Investec Limited

2017

FINANCIAL INFORMATION
(excluding the results of Investec plc)

Unaudited condensed consolidated financial information for the six months ended 30 September 2017

IFRS – Rand

Out of the Ordinary®

Investec

Overview of results

	30 Sept 2017	30 Sept 2016	% change	31 March 2017
Total operating income before impairment losses on loans and advances (R'million)	9 073	8 489	6.9%	17 659
Operating costs (R'million)	4 841	4 568	6.0%	9 238
Operating profit before goodwill and acquired intangibles (R'million)	3 859	3 598	7.3%	7 762
Headline earnings attributable to ordinary shareholders (R'million)	2 617	2 152	21.6%	4 350
Cost to income ratio	53.4%	53.8%		52.3%
Total capital resources (including subordinated liabilities) (R'million)	63 007	56 905	10.7%	60 376
Total shareholders equity (R'million)	48 858	43 873	11.4%	46 571
Total assets (R'million)	599 824	578 983	3.6%	586 432
Net core loans and advances (R'million)	251 549	225 304	11.6%	236 225
Customer accounts (deposits) (R'million)	309 964	290 969	6.5%	303 470
Cash and near cash balances (R'million)	102 620	123 878	(17.2%)	117 586
Funds under management (R'million)	939 988	876 767	7.2%	895 739
Capital adequacy ratio	14.3%	14.4%		14.1%
Tier 1 ratio	10.8%	10.8%		10.7%
Common equity tier 1 ratio	10.0%	9.8%		9.9%
Leverage ratio	7.6%	7.3%		7.3%
Defaults (net of impairments) as a % of net core loans and advances	0.74%	1.25%		1.02%
Net defaults (after collateral and impairments) as a % of net core loans and advances	–	–		–
Annualised credit loss ratio (i.e. income statement impairment charge as a % of average core loans and advances)	0.30%	0.29%		0.29%
Total gearing ratio (i.e. total assets excluding assurance assets to equity)	9.4x	10.2x		9.8x
Loans and advances to customers: customer accounts (deposits)	78.6%	74.2%		75.0%

Consolidated income statement

R'million	Six months to 30 Sept 2017	Six months to 30 Sept 2016	Year to 31 March 2017
Interest income	16 022	15 307	30 349
Interest expense	(12 492)	(11 716)	(23 242)
Net interest income	**3 530**	**3 591**	**7 107**
Fee and commission income	4 448	4 587	8 988
Fee and commission expense	(246)	(260)	(491)
Investment income	738	227	1 248
Share of post taxation operating profit of associates	382	172	306
Trading income arising from			
– customer flow	150	153	492
– balance sheet management and other trading activities	55	20	4
Other operating income/(loss)	16	(1)	5
Total operating income before impairment losses on loans and advances	**9 073**	**8 489**	**17 659**
Impairment losses on loans and advances	(373)	(323)	(659)
Operating income	**8 700**	**8 166**	**17 000**
Operating costs	(4 841)	(4 568)	(9 238)
Operating profit before goodwill and acquired intangibles	**3 859**	**3 598**	**7 762**
Impairment of goodwill	–	(5)	(26)
Amortisation of acquired intangibles	(26)	(26)	(51)
Profit before taxation	**3 833**	**3 567**	**7 685**
Taxation on operating profit before goodwill and acquired intangibles	(443)	(690)	(1 440)
Taxation on acquired intangibles	7	7	14
Profit after taxation	**3 397**	**2 884**	**6 259**
Profit attributable to Asset Management non-controlling interests	(65)	(83)	(156)
Profit attributable to other non-controlling interests	(343)	(350)	(1 039)
Earnings attributable to shareholders	**2 989**	**2 451**	**5 064**

Consolidated statement of total comprehensive income

R'million	Six months to 30 Sept 2017	Six months to 30 Sept 2016	Year to 31 March 2017
Profit after taxation	3 397	2 884	6 259
Other comprehensive income:			
Items that may be reclassified to the income statement			
Fair value movements on cash flow hedges taken directly to other comprehensive income*	(35)	372	943
Fair value movements on available-for-sale assets taken directly to other comprehensive income*	159	489	580
Gains on realisation of available-for-sale assets recycled to the income statement*	(46)	(60)	(61)
Foreign currency adjustments on translating foreign operations	65	(387)	(676)
Total comprehensive income	**3 540**	**3 298**	**7 045**
Total comprehensive income attributable to ordinary shareholders	2 902	2 646	5 399
Total comprehensive income attributable to non-controlling interests	408	433	1 195
Total comprehensive income attributable to perpetual preferred securities and other Additional Tier 1 securities	230	219	451
Total comprehensive income	**3 540**	**3 298**	**7 045**

* *Net of taxation of R43.6 million [Six months to 30 September 2016: R167.3 million; year to 31 March 2017: R371.3 million].*

Headline earnings

R'million	Six months to 30 Sept 2017	Six months to 30 Sept 2016	Year to 31 March 2017
Earnings attributable to shareholders	2 989	2 451	5 064
Dividends paid to perpetual preference shareholders	(230)	(219)	(451)
Earnings attributable to ordinary shareholders	**2 759**	**2 232**	**4 613**
Headline adjustments:	(142)	(80)	(263)
Impairment of goodwill	–	5	26
Revaluation of investment properties*	(96)	(25)	(260)
Gain on realisation of available-for-sale assets recycled to the income statement*	(46)	(60)	(61)
Loss on non-current assets held for sale*	–	–	32
Headline earnings attributable to ordinary shareholders	**2 617**	**2 152**	**4 350**

* *Taxation on headline earnings adjustments amounted to R45.3 million [Six months to 30 September 2016: R31.8 million, year to 31 March 2017: R55.1 million].*

Consolidated balance sheet

At R'million	30 Sept 2017	31 March 2017	30 Sept 2016
Assets			
Cash and balances at central banks	9 200	8 353	8 101
Loans and advances to banks	23 399	35 026	34 309
Non-sovereign and non-bank cash placements	10 399	8 993	10 218
Reverse repurchase agreements and cash collateral on securities borrowed	21 916	30 567	35 120
Sovereign debt securities	50 722	47 822	47 800
Bank debt securities	8 083	7 758	8 294
Other debt securities	12 167	12 028	11 492
Derivative financial instruments	11 214	9 842	11 805
Securities arising from trading activities	12 458	14 320	13 320
Investment portfolio	7 911	6 502	5 261
Loans and advances to customers	243 482	227 552	215 986
Own originated loans and advances to customers securitised	8 067	8 673	9 318
Other loans and advances	291	310	336
Other securitised assets	330	173	174
Interests in associated undertakings	5 898	5 514	5 382
Deferred taxation assets	649	738	480
Other assets	13 736	12 040	11 674
Property and equipment	770	762	726
Investment properties	18 992	18 688	18 118
Goodwill	211	211	233
Intangible assets	460	508	521
Non-current assets held for sale	–	456	497
	460 355	**456 836**	**449 165**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	139 469	129 596	129 818
	599 824	**586 432**	**578 983**
Liabilities			
Deposits by banks	28 606	35 433	35 716
Derivative financial instruments	13 457	12 558	11 897
Other trading liabilities	15 568	14 134	15 215
Repurchase agreements and cash collateral on securities lent	9 906	7 825	16 721
Customer accounts (deposits)	309 964	303 470	290 969
Debt securities in issue	5 564	8 938	9 296
Liabilities arising on securitisation of own originated loans and advances	2 413	1 511	1 638
Current taxation liabilities	1 033	1 413	1 155
Deferred taxation liabilities	262	238	444
Other liabilities	10 575	10 940	9 209
	397 348	**396 460**	**392 260**
Liabilities to customers under investment contracts	139 424	129 554	129 775
Insurance liabilities, including unit-linked liabilities	45	42	43
	536 817	**526 056**	**522 078**
Subordinated liabilities	14 149	13 805	13 032
	550 966	**539 861**	**535 110**
Equity			
Ordinary share capital	1	1	1
Share premium	12 578	11 895	11 626
Treasury shares	(1 988)	(1 189)	(1 362)
Other reserves	1 872	1 748	1 311
Retained income	25 260	23 045	21 880
Shareholders' equity excluding non-controlling interests	**37 723**	**35 500**	**33 456**
Other Additional Tier 1 securities in issue	550	550	550
Non-controlling interests	10 585	10 521	9 867
– Perpetual preferred securities issued by subsidiaries	1 534	1 534	1 534
– Non controlling interests in partially held subsidiaries	9 051	8 987	8 333
Total equity	**48 858**	**46 571**	**43 873**
Total liabilities and equity	**599 824**	**586 432**	**578 983**

Condensed consolidated statement of changes in equity

R'million	Six months to 30 Sept 2017	Six months to 30 Sept 2016	Year to 31 March 2017
Balance at the beginning of the period	46 571	41 851	41 851
Total comprehensive income	3 540	3 298	7 045
Share-based payments adjustments	350	280	549
Dividends paid to ordinary shareholders	(1 048)	(1 473)	(1 975)
Dividends declared to other equity holders included in non-controlling interests and other Additional Tier 1 securities	(130)	(123)	(256)
Dividends paid to perpetual preference shareholders included in non-controlling interests and other Additional Tier 1 securities	(100)	(96)	(195)
Dividends paid to non-controlling interests	(414)	(240)	(638)
Issue of ordinary shares	683	717	986
Movement of treasury shares	(664)	(341)	(1 165)
Other equity movements	–	–	(2)
Net equity impact of non-controlling interest movements	70	–	371
Balance at the end of the period	**48 858**	**43 873**	**46 571**

Segmental business analysis – income statement

For the six months to 30 September 2017 R'million	Asset Management	Wealth & Investment	Specialist Banking	Group costs	Total group
Net interest income	41	43	3 446	–	3 530
Net fee and commission income	1 509	695	1 998	–	4 202
Investment income	–	4	734	–	738
Share of post taxation operating profit of associates	–	–	382	–	382
Trading income arising from					
– customer flow	–	3	147	–	150
– balance sheet management and other trading activities	4	1	50	–	55
Other operating income	15	–	1	–	16
Total operating income before impairment on loans and advances	**1 569**	**746**	**6 758**	**–**	**9 073**
Impairment losses on loans and advances	–	–	(373)	–	(373)
Operating income	**1 569**	**746**	**6 385**	**–**	**8 700**
Operating costs	(1 002)	(506)	(3 207)	(126)	(4 841)
Operating profit/(loss) before goodwill, acquired intangibles and non-controlling interests	**567**	**240**	**3 178**	**(126)**	**3 859**
Profit attributable to non-controlling interests	(65)	–	(343)	–	(408)
Profit/(loss) before goodwill, acquired intangibles, taxation after non-controlling interests	**502**	**240**	**2 835**	**(126)**	**3 451**
Cost to income ratio	63.9%	67.8%	47.5%	n/a	**53.4%**
Total assets (R'million)	140 949	16 874	442 001	–	**599 824**

For the six months to 30 September 2016 R'million	Asset Management	Wealth & Investment	Specialist Banking	Group costs	Total group
Net interest income	50	60	3 481	–	3 591
Net fee and commission income	1 744	716	1 867	–	4 327
Investment income	–	1	226	–	227
Share of post taxation operating income of associates	–	–	172	–	172
Trading income arising from					
– customer flow	–	2	151	–	153
– balance sheet management and other trading activities	(17)	(1)	38	–	20
Other operating (loss)/income	(2)	–	1	–	(1)
Total operating income before impairment on loans and advances	**1 775**	**778**	**5 936**	**–**	**8 489**
Impairment losses on loans and advances	–	–	(323)	–	(323)
Operating income	**1 775**	**778**	**5 613**	**–**	**8 166**
Operating costs	(1 004)	(499)	(2 943)	(122)	(4 568)
Operating profit/(loss) before goodwill, acquired intangibles and non-controlling interests	**771**	**279**	**2 670**	**(122)**	**3 598**
Profit attributable to non-controlling interests	(83)	–	(350)	–	(433)
Profit/(loss) before goodwill, acquired intangibles, taxation and after non-controlling interests	**688**	**279**	**2 320**	**(122)**	**3 165**
Cost to income ratio	56.6%	64.1%	49.6%	n/a	**53.8%**
Total assets (R'million)	131 702	15 802	431 479	–	**578 983**

Net interest income

For the six months to 30 September R'million	Notes	2017 Balance sheet value	2017 Interest income	2016 Balance sheet value	2016 Interest income
Cash, near cash and bank debt and sovereign debt securities	1	123 719	3 697	143 842	3 935
Core loans and advances	2	251 549	11 699	225 304	10 671
Private client		168 466	7 828	150 641	7 182
Corporate, institutional and other clients		83 083	3 871	74 663	3 489
Other debt securities and other loans and advances		12 458	387	11 828	333
Other interest-earning assets	3	330	239	174	368
Total interest-earning assets		**388 056**	**16 022**	**381 148**	**15 307**

For the six months to 30 September R'million	Notes	2017 Balance sheet value	2017 Interest expense	2016 Balance sheet value	2016 Interest expense
Deposits by banks and other debt-related securities	4	44 076	(1 181)	61 733	(1 097)
Customer accounts (deposits)		309 964	(10 415)	290 969	(9 967)
Other interest-bearing liabilities	5	2 413	(281)	1 638	(176)
Subordinated liabilities		14 149	(615)	13 032	(476)
Total interest-bearing liabilities		**370 602**	**(12 492)**	**367 372**	**(11 716)**
Net interest income			**3 530**		**3 591**
Net annualised interest margin			**1.82%**		**1.89%**

Notes:

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

Additional income statement note disclosures

(continued)

Net fee and commission income

For the six months to 30 September R'million	2017	2016
Asset management and wealth management businesses net fee and commission income	**2 204**	**2 460**
Fund management fees/fees for assets under management	1 941	2 165
Private client transactional fees	326	376
Fee and commission expense	(63)	(81)
Specialist Banking net fee and commission income	**1 998**	**1 867**
Corporate and institutional transactional and advisory services	1 774	1 724
Private client transactional fees	407	322
Fee and commission expense	(183)	(179)
Net fee and commission income	**4 202**	**4 327**
Annuity fees (net of fees payable)	3 623	3 308
Deal fees	579	1 019

Investment income

For the six months to 30 September R'million	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
The following table analyses investment income generated by the asset portfolio shown on the balance sheet					
2017					
Realised	219	107	153	26	505
Unrealised	73	–	40	–	113
Dividend income	144	–	–	–	144
Funding and other net related (costs)/income	(37)	–	–	13	(24)
	399	**107**	**193**	**39**	**738**
2016					
Realised	135	92	77	23	327
Unrealised	(182)	–	(36)	(38)	(256)
Dividend income	158	–	–	3	161
Funding and other net related (costs)/income	(22)	–	–	17	(5)
	89	**92**	**41**	**5**	**227**

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

Analysis of assets and liabilities by measurement basis

At 30 September 2017 R'million	Total instruments at fair value	Total instruments at amortised cost	Insurance related linked instruments at fair value	Non-financial instruments	Total
Assets					
Cash and balances at central banks	–	9 200	–	–	9 200
Loans and advances to banks	802	22 597	–	–	23 399
Non-sovereign and non-bank cash placements	51	10 348	–	–	10 399
Reverse repurchase agreements and cash collateral on securities borrowed	11 920	9 996	–	–	21 916
Sovereign debt securities	47 299	3 423	–	–	50 722
Bank debt securities	6 058	2 025	–	–	8 083
Other debt securities	10 529	1 638	–	–	12 167
Derivative financial instruments	11 214	–	–	–	11 214
Securities arising from trading activities	12 458	–	–	–	12 458
Investment portfolio	7 911	–	–	–	7 911
Loans and advances to customers	17 391	226 091	–	–	243 482
Own originated loans and advances to customers securitised	–	8 067	–	–	8 067
Other loans and advances	–	291	–	–	291
Other securitised assets	–	330	–	–	330
Interests in associated undertakings	–	–	–	5 898	5 898
Deferred taxation assets	–	–	–	649	649
Other assets	1 576	7 082	–	5 078	13 736
Property and equipment	–	–	–	770	770
Investment properties	–	–	–	18 992	18 992
Goodwill	–	–	–	211	211
Intangible assets	–	–	–	460	460
	127 209	**301 088**	**–**	**32 058**	**460 355**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	–	139 469	–	139 469
	127 209	**301 088**	**139 469**	**32 058**	**599 824**
Liabilities					
Deposits by banks	–	28 606	–	–	28 606
Derivative financial instruments	13 457	–	–	–	13 457
Other trading liabilities	15 568	–	–	–	15 568
Repurchase agreements and cash collateral on securities lent	465	9 441	–	–	9 906
Customer accounts (deposits)	30 854	279 110	–	–	309 964
Debt securities in issue	–	5 564	–	–	5 564
Liabilities arising on securitisation of own originated loans and advances	–	2 413	–	–	2 413
Current taxation liabilities	–	–	–	1 033	1 033
Deferred taxation liabilities	–	–	–	262	262
Other liabilities	404	4 302	–	5 869	10 575
	60 748	**329 436**	**–**	**7 164**	**397 348**
Liabilities to customers under investment contracts	–	–	139 424	–	139 424
Insurance liabilities, including unit-linked liabilities	–	–	45	–	45
	60 748	**329 436**	**139 469**	**7 164**	**536 817**
Subordinated liabilities	–	14 149	–	–	14 149
	60 748	**343 585**	**139 469**	**7 164**	**550 966**

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 are categorised as level 1 in the fair value category.

		Fair value category		
At 30 September 2017 R'million	**Total instruments at fair value**	**Level 1**	**Level 2**	**Level 3**
Assets				
Loans and advances to banks	802	802	–	–
Non-sovereign and non-bank cash placements	51	–	51	–
Reverse repurchase agreements and cash collateral on securities borrowed	11 920	–	11 920	–
Sovereign debt securities	47 299	47 299	–	–
Bank debt securities	6 058	4 765	1 293	–
Other debt securities	10 529	6 589	3 828	112
Derivative financial instruments	11 214	–	11 204	10
Securities arising from trading activities	12 458	12 180	278	–
Investment portfolio	7 911	3 500	481	3 930
Loans and advances to customers	17 391	–	17 391	–
Other assets	1 576	1 576	–	–
	127 209	**76 711**	**46 446**	**4 052**
Liabilities				
Derivative financial instruments	13 457	–	13 457	–
Other trading liabilities	15 568	14 100	1 468	–
Repurchase agreements and cash collateral on securities lent	465	–	465	–
Customer accounts (deposits)	30 854	–	30 854	–
Other liabilities	404	–	404	–
	60 748	**14 100**	**46 648**	**–**
Net financial assets/(liabilities) at fair value	**66 461**	**62 611**	**(202)**	**4 052**

Transfers between level 1 and level 2

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

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

Level 3 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. All instruments are at fair value through profit or loss:

R'million	2017
Balance at 1 April 2017	3 814
Total gains recognised in the income statement	116
Purchases	223
Sales	(2)
Transfers out of level 3	(106)
Foreign exchange adjustments	7
Balance at 30 September 2017	**4 052**

For the period ended 30 September 2017, R105.6 million has been transferred out of level 3 into level 2 as a result of the inputs to the valuation method becoming observable in the market as a selling price became available.

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

For the six months to 30 September 2017

R'million	Total	Realised	Unrealised
Total gains/(losses) included in the income statement for the period recognised in			
Investment income	116	(5)	121

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:

					Potential impact on the income statement	
At 30 September 2017	**Balance sheet value R'million**	**Valuation method**	**Significant unobservable input changed**	**Range which unobservable input has been changed**	**Favourable changes R'million**	**Unfavourable changes R'million**
Assets						
Other debt securities	112	Price earnings	Price earnings multiple	(10%)/10%	17	(2)
Derivative financial instruments	10	Comparable sales	Property value	(10%)/10%	1	(1)
					1 117	(1 301)
Investment portfolio	3 930	Price earnings	EBITDA	*	930	(883)
		Discounted cash flow	Precious and industrial metal prices	(10%)/6%	128	(340)
		Other	Various	**	59	(78)
Total	**4 052**				**1 135**	**(1 304)**

* *The EBITDA has been stressed on an investment-by-investment basis in order to obtain favourable and unfavourable valuations.*

** *The valuation sensitivity for certain equity investments 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 purpose of this analysis as the sensitivity of the investments cannot be determined through the adjustment of a single input.*

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

Price-earnings multiple

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

EBITDA

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

Property value and precious and industrial metal prices

Property value and the price of precious and industrial metals is a key driver of future cash flows on these investments.

Measurement of financial assets and liabilities at level 2

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

	Valuation basis/techniques	Main assumptions
Assets		
Non-sovereign and non-bank cash placements	Discounted cash flow model	Yield curve
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model Black-Scholes	Yield curve Volatilities
Bank debt securities	Discounted cash flow model	Yield curve
Other debt securities	Discounted cash flow model	Yield curve
Derivative financial instruments	Discounted cash flow model Black-Scholes	Yield curve Volatilities
Securities arising from trading activities	Adjusted quoted price	Liquidity adjustment
Investment portfolio	Adjusted quoted price	Liquidity adjustment
Loans and advances to customers	Discounted cash flow model	Swap curves and discount rates
Liabilities		
Derivative financial instruments	Discounted cash flow model Black-Scholes	Yield curve Volatilities
Other trading liabilities	Discounted cash flow model	Yield curve
Repurchase agreements and cash collateral on securities lent	Discounted cash flow model	Yield curve
Customer accounts (deposits)	Discounted cash flow model	Yield curve
Other liabilities	Discounted cash flow model	Yield curve

Fair value of financial assets and liabilities at amortised cost

The following table sets out the fair value of financial instruments held at amortised cost where the carrying value is not a reasonable approximation of fair value.

At 30 September 2017 R'million	Carrying amount	Fair value
Assets		
Sovereign debt securities	3 423	3 340
Bank debt securities	2 025	2 155
Other debt securities	1 638	1 649
Loans and advances to customers	226 091	226 260
Liabilities		
Deposits by banks	28 606	28 415
Repurchase agreements and cash collateral on securities lent	9 441	9 850
Customer accounts (deposits)	279 110	278 600
Debt securities in issue	5 564	5 556
Subordinated liabilities	14 149	15 143

Extract of operating costs
For the six months to 30 September

R'million	2017	2016
Staff costs	3 418	3 143
Premises expenses (excluding depreciation)	238	254
Equipment expenses (excluding depreciation)	316	311
Business expenses	522	516
Marketing expenses	237	247
Depreciation, amortisation and impairment of property, equipment and intangibles	110	97
	4 841	**4 568**

Extract of reverse repurchase agreements and cash collateral on securities borrowed and repurchase agreements and cash collateral on securities lent

R'million	30 Sept 2017	31 March 2017
Assets		
Reverse repurchase agreements	12 349	21 509
Cash collateral on securities borrowed	9 567	9 058
	21 916	**30 567**
Liabilities		
Repurchase agreements	9 906	7 825
	9 906	**7 825**

Extract of other debt securities

R'million	30 Sept 2017	31 March 2017
Bonds	7 439	7 276
Commercial paper	70	–
Floating rate notes	3 195	2 533
Liquid asset bills	–	298
Asset-based securities	1 416	1 831
Other investments	47	90
	12 167	**12 028**

Extract of securities arising from trading activities

R'million	30 Sept 2017	31 March 2017
Bonds	1 143	448
Floating rate notes	–	6
Listed equities	11 175	13 791
Unlisted equities	140	75
	12 458	**14 320**

Extract of loans and advances to customers and other loans and advances

R'million	30 Sept 2017	31 March 2017
Gross loans and advances to customers	244 695	228 756
Impairments of loans and advances to customers	(1 213)	(1 204)
Specific impairments	(739)	(883)
Portfolio impairments	(474)	(321)
Net loans and advances to customers	**243 482**	**227 552**
Gross other loans and advances to customers	316	334
Impairments of other loans and advances to customers	(25)	(24)
Specific impairments	(6)	(6)
Portfolio impairments	(19)	(18)
Net other loans and advances to customers	**291**	**310**

Additional note disclosures

(continued)

Extract of securitised assets and liabilities arising on securitisation R'million	**30 Sept 2017**	**31 March 2017**
Gross own originated loans and advances to customers securitised	8 073	8 679
Impairments of own originated loans and advances to customers securitised	(6)	(6)
Specific impairments	(1)	(1)
Portfolio impairments	(5)	(5)
Net own originated loans and advances to customers securitised	**8 067**	**8 673**
Total other securitised assets	**330**	**173**

Other assets R'million	**30 Sept 2017**	**31 March 2017**
Settlement debtors	2 231	2 737
Trading properties	3 020	2 530
Prepayments and accruals	605	535
Trading initial margin	708	776
Investec Import Solutions debtors	2 350	1 862
Fee debtors	100	36
Corporate tax assets	148	148
Other	4 574	3 416
	13 736	**12 040**

Debt securities in issue R'million	**30 Sept 2017**	**31 March 2017**
Bonds and medium-term notes repayable in:		
Less than three months	443	589
Three months to one year	1 161	4 459
One to five years	3 825	3 782
Greater than five years	135	108
	5 564	**8 938**

Other liabilities R'million	**30 Sept 2017**	**31 March 2017**
Settlement liabilities	3 297	3 610
Other non-interest-bearing liabilities	2 864	2 264
Other creditors and accruals	4 414	5 066
	10 575	**10 940**

Extract of perpetual preference share capital R'million	**30 Sept 2017**	**31 March 2017**
Perpetual preference share capital	*	*
Perpetual preference share premium	3 183	3 183
	3 183	**3 183**

* *Less than R1 million.*

Extract of deferred taxation R'million	**30 Sept 2017**	**31 March 2017**
Losses carried forward	193	142
	193	**142**

Extract of subordinated liabilities R'million	**30 Sept 2017**	**31 March 2017**
Remaining maturity:		
In one year or less, or on demand	400	2 205
In more than one year, but not more than two years	1 750	400
In more than two years, but not more than five years	11 999	7 012
In more than five years	–	4 188
	14 149	**13 805**

Offsetting At 30 September 2017 R'million	Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Financial instruments (including non-cash collateral)	Net amount
	Amounts subject to enforceable netting arrangements				
	Effects of offsetting on balance sheet			Related amounts not offset	
Assets					
Cash and balances at central banks	9 200	–	9 200	–	9 200
Loans and advances to banks	28 950	(5 551)	23 399	–	23 399
Non-sovereign and non-bank cash placements	10 399	–	10 399	–	10 399
Reverse repurchase agreements and cash collateral on securities borrowed	21 916	–	21 916	(952)	20 964
Sovereign debt securities	50 722	–	50 722	(6 920)	43 802
Bank debt securities	8 083	–	8 083	(498)	7 585
Other debt securities	12 167	–	12 167	(982)	11 185
Derivative financial instruments	14 786	(3 572)	11 214	(2 993)	8 221
Securities arising from trading activities	12 458	–	12 458	(59)	12 399
Investment portfolio	7 911	–	7 911	–	7 911
Loans and advances to customers	245 359	(1 877)	243 482	–	243 482
Own originated loans and advances to customers securitised	8 067	–	8 067	–	8 067
Other loans and advances	291	–	291	–	291
Other securitised assets	330	–	330	–	330
Other assets	13 736	–	13 736	–	13 736
	444 375	**(11 000)**	**433 375**	**(12 404)**	**420 971**
Liabilities					
Deposits by banks	29 444	(838)	28 606	–	28 606
Derivative financial instruments	21 742	(8 285)	13 457	(2 993)	10 464
Other trading liabilities	15 568	–	15 568	–	15 568
Repurchase agreements and cash collateral on securities lent	9 906	–	9 906	(8 520)	1 386
Customer accounts (deposits)	311 841	(1 877)	309 964	–	309 964
Debt securities in issue	5 564	–	5 564	–	5 564
Liabilities arising on securitisation of own originated loans and advances	2 413	–	2 413	–	2 413
Liabilities arising on securitisation of other assets	–	–	–	–	–
Other liabilities	10 575	–	10 575	–	10 575
Subordinated liabilities	14 149	–	14 149	–	14 149
	421 202	**(11 000)**	**410 202**	**(11 513)**	**398 689**

Additional note disclosures

(continued)

Offsetting *(continued)* **At 31 March 2017 R'million**	Amounts subject to enforceable netting arrangements: Effects of offsetting on balance sheet			Related amounts not offset	
	Gross amounts	**Amounts offset**	**Net amounts reported on the balance sheet**	**Financial instruments (including non-cash collateral)**	**Net amount**
Assets					
Cash and balances at central banks	8 353	–	8 353	–	8 353
Loans and advances to banks	39 681	(4 655)	35 026	–	35 026
Non-sovereign and non-bank cash placements	8 993	–	8 993	–	8 993
Reverse repurchase agreements and cash collateral on securities borrowed	30 567	–	30 567	(892)	29 675
Sovereign debt securities	47 822	–	47 822	(4 393)	43 429
Bank debt securities	7 758	–	7 758	(561)	7 197
Other debt securities	12 028	–	12 028	(805)	11 223
Derivative financial instruments	13 126	(3 284)	9 842	(3 495)	6 347
Securities arising from trading activities	14 320	–	14 320	(108)	14 212
Investment portfolio	6 502	–	6 502	–	6 502
Loans and advances to customers	229 240	(1 688)	227 552	–	227 552
Own originated loans and advances to customers securitised	8 673	–	8 673	–	8 673
Other loans and advances	310	–	310	–	310
Other securitised assets	173	–	173	–	173
Other assets	12 040	–	12 040	–	12 040
	439 586	**(9 627)**	**429 959**	**(10 254)**	**419 705**
Liabilities					
Deposits by banks	36 076	(643)	35 433	–	35 433
Derivative financial instruments	19 854	(7 296)	12 558	(3 495)	9 063
Other trading liabilities	14 134	–	14 134	–	14 134
Repurchase agreements and cash collateral on securities lent	7 825	–	7 825	(5 552)	2 273
Customer accounts (deposits)	305 158	(1 688)	303 470	–	303 470
Debt securities in issue	8 938	–	8 938	–	8 938
Liabilities arising on securitisation of own originated loans and advances	1 511	–	1 511	–	1 511
Other liabilities	10 940	–	10 940	–	10 940
Subordinated liabilities	13 805	–	13 805	–	13 805
	418 241	**(9 627)**	**408 614**	**(9 047)**	**399 567**

Capital structure and capital adequacy

R'million	30 Sept^ 2017	31 March^ 2017
Shareholders' equity	34 540	32 317
Shareholders' equity per balance sheet	37 723	35 500
Perpetual preference share capital and share premium	(3 183)	(3 183)
Non-controlling interests	–	–
Non-controlling interests per balance sheet	9 051	8 987
Non-controlling interests excluded for regulatory purposes	(9 051)	(8 987)
Regulatory adjustments to the accounting basis	936	900
Cash flow hedging reserve	936	900
Deductions	(1 824)	(720)
Goodwill and intangible assets net of deferred taxation	(671)	(720)
Investment in financial entity	(1 153)	–
Common equity tier 1 capital	**33 652**	**32 497**
Additional tier 1 capital	**2 917**	**2 900**
Additional tier 1 instruments	5 267	5 267
Phase out of non-qualifying additional tier 1 instruments	(2 359)	(2 359)
Non-qualifying surplus capital attributable to non-controlling interests	(56)	(69)
Non-controlling interest in non-banking entities	65	61
Tier 1 capital	**36 569**	**35 397**
Tier 2 capital	**11 563**	**11 153**
Collective impairment allowances	474	321
Tier 2 instruments	14 149	13 805
Phase out of non-qualifying tier 2 instruments	–	–
Non-qualifying surplus capital attributable to non-controlling interests	(3 060)	(2 973)
Total regulatory capital	**48 132**	**46 550**
Risk-weighted assets	**337 752**	**329 808**
Capital ratios		
Common equity tier 1 ratio	10.0%	9.9%
Tier 1 ratio	10.8%	10.7%
Total capital adequacy ratio	14.3%	14.1%
Leverage ratio	7.6%	7.3%

^ *Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's common equity ratio would be 15bps lower (March 2017: 24bps lower).*

Capital adequacy

(continued)

Capital requirements

R'million	30 Sept 2017	31 March 2017
Capital requirements	**36 308**	**35 454**
Credit risk – prescribed standardised exposure classes	28 150	26 008
Corporates	17 740	15 133
Secured on real estate property	3 135	3 102
Short-term claims on institutions and corporates	4 908	5 537
Retail	602	566
Institutions	727	691
Other exposure classes	765	751
Securitisation exposures	273	228
Equity risk	3 537	4 900
Listed equities	670	557
Unlisted equities	2 867	4 343
Counterparty credit risk	584	574
Credit valuation adjustment risk	209	195
Market risk	422	500
Interest rate	124	99
Foreign exchange	70	103
Commodities	2	3
Equities	226	295
Operational risk – standardised approach	3 406	3 277
Risk-weighted assets	**337 752**	**329 808**
Credit risk – prescribed standardised exposure classes	261 856	241 926
Corporates	165 025	140 770
Secured on real estate property	29 160	28 856
Short-term claims on institutions and corporates	45 653	51 510
Retail	5 599	5 261
Institutions	6 763	6 426
Other exposure classes	7 116	6 984
Securitisation exposures	2 540	2 119
Equity risk	32 903	45 583
Listed equities	6 236	5 185
Unlisted equities	26 667	40 398
Counterparty credit risk	5 434	5 344
Credit valuation adjustment risk	1 947	1 817
Market risk	3 925	4 652
Interest rate	1 151	924
Foreign exchange	653	955
Commodities	21	29
Equities	2 100	2 744
Operational risk – standardised approach	31 687	30 486

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

R'million	30 Sept 2017	31 March 2017
Opening common equity tier 1 capital	**32 497**	**29 524**
New capital issues	683	986
Dividends	(1 278)	(2 426)
Profit after taxation	2 989	5 064
Treasury shares	(664)	(1 165)
Gain on transfer of non-controlling interests	–	73
Share-based payment adjustments	350	549
Movement in other comprehensive income	143	786
Goodwill and intangible assets (deduction net of related taxation liability)	49	42
Investment in financial entity	(1 153)	–
Other, including regulatory adjustments and transitional arrangements	36	(936)
Closing common equity tier 1 capital	**33 652**	**32 497**
Opening additional tier 1 capital	**2 900**	**3 418**
Other, including regulatory adjustments and transitional arrangements	12	(505)
Movement in minority interest in non-banking entities	5	(13)
Closing additional tier 1 capital	**2 917**	**2 900**
Closing tier 1 capital	**36 569**	**35 397**
Opening tier 2 capital	**11 153**	**10 253**
New tier 2 capital issues	2 497	4 870
Redeemed capital	(2 205)	(2 519)
Collective impairment allowances	153	92
Other, including regulatory adjustments and transitional arrangements	(35)	(1 543)
Closing tier 2 capital	**11 563**	**11 153**
Closing total regulatory capital	**48 132**	**46 550**

Capital adequacy

(continued)

A summary of capital adequacy and leverage ratios

	30 Sept^ 2017	31 March^ 2017
Common equity tier 1 (as reported)	10.0%	9.9%
Common equity tier 1 ('fully loaded')^^	10.0%	9.9%
Tier 1 (as reported)	10.8%	10.7%
Total capital adequacy ratio (as reported)	14.3%	14.1%
Leverage ratio** – permanent capital	8.1%#	7.8%#
Leverage ratio** – current	7.6%#	7.3%#
Leverage ratio** – ('fully loaded')^^	7.2%#	6.8%#

Reconciliation of leverage ratios

	30 Sept 2017	31 March 2017
Total assets per accounting balance sheet	**599 824**	**586 432**
Deconsolidation of non-financial/other entities	(139 469)	(129 596)
Consolidation of banking associates	–	–
Total assets per regulatory balance sheet	**460 355**	**456 836**
Reversal of accounting values:		
Derivatives	(11 214)	(9 842)
Securities financing transaction	(21 916)	(30 567)
Regulatory adjustments:	51 323	67 348
Derivative market value	5 926	6 301
Derivative add-on amounts per the mark-to-market method	3 292	3 471
Securities financing transaction add-on for counterparty credit risk	13 401	24 045
Off-balance sheet items	30 526	34 249
Add-on for written credit derivatives	–	–
Exclusion of items already deducted from the capital measure	(1 822)	(718)
Exposure measure	**478 548**	**483 775**
Tier 1 capital	36 569	35 397
Leverage ratio – current**	**7.6%#**	**7.3%#**
Tier 1 capital 'fully loaded'^^	34 267	33 108
Leverage ratio – 'fully loaded'^^**	**7.2%#**	**6.8%#**

^ *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 15bps lower (March 2017: 24bps lower).*
^^ *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.*
# *Based on revised BIS rules.*

Risk management

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 may not be received
- Trading transactions, giving rise to settlement and replacement risk (collectively counterparty risk):
    - Settlement risk is the risk that the settlement of a transaction does not take place as expected, with one party effecting required settlements as they fall due but not receiving the performance to which they are entitled
    - Replacement risk is the risk following defaults by the original counterparty resulting in the contract holder having to enter into a replacement contract with a second counterparty in order to fulfil the transaction.

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.

The following tables provide an analysis of the credit and counterparty exposures.

An analysis of gross credit and counterparty exposures

Credit and counterparty exposures decreased by 0.3% to R464.8 billion largely as a result of a decrease in loans and advances to banks and a decrease in reverse repurchase agreements and cash collateral on securities borrowed. Cash and near cash balances amounted to R103 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, sovereign debt securities.

R'million	30 Sept 2017	31 March 2017	% change	Average*
Cash and balances at central banks	9 200	8 353	10.1%	8 776
Loans and advances to banks	23 399	35 026	(33.2%)	29 212
Non-sovereign and non-bank cash placements	10 399	8 993	15.6%	9 695
Reverse repurchase agreements and cash collateral on securities borrowed	21 916	30 567	(28.3%)	26 242
Sovereign debt securities	50 722	47 822	6.1%	49 272
Bank debt securities	8 083	7 758	4.2%	7 921
Other debt securities	12 167	12 028	1.2%	12 098
Derivative financial instruments	5 365	6 358	(15.6%)	5 862
Securities arising from trading activities	1 185	463	>100%	824
Loans and advances to customers (gross)	244 695	228 756	7.0%	236 726
Own originated loans and advances to customers securitised (gross)	8 073	8 679	(7.0%)	8 376
Other loans and advances (gross)	316	336	(6.0%)	326
Other assets	2 759	2 757	0.1%	2 758
Total on-balance sheet exposures	**398 279**	**397 896**	**0.1%**	**398 088**
Guarantees ^	12 108	15 753	(23.1%)	13 931
Contingent liabilities, committed facilities and other	54 366	52 444	3.7%	53 405
Total off-balance sheet exposures	**66 474**	**68 197**	**(2.5%)**	**67 336**
Total gross credit and counterparty exposures pre - collateral or other credit enhancements	**464 753**	**466 093**	**(0.3%)**	**465 423**

** Where the average is based on a straight-line average for period.*

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

Risk management

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

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

R'million	Total credit and counterparty exposure	Assets that we deem to have no legal credit exposure	Note reference	Total balance sheet
At 30 September 2017				
Cash and balances at central banks	9 200	-		9 200
Loans and advances to banks	23 399	-		23 399
Non-sovereign and non-bank cash placements	10 399	-		10 399
Reverse repurchase agreements and cash collateral on securities borrowed	21 916	-		21 916
Sovereign debt securities	50 722	-		50 722
Bank debt securities	8 083	-		8 083
Other debt securities	12 167	-		12 167
Derivative financial instruments	5 365	5 849		11 214
Securities arising from trading activities	1 185	11 273		12 458
Investment portfolio	-	7 911	1	7 911
Loans and advances to customers	244 695	(1 213)	2	243 482
Own originated loans and advances to customers securitised	8 073	(6)	2	8 067
Other loans and advances	316	(25)	2	291
Other securitised assets	-	330	3	330
Interest in associated undertakings	-	5 898	1	5 898
Deferred taxation assets	-	649		649
Other assets	2 759	10 977	4	13 736
Property and equipment	-	770		770
Investment properties	-	18 992		18 992
Goodwill	-	211		211
Intangible assets	-	460		460
Non-current assets classified as held for sale	-	-		-
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	-	139 469		139 469
Total on-balance sheet exposures	**398 279**	**201 545**		**599 824**
At 31 March 2017				
Cash and balances at central banks	8 353	-		8 353
Loans and advances to banks	35 026	-		35 026
Non-sovereign and non-bank cash placements	8 993	-		8 993
Reverse repurchase agreements and cash collateral on securities borrowed	30 567	-		30 567
Sovereign debt securities	47 822	-		47 822
Bank debt securities	7 758	-		7 758
Other debt securities	12 028	-		12 028
Derivative financial instruments	6 358	3 484		9 842
Securities arising from trading activities	463	13 857		14 320
Investment portfolio	-	6 502	1	6 502
Loans and advances to customers	228 756	(1204)	2	227 552
Own originated loans and advances to customers securitised	8 679	(6)	2	8 673
Other loans and advances	336	(26)	2	310
Other securitised assets	-	173	3	173
Interest in associated undertakings	-	5 514	1	5 514
Deferred taxation assets	-	738		738
Other assets	2 757	9 283	4	12 040
Property and equipment	-	762		762
Investment properties	-	18 688		18 688
Goodwill	-	211		211
Intangible assets	-	508		508
Non-current assets classified as held for sale	-	456		456
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	-	129 596		129 596
Total on-balance sheet exposures	**397 896**	**188 536**		**586 432**

1. Largely relates to exposures that are classified as equity risk in the banking book.
2. Largely relates to impairments.
3. Largely cash in securitised vehicles.
4. Other assets include settlement debtors where we deem to have no credit risk exposure as they are settled on a delivery against payment basis.

Risk management

Summary of gross credit and counterparty exposure by industry

	Gross core loans and advances		Other credit and counterparty exposures		Total	
R'million	**30 Sept 2017**	**31 March 2017**	**30 Sept 2017**	**31 March 2017**	**30 Sept 2017**	**31 March 2017**
High net worth and professional individuals	127 016	117 889	38 046	35 587	165 062	153 476
Lending collateralised by property-largely to private clients	42 180	40 546	6 458	7 236	48 638	47 782
Agriculture	2 515	2 895	886	486	3 401	3 381
Electricity, gas and water (utility services)	5 809	5 364	2 020	3 208	7 829	8 572
Public and non-business services	6 043	5 900	63 584	60 615	69 627	66 515
Business services	11 839	8 523	1 857	2 180	13 696	10 703
Finance and insurance	18 428	17 640	66 619	89 635	85 047	107 275
Retailers and wholesalers	3 799	2 814	6 064	5 997	9 863	8 811
Manufacturing and commerce	10 436	11 577	8 517	7 045	18 953	18 622
Construction	4 151	3 953	956	1 150	5 107	5 103
Corporate commercial real estate	6 029	5 760	1 931	1 621	7 960	7 381
Other residential mortgages	-	-	316	336	316	336
Mining and resources	3 063	3 249	6 826	8 069	9 889	11 318
Leisure, entertainment and tourism	1 628	1 512	693	303	2 321	1 815
Transport	4 689	4 010	1 805	1 748	6 494	5 758
Communication	5 143	5 803	5 407	3 442	10 550	9 245
Total	**252 768**	**237 435**	**211 985**	**228 658**	**464 753**	**466 093**

Private client loans account for 66.9% of total gross core loans and advances, as represented by the industry classification 'High net worth and professional individuals' and 'lending collateralised by property'. A more detailed analysis of the private client loan portfolio is provided further on. The remainder of core loans and advances largely relate to corporate client lending and are well diversified across variuos industry classifications. A more detailed analysis of corporate client lending is provided further on.

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 '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, diversified across several industries.

Risk management

Detailed analysis of gross credit and counterparty exposure by industry

R'million	High net worth 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	Retailers and wholesalers	Manufacturing and commerce
At 30 September 2017									
Cash and balances at central banks	-	-	-	-	9 200	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	23 399	-	-
Non-sovereign and non-bank cash placements	-	-	118	-	17	337	2 605	1 479	3 304
Reverse repurchase agreements and cash collateral on securities borrowed	660	-	-	-	-	142	20 198	-	885
Sovereign debt securities	-	-	-	-	50 722	-	-	-	-
Bank debt securities	-	-	-	-	-	-	8 083	-	-
Other debt securities	-	-	-	-	1 414	-	3 787	-	2 316
Derivative financial instruments	-	-	4	509		60	3 608	87	68
Securities arising from trading activities	-	-	-	2	971	-	-	-	-
Loans and advances to customers (gross)	118 943	42 180	2 515	5 809	6 043	11 839	18 428	3 799	10 436
Own originated loans and advances to customers securitised (gross)	8 073	-	-	-	-	-	-	-	-
Other loans and advances (gross)	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	96	81	1 960	293
Total on-balance sheet exposures	**127 676**	**42 180**	**2 637**	**6 320**	**68 367**	**12 474**	**80 189**	**7 325**	**17 302**
Guarantees^	3 563	1 158	53	976	136	471	1 670	1 000	1 155
Contingent liabilities, committed facilities and other	33 823	5 300	711	533	1 124	751	3 188	1 538	496
Total off-balance sheet exposures	**37 386**	**6 458**	**764**	**1 509**	**1 260**	**1 222**	**4 858**	**2 538**	**1 651**
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	**165 062**	**48 638**	**3 401**	**7 829**	**69 627**	**13 696**	**85 047**	**9 863**	**18 953**

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

R'million	Construction	Corporate commercial real estate	Other residential mortgages	Mining and resources	Leisure, entertainment and tourism	Transport	Communication	Total
At 30 September 2017								
Cash and balances at central banks	-	-	-	-	-	-	-	9 200
Loans and advances to banks	-	-	-	-	-	-	-	23 399
Non-sovereign and non-bank cash placements	378	107	-	60	30	475	1 489	10 399
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-	-	31	21 916
Sovereign debt securities	-	-	-	-	-	-	-	50 722
Bank debt securities	-	-	-	-	-	-	-	8 083
Other debt securities	-	708	-	2 268	-	-	1 674	12 167
Derivative financial instruments	-	620	-	358	10	37	4	5 365
Securities arising from trading activities	-	-	-	-	-	-	212	1 185
Loans and advances to customers (gross)	4 151	6 029	-	3 063	1 628	4 689	5 143	244 695
Own originated loans and advances to customers securitised (gross)	-	-	-	-	-	-	-	8 073
Other loans and advances (gross)	-	-	316	-	-	-	-	316
Other assets	264	-	-	-	43	1	21	2 759
Total on-balance sheet exposures	**4 793**	**7 464**	**316**	**5 749**	**1 711**	**5 202**	**8 574**	**398 279**
Guarantees^	90	345		1 184	141	18	148	12 108
Contingent liabilities, committed facilities and other	224	151	-	2 956	469	1 274	1 828	54 366
Total off-balance sheet exposures	**314**	**496**	**-**	**4 140**	**610**	**1 292**	**1 976**	**66 474**
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	**5 107**	**7 960**	**316**	**9 889**	**2 321**	**6 494**	**10 550**	**464 753**

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

Risk management

Detailed analysis of gross credit and counterparty exposure by industry

R'million	High net worth 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	Retailers and wholesalers	Manufacturing and commerce
At 31 March 2017									
Cash and balances at central banks	-	-	-	-	8 353	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	35 026	-	-
Non-sovereign and non-bank cash placements	-	-	1	-	67	635	2 130	1 561	2 504
Reverse repurchase agreements and cash collateral on securities borrowed	586	-	-		-	164	28 991	-	785
Sovereign debt securities	-	-	-		47 822	-	-	-	-
Bank debt securities	-	-	-	-	-	-	7 758	-	-
Other debt securities	-	-	-	-	1 700	-	3 245	-	1 555
Derivative financial instruments	-	-	5	422	-	71	5 059	128	123
Securities arising from trading activities	-	-	-	1	320	-	-	38	-
Loans and advances to customers (gross)	109 210	40 546	2 895	5 364	5 900	8 523	17 640	2 814	11 577
Own originated loans and advances to customers securitised (gross)	8 679	-	-	-	-	-	-	-	-
Other loans and advances (gross)	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	62	673	1 470	236
Total on-balance sheet exposures	**118 475**	**40 546**	**2 901**	**5 787**	**64 162**	**9 455**	**100 522**	**6 011**	**16 780**
Guarantees^	3 481	1 104	179	648	1 744	689	3 769	990	984
Contingent liabilities, committed facilities and other	31 520	6 132	301	2 137	609	559	2 984	1 810	858
Total off-balance sheet exposures	**35 001**	**7 236**	**480**	**2 785**	**2 353**	**1 248**	**6 753**	**2 800**	**1 842**
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	**153 476**	**47 782**	**3 381**	**8 572**	**66 515**	**10 703**	**107 275**	**8 811**	**18 622**

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

R'million	Construction	Corporate commercial real estate	Other residential mortgages	Mining and resources	Leisure, entertainment and tourism	Transport	Communication	Total
At 31 March 2017								
Cash and balances at central banks	-	-	-	-	-	-	-	8 353
Loans and advances to banks	-	-	-	-	-	-	-	35 026
Non-sovereign and non-bank cash placements	247	201	-	758	-	553	336	8 993
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-	-	41	30 567
Sovereign debt securities	-	-	-	-	-	-	-	47 822
Bank debt securities	-	-	-	-	-	-	-	7 758
Other debt securities	-	708	-	2 383	-	-	2 437	12 028
Derivative financial instruments	3	323	-	138	37	14	35	6 358
Securities arising from trading activities	-	-	-	-	33	-	71	463
Loans and advances to customers (gross)	3 953	5 760	-	3 249	1 512	4 010	5 803	228 756
Own originated loans and advances to customers securitised (gross)	-	-	-	-	-	-	-	8 679
Other loans and advances (gross)	-	-	336	-	-	-	-	336
Other assets	268	-	-	-	40	-	8	2 757
Total on-balance sheet exposures	**4 471**	**6 992**	**336**	**6 528**	**1 622**	**4 577**	**8 731**	**397 896**
Guarantees^	94	86	-	1 702	125	64	94	15 753
Contingent liabilities, committed facilities and other	538	303	-	3 088	68	1 117	420	52 444
Total off-balance sheet exposures	**632**	**389**	**-**	**4 790**	**193**	**1 181**	**514**	**68 197**
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	**5 103**	**7 381**	**336**	**11 318**	**1 815**	**5 758**	**9 245**	**466 093**

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

Risk management

Gross credit and counterparty exposures by residual contractual maturity at 30 September 2017

R'million	Up to three months	Three to six months	Six months to one year	One to five years	Five to 10 years	>10 years	Total
Cash and balances at central banks	9 200	-	-	-	-	-	9 200
Loans and advances to banks	22 035	540	410	414	-	-	23 399
Non-sovereign and non-bank cash placements	10 399	-	-	-	-	-	10 399
Reverse repurchase agreements and cash collateral on securities borrowed	16 730	66	1 272	2 994	854	-	21 916
Sovereign debt securities	12 952	13 516	6 241	7 217	3 889	6 907	50 722
Bank debt securities	-	552	299	4 459	2 365	408	8 083
Other debt securities	112	200	320	5 344	4 691	1 500	12 167
Derivative financial instruments	1 122	219	1 270	2 554	200	-	5 365
Securities arising from trading activities	82	-	-	1 103	-	-	1 185
Loans and advances to customers (gross)	22 941	11 487	23 039	128 320	32 569	26 339	244 695
Own originated loans and advances to customers securitised (gross)	-	-	7	30	546	7 490	8 073
Other loans and advances (gross)	-	-	-	316	-	-	316
Other assets	2 759	-	-	-	-	-	2 759
Total on-balance sheet exposures	**98 332**	**26 580**	**32 858**	**152 751**	**45 114**	**42 644**	**398 279**
Guarantees^	4 650	950	900	5 018	281	309	12 108
Contingent liabilities, committed facilities and other	12 867	1 060	2 902	16 828	2 759	17 950	54 366
Total off-balance sheet exposures	**17 517**	**2 010**	**3 802**	**21 846**	**3 040**	**18 259**	**66 474**
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	**115 849**	**28 590**	**36 660**	**174 597**	**48 154**	**60 903**	**464 753**

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

Risk management

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

Core loans and advances comprise :

R'million	30 Sept 2017	31 March 2017
Loans and advances to customers as per the balance sheet	243 482	227 552
Add: own originated loans and advances to customers securitised as per the balance sheet	8 067	8 673
Net core loans and advances to customers	**251 549**	**236 225**

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

R'million	30 Sept 2017	31 March 2017
Gross core loans and advances to customers	**252 768**	**237 435**
Total impairments	**(1 219)**	**(1 210)**
Specific impairments	(740)	(884)
Portfolio impairments	(479)	(326)
Net core loans and advances to customers	**251 549**	**236 225**
Average gross core loans and advances to customers	**245 102**	**228 155**
Current loans and advances to customers	247 945	232 902
Past due loans and advances to customers (1-60 days)	1 345	673
Special mention loans and advances to customers	409	244
Default loans and advances to customers	3 069	3 616
Gross core loans and advances to customers	**252 768**	**237 435**
Current loans and advances to customers	247 945	232 902
Default loans that are current and not impaired	277	132
Gross core loans and advances to customers that are past due but not impaired	2 681	1 936
Gross core loans and advances to customers that are impaired	1 865	2 465
Gross core loans and advances to customers	**252 768**	**237 435**
Total income statement charge for impairments on core loans and advances	**(372)**	**(661)**
Gross default loans and advances to customers	3 069	3 616
Specific impairments	(740)	(884)
Portfolio impairments	(479)	(326)
Defaults net of impairments	**1 850**	**2 406**
Aggregate collateral and other credit enhancements on defaults	4 047	4 343
Net default loans and advances to customers (limited to zero)	**-**	**-**
Ratios		
Total impairments as a % of gross core loans and advances to customers	0.48%	0.51%
Total impairments as a % of gross default loans	39.72%	33.46%
Gross defaults as a % of gross core loans and advances to customers	1.21%	1.52%
Defaults (net of impairments) as a % of net core loans and advances to customers	0.74%	1.02%
Net defaults as a % of net core loans and advances to customers	-	-
Annualised credit loss ratio (i.e. income statement impairment charge on core loans as a % of average gross core loans and advances)	0.30%	0.29%

Risk management

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

R'million	30 Sept 2017	31 March 2017
Default loans that are current	838	1 254
1 - 60 days	2 055	1 477
61 - 90 days	198	184
91 - 180 days	494	473
181 - 365 days	373	717
> 365 days	865	428
Past due and default core loans and advances to customers (actual capital exposure)	**4 823**	**4 533**
1 - 60 days	329	256
61 - 90 days	34	23
91 - 180 days	297	66
181 - 365 days	94	476
> 365 days	665	177
Past due and default core loans and advances to customers (actual amount in arrears)	**1 419**	**998**

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

R'million	Current watchlist loans	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	> 365 days	Total
At 30 September 2017							
Watchlist loans neither past due nor impaired							
Total capital exposure	277	-	-	-	-	-	277
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	-	1 702	172	315	84	408	2 681
Amount in arrears	-	194	30	230	28	372	854
Gross core loans and advances to customers that are impaired							
Total capital exposure	561	353	26	179	289	457	1 865
Amount in arrears	-	135	4	67	66	293	565
At 31 March 2017							
Watchlist loans neither past due nor impaired							
Total capital exposure	132	-	-	-	-	-	132
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	-	1 120	152	121	460	83	1 936
Amount in arrears	-	205	18	27	439	53	742
Gross core loans and advances to customers that are impaired							
Total capital exposure	1 122	357	32	352	257	345	2 465
Amount in arrears	-	51	5	39	37	124	256

Risk management

An age analysis of past due and default core loans and advances to customers at 30 September 2017 (based on total capital exposure)

R'million	Current watchlist loans	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	> 365 days	Total
Past due (1 - 60 days)	**-**	**1 345**	**-**	**-**	**-**	**-**	**1 345**
Special mention	**-**	**265**	**144**	**-**	**-**	**-**	**409**
Special mention (1 - 90 days)	-	265	29	-	-	-	294
Special mention (61 - 90 days and item well secured)	-	-	115	-	-	-	115
Default	**838**	**445**	**54**	**494**	**373**	**865**	**3 069**
Sub-standard	277	92	28	315	95	397	1 204
Doubtful	561	353	26	179	278	468	1 865
Total	**838**	**2 055**	**198**	**494**	**373**	**865**	**4 823**

An age analysis of past due and default core loans and advances to customers at 30 September 2017 (based on actual amount in arrears)

R'million	Current watchlist loans	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	> 365 days	Total
Past due (1 - 60 days)	**-**	**119**	**-**	**-**	**-**	**-**	**119**
Special mention	**-**	**61**	**26**	**-**	**-**	**-**	**87**
Special mention (1 - 90 days)	-	61	18	-	-	-	79
Special mention (61 - 90 days and item well secured)	-	-	8	-	-	-	8
Default	**-**	**149**	**8**	**297**	**94**	**665**	**1 213**
Sub-standard	-	14	4	230	30	370	648
Doubtful	-	135	4	67	64	295	565
Total	**-**	**329**	**34**	**297**	**94**	**665**	**1 419**

An age analysis past due and default core loans and advances to customers at 31 March 2017 (based on total capital exposure)

R'million	Current watchlist loans	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	> 365 days	Total
Past due (1 - 60 days)	**-**	**673**	**-**	**-**	**-**	**-**	**673**
Special mention	**-**	**151**	**89**	**1**	**-**	**3**	**244**
Special mention (1 - 90 days)	-	151	1	1*	-	3*	156
Special mention (61 - 90 days and item well secured)	-	-	88	-	-	-	88
Default	**1 254**	**653**	**95**	**472**	**717**	**425**	**3 616**
Sub-standard	132	296	63	120	460	80	1 151
Doubtful	1 122	357	32	352	257	345	2 465
Total	**1 254**	**1 477**	**184**	**473**	**717**	**428**	**4 533**

An age analysis of past due and default core loans and advances to customers at 31 March 2017 (based on actual amount in arrears)

R'million	Current watchlist loans	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	> 365 days	Total
Past due (1 - 60 days)	**-**	**140**	**-**	**-**	**-**	**-**	**140**
Special mention	**-**	**8**	**13**	**-**	**-**	**-**	**21**
Special mention (1 - 90 days)	-	8	-	-	-	-	8
Special mention (61 - 90 days and item well secured)	-	-	13	-	-	-	13
Default	**-**	**108**	**10**	**66**	**476**	**177**	**837**
Sub-standard	-	57	5	27	439	53	581
Doubtful	-	51	5	39	37	124	256
Total	**-**	**256**	**23**	**66**	**476**	**177**	**998**

** 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.*

Risk management

An analysis of core loans and advances to customers

R'million	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 impairments	Portfolio impairments	Total net core loans and advances (actual capital exposure)	Actual amount in arrears
At 30 September 2017								
Current core loans and advances	**247 945**	**-**	**-**	**247 945**	**-**	**(467)**	**247 478**	**-**
Past due (1-60 days)	**-**	**1 345**	**-**	**1 345**	**-**	**(6)**	**1 339**	**119**
Special mention	**-**	**409**	**-**	**409**	**-**	**(1)**	**408**	**87**
Special mention (1 - 90 days)	-	294	-	294	-	(1)	293	79
Special mention (61 - 90 days and item well secured)	-	115	-	115	-	-	115	8
Default	**277**	**927**	**1 865**	**3 069**	(740)	(5)	**2 324**	**1 213**
Sub-standard	277	927	-	1 204	-	(5)	1 199	648
Doubtful	-	-	1 865	1 865	(740)	-	1 125	565
Total	**248 222**	**2 681**	**1 865**	**252 768**	**(740)**	**(479)**	**251 549**	**1 419**
At 31 March 2017								
Current core loans and advances	**232 902**	**-**	**-**	**232 902**	**-**	**(319)**	**232 583**	**-**
Past due (1-60 days)	**-**	**673**	**-**	**673**	**-**	**(2)**	**671**	**140**
Special mention	**-**	**244**	**-**	**244**	**-**	**(1)**	**243**	**21**
Special mention (1 - 90 days)	-	156	-	156	-	(1)	155	8
Special mention (61 - 90 days and item well secured)	-	88	-	88	-	-	88	13
Default	**132**	**1 019**	**2 465**	**3 616**	**(884)**	**(4)**	**2 728**	**837**
Sub-standard	132	1 019	-	1 151	-	(4)	1 147	581
Doubtful	-	-	2 465	2 465	(884)	-	1 581	256
Total	**233 034**	**1 936**	**2 465**	**237 435**	**(884)**	**(326)**	**236 225**	**998**

Risk management

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

R'million	Private client, professional and high net worth 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 2017						
Current core loans and advances	**165 918**	**51 294**	**18 383**	**5 907**	**6 443**	**247 945**
Past due (1 - 60 days)	**579**	**713**	**-**	**-**	**53**	**1 345**
Special mention	**332**	**73**	**-**	**-**	**4**	**409**
Special mention (1 - 90 days)	217	73	-	-	4	294
Special mention (61 - 90 days and item well secured)	115	-	-	-	-	115
Default	**2 367**	**288**	**45**	**136**	**233**	**3 069**
Sub-standard	1 035	124	45	-	-	1 204
Doubtful	1 332	164	-	136	233	1 865
Total gross core loans and advances to customers	**169 196**	**52 368**	**18 428**	**6 043**	**6 733**	**252 768**
Total impairments	**(730)**	**(245)**	**(16)**	**(64)**	**(164)**	**(1 219)**
Specific impairments	(475)	(41)	-	(60)	(164)	(740)
Portfolio impairments	(255)	(204)	(16)	(4)	-	(479)
Net core loans and advances to customers	**168 466**	**52 123**	**18 412**	**5 979**	**6 569**	**251 549**
At 31 March 2017						
Current core loans and advances	**155 158**	**48 701**	**17 604**	**5 765**	**5 674**	**232 902**
Past due (1 - 60 days)	**603**	**7**	**-**	**-**	**63**	**673**
Special mention	**160**	**79**	**-**	**-**	**5**	**244**
Special mention (1 - 90 days)	77	79	-	-	-	156
Special mention (61 - 90 days and item well secured)	83	-	-	-	5	88
Default	**2 514**	**755**	**36**	**135**	**176**	**3 616**
Sub-standard	999	114	36	-	2	1 151
Doubtful	1 515	641	-	135	174	2 465
Total gross core loans and advances to customers	**158 435**	**49 542**	**17 640**	**5 900**	**5 918**	**237 435**
Total impairments	**(581)**	**(401)**	**(18)**	**(62)**	**(148)**	**(1 210)**
Specific impairments	(360)	(316)	-	(60)	(148)	(884)
Portfolio impairments	(221)	(85)	(18)	(2)	-	(326)
Net core loans and advances to customers	**157 854**	**49 141**	**17 622**	**5 838**	**5 770**	**236 225**

Risk management

An analysis of core loans and advances by risk category at 30 September 2017

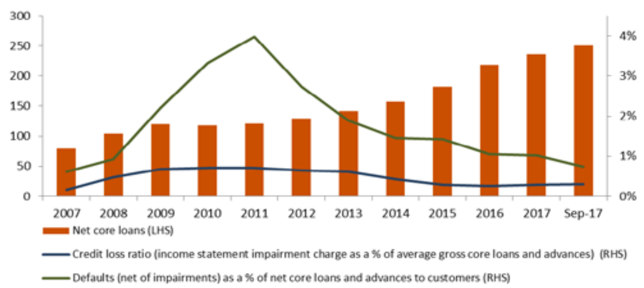
R'million	Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements on defaults	Balance sheet impairments	Income statement impairments^
Lending collateralised by property	**42 180**	**1 017**	**1 102**	**(365)**	**(149)**
Commercial real estate	**37 948**	**713**	**885**	**(211)**	**(61)**
Commercial real estate - investment	33 887	643	829	(177)	(31)
Commercial real estate - development	3 175	8	11	-	(2)
Commercial vacant land and planning	886	62	45	(34)	(28)
Residential real estate	**4 232**	**304**	**217**	**(154)**	**(88)**
Residential real estate - development	3 555	277	204	(132)	(93)
Residential vacant land and planning	677	27	13	(22)	5
High net worth and other private client lending	**127 016**	**1 350**	**1 995**	**(110)**	**30**
Mortgages	64 544	771	1 069	(64)	(14)
High net worth and specialised lending	62 472	579	926	(46)	44
Corporate other lending	**83 572**	**702**	**950**	**(265)**	**(98)**
Acquisition finance	14 455	249	273	(29)	(74)
Asset-based lending	6 748	232	308	(164)	(24)
Fund finance	5 234	-	-	-	(6)
Other corporates and financial institutions and governments	45 734	195	333	(72)	5
Asset finance	3 565	26	36	-	-
Small ticket asset finance	2 514	-	-	-	-
Large ticket asset finance	1 051	26	36	-	-
Project finance	6 938	-	-	-	(1)
Resource finance	898	-	-	-	2
Portfolio impairments	**-**	**-**	**-**	**(479)**	**(155)**
Total	**252 768**	**3 069**	**4 047**	**(1 219)**	**(372)**

An analysis of core loans and advances by risk category at 31 March 2017

R'million	Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements on defaults	Balance sheet impairments	Income statement impairments^
Lending collateralised by property	**40 546**	**990**	**1 158**	**(214)**	**(93)**
Commercial real estate	**36 526**	**615**	**781**	**(151)**	**(53)**
Commercial real estate - investment	33 654	546	653	(133)	(74)
Commercial real estate - development	1 868	-	1	-	11
Commercial vacant land and planning	1 004	69	127	(18)	10
Residential real estate	**4 020**	**375**	**377**	**(63)**	**(40)**
Residential real estate - development	2 661	310	313	(42)	(42)
Residential vacant land and planning	1 359	65	64	(21)	2
High net worth and other private client lending	**117 889**	**1 524**	**2 231**	**(146)**	**(284)**
Mortgages	61 390	725	998	(60)	(24)
High net worth and specialised lending	56 499	799	1 233	(86)	(260)
Corporate and other lending	**79 000**	**1 102**	**954**	**(524)**	**(182)**
Acquisition finance	13 357	582	534	(132)	(55)
Asset-based lending	5 936	176	285	(148)	(41)
Fund finance	5 548	-	-	-	4
Other corporate and financial institutions and governments	43 986	139	135	(72)	(32)
Asset finance	2 697	26	-	-	(9)
Small ticket asset finance	2 142	-	-	-	(9)
Large ticket asset finance	555	26	-	-	-
Project finance	6 414	-	-	-	1
Resource finance	1 062	179	-	(172)	(50)
Portfolio impairments	**-**	**-**	**-**	**(326)**	**(102)**
Total	**237 435**	**3 616**	**4 343**	**(1 210)**	**(661)**

^ Where a positive number represents a recovery.

Asset quality trends



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

Risk management

Collateral

A summary of total collateral is provided in the table below

R'million	Collateral held against: Core loans and advances	Collateral held against: Other credit and counterparty exposures*	Total
At 30 September 2017			
Eligible financial collateral	**69 046**	**11 780**	**80 826**
Listed shares	67 552	6 043	73 595
Cash	1 494	4	1 498
Debt securities issued by sovereigns	-	5 733	5 733
Property charge	**330 848**	**282**	**331 130**
Residential property	162 864	207	163 071
Commercial property developments	15 040	75	15 115
Commercial property investments	152 944	-	152 944
Other collateral	**67 533**	**875**	**68 408**
Unlisted shares	8 954	24	8 978
Charges other than property	14 506	-	14 506
Debtors, stock and other corporate assets	5 444	24	5 468
Guarantees	26 969	-	26 969
Other	11 660	827	12 487
Total collateral	**467 427**	**12 937**	**480 364**
At 31 March 2017			
Eligible financial collateral	**61 395**	**25 020**	**86 415**
Listed shares	59 843	15 674	75 517
Cash	1 552	14	1 566
Debt securities issued by sovereigns	-	9 332	9 332
Property charge	**329 107**	**586**	**329 693**
Residential property	172 166	436	172 602
Commercial property developments	14 055	150	14 205
Commercial property investments	142 886	-	142 886
Other collateral	**66 497**	**854**	**67 351**
Unlisted shares	7 553	22	7 575
Charges other than property	14 435	-	14 435
Debtors, stock and other corporate assets	6 117	-	6 117
Guarantees	26 148	-	26 148
Other	12 244	832	13 076
Total collateral	**456 999**	**26 460**	**483 459**

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

Risk management

Investment risk in the banking book

Investment risk in the banking book arises primarily from the following activities conducted within the group:

- **Principal 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. Investments in listed shares may arise on the IPO of one of our investments. Additionally listed investments may be considered where we believe that the market is mispricing the value of the underlying security or where there is an opportunity to stimulate corporate activity. Investec Bank Limited holds a 46% stake alongside other strategic investors who hold the remaining 54% in the IEP Group. The investment in the IEP Group is reflected as an investment in an associate. We 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:** Central Funding is the custodian of certain equity and property investments.

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

	Income/(loss) (pre funding costs)					
R'million	**Unrealised°**	**Realised°**	**Dividends**	**Other**	**Total**	**Fair value through equity**
For the six months to 30 September 2017						
Unlisted investments	55	124	57	-	236	(2)
Listed equities	4	60	87	-	151	-
Investment and trading properties^	9	140	-	-	149	-
Warrants, profit shares and other embedded derivatives	14	35	-	-	49	-
The IEP Group^^	-	-	-	374	374	-
Total	**82**	**359**	**144**	**374**	**959**	**(2)**
For the year ended 31 March 2017						
Unlisted investments	(126)	100	243	-	217	(2)
Listed equities	(154)	(3)	94	-	(63)	(47)
Investment and trading properties^	(122)	367	-	-	245	-
Warrants, profit shares and other embedded derivatives	(18)	264	-	-	246	-
The IEP Group^^	-	-	-	303	303	
Total	**(420)**	**728**	**337**	**303**	**948**	**(49)**

°In a year of realisation, any prior period mark-to-market gains/losses recognised were reversed in the unrealised line item.
^ 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 27.2% (March 2017: 27.9%). It is noted that the ultimate impact on the income statement reflects the group's net attributable earnings from the investment.
^^As explained above

Risk management

Summary of investments held and stress testing analyses

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

R'million	On-balance sheet value of investments 30 Sept 2017	Valuation change stress test 30 Sept 2017*	On-balance sheet value of investments 31 March 2017	Valuation change stress test 31 March 2017*
Unlisted investments^	4 473	671	4 066	610
Listed equities	3 438	860	2 892	723
Investment and trading properties^^	9 626	1 252	9 087	1 162
Warrants, profit shares and other embedded derivatives	234	82	221	77
The IEP Group °°	5 787	868	5 413	812
Total	**23 558**	**3 733**	**21 679**	**3 384**

^ Includes the investment portfolio and non-current assets classified as held for sale as per the balance sheet (for the period March 2017)

^^ 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 27.2% (March 2017:27.9%)

°° As explained on previous page

** In order to assess our earnings sensitivity to a movement in the valuation of these investments, the following stress testing parameters detailed below are applied:*

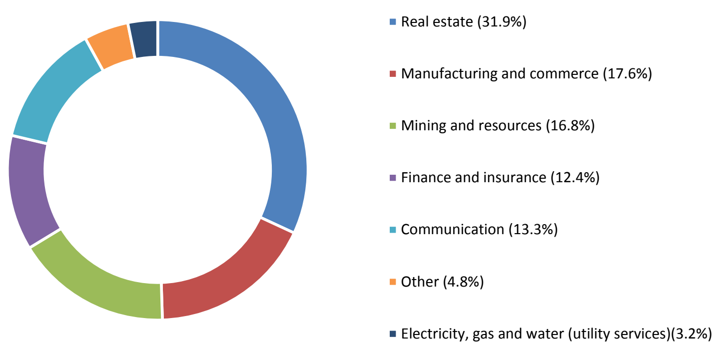
Stress test values applied	
Unlisted investments and the IEP Group	15%
Listed equities	25%
Trading properties	20%
Investment properties	10%
Warrants, profit shares and other embedded derivatives	35%

Stress testing summary

Based on the information at 30 September 2017, as reflected above we could have a R3.7 billion 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 as the same time is very high.

An analysis of the investment portfolio, warrants, profit shares and other embedded derivatives by industry of exposure (excluding investment and trading propeties and the IEP Group)

30 September 2017 (R8.1 billion)



Securitisation/structured credit activities exposures

Investec Limited engages in transactions that involve the use of both special purpose entities and asset securitisation structures. Securitisation represents a relatively modest proportion of our current funding profile, but provides additional flexibility and a source of liquidity. Investec Limited does not depend on special purpose vehicles for funding in its normal course of business. These entities form part of the consolidated group balance sheet as reported.

We have securitised assets originated by our Private Client business. The primary motivations for the securitisation of these assets 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
- Create a potential committed liquidity facility (CLF) asset.

Total assets that have been originated and securitised by the Private Client division amount to R8.1 billion at 30 September 2017 (31 March 2017: R8.7 billion) and consist of residential mortgages (R8.1 billion). Within these securitisation vehicles loans greater than 90 days in arrears amounted to R22.4 million.

Further details of the various securitisation vehicles are highlighted below:

- Fox street 1: R759 million notes of the original R1.5 billion are still in issue. No notes are held internally
- Fox street 2: R847 million notes of the original R1.5 billion are still in issue. R247 million of the notes are held internally
- Fox street 3: R1.3 billion notes of the original R2.0 billion are still in issue. R270 million of notes are held internally
- Fox street 4: R2.4 billion notes of the original R3.7 billion are still in issue. All notes are held internally
- Fox street 5: R2.4 billion notes of the original R2.9 billion are still in issue. All notes are held internally

There is a clean-up call option that can be exercised at 10% of original notes issued. The margin on the notes increases at prespecified intervals and coincides with the originator call option dates.

We have also sought out select opportunities in the credit/debt markets and traded in and purchased structured credit. These have largely been rated UK and European residential mortgage-backed securities (RMBS), totalling R0.4 billion at 30 September 2017 (31 March 2017: R0.9 billion) and unrated South African RMBS, totalling R1.0 billion at 30 September 2017 (31 March 2017: R0.9 billion).

We determine regulatory capital requirements for securitised credit exposures based on specific regulatory rule sets which, at maximum, carry a risk weight of 1 250%. This is capped to the capital requirement had the bank been exposed to the entire portfolio. The group has no resecuritisation exposures.

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. 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 at 30 Sept 2017 R'million	Exposure at 31 March 2017 R'million	Balance sheet and credit risk classification	Asset quality - relevant comments
Structured credit (gross exposure)*	1 463	1 812	Other debt securities and other loans and advances	
Rated	423	863		
Unrated	1 040	949		
Loans and advances to customers and third party intermediary originating platforms (mortgage loans) (net exposure)	291	310	Other loans and advances	
Private client division assets which have been securitised	8 067	8 673	Own originated loans and advances to customers securitised	Analysed as part of the group's overall asset quality on core loans and advances

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

	30 September 2017			31 March 2017		
R'million	**Rated****	**Unrated**	**Total**	**Rated****	**Unrated**	**Total**
UK and European RMBS	376	-	376	773	-	773
Australian RMBS	47	-	47	90	-	90
South African RMBS	-	1 040	1 040	-	949	949
Total	**423**	**1 040**	**1 463**	**863**	**949**	**1 812**

****A further analysis of rated structured credit at 30 September 2017**

R'million	AAA	AA	A	BBB	BB	B	C and below	Total
UK and European RMBS	74	158	-	-	144	-	-	**376**
Australian RMBS	-	47	-	-	-	-	-	**47**
Total at 30 September 2017	**74**	**205**	**-**	**-**	**144**	**-**	**-**	**423**
Total at 31 March 2017	**72**	**391**	**253**	**-**	**147**	**-**	**-**	**863**

Risk management

Market risk in the trading book

Traded Market Risk description

Traded Market Risk is the risk that the value of a portfolio of instruments changes as a result of changes in underlying market risk factors such as interest rates, equity prices, commodity prices, exchange rates and volatilities. The market risk management team identifies, quantifies and manages this risk in accordance with Basel standards and policies determined by the board.

The focus of our trading activities is primarily on supporting client activity. Our strategic intent is that proprietary trading should be limited and that trading should be conducted largely to facilitated client in deal execution. 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 market making, underwriting, investments and limited proprietary trading in the foreign exchange, capital and money markets. The focus of these businesses is primarily on supporting client activity.

Traded Market Risk governance structure

To manage, measure and mitigate market risk, we have independent market risk management teams in each geography where we assume market risk. Local limits have been set to keep potential losses within acceptable risk tolerance levels.

A global market risk forum, mandated by various boards of directors, manages the market risks in accordance with pre-approved principles and policies. Risk limits are reviewed and set at global market risk forum and ratified at Review ERRF in accordance with the risk appetite defined by the board. The appropriateness of limits is continually assessed with limits reviewed at least annually, in the event of a significant market event or at the discretion of senior management.

Management and measurement of traded market risk

Market risk management teams review the market risks in the trading books. Detailed risk reports are produced daily for each trading desk and for the aggregate risk of the trading books.

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 all positions in the trading book against prescribed limits. Limits are set at trading desk level with aggregate risk across all desks are also monitored against overall market risk appetite limits. Trading limits are generally tiered, taking into account liquidity and inherent risks of traded instruments. 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.

Measurement techniques used to quantify market risk arising from our trading activities include sensitivity analysis, value at risk (VaR), stressed VaR (sVaR), expected shortfall (ES) 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% and 99% confidence intervals, with limits set at the 95% confidence interval. ESs are also monitored daily at the 95% and 99% levels as is the worst case loss in the VaR distribution. Scenario analysis considers the impact of a significant market event on our current trading portfolios. Scenario analysis is done at least once a week and is included in the data presented to Review ERRF.

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 exception is considered to have occurred. Over time we expect the average rate of observed back testing exceptions to be conistent with the percentile of the VaR statistic being tested.

We have internal model approval from the SARB for general market risk and therefore trading capital is calculated as a function of the 99% 10-day VaR as well as the 99% 10-day sVaR together with standardised specific risk capital for issuer risk. Backtesting results and a detailed stress testing pack are submitted to the regulator on a monthly basis.

The table below contains the 95% one-day VaR figures for the trading businesses and the graphs that follow show the result of backtesting the total daily 99% one-day VaR against profit and loss figures for our trading activities over the reporting period. Based on these graphs, we can gauge the accuracy of the VaR figures, i.e. 99% of the time, the total trading activities are not expected to lose more than the 99% one-day VaR.

VaR

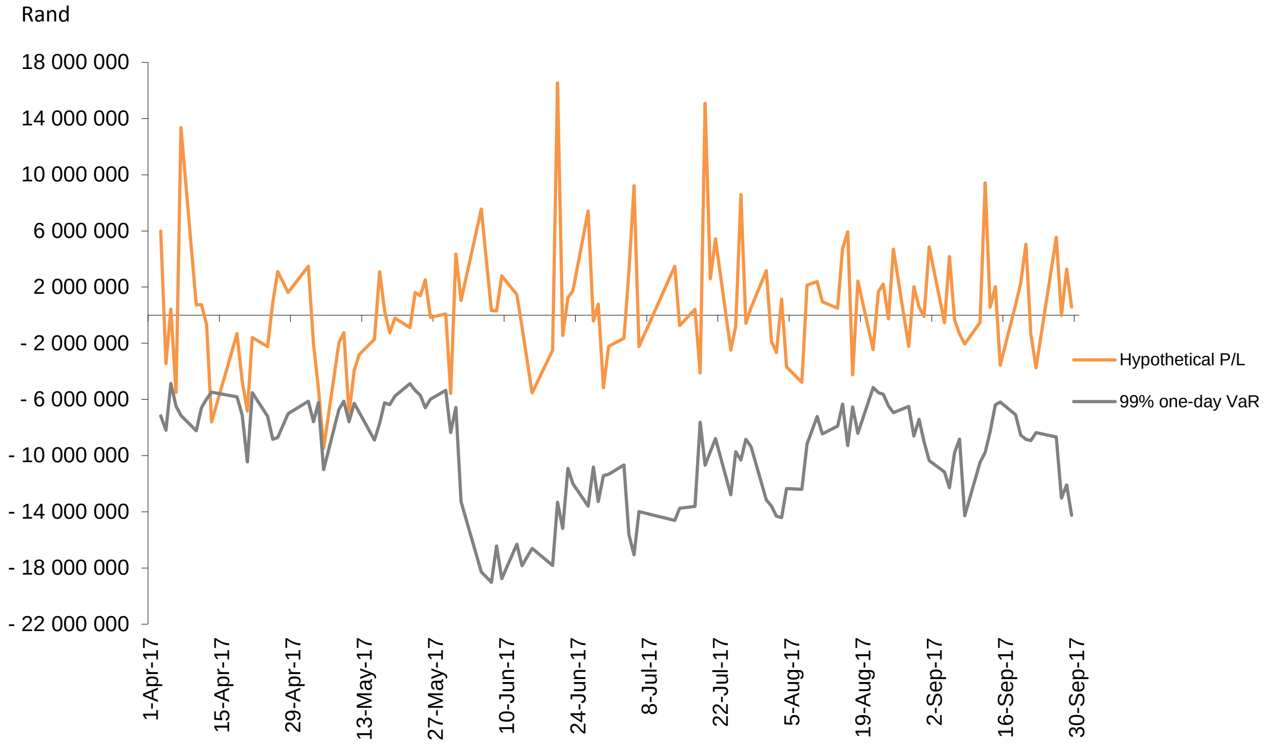
	30 September 2017				31 March 2017			
R'million	**Period end**	**Average**	**High**	**Low**	**Year end**	**Average**	**High**	**Low**
95% (one-day)								
Commodities	0.1	0.1	0.2	-	0.1	0.1	0.5	-
Equities	3.4	3.1	5.6	2.1	2.4	3.6	22.8	1.9
Foreign exchange	2.2	2.5	7.3	0.9	3.7	1.7	5.3	0.9
Interest rates	1.6	2.4	4.6	0.5	0.8	1.6	3.2	0.6
Consolidated*	**3.8**	**4.5**	**10.4**	**2.4**	**4.5**	**4.2**	**21.8**	**2.1**

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

Risk management

99% one-day VaR backtesting

The average VaR for the six months to 30 September 2017 in the South African trading book was slightly higher comparing to the year ended 31 March 2017 due to higher VaR utilisation primarily in the foreign exchange and interest rate trading desks. Using hypothetical (clean) profit and loss data for backtesting resulted in one exception (as shown in the graph below).



Risk management

Expected shortfall

The table below contains the 95% one-day expected shortfall (ES) figures.The 95% one-day ES is the average loss given that the 95% one-day VaR levels have been exceeded.

R'million	30 Sept 2017	31 March 2017
Commodities	0.2	0.1
Equities	5.7	6.6
Foreign exchange	3.9	4.6
Interest rates	3.0	1.5
Consolidated*	**6.8**	**7.9**

** The consolidated ES is lower than the sum of the individual ESs. This arises from the correlation offset between various asset classes (diversification)*

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 modelling the tail of the distribution using a paramentric form suitable for extreme moves.

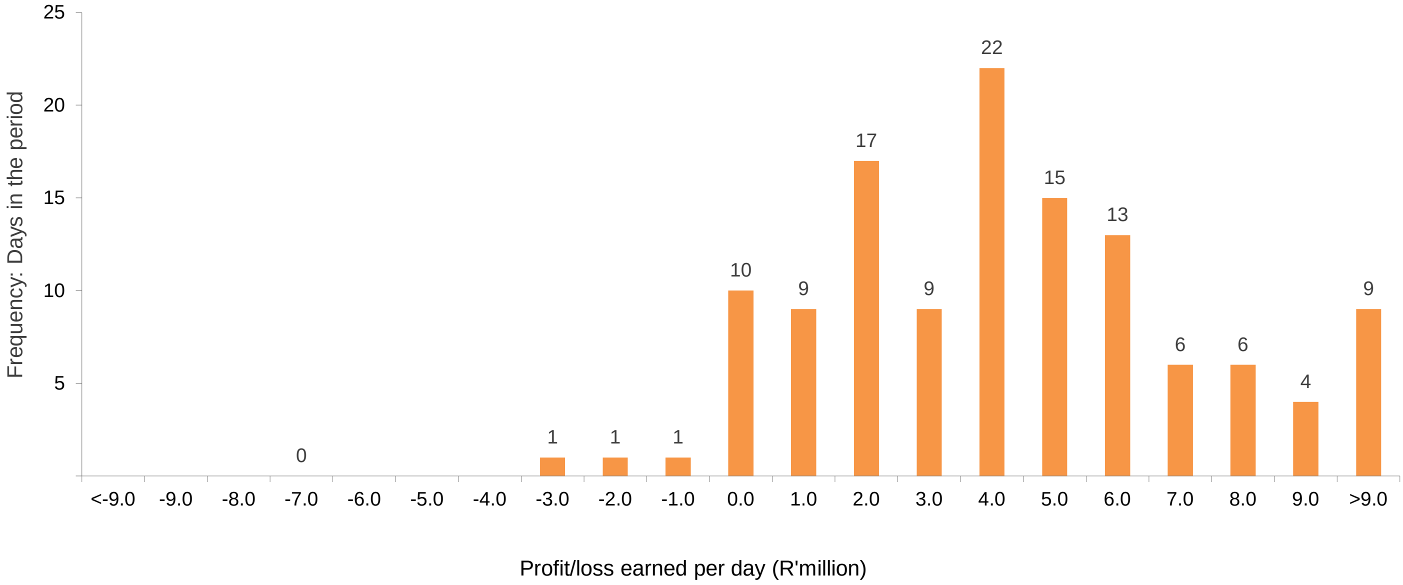
	30 September 2017				31 March 2017
R'million	Period end	Average	High	Low	Year end
(using 99% EVT)					
Commodities	0.5	0.3	0.7	0.1	0.2
Equities	25.2	21.7	66.4	5.4	26.6
Foreign exchange	19.7	15.7	43.0	2.5	8.1
Interest rates	11.8	20.8	40.8	4.0	7.7
Consolidated**	**30.5**	**32.7**	**67.6**	**14.0**	**26.4**

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

Risk management

Profit and loss histogram

The histogram below illustrates the distribution in 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 110 days out of a total of 123 days in the trading business for the six months to 30 September 2017. The average daily trading revenue generated for the six months to 30 September 2017 was R4.0 million (year to 31 March 2017: R3.3million)



Balance sheet risk encompasses the financial risks relating to our asset and liability portfolios, comprising market liquidity, funding, concentration, encumbrance and non-trading interest rate risk.

Liquidity risk

Liquidity risk refers to the possibility 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.

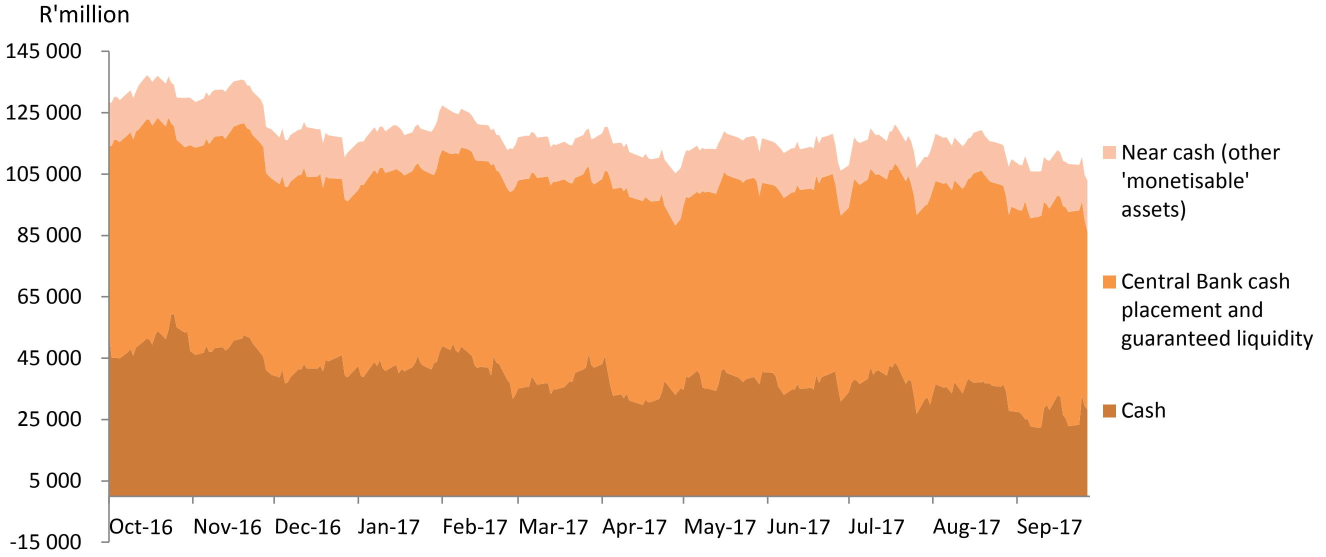
Liquidity risk is further broken down into:

- Funding liquidity: this 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: this 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.

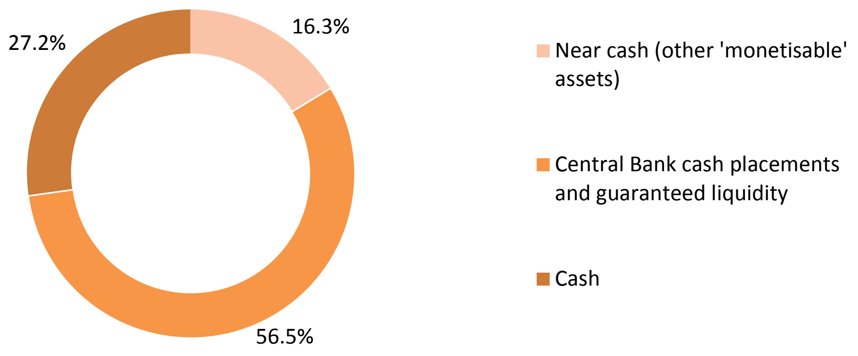
Cash and near cash trend



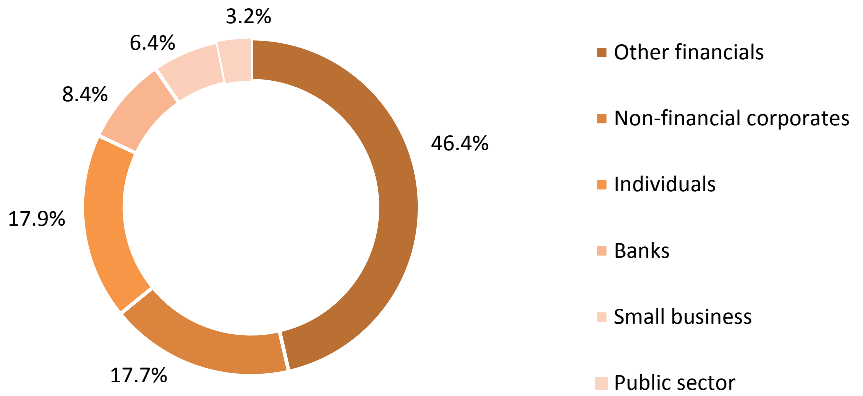
Risk management

Balance sheet risk management (continued)

An analysis of cash and near cash at 30 September 2017 (R102.6 billion)



Bank and non-bank depositor concentration by type at 30 September 2017 (R338.6 billion)



Risk management

Liquidity mismatch

The table that follows show our contractual liquidity mismatch across our business.

With respect to the contractual liquidity mismatch:

- No assumptions are made except as mentioned below, and we record all asset 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 the assets in the liquidity buffer is of little consequence, as practically the bank 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 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 undefined 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 ddition, reinvestment behaviour, with profile and attrition based on history, is applied to term deposits in the normal course of business.

Contractual liquidity at 30 September 2017

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	27 162	3 474	1 417	-	202	344	-	32 599
Cash and short term funds - non-banks	10 271	3	120	5	-	-	-	10 399
Investment/trading assets and statutory liquids	47 117	22 429	5 149	943	3 920	37 628	32 175	149 361
Securitised assets	61	9	47	91	167	1 720	6 302	8 397
Advances	5 067	6 967	10 101	13 545	24 138	123 665	60 290	243 773
Other assets	1 095	1 190	608	97	211	3 525	9 100	15 826
Assets	**90 773**	**34 072**	**17 442**	**14 681**	**28 638**	**166 882**	**107 867**	**460 355**
Deposits - banks	(926)	9 139	(2 872)	(466)	(3 309)	(29 472)	(700)	(28 606)
Deposits - non banks	(142 310)^	(21 013)	(57 376)	(26 306)	(30 002)	(30 643)	(2 314)	(309 964)
Negotiable paper	-	(445)	(327)	(377)	(352)	(4 034)	(29)	(5 564)
Securitised liabilities	-	-	-	-	-	-	(2 413)	(2 413)
Investment/trading liabilities	(482)	(15 924)	(2 137)	(1 516)	(2 336)	(15 804)	(732)	(38 931)
Subordinated liabilities	-	-	-	-	-	(4 602)	(9 547)	(14 149)
Other liabilities	(2 512)	(1 014)	(737)	(166)	(801)	(244)	(6 396)	(11 870)
Liabilities	**(146 230)**	**(29 257)**	**(63 449)**	**(28 831)**	**(36 800)**	**(84 799)**	**(22 131)**	**(411 497)**
Shareholders' funds	**-**	**-**	**-**	**-**	**-**	**(213)**	**(48 645)**	**(48 858)**
Contractual liquidity gap	**(55 457)**	**4 815**	**(46 007)**	**(14 150)**	**(8 162)**	**81 870**	**37 091**	**-**
Cumulative liquidity gap	(55 457)	(50 642)	(96 649)	(110 799)	(118 961)	(37 091)	-	

^ Includes call deposits of R136 billion and the balance reflects term deposits which have finally reached/are reaching contractual maturity.

Behavioural liquidity

R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Behavioural liquidity gap	**46 697**	**4 335**	**5 329**	**(867)**	**(695)**	**(152 248)**	**97 449**	**-**
Cumulative	46 697	51 032	56 361	55 494	54 799	(97 449)	-	

Risk management

Non-trading interest rate risk description

Non-trading interest rate risk, otherwise known as interest rate risk in the banking book, arises from the impact on net interest earnings and economic value of equity of adverse movements in interest rates.

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:** arises from optional elements embedded in items where the bank or its customers can alter the level and timing of their cash flows
- **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 table below shows our non-trading interest rate mismatch at 30 September 2017. These exposures affect the interest rate margin realised between lending income and borrowing costs assuming no management intervention.

R'million	Not > three months	> Three months but < six months	> Six months but < one year	> One year but < five years	> Five years	Non-rate	Total non-trading
Cash and short-term funds - banks	23 907	181	-	-	-	8 511	32 599
Cash and short-term funds - non-banks	10 394	5	-	-	-	-	10 399
Investment/trading assets and statutory liquids	35 026	26 723	6 744	9 783	7 246	41 843	127 365
Securitised assets	8 397	-	-	-	-	-	8 397
Advances	215 856	4 583	1 693	16 532	3 056	2 053	243 773
Other assets	337	-	-	-	-	13 906	14 243
Assets	**293 917**	**31 492**	**8 437**	**26 315**	**10 302**	**66 313**	**436 776**
Deposits - banks	(27 825)	(309)	(472)	-	-	-	(28 606)
Deposits - non-banks	(259 073)	(16 650)	(21 536)	(9 379)	(2 092)	(1 234)	(309 964)
Negotiable paper	(4 218)	(578)	(382)	(386)	-	-	(5 564)
Securitised liabilities	(2 413)	-	-	-	-	-	(2 413)
Investment/trading liabilities	(3 527)	-	-	-	(342)	(14 194)	(18 063)
Subordinated liabilities	(10 605)	(1 911)	(200)	(422)	-	(737)	(13 875)
Other liabilities	(999)	-	-	(19)	(10)	(10 842)	(11 870)
Liabilities	**(308 660)**	**(19 448)**	**(22 590)**	**(10 206)**	**(2 444)**	**(27 007)**	**(390 355)**
Intercompany loans	9 011	(937)	(3 019)	(1 255)	42	846	4 688
Shareholders' funds	(3 129)	-	-	(213)	(2 199)	(43 317)	(48 858)
Balance sheet	**(8 861)**	**11 107**	**(17 172)**	**14 641**	**5 701**	**(3 165)**	**2 251**
Off-balance sheet	(2 534)	2 562	16 262	(10 664)	(7 877)	-	(2 251)
Repricing gap	**(11 395)**	**13 669**	**(910)**	**3 977**	**(2 176)**	**(3 165)**	**-**
Cumulative repricing gap	(11 395)	2 274	1 364	5 341	3 165	-	

Economic value sensitivity at 30 September 2017

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

	Sensitivity to the following interest rates (expressed in original currencies)						
'million	ZAR	GBP	USD	EUR	AUD	Other (ZAR)	All (ZAR)
200bps down	404.0	4.1	5.7	1.1	0.6	1.6	582.5
200bps up	(225.2)	(4.2)	(5.1)	(0.9)	(0.4)	(1.6)	(392.3)