

2016

INVESTEC PLC AND INVESTEC LIMITED (COMBINED RESULTS)

Unaudited combined
consolidated financial
results for the six months
ended 30 September 2016



Out of the Ordinary®



Investec, the International specialist bank and asset manager, announces its results for the six months ended 30 September 2016

This announcement covers the results of the Investec group for the six months ended 30 September 2016.

BASIS OF PRESENTATION

Statutory basis

Statutory information is set out in a separate section in this announcement. In order to present a more meaningful view of the group's performance the results continue to be presented on an ongoing basis as explained further below.

Ongoing basis

The results presented on an ongoing basis exclude items that in management's view could distort the comparison of performance between periods. Based on this principle, the remaining legacy business in the UK continues to be excluded from underlying profit.

This basis of presentation is consistent with the approach adopted for the year ended 31 March 2016. A reconciliation between the statutory and ongoing income statement is provided.

Unless the context indicates otherwise, all comparatives included in the commentary relate to the six months ended 30 September 2015. Group results have been marginally impacted by the 3.4% 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 2016 when compared to the prior period. Balance sheet items have been impacted by a 15.4% appreciation of the average Rand: Pounds Sterling exchange rate since 31 March 2016. Amounts represented on a currency neutral basis for balance sheet items assume that the relevant closing exchange rates remain the same at 30 September 2016 when compared to 31 March 2016.

OVERVIEW OF RESULTS

Sound growth in underlying client franchise businesses

- The first half of the group's financial year continued to see high levels of macro uncertainty in its key operating geographies.
- Nevertheless, the group's businesses have been resilient, with continued target market penetration reflected in growth in key earnings drivers and client driven revenue lines.
- The Asset Management and Wealth & Investment businesses have benefited from higher funds under management supported by a recovery in equity markets and net inflows of GBP1.8 billion.
- Operating fundamentals in the Specialist Banking business were supported by sound levels of corporate and private client activity. Results were however behind the prior year as a result of a change in accounting treatment from fair value to equity accounting for the assets transferred to Investec Equity Partners. In addition the group reported a write down on an investment in the Hong Kong portfolio.
- Growth in costs reflects planned investment in growing the client franchise businesses.

- Geographical and operational diversity continues to support a sustainable recurring income base and earnings through varying market conditions.

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 0.7% to GBP281.4 million (2015: GBP279.4 million) – an increase of 1.6% on a currency neutral basis.
- Statutory adjusted earnings per share (EPS) before goodwill, acquired intangibles and non-operating items increased 1.8% from 22.3 pence to 22.7 pence – an increase of 2.2% on a currency neutral basis.

Sound growth in key earnings drivers in the ongoing business

- Ongoing operating profit decreased 0.2% to GBP314.5million (2015: GBP315.0 million) – an increase of 0.6% on a currency neutral basis.
- Ongoing adjusted EPS before goodwill, acquired intangibles and non-operating items increased 0.8% from 25.5 pence to 25.7 pence – an increase of 1.2% on a currency neutral basis.
- Recurring income as a percentage of total operating income amounted to 72.4% (2015: 71.6%).
- The annualised credit loss charge as a percentage of average gross core loans and advances amounted to 0.19% (2015: 0.22%), with impairments increasing marginally.
- Third party assets under management increased 16.5% to GBP141.8 billion (31 March 2016: GBP121.7billion) – an increase of 10.3% on a currency neutral basis.
- Customer accounts (deposits) increased 17.7% to GBP28.3 billion (31 March 2016: GBP24.0 billion) – an increase of 7.3% on a currency neutral basis.
- Core loans and advances increased 16.1% to GBP20.4 billion (31 March 2016: GBP17.5 billion) – an increase of 4.0% on a currency neutral basis.

The UK legacy portfolio continues to be actively managed down

- The legacy portfolio reduced from GBP583 million at 31 March 2016 to GBP535 million largely through asset sales, redemptions and write-offs.
- The legacy business reported a loss before taxation of GBP33.0 million (2015: GBP35.5 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 GBP13.1 billion.

Dividend increase of 5.3%

The board declared a dividend of 10.0 pence per ordinary share (2015: 9.5 pence) resulting in a dividend cover based on the group's adjusted EPS before goodwill and non-operating items of 2.3 times (2015: 2.3 times), consistent with the group's dividend policy.

Stephen Koseff, Chief Executive Officer of Investec said:

"These results show the long term strength and diversity of our business, delivering sustainable recurring client-driven income streams amidst high levels of macro uncertainty. We are pleased with the growth in net interest income and fees and commissions, as well as good fund management inflows. We continue to invest with confidence in our business to build even stronger franchises."

Bernard Kantor, Managing Director of Investec said:

"We have built a highly regarded asset management and wealth management business as well as a leading specialist banking business in South Africa. We are making good progress in the development of our UK specialist banking franchise. We continue to focus on enhancing our returns on capital invested."

FOR FURTHER INFORMATION PLEASE CONTACT:

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PRESENTATION/CONFERENCE CALL DETAILS

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

Viewing options as below:

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

ABOUT INVESTEC

Investec is an international specialist bank and asset manager that provides a diverse range of financial products and services to a select client base in three principal markets – the UK and Europe, South Africa and Asia/Australia as well as certain other countries. The group was established in 1974 and currently has approximately 9 300 employees.

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

In July 2002 the Investec group implemented a dual listed company structure with listings on the London and Johannesburg Stock Exchanges.

The combined group's current market capitalisation is approximately GBP4.7 billion.

INVESTEC PLC AND INVESTEC LIMITED (COMBINED RESULTS)

Unaudited combined consolidated financial results for the six months ended 30 September 2016

The commentary below largely focuses on the results of the ongoing business.

OVERALL GROUP PERFORMANCE – ONGOING BASIS

Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests ("operating profit") decreased 0.2% to GBP314.5 million (2015: GBP315.0 million) – an increase of 0.8% on a currency neutral basis.

The combined South African businesses reported operating profit 0.5% behind the prior period (in Rands), whilst the combined UK and Other businesses posted a 1.3% increase in operating profit in Pounds Sterling.

BUSINESS UNIT REVIEW – ONGOING BASIS

Asset Management

Asset Management operating profit increased by 16.6% to GBP82.3 million (2015: GBP70.6 million). The business benefited from higher average funds under management supported by a recovery in equity markets and net inflows of GBP1.1 billion; as well as higher performance fees in South Africa. Total funds under management amount to GBP89.8 billion (31 March 2016: GBP75.7 billion).

Wealth & Investment

Wealth & Investment operating profit increased by 14.1% to GBP43.2 million (2015: GBP37.9 million) supported by higher average funds under management and net inflows of GBP0.7 billion. Total funds under management amount to GBP51.3 billion (31 March 2016: GBP45.5 billion).

Specialist Banking

Specialist Banking operating profit decreased by 7.1% to GBP212.8 million (2015: GBP229.2 million). The business continued to experience good levels of client activity supported by a deepening of the franchise; however results were impacted by a decline in investment income.

The South African business reported a decrease in operating profit in Rands of 9.2% as a consequence of the change in accounting treatment related to the assets transferred to Investec Equity Partners (refer to additional information). Excluding the impact of this transaction operating profit was comfortably ahead of the prior period. The division reported solid growth in net interest income and net fee and commission income supported by continued growth in the Private Banking client base, reasonable corporate activity and an increase in the scale of the property fund business. Core loans and advances increased 3.4% to R225.3 billion (31 March 2016: R218.0 billion). The credit loss ratio on average core loans and advances amounted to 0.29% (2015: 0.26%), remaining at the lower end of its long term average, despite the business reporting a moderate increase in impairments.

The UK and Other businesses reported a 3.6% decrease in operating profit. Notwithstanding Brexit-driven volatility, the division recorded a strong performance in its customer flow trading business and robust levels of activity across its lending and advisory businesses. Results were negatively impacted by the write down of an investment in the Hong Kong portfolio. Costs increased as the group continued to deliberately invest in IT infrastructure and headcount to grow the franchise, notably the build out of the private client banking offering. Core loans amounted to GBP7.8 billion, an increase of 4.8% on a currency neutral basis, and impairments declined marginally over the period.

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

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. These costs amounted to GBP23.8million (2015: GBP22.6 million).

FINANCIAL STATEMENT ANALYSIS – ONGOING BASIS

Total operating income

Total operating income before impairment losses on loans and advances increased by 6.1% to GBP1,052.3 million (2015: GBP992.1 million).

Net interest income increased by 10.6% to GBP314.2 million (2015: GBP284.1 million) driven by strong book growth in the 2016 financial year as well as sound levels of lending activity in the current period.

Net fee and commission income increased by 14.7% to GBP608.6 million (2015: GBP530.6 million) as a result of higher average funds under management over the period and net inflows in the Asset Management and Wealth Management businesses. In addition, the Specialist Banking business benefited from an increase in the scale of the property fund business in South Africa and from the corporate and advisory businesses, notably in the UK.

Investment income reduced materially to GBP28.8 million (2015: GBP112.4 million) as a consequence of the change in accounting treatment related to the assets transferred to Investec Equity Partners (refer to additional information). In addition the group reported a write down on an investment in the Hong Kong portfolio.

Share of post-taxation operating profit of associates of GBP9.6 million in the current period largely reflects earnings in relation to the group's investment in Investec Equity Partners.

Trading income arising from customer flow increased by 28.2% to GBP73.5 million (2015: GBP57.3 million) benefiting from franchise growth and good client activity levels. Trading income from other trading activities reflected a profit of GBP12.4 million (2015: GBP4.3 million) largely due to favourable balance sheet management.

Impairment losses on loans and advances

Impairments on loans and advances increased marginally from GBP17.7 million to GBP18.0 million; however the annualised credit loss ratio on core loans and advances remains low at 0.19% (2015: 0.22%). Since 31 March 2016 gross defaults have increased from GBP201.9 million to GBP272.3 million largely due to an increase in defaults in the South African banking business. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounted to 0.90% (31 March 2016: 0.78%).

Operating costs

The ratio of total operating costs to total operating income was 66.7% (2015: 65.4%). Total operating costs grew by 8.2% to GBP701.8 million (2015: GBP648.6 million) reflecting planned spend on IT infrastructure and higher headcount across divisions to support increased activity and growth initiatives; and an increase in variable remuneration given improved profitability in certain businesses.

Taxation

The effective tax rate amounts to 19.4% (2015:21.2%).

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests mainly comprises:

GBP9.9 million profit attributable to non-controlling interests in the Asset Management business.

GBP17.7 million profit attributable to non-controlling interests in the Investec Property Fund Limited.

BALANCE SHEET ANALYSIS

Since 31 March 2016:

- Total shareholders' equity (including non-controlling interests) increased by 16.2% to GBP4.5 billion due to foreign currency translation gains, an increase in retained earnings and the issuance of shares during the period.
- Net asset value per share increased 14.5% to 403.5 pence and net tangible asset value per share (which excludes goodwill and intangible assets) increased by 18.4% to 348.5 pence.
- The annualised return on adjusted average shareholders' equity increased from 11.5% to 12.1%.
- The annualised return on adjusted average shareholders' equity of the ongoing business remained at 13.9%.

Liquidity and funding

As at 30 September 2016 the group held GBP13.1 billion in cash and near cash balances (GBP6.2 billion in Investec plc and R123.9 billion in Investec Limited) which amounted to 39.7% of its liability base. The group defensively increased cash balances in anticipation of the EU referendum in the UK and remains very liquid given global volatility and uncertainty in the markets. The group continues to manage its excess liquidity and funding profile accordingly. Loans and advances to customers as a percentage of customer deposits amounted to 72.0% (31 March 2016: 73.6%). The group comfortably exceeds Basel liquidity requirements for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) in the UK. The LCR reported to the Prudential Regulatory Authority at 30 September 2016 was 819% for Investec plc and 901% for Investec Bank plc (solo basis). Investec Bank Limited (solo basis) ended the period to 30 September 2016 with

the three-month average of its LCR at 138.4%, which is well ahead of the minimum levels required. Further detail with respect to the bank's LCR ratio in the UK and 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% and a total capital adequacy ratio range of 14% to 17% on a consolidated basis for each of Investec plc and Investec Limited respectively. The group's anticipated fully loaded Basel III common equity tier 1 capital adequacy ratios in both Investec plc and Investec Limited are reflected in the table below.

	30 September 2016	31 March 2016
Investec plc[^]		
Capital adequacy ratio	15.0%	15.1%
Tier 1 ratio	11.1%	10.7%
Common equity tier 1 ratio	10.9%	9.7%
Common equity tier 1 ratio (anticipated Basel III "fully loaded"*)	10.9%	9.7%
Leverage ratio (current)	7.1%	7.0%
Leverage ratio (anticipated Basel III "fully loaded"*)	7.0%	6.3%
Investec Limited[^]		
Capital adequacy ratio	14.4%	14.0%
Tier 1 ratio	10.8%	10.7%
Common equity tier 1 ratio	9.8%	9.6%
Common equity tier 1 ratio (anticipated Basel III "fully loaded"*)	9.8%	9.6%
Leverage ratio (current*)	7.3%	6.9%
Leverage ratio (anticipated Basel III "fully loaded"*)	6.7%	6.3%

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

[^] The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc this does not include the deduction of foreseeable dividends when calculating CET1 capital as now required under the CRR and EBA technical standards. The impact of the final proposed ordinary and preference dividends totalling GBP64 million for Investec plc would be 48bps (31 March 2016: 40bps) lower on this basis.

** Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from the capital information, Investec Limited's common equity tier 1 ratio would be 13bps (31 March 2016: 16bps) lower.

LEGACY BUSINESS – OVERVIEW OF RESULTS

Since 31 March 2016 the group's legacy portfolio in the UK has continued to be actively managed down from GBP583 million to GBP535 million largely through asset sales, redemptions and write-offs. The total legacy business over the period reported a loss before taxation of GBP33.0 million (2015:GBP35.5 million). The remaining legacy portfolio will continue to be managed down. Given the uncertainty in the UK following the EU referendum, the legacy book could take longer to wind down than management's original expectation of two to four years. Total net defaults in the legacy book amount to GBP126 million (31 March 2016: GBP143 million).

ADDITIONAL INFORMATION – INVESTEC EQUITY PARTNERS

In South Africa a new investment vehicle, Investec Equity Partners, was created on 11 January 2016 in which Investec holds a 45% stake alongside other strategic investors who hold the remaining 55%. Investec Principal Investments transferred certain portfolio investments to the value of R7.6 billion to Investec Equity Partners. In exchange Investec received R2.5 billion in cash and 45% of the shares in Investec Equity Partners (R5.1 billion), reflected as an associate on the balance sheet. Since the date of the transaction Investec has applied the equity accounting method to account for its investment in the new vehicle as opposed to the fair value accounting method previously applied to the underlying investments held.

OUTLOOK

Uncertainty persists in the macro environment as the UK prepares for Brexit, the US adopts a new presidential administration and South Africa deals with economic, political and social volatility. While Investec is mindful

of the potentially challenging external circumstances, its operational and geographic diversity is supporting a recurring income base which has proved resilient notwithstanding fluctuating market conditions. The group remains committed to providing value for shareholders balanced by appropriate outcomes for stakeholders and an exceptional experience for clients.

On behalf of the boards of Investec plc and Investec Limited

Fani Titi	Stephen Koseff	Bernard Kantor
<i>Chairman</i>	<i>Chief Executive Officer</i>	<i>Managing Director</i>

16 November 2016

NOTES TO THE COMMENTARY SECTION ABOVE PRESENTATION OF FINANCIAL INFORMATION

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

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

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

FOREIGN CURRENCY IMPACT

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

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

Currency per	Six months to 30 Sep 2016		Year to 31 Mar 2016		Six months to 30 Sep 2015	
	Period end	Average	Period end	Average	Period end	Average
South African Rand	17.88	19.99	21.13	20.72	20.95	19.33
Australian Dollar	1.70	1.83	1.87	2.04	2.15	2.05
Euro	1.16	1.23	1.26	1.37	1.35	1.39
US Dollar	1.30	1.38	1.44	1.50	1.51	1.54

Exchange rates between local currencies and Pounds Sterling have fluctuated over the period.

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 2016 are consistent with those adopted in the financial statements for the year ended 31 March 2016.

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 2016 will be posted to stakeholders on 30 November 2016. These accounts will be available on the group's website on the same date.

PROVISO

- Please note that matters discussed in this announcement may contain forward looking statements which are subject to various risks and uncertainties and other factors, including, but not limited to:
 - the 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 16 November 2016.
- The information in the announcement for the six months ended 30 September 2016, which was approved by the board of directors on 16 November 2016, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. The 31 March 2016 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

FINANCIAL ASSISTANCE

Shareholders are referred to the Special Resolution number 3 relating to the provision of direct or indirect financial assistance in terms of Section 45 of the South African Companies Act, No 71 of 2008 to related or inter-related companies, which was approved at the annual general meeting held on 4 August 2016. Shareholders are hereby notified that in terms of S45(5) (a) of the South African Companies Act, the board of directors of Investec Limited provided such financial assistance during the period 1 April 2016 to 30 September 2016.

Ongoing financial information
Ongoing summarised income statement

GBP'000	Six months to 30 September 2016	Six months to 30 September 2015	Year to 31 March 2016
Net interest income	314 151	284 142	571 929
Net fee and commission income	608 564	530 590	1 058 340
Investment income	28 800	112 373	169 915
Share of post taxation operating profit of associates	9 639	491*	1 811*
Trading income arising from			
– customer flow	73 479	57 318	110 879
– balance sheet management and other trading activities	12 370	4 304	11 617
Other operating income	5 298	2 854*	10 279*
Total operating income before impairment losses on loans and advances	1 052 301	992 072	1 934 770
Impairment losses on loans and advances	(18 004)	(17 741)	(41 368)
Operating income	1 034 297	974 331	1 893 402
Operating costs	(701 801)	(648 630)	(1 272 108)
Depreciation on operating leased assets	–	(220)	(2 165)
Operating profit before goodwill, acquired intangibles and non-operating items	332 496	325 481	619 129
Profit attributable to other non-controlling interests	(18 033)	(10 518)	(35 201)
Profit attributable to Asset Management non-controlling interests	(9 924)	(8 647)	(16 529)
Operating profit before taxation	304 539	306 316	567 399
Taxation	(62 696)	(69 018)	(118 151)
Preference dividends accrued	(11 925)	(14 708)	(26 130)
Adjusted attributable earnings to ordinary shareholders	229 918	222 590	423 118
Number of weighted average shares (million)	895.7	871.8	870.5
Adjusted earnings per share (pence)	25.7	25.5	48.6
Cost to income ratio	66.7%	65.4%	65.8%

* Share of post taxation operating profit of associates shown separately from other operating income.

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 September GBP'000	UK and Other	Southern Africa	Total group
2016			
Asset Management	43 116	39 138	82 254
Wealth & Investment	29 192	14 005	43 197
Specialist Banking	95 211	117 623	212 834
	167 519	170 766	338 285
Group costs	(17 758)	(6 064)	(23 822)
Total group	149 761	164 702	314 463
Other non-controlling interest – equity			18 033
Operating profit			332 496
2015			
Asset Management	40 127	30 427	70 554
Wealth & Investment	25 896	11 954	37 850
Specialist Banking	98 786	130 389	229 175
	164 809	172 770	337 579
Group costs	(17 036)	(5 580)	(22 616)
Total group	147 773	167 190	314 963
Other non-controlling interest – equity			10 518
Operating profit			325 481

Reconciliation from statutory summarised income statement to ongoing summarised income statement

for the six months to 30 September 2016 GBP'000	Removal of:**		
	Statutory as disclosed	UK legacy business	Ongoing business
Net interest income	313 465	(686)	314 151
Net fee and commission income	608 488	(76)	608 564
Investment income	29 024	224	28 800
Share of post taxation operating profit of associates	9 639	–	9 639
Trading income arising from			
– customer flow	73 438	(41)	73 479
– balance sheet management and other trading activities	12 370	–	12 370
Other operating income	5 298	–	5 298
Total operating income/(loss) before impairment losses on loans and advances	1 051 722	(579)	1 052 301
Impairment losses on loans and advances	(46 591)	(28 587)	(18 004)
Operating income/(loss)	1 005 131	(29 166)	1 034 297
Operating costs	(705 680)	(3 879)	(701 801)
Operating profit/(loss) before goodwill, acquired intangibles and non-operating items	299 451	(33 045)	332 496
Profit attributable to other non-controlling interests	(18 033)	–	(18 033)
Profit attributable to Asset Management non-controlling interests	(9 924)	–	(9 924)
Operating profit/(loss) before taxation	271 494	(33 045)	304 539
Taxation	(56 279)	6 417 [#]	(62 696)
Preference dividends accrued	(11 925)	–	(11 925)
Adjusted attributable earnings to ordinary shareholders	203 290	(26 628)	229 918
Number of weighted average shares (million)	895.7		895.7
Adjusted earnings per share (pence)	22.7		25.7
Cost to income ratio	67.1%		66.7%

[#] Applying the group's effective statutory taxation rate of 19.4%.

for the six months to 30 September 2015 GBP'000	Removal of:**		
	Statutory as disclosed	UK legacy business	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
Share of post taxation operating profit of associates	491	–	491
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	2 854	–	2 854
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%.

^{**} The remaining legacy business in the UK.

Statutory financial information

Salient financial features

	Results in Pounds Sterling					Results in Rand		
	Six months to 30 September 2016	Six months to 30 September 2015	% change	Neutral currency Six months to 30 September 2016	Neutral currency % change	Six months to 30 September 2016	Six months to 30 September 2015	% change
Operating profit before taxation* (million)	£281.4	£279.4	0.7%	£283.9	1.6%	R5 592	R5 442	2.8%
Earnings attributable to shareholders (million)	£208.6	£197.6	5.6%	£209.7	6.1%	R4 132	R3 843	7.5%
Adjusted earnings attributable to shareholders** (million)	£203.3	£194.6	4.5%	£204.1	4.9%	R4 027	R3 787	6.3%
Adjusted earnings per share**	22.7p	22.3p	1.8%	22.8p	2.2%	449.6c	434.4c	3.5%
Basic earnings per share	26.5p	20.1p	31.8%	26.5p	31.8%	523.5c	391.6c	33.7%
Headline earnings per share	24.8p	21.0p	18.1%	24.8p	18.1%	489.5c	410.5c	19.2%
Dividends per share	10.0p	9.5p	5.3%	n/a	n/a	178c	207c	(14.0%)
Cost to income ratio	67.1%	66.2%		67.0%				

	Results in Pounds Sterling					Results in Rand		
	At 30 September 2016	At 31 March 2016	% change	Neutral currency At 30 September 2016	Neutral currency % change	At 30 September 2016	At 31 March 2016	% change
Net asset value per share	403.5p	352.3p	14.5%	378.4p	7.4%	7 215c	7 444c	(3.1%)
Net tangible asset value per share	348.5p	294.3p	18.4%	323.5p	9.9%	6 232c	6 218c	0.2%
Total equity (million)	£4 485	£3 859	16.2%	£4 110	6.5%	R80 198	R81 543	(1.6%)
Total assets (million)	£52 479	£45 352	15.7%	£48 078	6.0%	R938 436	R958 221	(2.1%)
Core loans and advances (million)	£20 898	£18 119	15.3%	£18 749	3.5%	R373 703	R382 826	(2.4%)
Cash and near cash balances (million)	£13 114	£10 994	19.3%	£11 926	8.8%	R234 515	R232 290	1.0%
Customer (deposits) (million)	£28 305	£24 044	17.7%	£25 803	7.3%	R506 153	R508 024	(0.4%)
Third party assets under management (million)	£141 783	£121 683	16.5%	£134 213	10.3%	R2 535 391	R2 571 141	(1.4%)
Return on average adjusted shareholders' equity	12.1%	11.5%						
Return on average risk-weighted assets	1.40%	1.34%						
Defaults (net of impairments and before collateral) as a percentage of net core loans	1.48%	1.54%						
Loans and advances to customers as a percentage of customer deposits	72.0%	73.60%						
Credit loss ratio (income statement impairment charge as a % of average gross core loans and advances)	0.48%	0.62%						

* 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.

Combined consolidated income statement

GBP'000	Six months to 30 September 2016	Six months to 30 September 2015	Year to 31 March 2016
Interest income	1 037 756	849 817	1 705 640
Interest expense	(724 291)	(564 317)	(1 131 871)
Net interest income	313 465	285 500	573 769
Fee and commission income	670 816	591 037	1 188 012
Fee and commission expense	(62 328)	(57 131)	(126 387)
Investment income	29 024	112 387	170 408
Share of post taxation operating profit of associate	9 639	491*	1 811*
Trading income arising from			
– customer flow	73 438	56 895	110 227
– balance sheet management and other trading activities	12 370	4 004	11 377
Other operating income	5 298	2 854*	10 279*
Total operating income before impairment losses on loans and advances	1 051 722	996 037	1 939 496
Impairment losses on loans and advances	(46 591)	(46 140)	(109 516)
Operating income	1 005 131	949 897	1 829 980
Operating costs	(705 680)	(659 719)	(1 287 021)
Depreciation on operating leased assets	–	(220)	(2 165)
Operating profit before goodwill and acquired intangibles	299 451	289 958	540 794
Impairment of goodwill	(270)	(717)	(1 577)
Amortisation of acquired intangibles	(8 469)	(7 848)	(16 248)
Operating profit	290 712	281 393	522 969
Net loss on disposal of subsidiaries	–	(4 746)	(4 778)
Profit before taxation	290 712	276 647	518 191
Taxation on operating profit before goodwill and acquired intangibles	(56 279)	(61 485)	(103 202)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	2 122	1 610	5 197
Profit after taxation	236 555	216 772	420 186
Profit attributable to other non-controlling interests	(18 033)	(10 518)	(35 201)
Profit attributable to Asset Management non-controlling interests	(9 924)	(8 647)	(16 529)
Earnings attributable to shareholders	208 598	197 607	368 456
Impairment of goodwill	270	717	1 577
Amortisation of acquired intangibles	8 469	7 848	16 248
Net loss on disposal of subsidiaries	–	4 746	4 778
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	(2 122)	(1 610)	(5 197)
Preference dividends paid	(11 979)	(22 434)	(33 192)
Accrual adjustment on earnings attributable to other equity holders	54	7 726	7 062
Adjusted earnings	203 290	194 600	359 732
Headline adjustments**	18 627	(11 165)	(25 012)
Headline earnings	221 917	183 435	334 720
Earnings per share (pence)			
– Basic	26.5	20.1	38.5
– Diluted	25.4	19.1	36.7
Adjusted earnings per share (pence)			
– Basic	22.7	22.3	41.3
– Diluted	21.8	21.2	39.4
Dividends per share (pence)			
– Interim	10.0	9.5	9.5
– Final	n/a	n/a	11.5
Headline earnings per share (pence)			
– Basic	24.8	21.0	38.5
– Diluted	23.8	20.0	36.7
Number of weighted average shares – (million)	895.7	871.8	870.5

* Share of post taxation operating profit of associates shown separately from other operating income.

** The headline earnings adjustments are made up of property revaluations, loss on disposal of subsidiaries, the impairment of goodwill and non-current assets held for sale, gains on available for sale instruments recycled through the income statement and other gains/(losses) on preference shares recognised directly in equity. This line represents the reconciling items from adjusted earnings to headline earnings.

Summarised combined consolidated statement of comprehensive income

GBP'000	Six months to 30 September 2016	Six months to 30 September 2015	Year to 31 March 2016
Profit after taxation	236 555	216 772	420 186
Other comprehensive income/(loss):			
Items that may be reclassified to the income statement			
Fair value movements on cash flow hedges taken directly to other comprehensive income*	19 912	(16 734)	(31 934)
Gains on realisation of available-for-sale assets recycled to the income statement*	(8 132)	(1 145)	(1 961)
Fair value movements on available-for-sale assets taken directly to other comprehensive income*	52 980	(13 757)	(37 153)
Foreign currency adjustments on translating foreign operations	375 148	(266 255)	(240 875)
Items that will never be reclassified to the income statement			
Re-measurement of net defined pension liability	–	–	4 738
Total comprehensive income/(loss)	676 463	(81 119)	113 001
Total comprehensive income/(loss) attributable to ordinary shareholders	551 216	(67 075)	84 932
Total comprehensive income/(loss) attributable to non-controlling interests	113 268	(36 478)	(5 123)
Total comprehensive income attributable to perpetual preferred securities	11 979	22 434	33 192
Total comprehensive income/(loss)	676 463	(81 119)	113 001

* Net of taxation of (GBP 19.5 million) [Six months to 30 September 2015: GBP 14.6 million, year to 31 March 2016: GBP 27.1 million].

Summarised combined consolidated cash flow statement

GBP'000	Six months to 30 September 2016	Six months to 30 September 2015	Year to 31 March 2016
Cash inflows from operations	370 866	350 477	598 786
Increase in operating assets	(652 118)	(1 859 634)	(4 580 570)
Increase in operating liabilities	1 829 100	1 220 550	4 602 620
Net cash inflow/(outflow) from operating activities	1 547 848	(288 607)	620 836
Net cash outflow from investing activities	(30 229)	(19 081)	(13 925)
Net cash outflow from financing activities	(32 265)	(348 234)	(347 741)
Effects of exchange rates on cash and cash equivalents	234 127	(181 554)	(171 718)
Net increase/(decrease) in cash and cash equivalents	1 719 481	(837 476)	87 452
Cash and cash equivalents at the beginning of the period	4 650 300	4 562 848	4 562 848
Cash and cash equivalents at the end of the period	6 369 781	3 725 372	4 650 300

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

Combined consolidated balance sheet

GBP'000	30 September 2016	31 March 2016	30 September 2015
Assets			
Cash and balances at central banks	4 233 278	3 007 269	2 003 037
Loans and advances to banks	3 154 517	2 498 585	2 261 008
Non-sovereign and non-bank cash placements	571 405	466 573	545 878
Reverse repurchase agreements and cash collateral on securities borrowed	2 424 849	2 497 125	2 504 339
Sovereign debt securities	3 639 215	3 208 862	2 739 669
Bank debt securities	641 542	896 855	988 133
Other debt securities	1 079 256	949 950	832 494
Derivative financial instruments	1 636 619	1 580 949	1 331 618
Securities arising from trading activities	1 215 293	1 119 074	1 354 599
Investment portfolio	806 696	660 795	929 115
Loans and advances to customers	20 376 991	17 681 572	16 267 283
Own originated loans and advances to customers securitised	521 063	437 243	463 436
Other loans and advances	371 111	321 617	305 480
Other securitised assets	153 133	160 295	279 262
Interests in associated undertakings	331 294	267 099	23 809
Deferred taxation assets	98 641	112 135	94 023
Other assets	2 306 954	2 092 661	2 071 704
Property and equipment	98 632	90 888	94 231
Investment properties	1 013 204	938 879	531 835
Goodwill	370 969	368 039	368 319
Intangible assets	146 845	148 280	155 619
Non-current assets classified as held for sale	27 818	–	28 692
	45 219 325	39 504 745	36 173 583
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	7 259 638	5 847 036	5 526 475
	52 478 963	45 351 781	41 700 058
Liabilities			
Deposits by banks	2 536 285	2 397 403	1 810 306
Derivative financial instruments	1 757 081	1 582 847	1 396 041
Other trading liabilities	983 407	957 418	1 312 201
Repurchase agreements and cash collateral on securities lent	1 048 993	971 646	877 301
Customer accounts (deposits)	28 304 921	24 044 281	21 658 505
Debt securities in issue	2 354 568	2 299 751	2 033 245
Liabilities arising on securitisation of own originated loans and advances	91 611	85 650	82 670
Liabilities arising on securitisation of other assets	112 754	120 851	197 900
Current taxation liabilities	200 390	192 255	193 243
Deferred taxation liabilities	63 586	55 486	87 040
Other liabilities	1 926 943	1 802 967	1 737 744
	39 380 539	34 510 555	31 386 196
Liabilities to customers under investment contracts	7 257 222	5 845 503	5 524 800
Insurance liabilities, including unit-linked liabilities	2 416	1 533	1 675
	46 640 177	40 357 591	36 912 671
Subordinated liabilities	1 353 958	1 134 883	1 121 679
	47 994 135	41 492 474	38 034 350
Equity			
Ordinary share capital	237	228	228
Perpetual preference share capital	38	153	153
Share premium	2 327 189	2 239 364	2 259 909
Treasury shares	(138 609)	(125 717)	(104 395)
Other reserves	(465 030)	(784 051)	(777 277)
Retained income	2 162 199	2 030 310	1 943 523
Shareholders' equity excluding non-controlling interests	3 886 024	3 360 287	3 322 141
Other Additional Tier 1 securities in issue	30 757	26 031	26 257
Non-controlling interests	568 047	472 989	317 310
– Perpetual preferred securities issued by subsidiaries	85 798	72 615	73 245
– Non controlling interests in partially held subsidiaries	482 249	400 374	244 065
Total equity	4 484 828	3 859 307	3 665 708
Total liabilities and equity	52 478 963	45 351 781	41 700 058

Summarised combined consolidated statement of changes in equity

GBP'000	Six months to 30 September 2016	Year to 31 March 2016	Six months to 30 September 2015
Balance at the beginning of the period	3 859 307	4 040 495	4 040 495
Total comprehensive income/(loss) for the period	676 463	113 001	(81 119)
Share-based payments adjustments	24 954	56 216	26 156
Dividends paid to ordinary shareholders	(123 344)	(180 009)	(97 896)
Dividends declared to perpetual preference shareholders	(7 425)	(14 519)	(7 766)
Dividends paid to perpetual preference shareholders included in non-controlling interests	(4 554)	(18 673)	(14 668)
Dividends paid to non-controlling interests	(18 189)	(39 835)	(13 165)
Issue of ordinary shares	211 063	54 720	54 705
Redemption of perpetual preference shares	(81 736)	-	-
Issue of equity by subsidiaries	(21)	-	-
Buy-back of non-controlling interests	48	153 299	(142 134)
Acquisition of non-controlling interests	-	(142 111)	28
Movement of treasury shares	(51 738)	(163 277)	(98 928)
Balance at the end of the period	4 484 828	3 859 307	3 665 708

Combined consolidated segmental analysis

For the six months to 30 September GBP'000	UK and Other	Southern Africa	Total group
Segmental geographical and business analysis of operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests			
2016			
Asset Management	43 116	39 138	82 254
Wealth & Investment	29 192	14 005	43 197
Specialist Banking	62 166	117 623	179 789
	134 474	170 766	305 240
Group costs	(17 758)	(6 064)	(23 822)
Total group	116 716	164 702	281 418
Other non-controlling interest – equity			18 033
Operating profit			299 451
2015			
Asset Management	40 127	30 427	70 554
Wealth & Investment	25 896	11 954	37 850
Specialist Banking	63 263	130 389	193 652
	129 286	172 770	302 056
Group costs	(17 036)	(5 580)	(22 616)
Total group	112 250	167 190	279 440
Other non-controlling interest – equity			10 518
Operating profit			289 958

Analysis of financial assets and liabilities by category of financial instrument

At 30 September 2016 GBP'000	Total instruments at fair value	Total instruments at amortised cost	Insurance related instruments at fair value	Non-financial instruments	Total
Assets					
Cash and balances at central banks	1 672	4 231 606	–	–	4 233 278
Loans and advances to banks	121 680	3 032 837	–	–	3 154 517
Non-sovereign and non-bank cash placements	2 133	569 272	–	–	571 405
Reverse repurchase agreements and cash collateral on securities borrowed	1 117 341	1 307 508	–	–	2 424 849
Sovereign debt securities	3 424 066	215 149	–	–	3 639 215
Bank debt securities	279 510	362 032	–	–	641 542
Other debt securities	754 753	324 503	–	–	1 079 256
Derivative financial instruments	1 636 619	–	–	–	1 636 619
Securities arising from trading activities	1 215 293	–	–	–	1 215 293
Investment portfolio	806 696	–	–	–	806 696
Loans and advances to customers	882 856	19 494 135	–	–	20 376 991
Own originated loans and advances to customers securitised	–	521 063	–	–	521 063
Other loans and advances	–	371 111	–	–	371 111
Other securitised assets	140 436	12 697	–	–	153 133
Interests in associated undertakings	–	–	–	331 294	331 294
Deferred taxation assets	–	–	–	98 641	98 641
Other assets	374 838	1 420 446	–	511 670	2 306 954
Property and equipment	–	–	–	98 632	98 632
Investment properties	–	–	–	1 013 204	1 013 204
Goodwill	–	–	–	370 969	370 969
Intangible assets	–	–	–	146 845	146 845
Non-current assets classified as held for sale	–	–	–	27 818	27 818
	10 757 893	31 862 359	–	2 599 073	45 219 325
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	–	7 259 638	–	7 259 638
	10 757 893	31 862 359	7 259 638	2 599 073	52 478 963
Liabilities					
Deposits by banks	–	2 536 285	–	–	2 536 285
Derivative financial instruments	1 757 081	–	–	–	1 757 081
Other trading liabilities	983 407	–	–	–	983 407
Repurchase agreements and cash collateral on securities lent	56 973	992 020	–	–	1 048 993
Customer accounts (deposits)	512 256	27 792 665	–	–	28 304 921
Debt securities in issue	632 781	1 721 787	–	–	2 354 568
Liabilities arising on securitisation of own originated loans and advances	–	91 611	–	–	91 611
Liabilities arising on securitisation of other assets	112 754	–	–	–	112 754
Current taxation liabilities	–	–	–	200 390	200 390
Deferred taxation liabilities	–	–	–	63 586	63 586
Other liabilities	40 858	1 369 324	–	516 761	1 926 943
	4 096 110	34 503 692	–	780 737	39 380 539
Liabilities to customers under investment contracts	–	–	7 257 222	–	7 257 222
Insurance liabilities, including unit-linked liabilities	–	–	2 416	–	2 416
	4 096 110	34 503 692	7 259 638	780 737	46 640 177
Subordinated liabilities	–	1 353 958	–	–	1 353 958
	4 096 110	35 857 650	7 259 638	780 737	47 994 135

Financial instruments carried at fair value

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

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

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

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

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

At 30 September 2016 GBP'000	Total instruments at fair value	Fair value category		
		Level 1	Level 2	Level 3
Assets				
Cash and balances at central banks	1 672	1 672	–	–
Loans and advances to banks	121 680	121 680	–	–
Non-sovereign and non-bank cash placements	2 133	–	2 133	–
Reverse repurchase agreements and cash collateral on securities borrowed	1 117 341	172 926	944 415	–
Sovereign debt securities	3 424 066	3 424 066	–	–
Bank debt securities	279 510	158 458	121 052	–
Other debt securities	754 753	529 826	215 934	8 993
Derivative financial instruments	1 636 619	–	1 582 541	54 078
Securities arising from trading activities	1 215 293	1 185 651	22 077	7 565
Investment portfolio	806 696	154 099	19 494	633 103
Loans and advances to customers	882 856	–	802 218	80 638
Other securitised assets	140 436	–	–	140 436
Other assets	374 838	374 838	–	–
	10 757 893	6 123 216	3 709 864	924 813
Liabilities				
Derivative financial instruments	1 757 081	–	1 754 975	2 106
Other trading liabilities	983 407	921 958	61 449	–
Repurchase agreements and cash collateral on securities lent	56 973	–	56 973	–
Customer accounts (deposits)	512 256	–	512 256	–
Debt securities in issue	632 781	–	620 407	12 374
Liabilities arising on securitisation of other assets	112 754	–	–	112 754
Other liabilities	40 858	–	40 858	–
	4 096 110	921 958	3 046 918	127 234
Net financial assets at fair value	6 661 783	5 201 258	662 946	797 579

Transfers between level 1 and level 2

During the period derivative financial instrument assets and liabilities to the value of GBP116.9 million and GBP210.3 million respectively were transferred from level 1 to level 2 to reflect the level of modelling which is now being used to arrive at the fair value.

Level 2 financial assets and financial liabilities

The following table sets out the group's principal valuation techniques as at 30 September 2016 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	Yield curves
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model, Hermite interpolation	Yield curves
Bank debt securities	Black-Scholes Discounted cash flow model	Volatilities Yield curves NCD curves
Other debt securities	Discounted cash flow model	Yield 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	Yield curves, 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, relative valuation model Comparable quoted inputs	Discount rate and fund unit price, net assets
Loans and advances to customers	Discounted cash flow model	Yield curves
Liabilities		
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes	Yield curves, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Other trading liabilities	Discounted cash flow model	Yield curves
Repurchase agreements and cash collateral on securities lent	Discounted cash flow model, Hermite interpolation	Yield curves
Customer accounts (deposits)	Discounted cash flow model	Yield curves
Debt securities in issue	Discounted cash flow model	Yield curves
Other liabilities	Discounted cash flow model	Yield curves

GBP'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 2016	690 903	635 384	55 519
Total gains or losses	5 867	(6 779)	12 646
In the income statement	6 672	(6 779)	13 451
In the statement of comprehensive income	(805)	–	(805)
Purchases	105 372	105 143	229
Sales	(30 537)	(18 907)	(11 630)
Issues	(843)	(843)	–
Settlements	(21 732)	(10 266)	(11 466)
Transfers into level 3	(9 740)	(9 740)	–
Foreign exchange adjustments	58 289	60 228	(1 939)
Balance as at 30 September 2016	797 579	754 220	43 359

For the period ended 30 September 2016, there were no significant transfers from level 3 into level 2. In the current and prior year the valuation methodologies were reviewed and observable inputs are used to determine the fair value.

There were transfers from level 2 to the level 3 category to the value of £9.7 million because the significance of the unobservable inputs used to determine the fair value increased sufficiently to warrant a transfer.

For the six months to 30 September 2016 GBP'000	Total	Realised	Unrealised
Total gains or (losses) included in the income statement for the period			
Net interest income	1 091	1 091	–
Fee and commission income	4 513	–	4 513
Investment income	(159)	11 700	(11 859)
Trading income arising from customer flow	1 227	(1 355)	2 582
	6 672	11 436	(4 764)
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	13 451	13 451	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	(805)	–	(805)
	12 646	13 451	(805)

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 September 2016	Balance sheet value GBP'000	Significant unobservable input changed in valuation method	Range over which unobservable input has been stressed	Favourable changes GBP'000	Unfavourable changes GBP'000
Assets					
Other debt securities	8 993	Reflected in income statement		316	(436)
		Cash flow adjustments	CPR 5 – 9%	289	(433)
		Other	CDS spreads	27	(3)
Derivative financial instruments	54 078	Reflected in income statement		8 634	(6 491)
		Volatilities	3.8 – 9%	3 632	(1 876)
		Cash flow adjustments	CPR 8% – 12%	753	(1 544)
		Net asset value	(10%) – 10%	56	(56)
		Other [^]	^	4 193	(3 015)
Securities arising from trading activities	7 565	Reflected in income statement			
		Cash flow adjustments	CPR 9.1 – 10%	717	(1 059)
Investment portfolio	633 103	Reflected in income statement		79 484	(66 406)
		Cash flow adjustments	CPR 9%	3 050	(3 050)
		Price Earnings multiple	^^	21 176	(4 785)
		Price Earnings multiple	1x – 9.1x	3 116	(2 888)
		Other [^]	^	52 142	(55 683)
		Reflected in other comprehensive income		3 633	(908)
		EBITDA	3 x	115	(21)
		Other [^]	^	3 518	(887)
Loans and advances to customers	80 638	Reflected in income statement		6 719	(15 203)
		Discount rates	16%	1 633	(988)
		EBITDA	10%	5 086	(5 086)
		Other [^]	^	–	(9 129)
Other securitised assets*	140 436	Reflected in income statement		2 416	(2 434)
		Cash flow adjustments	CPR 6.25%	2 416	(2 434)
		Other	(1%) – 1%	–	–
Liabilities					
Derivative financial instruments	2 106	Reflected in income statement		734	(1 580)
		Cash flow adjustments	CPR 8%	716	(1 510)
		Volatilities	7– 8.5%	18	(70)
Liabilities arising on securitisation of other assets*	112 754	Reflected in income statement			
		Cash flow adjustments	CPR 6.25%	1 011	(1 104)
Deposits by banks and other debt related securities	12 374	Reflected in income statement			
		Volatilities	7.0%	175	(828)
Net level 3 assets	797 579			103 839	(96 449)

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

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

^{^^} The price-earnings multiple has been determined on an investment by investment basis in order to obtain favourable and unfavourable valuations.

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

Discount rates

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

Volatilities

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

Cash flows

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

EBITDA

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

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 September 2016
GBP'000

	Carrying amount	Fair value
Assets		
Cash and balances at central banks	4 231 606	4 231 606
Loans and advances to banks	3 032 837	3 032 827
Non-sovereign and non-bank cash placements	569 272	569 272
Reverse repurchase agreements and cash collateral on securities borrowed	1 307 508	1 307 508
Sovereign debt securities	215 149	217 919
Bank debt securities	362 032	429 177
Other debt securities	324 503	314 763
Loans and advances to customers	19 494 135	19 524 212
Own originated loans and advances to customers securitised	521 063	521 063
Other loans and advances	371 111	356 233
Other securitised assets	12 697	12 697
Other assets	1 420 446	1 420 438
	31 862 359	31 937 715
Liabilities		
Deposits by banks	2 536 285	2 567 515
Repurchase agreements and cash collateral on securities lent	992 020	991 703
Customer accounts (deposits)	27 792 665	27 812 635
Debt securities in issue	1 721 787	1 734 325
Liabilities arising on securitisation of own originated loans and advances	91 611	91 611
Other liabilities	1 369 324	1 369 029
Subordinated liabilities	1 353 958	1 508 367
	35 857 650	36 075 185

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 122

Notice is hereby given an interim dividend number 122, being a gross dividend of 178.00000 cents (2015: 207.00000 cents) per ordinary share has been declared by the Board from income reserves in respect of the six months ended 30 September 2016 payable to shareholders recorded in the shareholders' register of the company at the close of business on Friday, 09 December 2016.

The relevant dates for the payment of dividend number 122 are as follows:

Last day to trade cum-dividend	Tuesday, 06 December 2016
Shares commence trading ex-dividend	Wednesday, 07 December 2016
Record date	Friday, 09 December 2016
Payment date	Wednesday, 21 December 2016

The interim gross dividend of 178.00000 cents per ordinary share has been determined by converting the Investec plc distribution of 10.0 pence per ordinary share into Rands using the Rand/Pounds Sterling average buy/sell forward rate at 11h00 (SA time) on Wednesday, 16 November 2016.

Share certificates may not be dematerialised or rematerialised between Wednesday, 07 December 2016 and Friday, 09 December 2016, 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 298 173 370 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 178.00000 cents per ordinary share
- Shareholders who are not exempt from paying the Dividend Tax will receive a net dividend of 151.30000 cents per ordinary share (gross dividend of 178.00000 cents per ordinary share less Dividend Tax of 26.70000 cents per ordinary share).

By order of the board

N van Wyk
Company Secretary

16 November 2016

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

Preference share dividend announcement

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

Declaration of dividend number 24

Notice is hereby given that preference dividend number 24 has been declared from income reserves for the period 01 April 2016 to 30 September 2016 amounting to a gross preference dividend of 409.41111 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, 02 December 2016.

The relevant dates for the payment of dividend number 24 are as follows:

Last day to trade cum-dividend	Tuesday, 29 November 2016
Shares commence trading ex-dividend	Wednesday, 30 November 2016
Record date	Friday, 02 December 2016
Payment date	Monday, 12 December 2016

Share certificates may not be dematerialised or rematerialised between Wednesday, 30 November 2016 and Friday, 02 December 2016, 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 347.99944 cents per preference share for preference shareholders liable to pay the Dividend Tax and 409.41111 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

N van Wyk
Company Secretary

16 November 2016

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 29

Notice is hereby given that an interim dividend number 29, being a gross dividend of 10.0 pence (2015: 9.5 pence) per ordinary share has been declared by the Board from income reserves in respect of the six months ended 30 September 2016 payable to shareholders recorded in the members' register of the company at the close of business on Friday, 09 December 2016.

The relevant dates for the payment of dividend number 29 are as follows:

Last day to trade cum-dividend

On the Johannesburg Stock Exchange (JSE)	Tuesday, 06 December 2016
On the London Stock Exchange (LSE)	Wednesday, 07 December 2016

Shares commence trading ex-dividend

On the Johannesburg Stock Exchange (JSE)	Wednesday, 07 December 2016
On the London Stock Exchange (LSE)	Thursday, 08 December 2016

Record date (on the JSE and LSE)	Friday, 09 December 2016
Payment date (on the JSE and LSE)	Wednesday, 21 December 2016

Share certificates on the South African branch register may not be dematerialised or rematerialised between Wednesday, 07 December 2016 and Friday, 09 December 2016, both dates inclusive, nor may transfers between the United Kingdom share register and the South African branch register take place between Wednesday, 07 December 2016 and Friday, 09 December 2016, 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 10.0 pence, equivalent to a gross dividend of 178.00000 cents per share, has been arrived at using the Rand/Pound Sterling average buy/sell forward rate, as determined at 11h00 (SA time) on Wednesday, 16 November 2016
- Investec plc United Kingdom tax reference number: 2683967322360
- The issued ordinary share capital of Investec plc is 656 424 689 ordinary shares
- The dividend paid by Investec plc to South African resident shareholders registered on the South African branch register and the dividend paid by Investec Limited to Investec plc shareholders on the SA DAS share are subject to South African Dividend Tax (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 178.00000 cents per share
- Shareholders registered on the South African branch register who are not exempt from paying the Dividend Tax will receive a net dividend of 151.30000 cents per share (gross dividend of 178.00000 cents per share less Dividend Tax of 26.70000 cents per share)

By order of the board

D Miller
Company Secretary

16 November 2016

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 21

Notice is hereby given that preference dividend number 21 has been declared from income reserves for the period 01 April 2016 to 30 September 2016 amounting to a gross preference dividend of 7.12329 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, 02 December 2016.

For shares trading on the Johannesburg Stock Exchange (JSE), the dividend of 7.12329 pence per preference share is equivalent to a gross dividend of 126.40563 cents per share, which has been determined using the Rand/Pound Sterling average buy/sell forward rate as at 11h00 (SA Time) on Wednesday, 16 November 2016.

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

Last day to trade cum-dividend

On the Johannesburg Stock Exchange (JSE)	Tuesday, 29 November 2016
On the Channel Islands Stock Exchange (CISX)	Wednesday, 30 November 2016

Shares commence trading ex-dividend

On the Johannesburg Stock Exchange (JSE)	Wednesday, 30 November 2016
On the Channel Islands Stock Exchange (CISX)	Thursday, 01 December 2016

Record date (on the JSE and CISX)	Friday, 02 December 2016
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Payment date (on the JSE and CISX)	Monday, 12 December 2016
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Share certificates may not be dematerialised or rematerialised between Wednesday, 30 November 2016 and Friday, 02 December 2016 both dates inclusive, nor may transfers between the United Kingdom share register and the South African branch register take place between Wednesday, 30 November 2016 and Friday, 02 December 2016 both dates inclusive.

Additional information for South African resident shareholders of Investec plc

- Investec plc United Kingdom tax reference number: 2683967322360
- The issued preference share capital of Investec plc is 2 754 587 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 107.44479 cents per preference share for preference shareholders liable to pay the Dividend Tax and 126.40563 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

D Miller
Company Secretary

16 November 2016

Investec plc
Incorporated in England and Wales
Registration number: 3633621
JSE 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 11

Notice is hereby given that preference dividend number 11 has been declared from income reserves for the period 01 April 2016 to 30 September 2016 amounting to a gross preference dividend of 500.11644 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, 02 December 2016.

The relevant dates relating to the payment of dividend number 11 are as follows:

Last day to trade cum-dividend	Tuesday, 29 November 2016
Shares commence trading ex-dividend	Wednesday, 30 November 2016
Record date	Friday, 02 December 2016
Payment date	Monday, 12 December 2016

Share certificates may not be dematerialised or rematerialised between Wednesday, 30 November 2016 and Friday, 02 December 2016, both dates inclusive.

Additional information for South African resident shareholders of Investec plc

- Investec plc United Kingdom tax reference number:2683967322360
- The issued rand denominated preference share capital of Investec plc is 131 447 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 425.09897 cents per preference share for preference shareholders liable to pay the Dividend Tax and 500.11644 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

D Miller
Company Secretary

16 November 2016

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

Registered office:

2 Gresham Street, London
EC2V 7QP, United Kingdom

Transfer secretaries:

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

Company Secretary:

D Miller•

Investec Limited

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

Registered office:

100 Grayston Drive
Sandown, Sandton, 2196

Transfer secretaries:

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

Company Secretary:

N van Wyk

Directors:

F Titi (Chairman),
S Koseff[□] (Chief Executive),
B Kantor[□] (Managing Director),
G R Burger[□], C A Carolus,
P K O Crosthwaite•, H J du Toit[□],
D Friedland,
I R Kantor⁴,
P R S Thomas, Z B M Bassa,
L C Bowden•, C R Jacobs[^],
Lord Malloch – Brown•,
K L Shuenyane

[□]Executive •British ⁴Dutch [^]Irish

Sponsor:

Investec Bank Limited

