically Investec would meet any unexpected net cash outflows by repo'ing or selling these securities.

We have:

- set the time horizon to 'on demand' to monetise our statutory liquid assets for which liquidity is guaranteed by the central bank;
- set the time horizon to one month to monetise our cash and near cash portfolio of 'available-for-sale' discretionary treasury assets, where there are deep secondary markets for this elective asset class; and
- reported the 'contractual' profile by way of a note to the tables.

With respect to the behavioural liquidity mismatch:

- Behavioural liquidity mismatch tends to display a 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.

The liquidity position of the group remained sound with total cash and near cash balances amounting to £9.2 billion

UK and Other

Contractual liquidity at 30 September 2015

£'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	2 131	979	433	3	6	–	15	3 567
Investment/trading assets	387	288	64	252	564	478	1 457	3 490
Securitised assets	–	2	2	4	7	53	89	157
Advances	207	442	665	564	1 062	3 260	1 455	7 655
Other assets	28	1 146	95	4	9	100	765	2 147
Assets	**2 753**	**2 857**	**1 259**	**827**	**1 648**	**3 891**	**3 781**	**17 016**
Deposits – banks	(44)	(304)	–	–	–	–	(71)	(419)
Deposits – non-banks	(1 174)	(2 694)	(1 372)	(1 971)	(846)	(1 638)	(245)	(9 940)
Negotiable paper	(1)	(2)	(16)	(57)	(85)	(921)	(446)	(1 528)
Securitised liabilities	–	(1)	(2)	(3)	(6)	(37)	(74)	(123)
Investment/trading liabilities	(2)	(139)	(95)	(47)	(70)	(360)	(328)	(1 041)
Subordinated liabilities	–	–	–	–	(28)	(34)	(563)	(625)
Other liabilities	(84)	(965)	(143)	(26)	(94)	(100)	(33)	(1 445)
Liabilities	**(1 305)**	**(4 105)**	**(1 628)**	**(2 104)**	**(1 129)**	**(3 090)**	**(1 760)**	**(15 121)**
Intercompany	(25)	–	229	–	–	(33)	(157)	14
Shareholders' funds	–	–	–	–	–	–	(1 909)	(1 909)
Contractual liquidity gap	**1 423**	**(1 248)**	**(140)**	**(1 277)**	**519**	**768**	**(45)**	**–**
Cumulative liquidity gap	1 423	175	35	(1 242)	(723)	45	–	

Behavioural liquidity

£'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	3 477	(1 609)	885	(355)	523	(2 294)	(627)	–
Cumulative	3 477	1 868	2 753	2 398	2 921	627	–	

Southern Africa

Contractual liquidity at 30 September 2015

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*	20 432	10 594	1 383	–	242	1 461	–	34 112
Cash and short-term funds – non-banks	11 244	3	164	24	–	–	–	11 435
Investment/trading assets and statutory liquids**	38 785	28 719	3 606	4 557	5 731	26 305	34 774	142 477
Securitised assets	1 418	17	70	128	218	868	7 940	10 659
Advances	5 870	4 312	9 258	11 171	21 975	92 024	45 525	190 135
Other assets	4 371	2 911	1 005	105	–	3 245	4 060	15 697
Assets	82 120	46 556	15 486	15 985	28 166	123 903	92 299	404 515
Deposits – banks	(1 847)	(5 778)	(4 525)	(1 477)	(1 580)	(18 096)	–	(33 303)
Deposits – non-banks	(105 083)^	(28 919)	(36 761)	(24 507)	(24 428)	(27 718)	(2 683)	(250 099)
Negotiable paper	–	(1 158)	(2 448)	(161)	(1 206)	(5 713)	(14)	(10 700)
Securitised liabilities	–	–	–	–	–	(412)	(1 320)	(1 732)
Investment/trading liabilities	(780)	(23 817)	(9 303)	(4 128)	(4 330)	(6 422)	(525)	(49 305)
Subordinated liabilities	–	–	–	–	(665)	(400)	(9 343)	(10 408)
Other liabilities	(2 725)	(1 335)	(895)	(360)	(778)	(704)	(5 081)	(11 878)
Liabilities	(110 435)	(61 007)	(53 932)	(30 633)	(32 987)	(59 465)	(18 966)	(367 425)
Shareholders' funds	–	–	–	–	–	–	(37 090)	(37 090)
Contractual liquidity gap	(28 315)	(14 451)	(38 446)	(14 648)	(4 821)	64 438	36 243	–
Cumulative liquidity gap	(28 315)	(42 766)	(81 212)	(95 860)	(100 681)	(36 243)	–	

^ *Includes call deposits of R102.3 billion and the balance reflects term deposits which have finally reached/are reaching contractual maturity.*

Note: Contractual profile of 'cash and near cash' asset class

As discussed on page 148.

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	13 837	10 594	1 383	–	242	1 461	6 595	34 112
**Investment/trading assets and statutory liquids	–	34 046	10 365	13 613	10 597	29 103	44 753	142 477

Behavioural liquidity

As discussed on page 148.

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	37 766	5 694	(7 199)	242	1 480	(112 034)	74 051	–
Cumulative	37 766	43 460	36 261	36 503	37 983	(74 051)	–	

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 ring-fenced. The governance of capital management is, however, 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. They operate under different regulatory capital regimes, and therefore it is difficult to directly compare the 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

Current regulatory framework

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

Since 1 January 2013, Investec Limited has been calculating capital resources and requirements at a group level using the Basel III framework, as implemented in South Africa by the SARB, in accordance with the Bank's Act and all related regulations.

Investec Limited uses the standardised approach to calculate its credit and counterparty credit risk and operational risk capital requirements. Equity risk capital is calculated using the IRB approach by applying the simple risk-weight method. 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

Investec plc is authorised by the PRA and is regulated by the FCA and the PRA on a consolidated basis. Since 1 January 2014 Investec plc has been calculating capital resources and requirements at a group level using the Basel III framework, as implemented in the European Union through the Capital Requirements Directive IV (CRD IV). The group continues to phase in the remaining CRD IV rule changes, notably the grandfathering provisions applicable to non-qualifying capital instruments (reducing by 10% per annum until fully derecognised in 2022) and the increase in the minimum regulatory capital ratios. With effect from 1 January 2015, the common equity tier 1 capital requirement increased from 4% to 4.5%, while the tier 1 capital requirement increased from 5.5% to 6%. The group continues to hold capital in excess of the new minimum requirements.

Investec plc has also implemented the PRA Pillar 2A rule change and has from 1 January 2015 met at least 56% of its individual capital guidance, as determined by the internal capital adequacy assessment and supervisory review process, with common equity tier 1 capital. During April 2015 the PRA issued the Investec plc group with a revised Pillar 2A requirement of 2.5% of risk-weighted assets effective from 30 April 2015, of which 1.4% has to be met from common equity tier 1 capital.

Investec plc uses the standardised approach to calculate its credit and counterparty credit risk, securitisation 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 calculated using standard rules. The group has obtained permission from its regulator to apply an internal risk management model when netting certain over-the-counter (OTC) derivative options within its portfolio.

Subsidiaries of Investec plc may be subject to additional regulations as implemented by local regulators in other relevant jurisdictions. 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. For capital management purposes, it is the prevailing rules applied to the consolidated Investec plc group that are monitored closely. With the support of the group's capital management function, local management of each regulated entity ensures that capital remains prudently above minimum requirements at all times.

Regulatory considerations

The regulatory environment has continued to evolve during 2015, with a vast number of new consultations, regulations and implementation of technical standards and the publication or adoption of additional proposals, notably by the PRA, the BCBS, European Banking Authority (EBA) and the SARB.

International

Counterparty credit risk

The BCBS continues to review the capital framework and its balance of simplicity, comparability and risk sensitivity. In March 2014, the BCBS published a final standardised approach for measuring counterparty credit risk exposures. The new standardised approach replaces both the Current Exposure Method and the Standardised Method and will apply to OTC derivatives, exchange-traded derivatives and long settlement transactions. In August 2014, the BCBS published a technical paper explaining the different modelling assumptions used in developing this new approach. The new standardised approach for counterparty credit risk will take effect from 1 January 2017.

Pillar 3 disclosures

In June 2014, the BSCS consulted on revisions to the Pillar 3 disclosure requirements, to promote greater consistency in the way banks disclose information about risks, as well as their risk measurement and management. The review proposed greater use of templates to achieve consistency. The final standard was published in January 2015.

Operational risk

In October 2014, the BCBS proposed revisions to the standardised approach for measuring operational risk capital. Once finalised, the revised standardised approach will replace the non-model based approaches, which comprise the basis indicator approach, the standardised approach and the alternative standardised approach. No implementation timeframe has been set.

Market risk

The BCBS continues to consult on the fundamental review of the trading book, and in December 2014 issued a third consultation paper, addressing outstanding issues. The proposals make further refinements to the new proposed market risk framework. A further Quantitative Impact Study (QIS) will be carried out in early 2015 to inform the final calibration of the new framework. The final standard will be published once all comments and the results of the QIS exercise have been assessed by the committee. No formal implementation date has been published by the BCBS to date.

Securitisation risk

In December 2014, the BCBS published the revised securitisation framework, which aims to address a number of shortcomings in the Basel II securitisation framework and to strengthen the capital standards for securitisations held in the banking book. The framework will take effect in January 2018. The revised framework has been through multiple consultation processes and two separate QIS exercises to ensure the standard is appropriately calibrated and refined.

Credit risk

In addition to the above reforms, the BCBS released a consultation paper in late December 2014 recommending changes to the current standardised approach. The committee seeks to substantially improve the standardised approach for credit risk in a number of ways, including reducing the reliance on external credit ratings, increasing risk sensitivity, reducing national discretions, and more importantly strengthening the link between the standardised approach and the internal ratings-based approach so as to enhance comparability of capital requirements across banks. The committee will conduct a comprehensive QIS as part of the Basel III monitoring exercise collecting data as of end December 2014. This information will help inform the overall calibration of the new standard before the final standard is published. The committee will consider this proposal along with all other reforms currently under discussion to ensure sufficient time is given for implementation, including providing appropriate grandfathering provisions where appropriate.

The revised standards published by the BCBS will need to be adopted by the European Commission and SARB before they become binding on UK firms and South African Banks, respectively.

UK

Pillar 2 framework

With effect from 1 January 2015, the PRA requires firms to meet at least 56% of their individual capital guidance under the Pillar 2A capital framework with common equity tier 1 capital. Previously the individual capital guidance, which is determined by the internal capital adequacy assessment and supervisory review process, could be met with total capital.

In January 2015, the PRA released a consultation paper proposing changes to their Pillar 2 framework, including introducing the PRA's methodologies for setting Pillar 2 capital. In addition the PRA proposed to introduce the PRA buffer, which will replace the current Capital Planning Buffer (known as Pillar 2B). The PRA buffer will be met from common equity tier 1 capital, and will transition in from January 2016 at 25%, increasing by 25% in each consecutive year until fully phased in by January 2019. All firms will be subject to a PRA buffer assessment and the PRA will set a PRA buffer only if it judges that the CRD IV buffers (capital conservation buffer and systemic risk buffer, if applicable) are inadequate for a particular firm given its vulnerability in a stress scenario, or where the PRA has identified risk management and governance failings, which the CRD IV buffers are not intended to address. To address weak risk management and governance, the PRA proposes applying a scalar ranging from 10% to 40% of a firm's common equity tier 1 Pillar 1 plus Pillar 2A capital requirement. The PRA issued final rules in July 2015, ahead of implementation on 1 January 2016.

Capital buffers

In April 2014, the PRA published its final rules and supervisory statement to implement the CRD IV provisions on capital buffers in the UK. The CRD IV creates a combined capital buffer that all firms will be expected to meet in addition to their Pillar 1 and Pillar 2 capital requirements. The combined buffer will include the capital conservation buffer, countercyclical capital buffer, buffer for global systemically important institutions (G-SIIs) and the systemic risk buffer (if applicable) and must be met with common equity tier 1 capital. These buffers will be phased in from 1 January 2016. Firms that do not meet their combined buffer shall face restrictions on their distributions.

The CRD IV rules also require HM Treasury to designate authorities responsible for setting certain CRD IV buffers in the UK. From 1 May 2014 the Bank of England is the designated authority for the countercyclical capital buffer (CCB) with policy decisions delegated to the Financial Policy Committee (FPC). At the FPC's policy meeting held in March 2015, the committee chose to maintain the CCB buffer rate for UK exposures at 0%.

The PRA will be responsible for identifying G-SIIs and setting their buffers and will also be responsible for identifying other systemically important institutions from 1 January 2016.

Leverage ratio

In July 2014, the FPC launched a consultation on the design of the leverage ratio framework for the UK. In November 2013, the Chancellor of the Exchequer asked the FPC to conduct a review into the role for the leverage ratio within the capital framework for UK banks, and to consider the case for the FPC having the power to implement a leverage ratio requirement ahead of the international timetable, or to set a higher baseline ratio in some circumstances for UK banks. The FPC issued its final report in October 2014 introducing a leverage ratio framework ahead of the international timetable for G-SIIs and other major domestic UK banks and building societies. The final recommendations included a minimum leverage ratio requirement of 3% to be implemented immediately, a supplementary leverage ratio buffer of 35% of corresponding risk-weighted systemic buffer rates, and a countercyclical leverage ratio buffer of 35% of the relevant risk-weighted countercyclical capital buffer rates applicable from 2018. The minimum leverage ratio requirement and countercyclical leverage ratio buffer will also apply to all PRA regulated banks, building societies and investment firms from 2018, subject to a review of progress of the international standards in 2017.

Europe

Leverage ratio

In October 2014, the European Commission adopted the leverage ratio delegated Act, establishing a common definition of the leverage ratio for EU banks which will be the basis for publishing the leverage ratio from the beginning of 2015 onwards. It does not introduce a binding leverage ratio. A decision on whether or not to introduce a binding leverage ratio will only be made in 2016. The Act aims to align the leverage ratio currently included in the Capital Requirements Regulation with the internationally agreed BCBS standard.

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 individual groups continue to remain well capitalised. Accordingly, we are targeting a minimum common equity tier 1 capital ratio of above 10% by March 2016, a tier 1 capital ratio of above 11% by March 2016 (current 10.5% target) and a total capital adequacy ratio target in the 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, prepared and planned 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 the latest developments and proposals. As part of any assessment, the committee is provided with analysis setting out the group's capital adequacy position, taking into account the most up-to-date interpretation of the rule 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 and understood.

Management of leverage

At present Investec Limited calculates and reports its leverage ratio based on the latest SARB regulations. The leverage ratio is a non-risk-based measure intended to prevent excessive build up of leverage and mitigate the risks associated with deleveraging during periods of market uncertainty. The reporting of the leverage ratio in South Africa has been mandatory since 1 January 2013 as part of an exercise to monitor South African banks' readiness to comply with the minimum standard of 4% from 1 January 2018. Following guidance from the SARB, Investec applies the rules as outlined in the most recent BCBS publication.

In the UK, the leverage ratio is a non-risk-based measure, with public disclosure applicable from 1 January 2015, applying the rules set out in the leverage ratio delegated Act. The leverage ratio is subject to a monitoring period from 1 January 2014 to 30 June 2016, at which point the EBA will report to the European Commission suggesting adequate calibration and appropriate adjustments to the capital and total exposure measure.

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 is calculated, analysed and understood at all reporting levels.

Leverage ratio target

Investec is currently targeting a leverage ratio above 6%, but will continue to reassess this target for appropriateness pending the outcome of the EBA's report in 2016.

Capital management

Philosophy and approach

Both the Investec Limited and Investec plc groups operate an approach to capital management that utilises both regulatory capital, as appropriate to that jurisdiction, and internal capital, which is an internal risk-based assessment of capital requirements. Capital management primarily relates to management of the interaction of both, with the emphasis on regulatory capital for managing portfolio level capital sufficiency and on internal capital for ensuring that returns are appropriate for the level of risk taken at an individual transaction or business unit level.

The determination of target capital is driven by our risk profile, strategy and risk appetite, taking into account regulatory and market factors applicable to the group. At the most fundamental level, we seek to balance our capital consumption between prudent capitalisation in the context of the group's risk profile and optimisation of shareholder returns.

Our internal capital framework is designed to manage and achieve this balance.

The internal capital framework is based on the group's risk identification, review and assessment processes and is used to provide a risk-based approach to capital allocation, performance and structuring of our balance sheet. The objectives of the internal capital framework are to quantify the minimum capital required to:

- Maintain sufficient capital to satisfy the board's risk appetite across all risks faced by the group
- Provide protection to depositors against losses arising from risks inherent in the business
- Provide sufficient capital surplus to ensure that the group is able to retain its going concern basis under relatively severe operating conditions
- Inform the setting of minimum regulatory capital through the Supervisory Review and Evaluation Process (SREP).

The DLC capital committee seeks to optimise the balance sheet such that capital held is in excess of internal capital. Internal capital performs a critical role in:

- Investment decision-making and pricing that is commensurate with the risk being taken
- Allocating capital according to the greatest expected marginal risk-based return, and tracking performance on this basis
- Determining transactional risk-based returns on capital
- Rewarding performance, taking into account the relative levels of risk adopted by forming a basis for the determination of economic value added at a transactional level, and hence the basis for discretionary variable remuneration
- Comparing risk-based performance across business areas.

The framework has been approved by the board and is managed by the DLC capital committee, which is responsible for oversight of the management of capital on a regulatory and an internal basis.

Capital disclosures

The composition of our regulatory capital under a Basel III/CRD IV basis is provided in the table below.

Capital structure and capital adequacy

At 30 Sept 2015	Investec plc*° £'million	IBP*° £'million	Investec Limited* R'million	IBL* R'million
Tier 1 capital				
Shareholders' equity	1 685	1 799	27 045	29 081
Shareholders' equity per balance sheet	1 892	1 843	30 228	30 615
Perpetual preference share capital and share premium	(150)	–	(3 183)	(1 534)
Deconsolidation of special purpose entities	(57)	(44)	–	–
Non-controlling interests	8	2	–	–
Non-controlling interests per balance sheet	17	2	4 778	–
Non-controlling interests excluded for regulatory purposes	–	–	(4 778)	–
Surplus non-controlling interest disallowed in common equity tier 1	(9)	–	–	–
Regulatory adjustments to the accounting basis	(46)	(16)	1 476	1 483
Defined benefit pension fund adjustment	(30)	–	–	–
Additional value adjustments	(16)	(16)	–	–
Cash flow hedging reserve	–	–	1 476	1 483
Deductions	(474)	(382)	(815)	(729)
Goodwill and intangible assets net of deferred taxation	(467)	(375)	(815)	(729)
Deferred taxation assets that rely on future profitability excluding those arising from temporary differences	(7)	(7)	–	–
Common equity tier 1 capital	1 173	1 403	27 706	29 835
Additional tier 1 capital	129	–	3 890	1 074
Additional tier 1 instruments	129	–	5 267	1 534
Phase out of non-qualifying additional Tier 1 instruments	–	–	(1 415)	(460)
Non-qualifying surplus capital attributable to non-controlling interests	–	–	(34)	–
Non-controlling interests in non-banking entities	–	–	72	–
Tier 1 capital	1 302	1 403	31 596	30 909
Tier 2 capital	530	590	9 561	10 412
Collective impairment allowances	–	–	212	212
Tier 2 instruments	610	590	10 408	10 408
Phase out of non-qualifying tier 2 instruments	–	–	(208)	(208)
Non-qualifying surplus capital attributable to non-controlling interests	(80)	–	(851)	–
Total regulatory capital	1 832	1 993	41 157	41 321
Risk-weighted assets	11 144	10 632	290 301	285 900
Capital ratios				
Common equity tier 1 ratio	10.5%	13.2%	9.5%	10.4%
Tier 1 ratio	11.7%	13.2%	10.9%	10.8%
Total capital adequacy ratio	16.4%	18.7%	14.2%	14.5%

* *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 EBA technical standards. The impact of the final proposed ordinary and preference dividends totalling £59 million for Investec plc and £15 million for IBP would be around 50bps and 10bps, respectively.*

Capital structure and capital adequacy (continued)

At 31 March 2015	Investec plc*° £'million	IBP*° £'million	Investec Limited* R'million	IBL* R'million
Tier 1 capital				
Shareholders' equity	1 699	1 749	24 988	27 365
Shareholders' equity per balance sheet	1 914	1 800	28 811	28 899
Perpetual preference share capital and share premium	(150)	–	(3 183)	(1 534)
Equity holding in deconsolidated entities	–	–	(640)	–
Deconsolidation of special purpose entities	(65)	(51)		
Non-controlling interests	9	–	–	–
Non-controlling interests per balance sheet	160	1	4 631	–
Non-controlling interests excluded for regulatory purposes	–	–	(4 631)	–
Non-controlling interests transferred to tier 1	(144)	–	–	–
Non-controlling interests in deconsolidated entities	–	(1)	–	–
Surplus non-controlling interest disallowed in common equity tier 1	(7)	–	–	–
Regulatory adjustments to the accounting basis	(44)	(15)	1 134	1 140
Defined benefit pension fund adjustment	(29)	–	–	–
Additional value adjustments	(15)	(15)	–	–
Cash flow hedging reserve	–	–	1 134	1 140
Deductions	(485)	(394)	(291)	(190)
Goodwill and intangible assets net of deferred taxation	(473)	(382)	(291)	(190)
Deferred taxation assets that rely on future profitability excluding those arising from temporary differences	(8)	(8)	–	
Securitisation positions	(4)	(4)		
Common equity tier 1 capital	1 179	1 340	25 831	28 315
Additional tier 1 capital	205	–	4 584	1 073
Additional tier 1 instruments	274	–	5 267	1 534
Phase out of non-qualifying additional Tier 1 instruments	(69)	–	(1 415)	(461)
Non-qualifying surplus capital attributable to non-controlling interests	–	–	(61)	–
Non-controlling interests in non-banking entities	–	–	793	–
Tier 1 capital	1 384	1 340	30 415	29 388
Tier 2 capital	556	590	9 213	10 319
Collective impairment allowances	–	–	169	169
Tier 2 instruments	610	590	10 449	10 449
Phase out of non-qualifying tier 2 instruments	–	–	(299)	(299)
Non-qualifying surplus capital attributable to non-controlling interests	(54)	–	(1 106)	–
Total regulatory capital	1 940	1 930	39 628	39 707
Risk-weighted assets	11 608	10 967	269 466	257 931
Capital ratios				
Common equity tier 1 ratio	10.2%	12.2%	9.6%	11.0%
Tier 1 ratio	11.9%	12.2%	11.3%	11.4%
Total capital adequacy ratio	16.7%	17.6%	14.7%	15.4%

* *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 EBA technical standards. The impact of the final proposed ordinary and preference dividends totalling £57 million for Investec plc and £15 million for IBP would be around 50bps and 10bps, respectively.*

Capital requirements

At 30 September 2015	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
Capital requirements	892	851	29 030	28 590
Credit risk – prescribed standardised exposure classes	622	612	21 178	21 109
Corporates	292	294	12 677	12 904
Secured on real estate property	142	142	2 292	2 292
Short-term claims on institutions and corporates	–	–	3 660	3 586
Retail	38	38	457	457
Institutions	25	21	1 076	1 075
Other exposure classes	119	111	415	194
Securitisation exposures	6	6	601	601
Equity risk	12	12	3 980	4 503
Listed equities	4	4	242	825
Unlisted equities	8	8	3 738	3 678
Counterparty credit risk	42	42	547	547
Credit valuation adjustment risk	3	3	274	274
Market risk	70	69	568	505
Interest rate	23	23	71	71
Foreign exchange	17	16	224	224
Commodities	–	–	3	3
Equities	24	24	270	207
Options	6	6	–	–
Operational risk – standardised approach	143	113	2 483	1 652
Large exposure requirement	–	–	–	–
At 31 March 2015				
Capital requirements	929	878	26 946	25 794
Credit risk – prescribed standardised exposure classes	649	634	19 826	19 073
Corporates	287	285	12 167	11 505
Secured on real estate property	133	133	1 923	1 923
Short-term claims on institutions and corporates	–	–	3 308	3 242
Retail	36	36	549	549
Institutions	36	33	872	872
Other exposure classes	146	136	302	277
Securitisation exposures	11	11	705	705
Equity risk	11	11	3 834	4 297
Listed equities	4	4	332	847
Unlisted equities	7	7	3 502	3 450
Counterparty credit risk	35	35	576	576
Credit valuation adjustment risk	3	4	32	32
Market risk	74	71	342	324
Interest rate	26	26	88	88
Foreign exchange	20	17	113	113
Commodities	–	–	10	10
Equities	23	23	131	113
Options	5	5	–	–
Operational risk – standardised approach	157	123	2 336	1 492

* *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.*

Risk-weighted assets

At 30 September 2015	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
Risk-weighted assets	11 144	10 632	290 301	285 900
Credit risk – prescribed standardised exposure classes	7 770	7 649	211 772	211 082
Corporates	3 649	3 677	126 754	129 022
Secured on real estate property	1 771	1 771	22 924	22 923
Short-term claims on institutions and corporates	–	–	36 598	35 862
Retail	479	479	4 569	4 569
Institutions	311	266	10 763	10 751
Other exposure classes	1 484	1 380	4 150	1 941
Securitisation exposures	76	76	6 014	6 014
Equity risk	150	147	39 803	45 031
Listed equities	49	49	2 424	8 247
Unlisted equities	101	98	37 379	36 784
Counterparty credit risk	521	522	5 473	5 473
Credit valuation adjustment risk	42	43	2 740	2 740
Market risk	871	855	5 682	5 052
Interest rate	285	285	711	711
Foreign exchange	217	201	2 238	2 238
Commodities	1	1	28	28
Equities	295	295	2 705	2 075
Options	73	73	–	–
Operational risk – standardised approach	1 784	1 416	24 831	16 522
Large exposure requirement	6	–	–	–
At 31 March 2015				
Risk-weighted assets	11 608	10 967	269 466	257 931
Credit risk – prescribed standardised exposure classes	8 111	7 923	198 255	190 717
Corporates	3 588	3 561	121 671	115 047
Secured on real estate property	1 657	1 657	19 230	19 230
Short-term claims on institutions and corporates	–	–	33 084	32 420
Retail	453	450	5 488	5 488
Institutions	450	410	8 717	8 717
Other exposure classes	1 822	1 704	3 020	2 770
Securitisation exposures	141	141	7 045	7 045
Equity risk	140	140	38 346	42 967
Listed equities	52	52	3 324	8 472
Unlisted equities	88	88	35 022	34 495
Counterparty credit risk	436	436	5 762	5 762
Credit valuation adjustment risk	42	47	324	324
Market risk	922	888	3 424	3 240
Interest rate	328	328	878	878
Foreign exchange	246	212	1 134	1 134
Commodities	–	–	96	96
Equities	291	291	1 316	1 132
Options	57	57	–	–
Operational risk – standardised approach	1 957	1 533	23 355	14 921

* *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.*

Investec plc

Movement in risk-weighted assets

Total risk-weighted assets (RWAs) have decreased by 4% over the period, predominantly within credit risk RWAs.

Credit risk RWAs

For Investec plc consolidated reporting, we have adopted the standardised approach for calculating credit risk RWAs. Credit risk RWAs, which include equity risk, decreased by £331 million. The decrease is primarily attributable to the redemption of legacy assets, offset by core lending growth predominately in Private Bank mortgages coupled with various residential development facilities.

Counterparty credit risk RWAs and Credit Valuation Risk (CVA)

Counterparty credit risk RWAs increased by £85 million mainly due to increased trading volumes, while CVA RWAs remained flat.

Market risk RWAs

We apply the standardised approach for calculating market risk RWAs. Market risk RWAs decreased by £51 million, primarily due to a decrease in interest rate risk due to better overall hedging and a reduction in US dollar foreign exchange risk.

Operational risk RWAs

Operational risk RWAs are calculated using the standardised approach and decreased by £173 million. The decrease is due to a lower three-year average operating income, primarily driven by the removal of operating income relating to strategic disposals from the three-year average.

Investec Limited

Movement in risk-weighted assets

Total RWAs grew by 7.7% over the period, with approximately 75% of this growth attributable to credit risk, 11% to market risk and the remaining risk types contributing the balance.

Credit risk RWAs

For Investec Limited consolidated reporting, we have adopted the standardised approach for calculating credit risk RWAs. Credit risk RWAs grew by R15.6 billion with strong growth across the various businesses, including Corporate and Institutional Banking and Private Client Lending. While approximately 35% of this growth is due to currency movement on foreign-denominated assets, the majority is the result of consistent growth across multiple asset classes, the most noticeable being term and short-dated corporate lending and lending secured by real estate. The impact of Basel III and the associated enhancements to the Banks Act by the SARB were implemented in 2013, and there has been minimal change in the methodology governing the calculation of required capital during the 2016 financial year.

Counterparty credit risk and credit valuation adjustment RWAs

Counterparty credit risk RWAs remain relatively unchanged over the period while CVA increased by R2.4 billion as a result of the withdrawal of the exemption notice granted to South Africa by the SARB. While the increase is significant, CVA has proven to be consistent over the period and has not introduced additional volatility into Investec's capital requirements.

We currently apply the standardised approach to the calculation of the CVA capital requirement.

Equity risk RWAs

Equity risk grew by approximately R1.5 billion over the period. The risk weight attributable to equity investments is relatively high, with listed equities attracting an effective 318% and unlisted equities 424%. The impact of this is a proportionally much larger increase in RWAs than the associated balance sheet equity value. The growth is attributable to new investments and revaluations of existing assets.

Market risk RWAs

Market Risk RWAs are calculated using the Value at Risk (VaR) approach and has shown a relatively large increase due to increased volatility in the market coupled with short-term trades executed during the September 2015 reporting period. This figure is expected to normalise during the coming months.

Operational risk RWAs

Operational risk is calculated using the standardised approach and is driven by the levels of income over a three-year average period, applying specific factors applicable to the nature of the business generating the income.

Movement in total regulatory capital

The table below analyses the movement in common equity tier 1, additional tier 1 and tier 2 capital during the year.

Total regulatory capital flow statement

At 30 September 2015	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
Opening common equity tier 1 capital	1 179	1 340	25 831	28 315
New capital issues	23	–	702	–
Dividends	(63)	–	(1 487)	(59)
Profit after taxation	77	61	2 810	1 785
Treasury shares	(52)	–	(908)	–
Reduction of non-controlling interests	(142)	–	–	–
Share-based payment adjustments	12	(1)	280	–
Movement in other comprehensive income	(19)	(16)	167	(10)
Goodwill and intangible assets (deduction net of related taxation liability)	6	6	(524)	(539)
Deferred taxation that relies on future profitability (excluding those arising from temporary differences)	1	1	–	–
Deconsolidation of special purpose entities	8	7	–	–
Non-controlling interests transferred to additional tier 1	144	–	–	–
Other, including regulatory adjustments and transitional arrangements	(1)	5	195	343
Movement in deductions related to insurance entities			640	–
Closing common equity tier 1 capital	1 173	1 403	27 706	29 835
Opening additional tier 1 capital	205	–	4 584	1 074
Redeemed capital	(145)	–	–	–
Other, including regulatory adjustments and transitional arrangements	69	–	(694)	–
Closing additional tier 1 capital	129	–	3 890	1 074
Closing tier 1 capital	1 302	1 403	31 596	30 909
Opening tier 2 capital	556	590	9 214	10 320
Redeemed capital	–	–	(175)	(175)
Collective impairment allowances	–	–	44	44
Other, including regulatory adjustments and transitional arrangements	(26)	–	478	223
Closing tier 2 capital	530	590	9 561	10 412
Closing total regulatory capital	1 832	1 993	41 157	41 321

* *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.*

Total regulatory capital flow statement (continued)

At 31 March 2015	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
Opening common equity tier 1 capital	1 207	1 392	23 411	24 487
New capital issues	25	–	682	–
Dividends	(121)	(172)	(2 058)	(135)
(Loss)/profit after taxation	(31)	110	5 182	3 128
Treasury shares	(55)	–	(1 205)	–
Gain on transfer of non-controlling interests	(1)	–	798	–
Share-based payment adjustments	35	4	506	–
Movement in other comprehensive income	(46)	(53)	(56)	305
Goodwill and intangible assets (deduction net of related taxation liability)	85	49	(71)	(88)
Deferred taxation that relies on future profitability (excluding those arising from temporary differences)	30	30	–	–
Deconsolidation of special purpose entities	34	(22)	–	–
Transfer of non-controlling interest in non-banking entities to additional tier 1	–	–	(471)	–
Other, including regulatory adjustments and transitional arrangements	17	2	(887)	618
Closing common equity tier 1 capital	1 179	1 340	25 831	28 315
Opening additional tier 1 capital	234	–	3 764	1 227
New additional tier 1 capital issues	–	–	550	–
Other, including regulatory adjustments and transitional arrangements	(29)	–	(523)	(154)
Transfer of non-controlling interests in non-banking entities from common equity tier 1	–	–	793	–
Closing additional tier 1 capital	205	–	4 584	1 073
Closing tier 1 capital	1 384	1 340	30 415	29 388
Opening tier 2 capital	662	637	9 846	10 670
Redeemed capital	(13)	(13)	(250)	(250)
Collective impairment allowances	–	–	(2)	(2)
Sale of subsidiaries	(63)	(39)	–	–
Other, including regulatory adjustments and transitional arrangements	(30)	5	(381)	(99)
Closing tier 2 capital	556	590	9 213	10 319
Closing total regulatory capital	1 940	1 930	39 628	39 707

* *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.*

A summary of capital adequacy and leverage ratios

At 30 September 2015	Investec plc*°	IBP*°	Investec Limited*	IBL*
Common equity tier 1 (as reported)	10.5%	13.2%	9.5%	10.4%
Common equity tier 1 (fully loaded)^^	10.5%	13.2%	9.5%	10.4%
Tier 1 (as reported)	11.7%	13.2%	10.9%	10.8%
Total capital adequacy ratio (as reported)	16.4%	18.7%	14.2%	14.5%
Leverage ratio** – permanent capital	7.4%	8.1%	7.8%	8.0%
Leverage ratio** – current	7.4%	8.1%	7.4%	7.9%
Leverage ratio** – 'fully loaded'^^	6.7%	8.1%	6.7%	7.6%

At 31 March 2015	Investec plc*°	IBP*°	Investec Limited*	IBL*
Common equity tier 1 (as reported)	10.2%	12.2%	9.6%	11.0%
Common equity tier 1 (fully loaded)^^	10.2%	12.2%	9.5%	10.9%
Tier 1 (as reported)	11.9%	12.2%	11.3%	11.4%
Total capital adequacy ratio (as reported)	16.7%	17.6%	14.7%	15.4%
Leverage ratio** – permanent capital	8.1%	7.6%	8.5%	8.5%
Leverage ratio** – current	7.7%	7.6%	8.1%	8.3%
Leverage ratio** – 'fully loaded'^^	6.6%	7.6%	7.2%	8.0%

* *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 EBA technical standards. The impact of the final proposed ordinary and preference dividends totalling £59 million for Investec plc and £15 million for IBP would be around 50bps and 10bps, respectively. At 31 March 2015 the impact of the final proposed ordinary and preference dividends totalling £57 million for Investec plc and £15 million for IBP would be around 50bps and 10bps, respectively.*

^^ *Based on the group's understanding of current 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.*

Analysis of rated counterparties in each standardised credit risk exposure class

Investec plc

The table below shows the breakdown of rated credit risk exposures by credit quality step.

Credit quality step	30 September 2015 Exposure £'million	30 September 2015 Exposure after credit risk mitigation £'million	31 March 2015 Exposure £'million	31 March 2015 Exposure after credit risk mitigation £'million
Central banks and sovereigns				
1	2 297	2 297	3 374	3 374
2	–	–	23	23
3	–	–	–	–
4	–	–	–	–
5	–	–	–	–
6	–	–	–	–
Institutions*				
1	347	347	279	279
2	663	471	663	549
3	169	169	52	52
4	12	8	2	2
5	–	–	–	–
6	–	–	–	–
Corporates				
1	–	–	–	–
2	35	5	–	–
3	68	24	–	–
4	24	6	–	–
5	9	9	6	6
6	–	–	–	–
Securitisation positions				
1	187	185	184	184
2	55	52	56	56
3	14	12	76	76
4	–	–	1	1
5	–	–	–	–
Re-securitisation positions				
1	–	–	–	–
2	3	3	3	3
3	–	–	–	–
4	–	–	–	–
5	–	–	–	–
Total rated counterparty exposure	3 883	3 588	4 719	4 605

* *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 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.

Credit quality step	30 September 2015 Exposure R'million	30 September 2015 Exposure after credit risk mitigation R'million	31 March 2015 Exposure R'million	31 March 2015 Exposure after credit risk mitigation R'million
Central banks and sovereigns				
1	42 671	42 671	38 800	38 800
2	–	–	–	–
3	440	369	–	–
4	103	103	113	113
5	166	166	164	164
6	–	–	–	–
Institutions original effective maturity of more than three months				
1	772	772	390	390
2	10 035	8 930	9 131	7 761
3	7 333	6 852	8 283	7 195
4	209	209	–	–
5	281	281	61	61
6	207	207	180	180
Short-term claims on institutions				
1	2 337	2 337	3 524	3 524
2	9 745	9 745	11 398	11 398
3	11 141	10 974	12 719	12 451
4	–	–	–	–
5	–	–	–	–
6	–	–	–	–
Corporates				
1	830	830	727	727
2	1 310	1 310	2 454	1 363
3	9 707	7 690	7 991	5 596
4	1 373	1 173	1 624	1 245
5	–	–	–	–
6	–	–	–	–
Securitisation positions				
1	348	348	322	322
2	2 361	2 361	1 465	1 465
3	322	322	1 018	915
4	197	197	214	214
5	78	78	909	909
Total rated counterparty exposure	101 966	97 925	101 487	94 763

6

Annexures

Annexure 1 Definitions

Adjusted shareholders' equity

Refer to calculation on page 86

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

Net loans and advances to customers plus net own originated securitised assets

Refer to calculation on page 121

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 60

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

Refer to page 60

Effective operational tax rate

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

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 83

Non-operating items

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

Operating profit

Operating income less administrative expenses, impairments for bad and doubtful debts and depreciation of tangible fixed assets. This amount is before goodwill, acquired intangibles and non-operating items

Operating profit per employee

Refer to calculation on page 87

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 86

Return on average adjusted tangible shareholders' equity

Refer to calculation on page 86

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 84

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 60

Annexure 2 Dividend announcements

Investec plc

Incorporated in England and Wales
Registration number 3633621
LSE ordinary share code: INVP
JSE ordinary share code: INP
ISIN: GB00B17BBQ50

Ordinary share dividend announcement

In terms of the DLC structure, Investec plc shareholders registered on the United Kingdom share register 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 registered on the South African branch register, 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.

Declaration of dividend number 27

Notice is hereby given that an interim dividend number 27, being a gross dividend of 9.5 pence (2014: 8.5 pence) per ordinary share has been declared by the Board from income reserves in respect of the six months ended 30 September 2015 payable to shareholders recorded in the members' register of the company at the close of business on Friday, 11 December 2015.

The relevant dates for the payment of dividend number 27 are as follows:

Last day to trade cum-dividend	
On the London Stock Exchange (LSE)	Wednesday, 09 December 2015
On the Johannesburg Stock Exchange (JSE)	Friday, 04 December 2015
Shares commence trading ex-dividend	
On the London Stock Exchange (LSE)	Thursday, 10 December 2015
On the Johannesburg Stock Exchange (JSE)	Monday, 07 December 2015
Record date (on the JSE and LSE)	Friday, 11 December 2015
Payment date (on the JSE and LSE)	Wednesday, 23 December 2015

Share certificates on the South African branch register may not be dematerialised or rematerialised between Monday, 07 December 2015 and Friday, 11 December 2015, both dates inclusive, nor may transfers between the United Kingdom share register and the South African branch register take place between Monday, 07 December 2015 and Friday, 11 December 2015, both dates inclusive.

Additional information for South African resident shareholders of Investec plc

- Shareholders registered on the South African branch register are advised that the distribution of 9.5 pence, equivalent to a gross dividend of 207.00000 cents per share, has been arrived at using the Rand/Pound Sterling average buy/sell forward rate, as determined at 11:00 (SA time) on Wednesday, 18 November 2015
- Investec plc United Kingdom tax reference number: 2683967322360
- The issued ordinary share capital of Investec plc is 617 418 864 ordinary shares
- The dividend paid by Investec plc to South African resident shareholders registered on the South African branch register subject to South African Dividend Tax of 15% (subject to any available exemptions as legislated)
- Shareholders registered on the South African branch register who are exempt from paying the Dividend Tax will receive a net dividend of 207.00000 cents per ordinary share paid by Investec plc
- Shareholders registered on the South African branch register who are not exempt from paying the Dividend Tax will receive a net dividend of 175.95000 cents per share (gross dividend of 207.00000 cents per share less Dividend Tax of 31.05000 cents per share).

By order of the board

D Miller
Company secretary

18 November 2015

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 120

Notice is hereby given that an interim dividend number 120, being a gross dividend of 207.00000 cents (2014: 146 cents) per ordinary share has been declared by the board from income reserves in respect of the six months ended 30 September 2015 payable to shareholders recorded in the shareholders' register of the company at the close of business on Friday, 11 December 2015.

The relevant dates for the payment of dividend number 120 are as follows:

Last day to trade cum-dividend	Friday, 04 December 2015
Shares commence trading ex-dividend	Monday, 07 December 2015
Record date (on the JSE)	Friday, 11 December 2015
Payment date (on the JSE)	Wednesday, 23 December 2015

The interim gross dividend of 207.00000 cents per ordinary share has been determined by converting the Investec plc distribution of 9.5 pence per ordinary share into Rands using the Rand/Pounds Sterling average buy/sell forward rate at 11:00 (SA time) on Wednesday, 18 November 2015.

Share certificates may not be dematerialised or rematerialised between Monday, 07 December 2015 and Friday, 11 December 2015, both dates inclusive.

Additional information to take note of:

- Investec Limited South African tax reference number: 9800/181/71/2
- The issued ordinary share capital of Investec Limited is 291 363 706 ordinary shares
- The dividend paid by Investec Limited is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated)
- Shareholders who are exempt from paying the Dividend Tax will receive a net dividend of 207.00000 cents per ordinary share
- Shareholders who are not exempt from paying the Dividend Tax will receive a net dividend of 175.95000 cents per ordinary share (gross dividend of 207.00000 cents per ordinary share less Dividend Tax of 31.05000 cents per ordinary share)

By order of the board

N van Wyk
Company secretary

18 November 2015

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 19

Notice is hereby given that preference dividend number 19 has been declared from income reserves for the period 01 April 2015 to 30 September 2015 amounting to a gross preference dividend of 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, 04 December 2015.

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 163.30423 cents per share, which has been determined using the Rand/Pound Sterling average buy/sell forward rate as at 11:00 (SA Time) on Wednesday, 18 November 2015.

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

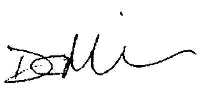
Last day to trade cum-dividend	
On the Channel Islands Stock Exchange (CISX)	Wednesday, 02 December 2015
On the Johannesburg Stock Exchange (JSE)	Friday, 27 November 2015
Shares commence trading ex-dividend	
On the Channel Islands Stock Exchange (CISX)	Thursday, 03 December 2015
On the Johannesburg Stock Exchange (JSE)	Monday, 30 November 2015
Record date (on the JSE and CISX)	Friday, 04 December 2015
Payment date (on the JSE and CISX)	Monday, 14 December 2015

Share certificates may not be dematerialised or rematerialised between Monday, 30 November 2015 and Friday, 04 December 2015 both dates inclusive, nor may transfers between the United Kingdom share register and the South African branch register take place between Monday, 30 November 2015 and Friday, 04 December 2015, both dates inclusive.

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

- Investec plc United Kingdom 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 shareholders recorded on the South African branch register is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated)
- The net dividend amounts to 138.80860 cents per preference share for preference shareholders liable to pay the Dividend Tax and 163.30423 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board



D Miller
Company secretary

18 November 2015

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 9

Notice is hereby given that preference dividend number 9 has been declared from income reserves for the period 01 April 2015 to 30 September 2015 amounting to a gross preference dividend of 445.06849 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, 04 December 2015.

The relevant dates relating to the payment of dividend number 9 are as follows:

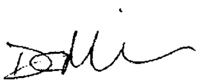
Last day to trade cum-dividend	Friday, 27 November 2015
Shares commence trading ex-dividend	Monday, 30 November 2015
Record date (on the JSE)	Friday, 04 December 2015
Payment date (on the JSE)	Monday, 14 December 2015

Share certificates may not be dematerialised or rematerialised between Monday, 30 November 2015 and Friday, 04 December 2015, both dates inclusive.

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

- Investec plc United Kingdom tax reference number: 2683967322360
- The issued Rand denominated preference share capital of Investec plc is 2 275 940 preference shares
- The dividend paid by Investec plc to shareholders recorded on the South African register is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated)
- The net dividend amounts to 378.30822 cents per preference share for preference shareholders liable to pay the Dividend Tax and 445.06849 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board



D Miller
Company secretary

18 November 2015

Investec Limited

Incorporated in the Republic of South Africa
Registration number 1925/002833/06
JSE ordinary 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 22

Notice is hereby given that preference dividend number 22 has been declared from income reserves for the period 01 April 2015 to 30 September 2015 amounting to a gross preference dividend of 364.34712 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, 04 December 2015.

The relevant dates for the payment of dividend number 22 are as follows:

Last day to trade cum-dividend	Friday, 27 November 2015
Shares commence trading ex-dividend	Monday, 30 November 2015
Record date	Friday, 04 December 2015
Payment date	Monday, 14 December 2015

Share certificates may not be dematerialised or rematerialised between Monday, 30 November 2015 and Friday, 04 December 2015, both dates inclusive.

Additional information to take note of:

- Investec Limited South African 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)
- The net dividend amounts to 309.69505 cents per preference share for shareholders liable to pay the Dividend Tax and 364.34712 cents per preference share for preference shareholders exempt from paying the Dividend Tax

By order of the board

N van Wyk
Company secretary

18 November 2015

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 25

Notice is hereby given that preference dividend number 25 has been declared by the board from income reserves for the period 01 April 2015 to 30 September 2015 amounting to a gross preference dividend of 390.39534 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, 04 December 2015.

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

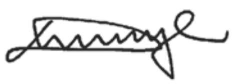
Last day to trade cum-dividend	Friday, 27 November 2015
Shares commence trading ex-dividend	Monday, 30 November 2015
Record date	Friday, 04 December 2015
Payment date	Monday, 14 December 2015

Share certificates may not be dematerialised or rematerialised between Monday, 30 November 2015 and Friday, 04 December 2015, both dates inclusive.

Additional information to take note of:

- Investec Bank Limited 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)
- The net dividend amounts to 331.83604 cents per preference share for shareholders liable to pay the Dividend Tax and 390.39534 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board



N van Wyk
Company secretary

18 November 2015

Annexures
6