

**Investec plc silo financial information (excluding the results of Investec Limited)**

Unaudited consolidated financial information for the six months ended 30 September 2009

IFRS - Pounds Sterling





## Overview of results

	30 Sept 2009	30 Sept 2008	% Change	31 March 2009
Operating profit before impairments on loans and advances and after minorities (£'000)	192,115	148,952	29.0%	308,039
Operating profit before goodwill, non-operating items, taxation and after minorities (£'000)	90,821	84,116	8.0%	103,318
Earnings attributable to ordinary shareholders (£'000)	85,984	68,741	25.1%	79,434
Cost to income ratio	58.5%	66.9%		62.6%
Total capital resources (including subordinated liabilities) (£'000)	2,271,558	2,148,257	5.7%	2,230,640
Total shareholders' equity (£'000)	1,610,278	1,365,352	17.9%	1,452,298
Total assets (£'000)	19,082,488	18,521,264	3.0%	19,406,387
Net core loans and advances (£'000)	7,335,389	6,955,930	5.5%	7,370,700
Customer accounts (deposits) (£'000)	6,633,767	4,769,083	39.1%	5,235,093
Capital adequacy ratio	15.5%	16.1%		16.2%
Tier 1 ratio	11.0%	9.7%		10.1%



## Consolidated income statement

£'000	6 months to	6 months to	Year to
	30 Sept 2009	30 Sept 2008	31 March 2009
Interest income	383,945	633,255	1,199,548
Interest expense	(217,247)	(442,033)	(793,192)
<b>Net interest income</b>	<b>166,698</b>	<b>191,222</b>	<b>406,356</b>
Fee and commission income	144,600	212,054	343,520
Fee and commission expense	(25,945)	(25,547)	(49,619)
Principal transactions	130,551	17,533	115,930
Operating income from associates	5,933	7,728	12,443
Other operating income/(loss)	7,789	(11,202)	(22,999)
<b>Other income</b>	<b>262,928</b>	<b>200,566</b>	<b>399,275</b>
<b>Total operating income before impairment losses on loans and advances</b>	<b>429,626</b>	<b>391,788</b>	<b>805,631</b>
Impairment losses on loans and advances	(101,294)	(64,836)	(204,721)
<b>Operating income</b>	<b>328,332</b>	<b>326,952</b>	<b>600,910</b>
Administrative expenses	(240,377)	(250,516)	(480,546)
Depreciation, amortisation and impairment of property, equipment and intangible assets	(10,999)	(11,680)	(24,045)
<b>Operating profit before goodwill impairment</b>	<b>76,956</b>	<b>64,756</b>	<b>96,319</b>
Goodwill	-	-	(30,265)
<b>Profit before taxation</b>	<b>76,956</b>	<b>64,756</b>	<b>66,054</b>
Taxation	(4,837)	(15,375)	(8,873)
<b>Profit after taxation</b>	<b>72,119</b>	<b>49,381</b>	<b>57,181</b>
Losses attributable to minority interest	13,865	19,360	22,253
Earnings attributable to shareholders	<b>85,984</b>	<b>68,741</b>	<b>79,434</b>

## Summarised consolidated statement of comprehensive income

£'000	6 months to	6 months to	Year to
	30 Sept 2009	30 Sept 2008	31 March 2009
Profit after taxation	72,119	49,381	57,181
Total gains and losses recognised directly in equity	23,798	(2,933)	23,259
Fair value movements on available for sale assets	23,018	5,929	1,537
(Profit)/loss on realisation of available for sale assets recycled through income	(5,129)	(4,455)	1,307
Fair value movements on cash flow hedges	10,242	(4,477)	(16,201)
Foreign currency movements	(4,333)	70	46,338
Pension fund actuarial losses	-	-	(9,722)
<b>Total recognised income and expenses</b>	<b>95,917</b>	<b>46,448</b>	<b>80,440</b>
Total recognised income and expenses attributable to minority shareholders	(15,679)	(14,609)	(8,022)
Total recognised income and expenses attributable to ordinary shareholders	97,141	44,936	67,796
Total recognised income and expenses attributable to preferred securities and perpetual preference shareholders	14,455	16,121	20,666
	<b>95,917</b>	<b>46,448</b>	<b>80,440</b>



## Consolidated balance sheet

£'000	30 Sept 2009	31 March 2009	30 Sept 2008
<b>Assets</b>			
Cash and balances at central banks	1,182,789	872,435	203,571
Loans and advances to banks	1,101,546	1,168,628	1,459,233
Cash equivalent advances to customers	-	-	1,207
Reverse repurchase agreements and cash collateral on securities borrowed	215,395	253,247	445,724
Trading securities	251,330	361,883	477,191
Derivative financial instruments	721,967	861,292	745,481
Investment securities	1,158,332	1,016,763	796,028
Loans and advances to customers	7,044,535	7,146,119	6,876,797
Loans and advances to customers - Kensington warehouse assets	1,873,778	1,897,878	1,697,373
Securitised assets	4,376,702	4,669,749	4,634,648
Interests in associated undertakings	93,953	91,005	87,068
Deferred taxation assets	89,495	99,301	58,794
Other assets	562,523	546,282	622,743
Property and equipment	144,170	160,551	137,225
Goodwill	236,593	233,371	251,444
Intangible assets	29,380	27,883	26,737
	<b>19,082,488</b>	<b>19,406,387</b>	<b>18,521,264</b>
<b>Liabilities</b>			
Deposits by banks	2,268,128	2,971,745	3,152,514
Deposits by banks - Kensington warehouse funding	1,354,737	1,412,961	1,389,603
Derivative financial instruments	467,067	434,987	313,471
Other trading liabilities	97,267	191,897	196,140
Repurchase agreements and cash collateral on securities lent	333,882	1,048,550	744,683
Customer accounts	6,633,767	5,235,093	4,769,083
Debt securities in issue	1,072,781	944,619	662,136
Liabilities arising on securitisation	4,015,720	4,385,818	4,502,441
Current taxation liabilities	60,011	61,267	50,748
Deferred taxation liabilities	40,743	50,022	48,733
Other liabilities	465,893	437,576	543,455
Pension fund liabilities	934	1,212	-
	<b>16,810,930</b>	<b>17,175,747</b>	<b>16,373,007</b>
Subordinated liabilities	661,280	778,342	782,905
	<b>17,472,210</b>	<b>17,954,089</b>	<b>17,155,912</b>
<b>Equity</b>			
Called up share capital	148	143	131
Perpetual preference share capital	151	151	151
Share premium	921,962	838,911	782,618
Treasury shares	(8,053)	(39,292)	(12,739)
Other reserves	102,022	91,882	64,430
Profit and loss account	405,498	356,274	336,434
<b>Shareholders' equity excluding minority interest</b>	<b>1,421,728</b>	<b>1,248,069</b>	<b>1,171,025</b>
Minority interest	188,550	204,229	194,327
- Perpetual preferred securities issued by subsidiaries	182,933	185,251	157,597
- Minority interests in partially held subsidiaries	5,617	18,978	36,730
<b>Total shareholders' equity</b>	<b>1,610,278</b>	<b>1,452,298</b>	<b>1,365,352</b>
<b>Total liabilities and equity</b>	<b>19,082,488</b>	<b>19,406,387</b>	<b>18,521,264</b>



## Condensed consolidated statement of changes in equity

<b>£'000</b>	<b>6 months to 30 Sept 2009</b>	<b>Year to 31 March 2009</b>	<b>6 months to 30 Sept 2008</b>
<b>Balance at the beginning of the period</b>	<b>1,452,298</b>	<b>1,358,951</b>	<b>1,358,951</b>
Profit after taxation	72,119	57,181	49,381
Fair value movement on available for sale assets	23,018	1,537	5,929
(Profit)/loss on realisation of available for sale assets recycled through income	(5,129)	1,307	(4,455)
Fair value movement on cash flow hedges	10,242	(16,201)	(4,477)
Foreign currency adjustments	(4,333)	46,338	70
Pension fund actuarial losses	-	(9,722)	-
Total recognised gains and losses for the period	95,917	80,440	46,448
Share based payments adjustments	(12,630)	51,394	10,548
Dividends paid to ordinary shareholders	(10,877)	(48,293)	(33,683)
Dividends paid to perpetual preference shareholders	(2,418)	(9,472)	(4,927)
Dividends paid to perpetual preferred securities	(12,037)	(11,194)	(11,194)
Issue of ordinary shares	86,610	58,493	-
Issue of equity by subsidiaries	-	3,486	-
Minority arising on acquisition of subsidiaries	-	-	171
Share issue expense	(3,554)	-	-
Movement of treasury shares	16,969	(31,507)	(962)
<b>Balance at the end of the period</b>	<b>1,610,278</b>	<b>1,452,298</b>	<b>1,365,352</b>



## Segmental information - business analysis

For the six months to 30 September 2009

£'000	Private Client Activities	Capital Markets	Investment Banking	Asset Management	Property activities	Group Services and Other Activities	Total group
Net interest income	74,418	114,705	(8,353)	(346)	(265)	(13,461)	166,698
Fee and commission income	29,123	24,283	20,277	68,700	3,187	(970)	144,600
Fee and commission expense	(2,615)	(107)	(1,911)	(20,212)	(1,100)	-	(25,945)
Principal transactions	(83)	58,903	13,707	-	1,786	56,238	130,551
Operating income from associates	5,530	63	75	-	-	265	5,933
Other operating income	-	-	6,970	-	-	819	7,789
<b>Other income</b>	<b>31,955</b>	<b>83,142</b>	<b>39,118</b>	<b>48,488</b>	<b>3,873</b>	<b>56,352</b>	<b>262,928</b>
<b>Total operating income before impairment losses on loans and advances</b>	<b>106,373</b>	<b>197,847</b>	<b>30,765</b>	<b>48,142</b>	<b>3,608</b>	<b>42,891</b>	<b>429,626</b>
Impairment losses on loans and advances	(35,599)	(65,695)	-	-	-	-	(101,294)
<b>Operating income</b>	<b>70,774</b>	<b>132,152</b>	<b>30,765</b>	<b>48,142</b>	<b>3,608</b>	<b>42,891</b>	<b>328,332</b>
Administrative expenses	(55,827)	(86,552)	(38,000)	(40,529)	(1,338)	(18,131)	(240,377)
Depreciation, amortisation and impairment of property, equipment and software	(1,130)	(2,519)	(5,572)	(99)	-	(1,679)	(10,999)
<b>Operating profit</b>	<b>13,817</b>	<b>43,081</b>	<b>(12,807)</b>	<b>7,514</b>	<b>2,270</b>	<b>23,081</b>	<b>76,956</b>
Operating (profit)/loss attributable to minorities	-	(141)	12,398	-	-	1,608	13,865
<b>Operating profit/(loss) after minorities</b>	<b>13,817</b>	<b>42,940</b>	<b>(409)</b>	<b>7,514</b>	<b>2,270</b>	<b>24,689</b>	<b>90,821</b>
Cost to income ratio	53.5%	45.0%	141.6%	84.4%	37.1%	46.2%	58.5%
Total assets (£'mn)	5,792	12,134	510	157	22	467	19,082

For the six months to 30 September 2008

£'000	Private Client Activities	Capital Markets	Investment Banking	Asset Management	Property activities	Group Services and Other Activities	Total group
Net interest income	82,568	99,709	5,370	1,805	(225)	1,995	191,222
Fee and commission income	45,444	57,614	31,689	74,699	1,630	978	212,054
Fee and commission expense	(928)	(850)	(1,867)	(21,655)	(247)	-	(25,547)
Principal transactions	6,970	2,719	7,668	-	108	68	17,533
Operating income from associates	7,306	-	249	-	-	173	7,728
Other operating income/(loss)	114	-	(11,973)	-	-	657	(11,202)
<b>Other income</b>	<b>58,906</b>	<b>59,483</b>	<b>25,766</b>	<b>53,044</b>	<b>1,491</b>	<b>1,876</b>	<b>200,566</b>
<b>Total operating income before impairment losses on loans and advances</b>	<b>141,474</b>	<b>159,192</b>	<b>31,136</b>	<b>54,849</b>	<b>1,266</b>	<b>3,871</b>	<b>391,788</b>
Impairment losses on loans and advances	(31,289)	(33,547)	-	-	-	-	(64,836)
<b>Operating income</b>	<b>110,185</b>	<b>125,645</b>	<b>31,136</b>	<b>54,849</b>	<b>1,266</b>	<b>3,871</b>	<b>326,952</b>
Administrative expenses	(62,311)	(80,638)	(44,050)	(43,603)	(1,294)	(18,620)	(250,516)
Depreciation, amortisation and impairment of property, equipment and software	(680)	(4,088)	(5,469)	(57)	-	(1,386)	(11,680)
<b>Operating profit</b>	<b>47,194</b>	<b>40,919</b>	<b>(18,383)</b>	<b>11,189</b>	<b>(28)</b>	<b>(16,135)</b>	<b>64,756</b>
Operating loss/(profit) attributable to minorities	-	-	17,537	-	-	1,823	19,360
<b>Operating profit after minorities</b>	<b>47,194</b>	<b>40,919</b>	<b>(846)</b>	<b>11,189</b>	<b>(28)</b>	<b>(14,312)</b>	<b>84,116</b>
Cost to income ratio	44.5%	53.2%	159.0%	79.6%	102.2%	516.8%	66.9%
Total assets (£'mn)	5,214	12,085	611	162	11	438	18,521



## Segmental information - geographical analysis

For the six months to 30 September 2009

£'000	UK and Europe	Australia	Total group
<b>Net interest income</b>	<b>136,595</b>	<b>30,103</b>	<b>166,698</b>
Fee and commission income	133,563	11,037	144,600
Fee and commission expense	(23,920)	(2,025)	(25,945)
Principal transactions	120,787	9,764	130,551
Operating income from associates	5,792	141	5,933
Other operating income/(loss)	11,181	(3,392)	7,789
<b>Other income</b>	<b>247,403</b>	<b>15,525</b>	<b>262,928</b>
<b>Total operating income before impairment losses on loans and advances</b>	<b>383,998</b>	<b>45,628</b>	<b>429,626</b>
Impairment losses on loans and advances	(88,493)	(12,801)	(101,294)
<b>Operating income</b>	<b>295,505</b>	<b>32,827</b>	<b>328,332</b>
Administrative expenses	(211,870)	(28,507)	(240,377)
Depreciation, amortisation and impairment of property, equipment and software	(10,401)	(598)	(10,999)
<b>Operating profit</b>	<b>73,234</b>	<b>3,722</b>	<b>76,956</b>
Operating loss attributable to minorities	13,490	375	13,865
<b>Operating profit</b>	<b>86,724</b>	<b>4,097</b>	<b>90,821</b>
Taxation	(3,471)	(1,366)	(4,837)
<b>Earnings attributable to shareholders</b>	<b>83,253</b>	<b>2,731</b>	<b>85,984</b>
Cost to income ratio	57.9%	63.8%	58.5%
Total assets (£m)	16,527	2,555	19,082

For the six months to 30 September 2008

£'000	UK and Europe	Australia	Total group
<b>Net interest income</b>	<b>158,936</b>	<b>32,286</b>	<b>191,222</b>
Fee and commission income	200,423	11,631	212,054
Fee and commission expense	(25,356)	(191)	(25,547)
Principal transactions	16,536	997	17,533
Operating income from associates	7,001	727	7,728
Other operating loss	(7,650)	(3,552)	(11,202)
<b>Other income</b>	<b>190,954</b>	<b>9,612</b>	<b>200,566</b>
<b>Total operating income before impairment losses on loans and advances</b>	<b>349,890</b>	<b>41,898</b>	<b>391,788</b>
Impairment losses on loans and advances	(58,902)	(5,934)	(64,836)
<b>Operating income</b>	<b>290,988</b>	<b>35,964</b>	<b>326,952</b>
Administrative expenses	(222,270)	(28,246)	(250,516)
Depreciation, amortisation and impairment of property, equipment and software	(11,298)	(382)	(11,680)
<b>Operating profit</b>	<b>57,420</b>	<b>7,336</b>	<b>64,756</b>
Operating loss before goodwill attributable to minorities	17,467	1,893	19,360
<b>Operating profit after minorities</b>	<b>74,887</b>	<b>9,229</b>	<b>84,116</b>
Taxation	(11,007)	(4,368)	(15,375)
<b>Earnings attributable to shareholders</b>	<b>63,880</b>	<b>4,861</b>	<b>68,741</b>
Cost to income ratio	66.8%	68.3%	66.9%
Total assets (£m)	16,621	1,900	18,521



## Segmental analysis of operating profit before goodwill, non-operating items, taxation and after minorities

£'000	6 months to 30 Sept 2009	6 months to 30 Sept 2008	% Change
<b>Private Client Activities</b>			
Private Banking	8,428	40,615	-79.2%
Private Client Portfolio Management and Stockbroking	5,389	6,579	-18.1%
	<b>13,817</b>	<b>47,194</b>	<b>-70.7%</b>
<b>Capital Markets</b>	<b>42,940</b>	<b>40,919</b>	<b>4.9%</b>
<b>Investment Banking</b>			
Corporate Finance	(3,087)	3,629	->100%
Institutional Research Sales and Trading	1,943	6,127	-68.3%
Direct Investments	4,262	(3,655)	->100%
Private Equity	(3,527)	(6,947)	49.2%
	<b>(409)</b>	<b>(846)</b>	<b>51.7%</b>
<b>Asset Management</b>	<b>7,514</b>	<b>11,189</b>	<b>-32.8%</b>
<b>Property activities</b>	<b>2,270</b>	<b>(28)</b>	<b>&gt;100.0%</b>
<b>Group Services and Other Activities</b>			
International Trade Finance	1,142	1,613	-29.2%
Central Funding	39,188	1,930	>100%
Central Services Costs	(15,641)	(17,855)	12.4%
	<b>24,689</b>	<b>(14,312)</b>	<b>&gt;100.0%</b>
<b>Total group</b>	<b>90,821</b>	<b>84,116</b>	<b>8.0%</b>





## Risk management

As per Basel II regulations, the following risk management and capital section will provide detail on the quantitative risk disclosures required on a semi-annual basis. For any additional qualitative disclosures, definitions and descriptions, please refer to our Annual Financial Statements for the year ended 31 March 2009.

### Credit and counterparty risk management

Credit and counterparty risk is defined as the current and prospective risk to earnings or capital arising from an obligor's (typically a client's or counterparty's) failure to meet the terms of any obligation to us or otherwise to perform as agreed. Credit and counterparty risk arises when funds are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on or off balance sheet.

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

- Lending transactions, giving rise to a direct exposure. The risk is created that an obligor will be unable or unwilling to repay capital and/or interest on advances and loans granted to it. This category includes bank placements, where we have placed funds with other financial institutions;

- Issuer risk on financial instruments where payments due from the issuer of a financial instrument will not be received; and

- Trading transactions, giving rise to settlement and replacement risk (collectively counterparty risk).

- Settlement risk is the risk that the settlement of a transaction does not take place as expected, with one party effecting required settlements as they fall due but not receiving settlements to which they are entitled.

- Replacement risk is the risk following default by the original counterparty resulting in the contract holder having to enter into a replacement contract with a second counterparty in order to finalise the transaction.

Credit and counterparty risk can manifest as country risk as a result of the geopolitical and transfer risk associated with exposures arising from transactions with borrowers who are resident in a particular foreign country, or dependent on that country's economy.

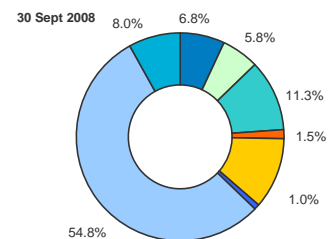
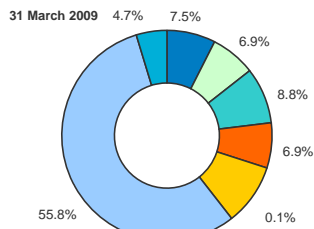
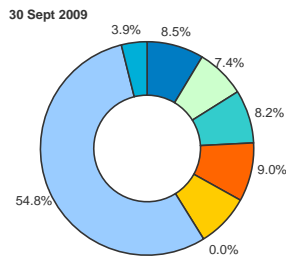
Credit and counterparty risk may also arise in other ways and it is the role of the various independent credit committees, assisted by Credit Risk Management, to identify situations falling outside these definitions where credit risk may also be present.

The tables that follow provide an analysis of our credit and counterparty risk exposures.

### An analysis of gross credit and counterparty exposures

£'000	30 Sept 2009	31 March 2009	% change	Average*	30 Sept 2008
<b>On-balance sheet exposures</b>	<b>13 064 310</b>	<b>12 747 723</b>	<b>2.5%</b>	<b>12 906 017</b>	<b>11 732 334</b>
Securitisation exposures arising from securitisation/principal finance activities	1 162 576	1 001 191	16.1%	1 081 884	867 552
Rated instruments	359 340	243 344	47.7%	301 342	169 275
Unrated instruments	231 576	226 703	2.1%	229 140	239 324
Other	571 660	531 144	7.6%	551 402	458 953
Debt instruments (NCDs, bonds held, debentures)	1 010 604	922 974	9.5%	966 789	744 361
Bank placements	1 111 023	1 177 147	(5.6%)	1 144 085	1 440 029
Sovereign, government placements	1 218 384	916 748	32.9%	1 067 566	187 774
Trading exposures (positive fair value excluding potential future exposures)	1 102 261	1 254 697	(12.1%)	1 178 479	1 384 271
Other credit exposures	1 506	12 575	(88.0%)	7 041	125 815
Gross core loans and advances to customers	7 457 956	7 462 391	(0.1%)	7 460 174	6 982 532
<b>Off-balance sheet exposures</b>	<b>535 730</b>	<b>634 977</b>	<b>(15.6%)</b>	<b>585 354</b>	<b>1 014 775</b>
Guarantees	48 424	62 250	(22.2%)	55 337	90 217
Contingent liabilities, committed facilities and other	487 306	572 727	(14.9%)	530 017	924 558
<b>Total gross credit and counterparty exposures pre collateral or other credit enhancements</b>	<b>13 600 040</b>	<b>13 382 700</b>	<b>1.6%</b>	<b>13 491 370</b>	<b>12 747 109</b>

\*Where the average is based on a straight line average for the period 31 March 2009 to 30 September 2009



■ Securitisation exposures  
■ Bank placements  
■ Trading exposures  
■ Gross core loans and advances to customers  
■ Debt instruments  
■ Sovereign, government placements  
■ Other credit exposures  
■ Off balance sheet exposures

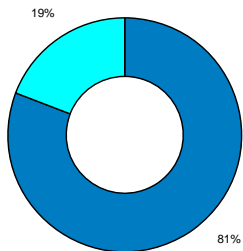


## Risk management

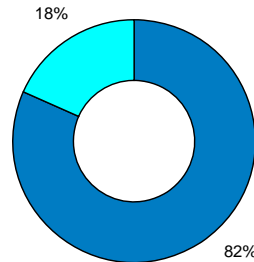
An analysis of gross credit and counterparty exposures by geography

£'000	UK and Europe		Australia		Total	
	30 Sept 2009	31 March 2009	30 Sept 2009	31 March 2009	30 Sept 2009	31 March 2009
<b>On - balance sheet exposures</b>	10 594 506	10 458 449	2 469 804	2 289 274	13 064 310	12 747 723
Securitisation exposures arising from securitisation/principal finance activities	1 126 619	1 001 191	35 957	-	1 162 576	1 001 191
Rated instruments	323 383	243 344	35 957	-	359 340	243 344
Unrated instruments	231 576	226 703	-	-	231 576	226 703
Other	571 660	531 144	-	-	571 660	531 144
Debt instruments (NCDs, bonds held, debentures)	382 026	289 838	628 578	633 136	1 010 604	922 974
Bank placements	970 146	1 044 213	140 877	132 934	1 111 023	1 177 147
Sovereign, government placements	1 216 019	916 748	2 365	-	1 218 384	916 748
Trading exposures (positive fair value excluding potential future exposures)	1 046 513	1 155 298	55 748	99 399	1 102 261	1 254 697
Other credit exposures	1 506	12 575	-	-	1 506	12 575
Gross core loans and advances to customers	5 851 677	6 038 586	1 606 279	1 423 805	7 457 956	7 462 391
<b>Off - balance sheet exposures</b>	384 268	486 136	151 462	148 841	535 730	634 977
Guarantees	12 834	32 909	35 590	29 341	48 424	62 250
Contingent liabilities, committed facilities and other	371 434	453 227	115 872	119 500	487 306	572 727
<b>Total gross credit and counterparty exposures pre collateral or other credit enhancements</b>	10 978 774	10 944 585	2 621 266	2 438 115	13 600 040	13 382 700

30 Sept 2009



31 March 2009



■ UK and Europe  
■ Australia



## 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.

£'000	Securitisation exposures arising from securitisation/principal finance activities				Debt instruments (NCDs, bonds held, debentures)	Bank placements	Sovereign, government placements	Trading exposures (positive fair value excluding potential future exposures)	Other credit exposures	Gross core loans and advances to customers	Total credit and counterparty exposure	Assets that we deem to have no legal credit exposure *	Note reference	Total balance sheet
	Total	Rated instruments	Unrated instruments	Other										
<b>As at 30 September 2009</b>														
Cash and balances at central banks	-	-	-	-	-	-	1 174 127	8 642	-	-	1 182 769	20	-	1 182 789
Loans and advances to banks	-	-	-	-	-	1 071 029	-	-	202	-	1 071 231	30 315	-	1 101 546
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-	-	-	215 395	-	-	215 395	-	-	215 395
Trading securities	35 329	28 524	6 805	-	-	-	-	123 568	-	-	158 897	92 433	1	251 330
Derivative financial instruments	26 541	-	-	26 541	-	-	-	467 779	-	-	494 320	227 647	1	721 967
Investment securities	36 521	36 521	-	-	1 010 604	-	44 257	7	-	-	1 091 389	66 943	-	1 158 332
Loans and advances to customers	229 060	161 908	50 873	16 279	-	-	-	-	-	6 943 644	7 172 704	(128 169)	2	7 044 535
Loans and advances to customers - Kensington warehouse assets	523 080	-	-	523 080	-	-	-	-	-	-	523 080	1 350 698	3	1 873 778
Securitisised assets	306 285	132 387	173 898	-	-	-	-	-	-	514 312	820 597	3 556 105	4	4 376 702
Deferred taxation assets	-	-	-	-	-	-	-	-	-	-	-	89 495	-	89 495
Other assets	5 760	-	-	5 760	-	39 994	-	286 870	1 304	-	333 928	228 595	-	562 523
Interests in associated undertakings	-	-	-	-	-	-	-	-	-	-	-	93 953	-	93 953
Property and equipment	-	-	-	-	-	-	-	-	-	-	-	144 170	-	144 170
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-	-	-	-	-	-	236 593	-	236 593
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	29 380	-	29 380
<b>Total</b>	<b>1 162 576</b>	<b>359 340</b>	<b>231 576</b>	<b>571 660</b>	<b>1 010 604</b>	<b>1 111 023</b>	<b>1 218 384</b>	<b>1 102 261</b>	<b>1 506</b>	<b>7 457 956</b>	<b>13 064 310</b>	<b>6 018 178</b>		<b>19 082 488</b>
<b>As at 31 March 2009</b>														
Cash and balances at central banks	-	-	-	-	-	-	830	934	-	-	872 417	18	-	872 435
Loans and advances to banks	-	-	-	-	-	1 120 429	870 653	-	102	-	1 120 531	48 097	-	1 168 628
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-	-	-	253 247	-	-	253 247	-	-	253 247
Trading securities	5 106	336	209	4 561	4 868	-	-	243 204	-	-	253 178	108 705	1	361 883
Derivative financial instruments	31 733	-	-	31 733	-	-	-	549 555	-	-	581 288	280 004	1	861 292
Investment securities	538	-	538	-	918 106	-	46 095	-	16	-	964 755	52 008	-	1 016 763
Loans and advances to customers	200 390	141 352	43 248	15 790	-	-	-	-	-	7 019 794	7 220 184	(74 065)	2	7 146 119
Loans and advances to customers - Kensington warehouse assets	474 302	-	-	474 302	-	-	-	-	-	-	474 302	1 423 576	3	1 897 878
Securitisised assets	284 364	101 656	182 708	-	-	-	-	-	-	442 597	726 961	3 942 788	4	4 669 749
Interests in associated undertakings	-	-	-	-	-	-	-	-	-	-	-	91 005	-	91 005
Deferred taxation assets	-	-	-	-	-	-	-	-	-	-	-	99 301	-	99 301
Other assets	4 758	-	-	4 758	-	55 888	-	207 757	12 457	-	280 860	265 422	-	546 282
Property and equipment	-	-	-	-	-	-	-	-	-	-	-	160 551	-	160 551
Goodwill	-	-	-	-	-	-	-	-	-	-	-	233 371	-	233 371
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	27 883	-	27 883
<b>Total</b>	<b>1 001 191</b>	<b>243 344</b>	<b>226 703</b>	<b>531 144</b>	<b>922 974</b>	<b>1 177 147</b>	<b>916 748</b>	<b>1 254 697</b>	<b>12 575</b>	<b>7 462 391</b>	<b>12 747 723</b>	<b>6 658 664</b>		<b>19 406 387</b>

#### Notes:

1 Largely relates to exposures that are classified as equity risk in the banking book.

2 Largely relates to impairments and the impact of hedge accounting.

3 Whilst the group manages all risks (including credit risk) from a day to day operational perspective, these assets are within special purpose vehicles that ring fence the assets to specific credit providers and limits security to the assets in the vehicle. The table above reflects the net credit exposure in the vehicles that the group has reflected in the "total credit and counterparty exposure" with the maximum credit exposure referenced to credit providers external to the group in the column headed "assets that we do not hold legal credit risk or have no credit risk".

4 Largely relates to net investments in Kensington securitised vehicles to which Investec has no direct exposure. Also includes liquidity facilities provided to third party corporate securitisation vehicles in South Africa. These facilities have remained undrawn and are reflected as a contingent liability, i.e. off-balance sheet exposure of the bank.



## Risk management

### An analysis of gross credit and counterparty exposure by industry

£'000	Gross core loans and advances		Other credit and counterparty exposures		Total	
	30 Sept 2009	31 March 2009	30 Sept 2009	31 March 2009	30 Sept 2009	31 March 2009
HNW and professional individuals	5 095 212	4 937 450	386 608	473 719	5 481 820	5 411 169
Agriculture	13 430	47 901	-	8	13 430	47 909
Electricity, gas and water (utility services)	115 413	108 590	15 270	21 632	130 683	130 222
Public and non-business services	26 415	111 619	1 218 492	924 012	1 244 907	1 035 631
Business service	96 036	60 846	2 714	929	98 750	61 775
Finance and insurance (including central banks)	341 277	323 913	3 400 662	3 419 418	3 741 939	3 743 331
Retailers and wholesalers	130 241	119 323	4 874	3 573	135 115	122 896
Manufacturing and commerce	417 955	419 310	77 249	74 116	495 204	493 426
Real estate	729 096	781 127	918 995	762 941	1 648 091	1 544 068
Mining and resources	62 954	83 865	105 567	140 274	168 521	224 139
Leisure, entertainment and tourism	142 409	224 965	8 493	11 420	150 902	236 385
Transport and communication	287 518	243 482	3 160	6 312	290 678	249 794
Other*	-	-	-	81 955	-	81 955
<b>Total</b>	<b>7 457 956</b>	<b>7 462 391</b>	<b>6 142 084</b>	<b>5 920 309</b>	<b>13 600 040</b>	<b>13 382 700</b>

£'000	HNW and professional individuals	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business service	Finance and insurance (including central banks)	Retailers and wholesalers	Manufacturing and commerce	Real estate	Mining and resources	Leisure, entertainment and tourism	Transport and communication	Other*	Total
<b>As at 30 September 2009</b>														
On-balance sheet exposures	5 107 819	13 430	115 413	1 244 892	98 750	3 722 061	131 690	418 649	1 648 091	132 649	142 782	288 084	-	13 064 310
Securitisation exposures arising from securitisation/principal finance activities	-	-	-	-	-	265 934	-	-	896 642	-	-	-	-	1 162 576
Rated instruments	-	-	-	-	-	190 986	-	-	168 344	-	-	-	-	359 340
Unrated instruments	-	-	-	-	-	57 678	-	-	173 898	-	-	-	-	231 576
Other	-	-	-	-	-	17 260	-	-	554 400	-	-	-	-	571 660
Debt instruments (NCDs, bonds held, debentures)	-	-	-	-	-	1 010 604	-	-	-	-	-	-	-	1 010 604
Bank placements	-	-	-	-	-	1 111 023	-	-	-	-	-	-	-	1 111 023
Sovereign, government placements	-	-	-	1 218 384	-	-	-	-	-	-	-	-	-	1 218 384
Trading exposures (positive fair value excluding potential future exposures)	12 514	-	-	93	2 714	992 250	1 449	694	22 172	69 436	373	566	-	1 102 261
Other credit exposures	93	-	-	-	-	973	-	-	181	259	-	-	-	1 506
Gross core loans and advances to customers	5 095 212	13 430	115 413	26 415	96 036	341 277	130 241	417 955	729 096	62 954	142 409	287 518	-	7 457 956
Off-balance sheet exposures	374 001	-	15 270	15	-	19 878	3 425	76 555	-	35 872	8 120	2 594	-	535 730
Guarantees	25 929	-	5 613	-	-	-	-	-	-	104	-	-	-	48 424
Contingent liabilities, committed facilities and other	348 072	-	9 657	15	-	19 878	3 425	76 451	-	19 094	8 120	2 594	-	487 306
<b>Total gross credit and counterparty exposures pre collateral or other credit enhancements</b>	<b>5 481 820</b>	<b>13 430</b>	<b>130 683</b>	<b>1 244 907</b>	<b>98 750</b>	<b>3 741 939</b>	<b>135 115</b>	<b>495 204</b>	<b>1 648 091</b>	<b>168 521</b>	<b>150 902</b>	<b>290 678</b>	<b>-</b>	<b>13 600 040</b>
<b>As at 31 March 2009</b>														
On-balance sheet exposures	4 953 627	47 909	108 590	1 028 635	61 359	3 741 114	120 240	420 427	1 522 333	191 164	225 183	245 178	81 955	12 747 723
Securitisation exposures arising from securitisation/principal finance activities	-	-	-	-	-	178 662	-	-	740 574	-	-	-	81 955	1 001 191
Rated instruments	-	-	-	-	-	122 966	-	-	57 438	-	-	-	-	62 940
Unrated instruments	-	-	-	-	-	43 248	-	-	182 708	-	-	-	747	226 703
Other	-	-	-	-	-	12 448	-	-	500 428	-	-	-	18 268	531 144
Debt instruments (NCDs, bonds held, debentures)	-	-	-	-	-	922 074	-	-	-	-	-	-	-	922 074
Bank placements	-	-	-	-	-	1 177 147	-	-	-	-	-	-	-	1 177 147
Sovereign, government placements	-	-	-	916 748	-	-	-	-	-	-	-	-	-	916 748
Trading exposures (positive fair value excluding potential future exposures)	6 866	-	-	186	498	1 137 460	895	826	-	106 209	71	1 686	-	1 254 697
Other credit exposures	9 311	8	9	82	15	958	22	291	632	1 090	147	10	-	12 575
Gross core loans and advances to customers	4 937 450	47 901	108 590	111 619	60 846	323 913	119 323	419 310	781 127	83 865	224 965	243 482	-	7 462 391
Off-balance sheet exposures	457 542	-	21 623	6 996	416	2 217	2 656	72 999	21 735	32 975	11 202	4 616	-	634 977
Guarantees	44 135	-	-	-	-	-	-	-	-	18 115	-	-	-	62 250
Contingent liabilities, committed facilities and other	413 407	-	21 623	6 996	416	2 217	2 656	72 999	21 735	14 860	11 202	4 616	-	572 727
<b>Total gross credit and counterparty exposures pre collateral or other credit enhancements</b>	<b>5 411 169</b>	<b>47 909</b>	<b>130 222</b>	<b>1 035 631</b>	<b>61 775</b>	<b>3 743 331</b>	<b>122 896</b>	<b>493 426</b>	<b>1 544 068</b>	<b>224 139</b>	<b>236 385</b>	<b>249 794</b>	<b>81 955</b>	<b>13 382 700</b>

\* Includes securitised exposures where the industry is not clearly defined.



## Risk management

### Asset quality and impairments

#### Core loans and advances to customers

In order to assess and analyse the credit risk associated with loans and advances we believe that certain adjustments should be made to the category "loans and advances to customers" as reflected on the IFRS consolidated balance sheet. We believe that these adjustments are necessary in order to derive a number that reflects actual core lending activities. In this regard the following methodology has been applied:

- Loans and advances which have been originated by us and securitised primarily to provide an alternative source of funding are added to loans and advances.
- Warehouse funding facilities, warehouse assets and structured credit investments arising out of our securitisation and principal finance activities have been deducted.

£'000	30 Sept 2009	31 March 2009	30 Sept 2008
Loans (pre-impairments) as per balance sheet	7,172,707	7,237,783	6,938,631
Less: warehouse facilities and warehouse assets arising out of our Securitisation and Principal Finance activities (pre-impairments)	-229,061	-217,989	-341,004
Add: own-originated securitised assets	514,310	442,597	384,905
<b>Gross Core loans and advances to customers (pre impairments)</b>	<b>7,457,956</b>	<b>7,462,391</b>	<b>6,982,532</b>

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

#### Overall asset quality

£'000	30 Sept 2009	31 March 2009	30 Sept 2008
Gross core loans and advances to customers	7,457,956	7,462,391	6,982,532
<b>Total impairments</b>	<b>-122,567</b>	<b>-91,691</b>	<b>-26,602</b>
Portfolio impairments	-8,121	-3,032	-2,460
Specific impairments	-114,446	-88,659	-24,142
<b>Net core loans and advances to customers</b>	<b>7,335,389</b>	<b>7,370,700</b>	<b>6,955,930</b>
<b>Average gross core loans and advances</b>	<b>7,460,174</b>	<b>7,035,749</b>	<b>6,795,819</b>
Current loans and advances to customers	6,611,471	6,533,933	6,205,229
Total gross non current loans and advances to customers	846,485	928,458	777,303
Past due loans and advances to customers (1-60 days and management not concerned)	263,869	459,609	412,847
Special mention loans and advances to customers	68,472	32,284	114,211
Default loans and advances to customers	514,144	436,565	250,245
<b>Gross core loans and advances to customers</b>	<b>7,457,956</b>	<b>7,462,391</b>	<b>6,982,532</b>
<b>Total gross non-current loans and advances to customers</b>	<b>846,485</b>	<b>928,458</b>	<b>777,303</b>
Default loans that are current and not impaired	3,073	11,057	36,547
Gross core loans and advances to customers that are past due but not impaired	531,539	708,653	623,133
Gross core loans and advances to customers that are impaired	311,873	208,748	117,623
<b>Total income statement charge for impairments on core loans</b>	<b>-61,312</b>	<b>-111,474</b>	<b>-36,379</b>
Gross default loans and advances to customers	514,144	436,565	250,245
Specific impairments	-114,446	-88,659	-24,142
Portfolio impairments	-8,121	-3,032	-3,032
<b>Defaults net of specific impairments</b>	<b>391,577</b>	<b>344,874</b>	<b>223,071</b>
Collateral and other credit enhancements	443,414	381,452	245,980
<b>Net default loans and advances to customers (limited to zero)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Specific impairments as a % of gross core loans and advances to customers	1.53%	1.19%	0.35%
Portfolio impairments as a % of gross core loans and advances to customers	0.11%	0.04%	0.04%
Total impairments as a % of gross core loans and advances to customers	1.64%	1.23%	0.38%
Specific impairments as a % of gross default loans	22.26%	20.31%	9.65%
Gross defaults as a % of gross core loans and advances to customers	6.89%	5.85%	3.58%
Defaults (net of impairments) as a % of net core loans and advances to customers	5.34%	4.68%	3.21%
Net defaults as a % of gross core loans and advances to customers	0.00%	0.00%	0.00%
Annualised credit loss ratio (i.e. income statement charge as a % of average gross core loans and advances)	1.64%	1.58%	1.07%



## Risk management

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

£'000	UK and Europe		Australia		Total	
	30 Sept 2009	31 March 2009	30 Sept 2009	31 March 2009	30 Sept 2009	31 March 2009
Gross core loans and advances to customers	5,851,677	6,038,586	1,606,279	1,423,805	7,457,956	7,462,391
<b>Total impairments</b>	<b>-93,482</b>	<b>-76,057</b>	<b>-29,085</b>	<b>-15,634</b>	<b>-122,567</b>	<b>-91,691</b>
Portfolio impairments	-8,121	-3,032	-	-	-8,121	-3,032
Specific impairments	-85,361	-73,025	-29,085	-15,634	-114,446	-88,659
<b>Net core loans and advances to customers</b>	<b>5,758,195</b>	<b>5,962,529</b>	<b>1,577,194</b>	<b>1,408,171</b>	<b>7,335,389</b>	<b>7,370,700</b>
% of total	78.5%	80.9%	21.5%	19.1%	100.0%	100.0%
% change since 31 March 2009	-3.4%		12.0%		-0.5%	
<b>Average gross core loans and advances to customers</b>	<b>5,945,131</b>	<b>5,733,028</b>	<b>1,515,042</b>	<b>1,302,720</b>	<b>7,460,174</b>	<b>7,035,748</b>
Current loans and advances to customers	5,236,737	5,287,745	1,374,734	1,246,188	6,611,471	6,533,933
Total gross non current loans and advances to customers	614,940	750,841	231,545	177,617	846,485	928,458
Past due loans and advances to customers (1-60 days and management not concerned)	244,926	442,966	18,943	16,643	263,869	459,609
Special mention loans and advances to customers	36,717	22,445	31,755	9,839	68,472	32,284
Default loans and advances to customers	333,297	285,430	180,847	151,135	514,144	436,565
<b>Gross core loans and advances to customers</b>	<b>5,851,677</b>	<b>6,038,586</b>	<b>1,606,279</b>	<b>1,423,805</b>	<b>7,457,956</b>	<b>7,462,391</b>
<b>Total gross non-current loans and advances to customers</b>	<b>614,940</b>	<b>750,841</b>	<b>231,545</b>	<b>177,617</b>	<b>846,485</b>	<b>928,458</b>
Default loans that are current and not impaired	3,073	11,057	-	-	3,073	11,057
Gross core loans and advances to customers that are past due but not impaired	372,839	590,725	158,700	117,928	531,539	708,653
Gross core loans and advances to customers that are impaired	239,028	149,059	72,845	59,689	311,873	208,748
<b>Total income statement charge for impairments on core loans</b>	<b>-48,511</b>	<b>-88,789</b>	<b>-12,801</b>	<b>-22,685</b>	<b>-61,312</b>	<b>-111,474</b>
Gross default loans and advances to customers	333,297	285,430	180,847	151,135	514,144	436,565
Specific impairments	-85,361	-73,025	-29,085	-15,634	-114,446	-88,659
Portfolio impairments	-8,121	-3,032	-	-	-8,121	-3,032
<b>Defaults net of impairments</b>	<b>239,815</b>	<b>209,373</b>	<b>151,762</b>	<b>135,501</b>	<b>391,577</b>	<b>344,874</b>
Collateral and other credit enhancements	267,476	218,000	175,938	163,452	443,414	381,452
<b>Net default loans and advances to customers (limited to zero)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Specific impairments as a % of gross core loans and advances to customers	1.46%	1.21%	1.81%	1.10%	1.53%	1.19%
Portfolio impairments as a % of gross core loans and advances to customers	0.14%	0.05%	0.00%	0.00%	0.11%	0.04%
Total impairments as a % of gross core loans and advances to customers	1.60%	1.26%	1.81%	1.10%	1.64%	1.23%
Specific impairments as a % of gross default loans	25.61%	25.58%	16.08%	10.34%	22.26%	20.31%
Gross defaults as a % of gross core loans and advances to customers	5.70%	4.73%	11.26%	10.61%	6.89%	5.85%
Defaults (net of impairments) as a % of net core loans and advances to customers	4.16%	3.51%	9.62%	9.62%	5.34%	4.68%
Net defaults as a % of gross core loans and advances to customers	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annualised credit loss ratio (i.e income statement charge as a % of average gross core loans and advances)	1.63%	1.55%	1.69%	1.74%	1.64%	1.58%



## Risk management

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

As at 30 September 2009 £'000	Private Bank			Capital Markets			Other*			Total
	UK and Europe	Australia	Total	UK and Europe	Australia	Total	UK and Europe	Australia	Total	Total
Gross core loans and advances to customers	3,658,433	1,436,779	5,095,212	2,128,523	168,137	2,296,660	64,720	1,364	66,084	7,457,956
<b>Total impairments</b>	<b>-63,470</b>	<b>-21,238</b>	<b>-84,708</b>	<b>-30,012</b>	<b>-7,847</b>	<b>-37,859</b>	-	-	-	<b>-122,567</b>
Portfolio impairments	-6,631	-	-6,631	-1,490	-	-1,490	-	-	-	-8,121
Specific impairments	-56,839	-21,238	-78,077	-28,522	-7,847	-36,369	-	-	-	-114,446
<b>Net core loans and advances to customers</b>	<b>3,594,963</b>	<b>1,415,541</b>	<b>5,010,504</b>	<b>2,098,511</b>	<b>160,290</b>	<b>2,258,801</b>	<b>64,720</b>	<b>1,364</b>	<b>66,084</b>	<b>7,335,389</b>
<b>Average gross core loans and advances</b>	<b>3,670,596</b>	<b>1,344,797</b>	<b>5,015,393</b>	<b>2,203,919</b>	<b>168,943</b>	<b>2,372,862</b>	<b>70,615</b>	<b>1,304</b>	<b>71,919</b>	<b>7,460,174</b>
Current loans and advances to customers	3,252,315	1,227,049	4,479,364	1,919,787	146,321	2,066,108	64,635	1,364	65,999	6,611,471
Total gross non current loans and advances to customers	406,118	209,730	615,848	208,736	21,816	230,552	85	-	85	846,485
Past due loans and advances to customers (1-60 days and management not concerned)	190,658	18,943	209,601	54,268	-	54,268	-	-	-	263,869
Special mention loans and advances to customers	5,585	31,756	37,341	31,131	-	31,131	-	-	-	68,472
Default loans and advances to customers	209,875	159,031	368,906	123,337	21,816	145,153	85	-	85	514,144
<b>Gross core loans and advances to customers</b>	<b>3,658,433</b>	<b>1,436,779</b>	<b>5,095,212</b>	<b>2,128,523</b>	<b>168,137</b>	<b>2,296,660</b>	<b>64,720</b>	<b>1,364</b>	<b>66,084</b>	<b>7,457,956</b>
<b>Total gross non-current loans and advances to customers</b>	<b>406,118</b>	<b>209,730</b>	<b>615,848</b>	<b>208,736</b>	<b>21,816</b>	<b>230,552</b>	<b>85</b>	<b>-</b>	<b>85</b>	<b>846,485</b>
Default loans that are current and not impaired	3,073	-	3,073	-	-	-	-	-	-	3,073
Gross core loans and advances to customers that are past due but not impaired	221,935	153,695	375,630	150,902	5,007	155,909	-	-	-	531,539
Gross core loans and advances to customers that are impaired	181,110	56,035	237,145	57,834	16,809	74,643	85	-	85	311,873
<b>Total income statement charge for impairments on core loans</b>	<b>-27,855</b>	<b>-7,744</b>	<b>-35,599</b>	<b>-20,656</b>	<b>-5,057</b>	<b>-25,713</b>	-	-	-	<b>-61,312</b>
Gross default loans and advances to customers	209,875	159,031	368,906	123,337	21,816	145,153	85	-	85	514,144
Specific impairments	-56,839	-21,238	-78,077	-28,522	-7,847	-36,369	-	-	-	-114,446
Portfolio impairments	-6,631	-	-6,631	-1,490	-	-1,490	-	-	-	-8,121
<b>Defaults net of impairments</b>	<b>146,405</b>	<b>137,793</b>	<b>284,198</b>	<b>93,325</b>	<b>13,969</b>	<b>107,294</b>	<b>85</b>	<b>-</b>	<b>85</b>	<b>391,577</b>
Collateral and other credit enhancements	171,795	161,528	333,323	95,099	14,409	109,508	583	-	583	443,414
<b>Net default loans and advances to customers (limited to zero)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Specific impairments as a % of gross core loans and advances to customers	1.55%	1.48%	1.53%	1.34%	4.67%	1.58%	0.00%	0.00%	0.00%	1.53%
Portfolio impairments as a % of gross core loans and advances to customers	0.18%	0.00%	0.13%	0.07%	0.00%	0.06%	0.00%	0.00%	0.00%	0.11%
Total impairments as a % of gross core loans and advances to customers	1.73%	1.48%	1.66%	1.41%	4.67%	1.65%	0.00%	0.00%	0.00%	1.64%
Specific impairments as a % of gross default loans	27.08%	13.35%	21.16%	23.13%	35.97%	25.06%	0.00%	0.00%	0.00%	22.26%
Gross defaults as a % of gross core loans and advances to customers	5.74%	11.07%	7.24%	5.79%	12.98%	6.32%	0.13%	0.00%	0.13%	6.89%
Gross defaults (net of impairments) as a % of net core loans and advances to customers	4.07%	9.73%	5.67%	4.45%	8.71%	4.75%	0.13%	0.00%	0.13%	5.34%
Net defaults as a % of gross core loans and advances to customers	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annualised credit loss ratio (i.e income statement charge as a % of average gross core loans and advances)	1.52%	1.15%	1.42%	1.87%	5.99%	2.17%	0.00%	0.00%	0.00%	1.64%



## Risk management

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

As at 31 March 2009 £'000	Private Bank			Capital Markets			Other*			Total
	UK and Europe	Australia	Total	UK and Europe	Australia	Total	UK and Europe	Australia	Total	Total
Gross core loans and advances to customers	3,682,761	1,252,814	4,935,575	2,279,316	169,748	2,449,064	76,509	1,243	77,752	7,462,391
Total impairments	-37,727	-13,050	-50,777	-38,331	-2,583	-40,914	-	-	-	-91,691
Portfolio impairments	-2,133	-	-2,133	-899	-	-899	-	-	-	-3,032
Specific impairments	-35,594	-13,050	-48,644	-37,432	-2,583	-40,015	-	-	-	-88,659
Net core loans and advances to customers	3,645,035	1,239,764	4,884,798	2,240,985	167,165	2,408,150	76,509	1,243	77,752	7,370,700
Average gross core loans and advances	3,513,897	1,145,563	4,659,460	2,139,842	155,930	2,295,772	79,289	1,227	80,516	7,035,748
Current loans and advances to customers	3,124,164	1,088,511	4,212,675	2,087,437	156,434	2,243,871	76,144	1,243	77,387	6,533,933
Total gross non current loans and advances to customers	558,597	164,303	722,900	191,879	13,314	205,193	365	-	365	928,458
Past due loans and advances to customers (1-60 days and management not concerned)	386,846	15,975	402,821	56,120	668	56,788	-	-	-	459,609
Special mention loans and advances to customers	3,087	9,611	12,698	19,358	228	19,586	-	-	-	32,284
Default loans and advances to customers	168,664	138,717	307,381	116,401	12,418	128,819	365	-	365	436,565
Gross core loans and advances to customers	3,682,761	1,252,814	4,935,575	2,279,316	169,748	2,449,064	76,509	1,243	77,752	7,462,391
Total gross non-current loans and advances to customers	558,597	164,303	722,900	191,879	13,314	205,193	365	-	365	928,458
Default loans that are current and not impaired	6,399	-	6,399	4,658	-	4,658	-	-	-	11,057
Gross core loans and advances to customers that are past due but not impaired	463,215	116,611	579,826	127,511	1,316	128,827	-	-	-	708,653
Gross core loans and advances to customers that are impaired	88,983	47,692	136,675	59,710	11,998	71,708	365	-	365	208,748
Total income statement charge for impairments on core loans	-52,194	-20,200	-72,394	-36,596	-2,484	-39,080	-	-	-	-111,474
Gross default loans and advances to customers	168,664	138,717	307,381	116,401	12,418	128,819	365	-	365	436,565
Specific impairments	-35,594	-13,050	-48,644	-37,432	-2,583	-40,015	-	-	-	-88,659
Portfolio impairments	-2,133	-	-2,133	-899	-	-899	-	-	-	-3,032
Defaults net of specific impairments	130,937	125,667	256,604	78,070	9,835	87,905	365	-	365	344,874
Collateral and other credit enhancements	136,986	153,617	290,603	80,684	9,835	90,519	330	-	330	381,452
Net default loans and advances to customers (limited to zero)	-	-	-	-	-	-	35	-	35	-
Specific impairments as a % of gross core loans and advances to customers	0.97%	1.04%	0.99%	1.64%	1.52%	1.63%	0.00%	0.00%	0.00%	1.19%
Portfolio impairments as a % of gross core loans and advances to customers	0.06%	0.00%	0.04%	0.04%	0.00%	0.04%	0.00%	0.00%	0.00%	0.04%
Total impairments as a % of gross core loans and advances to customers	1.02%	1.04%	1.03%	1.68%	1.52%	1.67%	0.00%	0.00%	0.00%	1.23%
Specific impairments as a % of gross default loans	21.10%	9.41%	15.83%	32.16%	20.80%	31.06%	0.00%	0.00%	0.00%	20.31%
Gross defaults as a % of gross core loans and advances to customers	4.58%	11.07%	6.23%	5.11%	7.32%	5.26%	0.48%	0.00%	0.48%	5.85%
Defaults (net of impairments) as a % of net core loans and advances to customers	3.59%	10.14%	5.25%	3.48%	5.88%	3.65%	0.48%	0.00%	0.47%	4.68%
Net defaults as a % of gross core loans and advances to customers	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%	0.00%	0.05%	0.00%
Credit loss ratio (i.e income statement charge as a % of average gross core loans and advances)	1.49%	1.76%	1.55%	1.71%	1.59%	1.70%	0.00%	0.00%	0.00%	1.58%

\* Largely includes lending activities within our Central Funding and International Trade Finance businesses.





## Risk management

### An age analysis of gross non-current core loans and advances to customers

£'000	30 Sept 2009	31 March 2009
Default loans that are current	24 635	26 411
31 - 60 days	292 001	484 702
61 - 90 days	68 196	38 024
91 - 180 days	185 649	192 696
181 - 365 days	75 778	110 086
>365 days	200 226	76 539
<b>Total gross non-current loans and advances to customers (actual capital exposure)</b>	<b>846 485</b>	<b>928 458</b>
Default loans that are current	-	-
1 - 60 days	26 142	15 795
61 - 90 days	3 248	6 999
91 - 180 days	16 056	17 657
181 - 365 days	34 514	50 043
>365 days	110 702	43 363
<b>Total gross non-current loans and advances to customers (actual amount in arrears)</b>	<b>190 662</b>	<b>133 857</b>

### A further age analysis of non-current loans and advances to customers

£'000	Current	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
<b>As at 30 September 2009</b>							
Default loans that are current and not impaired							
Total capital exposure	3 073						3 073
Amount in arrears	-						-
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	-	284 735	47 894	64 415	24 084	110 411	531 539
Amount in arrears	-	24 753	2 283	2 094	1 702	79 257	110 089
Gross core loans and advances to customers that are impaired							
Total capital exposure	21 562	7 266	20 302	121 234	51 694	89 815	311 873
Amount in arrears	-	1 389	965	13 962	32 812	31 445	80 573
<b>As at 31 March 2009</b>							
Default loans that are current and not impaired							
Total capital exposure	11 057	-	-	-	-	-	11 057
Amount in arrears	-	-	-	-	-	-	-
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	-	461 278	33 209	78 184	86 988	48 994	708 653
Amount in arrears	-	5 663	5 025	13 784	37 369	23 711	85 552
Gross core loans and advances to customers that are impaired							
Total capital exposure	15 354	23 424	4 815	114 512	23 098	27 545	208 748
Amount in arrears	-	210 132	1 974	3 873	12 674	19 652	248 305



## Risk management

An age analysis of gross non-current core loans and advances to customers as at 30 September 2009 (based on total capital exposure)

£'000	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
<b>Past due (1-60 days)</b>	-	263 869	-	-	-	-	263 869
<b>Special mention</b>	-	20 788	47 684	-	-	-	68 472
Special mention (1 - 90 days)	-	20 788	7 208	-	-	-	27 996
Special mention (61 - 90 days and well secured)	-	-	40 476	-	-	-	40 476
<b>Default</b>	24 635	7 344	20 512	185 649	75 778	200 226	514 144
Sub-standard	11 522	78	10 454	89 290	36 549	156 446	304 339
Doubtful	13 113	7 266	10 058	42 618	38 109	42 580	153 744
Loss	-	-	-	53 741	1 120	1 200	56 061
<b>Total</b>	24 635	292 001	68 196	185 649	75 778	200 226	846 485

An age analysis of gross non-current core loans and advances to customers as at 30 September 2009 (based on actual amount in arrears)

£'000	Current	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
<b>Past due (1-60 days)</b>	-	3 980	-	-	-	-	3 980
<b>Special mention</b>	-	20 772	2 281	-	-	-	23 053
Special mention (1 - 90 days)	-	20 772	391	-	-	-	21 163
Special mention (61 - 90 days and well secured)	-	-	1 890	-	-	-	1 890
<b>Default</b>	1 390	967	16 056	34 514	110 702	163 629	
Sub-standard	-	1	2	2 377	1 702	79 257	83 339
Doubtful	-	1 389	965	13 679	32 760	30 397	79 190
Loss	-	-	-	-	52	1 048	1 100
<b>Total</b>	-	26 142	3 248	16 056	34 514	110 702	190 662

An age analysis of gross non-current core loans and advances to customers as at 31 March 2009 (based on total capital exposure)

£'000	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
<b>Past due (1-60 days)</b>	-	459 609	-	-	-	-	459 609
<b>Special mention</b>	-	88	32 196	-	-	-	32 284
Special mention (1 - 90 days)	-	88	-	-	-	-	88
Special mention (61 - 90 days and well secured)	-	-	32 196	-	-	-	32 196
<b>Default</b>	26 411	25 005	5 828	192 696	110 086	76 539	436 565
Sub-standard	13 782	1 581	5 170	126 641	95 087	50 520	292 781
Doubtful	12 629	23 424	658	48 440	14 999	24 943	125 093
Loss	-	-	-	17 615	-	1 076	18 691
<b>Total</b>	26 411	484 702	38 024	192 696	110 086	76 539	928 458

An age analysis of gross non-current core loans and advances to customers as at 31 March 2009 (based on actual amount in arrears)

£'000	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
<b>Past due (1-60 days)</b>	-	5 650	-	-	-	-	5 650
<b>Special mention</b>	-	2	5 010	-	-	-	5 012
Special mention (1 - 90 days)	-	2	-	-	-	-	2
Special mention (61 - 90 days and well secured)	-	-	5 010	-	-	-	5 010
<b>Default</b>	10 143	1 989	17 657	50 043	43 363	123 195	
Sub-standard	-	11	1 380	14 067	37 369	23 712	76 539
Doubtful	-	10 132	609	3 560	12 674	18 591	45 566
Loss	-	-	-	30	-	1 060	1 090
<b>Total</b>	-	15 795	6 999	17 657	50 043	43 363	133 857



## Risk management

### An analysis of core loans and advances to customers

	Gross core loans and advances that are neither past due nor impaired	Gross core loans and advances that are past due but not impaired	Gross core loans and advances that are impaired	Total gross core loans and advances (actual capital exposure)	Specific impairments	Portfolio impairments	Total net core loans and advances (actual capital exposure)	Actual amount in arrears
<b>£'000</b>								
<b>As at 30 September 2009</b>								
Current core loans and advances	6 611 471	-	-	6 611 471	-	( 6 631)	6 604 840	-
Past due (1-60 days)	-	263 869	-	263 869	-	-	263 869	3 980
Special mention	-	68 472	-	68 472	-	-	68 472	23 053
Special mention (1 - 90 days)	-	27 996	-	27 996	-	-	27 996	21 163
Special mention (61 - 90 days and well secured)	-	40 476	-	40 476	-	-	40 476	1 890
<b>Default</b>	<b>3 073</b>	<b>199 198</b>	<b>311 873</b>	<b>514 144</b>	<b>( 114 446)</b>	<b>( 1 490)</b>	<b>398 208</b>	<b>163 629</b>
Sub-standard	3 073	199 198	102 068	304 339	( 25 562)	( 1 490)	277 287	83 339
Doubtful	-	-	153 744	153 744	( 63 255)	-	90 489	79 190
Loss	-	-	56 061	56 061	( 25 629)	-	30 432	1 100
<b>Total</b>	<b>6 614 544</b>	<b>531 539</b>	<b>311 873</b>	<b>7 457 956</b>	<b>( 114 446)</b>	<b>( 8 121)</b>	<b>7 335 389</b>	<b>190 662</b>
<b>As at 31 March 2009</b>								
Current core loans and advances	6 533 933	-	-	6 533 933	-	( 3 032)	6 530 901	-
Past due (1-60 days)	-	459 609	-	459 609	-	-	459 609	5 650
Special mention	-	32 284	-	32 284	-	-	32 284	5 012
Special mention (1 - 90 days)	-	88	-	88	-	-	88	2
Special mention (61 - 90 days and well secured)	-	32 196	-	32 196	-	-	32 196	5 010
<b>Default</b>	<b>11 057</b>	<b>216 760</b>	<b>208 748</b>	<b>436 565</b>	<b>( 88 659)</b>	<b>-</b>	<b>347 906</b>	<b>123 195</b>
Sub-standard	11 057	216 760	64 964	292 781	( 46 061)	-	246 720	76 539
Doubtful	-	-	125 093	125 093	( 34 203)	-	90 890	45 566
Loss	-	-	18 691	18 691	( 8 395)	-	10 296	1 090
<b>Total</b>	<b>6 544 990</b>	<b>708 653</b>	<b>208 748</b>	<b>7 462 391</b>	<b>( 88 659)</b>	<b>( 3 032)</b>	<b>7 370 700</b>	<b>133 857</b>



## Risk management

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

£'000	Current core loans and advances	Past due (1-60 days)	Special mention (1 - 90 days)	Special mention (61 - 90 days and well secured)	Sub-standard	Doubtful	Loss	Total gross core loans and advances to customers	Portfolio impairments	Specific impairments	Total impairments
<b>As at 30 September 2009</b>											
Private Banking professional and HNW individuals	4 479 363	209 601	27 996	9 345	233 092	80 487	55 328	5 095 212	( 6 631)	( 78 076)	( 84 707)
Corporate sector	1 721 228	54 268	-	31 131	71 186	68 595	733	1 947 141	( 1 490)	( 34 977)	( 36 467)
Banking, insurance, financial services (excluding sovereign)	340 742	-	-	-	-	535	-	341 277	-	( 393)	( 393)
Public and government sector (including central banks)	26 122	-	-	-	-	293	-	26 415	-	( 170)	( 170)
Trade finance and other	44 016	-	-	-	61	3 834	-	47 911	-	( 830)	( 830)
<b>Total gross core loans and advances to customers</b>	<b>6 611 471</b>	<b>263 869</b>	<b>27 996</b>	<b>40 476</b>	<b>304 339</b>	<b>153 744</b>	<b>56 061</b>	<b>7 457 956</b>	<b>( 8 121)</b>	<b>( 114 446)</b>	<b>( 122 567)</b>
<b>As at 31 March 2009</b>											
Private Banking professional and HNW individuals	4 210 867	402 821	88	16 291	194 540	94 847	17 996	4 937 450	( 2 133)	( 48 645)	( 50 778)
Corporate sector	1 866 578	56 788	-	15 905	98 170	29 368	695	2 067 504	( 899)	( 39 626)	( 40 525)
Banking, insurance, financial services (excluding sovereign)	323 692	-	-	-	-	220	-	323 912	-	( 161)	( 161)
Public and government sector (including central banks)	111 255	-	-	-	-	364	-	111 619	-	( 227)	( 227)
Trade finance and other	21 541	-	-	-	71	294	-	21 906	-	-	-
<b>Total gross core loans and advances to customers</b>	<b>6 533 933</b>	<b>459 609</b>	<b>88</b>	<b>32 196</b>	<b>292 781</b>	<b>125 093</b>	<b>18 691</b>	<b>7 462 391</b>	<b>( 3 032)</b>	<b>( 88 659)</b>	<b>( 91 691)</b>

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

£'000	30 Sept 2009	31 March 2009
Private Banking professional and HNW individuals	5 095 212	4 937 450
Corporate sector	1 947 141	2 067 504
Banking, insurance, financial services (excluding sovereign)	341 277	323 912
Public and government sector (including central banks)	26 415	111 619
Trade finance	47 911	21 906
<b>Total gross core loans and advances to customers</b>	<b>7 457 956</b>	<b>7 462 391</b>



## Risk management

### Collateral

£'000	Collateral held against		Total
	Gross core loans and advances	Other credit and counterparty exposures *	
<b>As at 30 September 2009</b>			
<b>Eligible financial collateral</b>	<b>369 627</b>	<b>142 723</b>	<b>512 350</b>
Listed shares	23 522	11 110	34 632
Cash	346 105	30 370	376 475
Debt securities issued by sovereigns	-	101 243	101 243
			-
<b>Mortgage bonds</b>	<b>7 089 182</b>	<b>10 768</b>	<b>7 099 950</b>
Residential mortgages	1 710 857	688	1 711 545
Residential development	1 755 913	8 284	1 764 197
Commercial property developments	1 123 084	1 785	1 124 869
Commercial property investments	2 499 328	11	2 499 339
			-
<b>Other collateral</b>	<b>2 764 485</b>	<b>21 578</b>	<b>2 786 063</b>
Unlisted shares	111 860	11 051	122 911
Bonds other than mortgage bonds	26 593	-	26 593
Debtors, stock and other corporate assets	2 183 699	6 664	2 190 363
Guarantees	12 076	-	12 076
Other	430 257	3 863	434 120
			-
<b>Total collateral</b>	<b>10 223 294</b>	<b>175 069</b>	<b>10 398 363</b>
Suretyships	-	6 768	6 768
<b>Total collateral including suretyships</b>	<b>10 223 294</b>	<b>181 837</b>	<b>10 405 131</b>
<b>As at 31 March 2009</b>			
<b>Eligible financial collateral</b>	<b>400 128</b>	<b>277 976</b>	<b>678 104</b>
Listed shares	26 540	4 408	30 948
Cash	373 588	44 021	417 609
Debt securities issued by sovereigns	-	229 547	229 547
			-
<b>Mortgage bonds</b>	<b>7 161 107</b>	<b>18 391</b>	<b>7 179 498</b>
Residential mortgages	1 628 857	4 259	1 633 116
Residential development	1 981 052	12 167	1 993 219
Commercial property developments	1 009 930	1 954	1 011 884
Commercial property investments	2 541 268	11	2 541 279
			-
<b>Other collateral</b>	<b>3 030 853</b>	<b>10 715</b>	<b>3 041 568</b>
Unlisted shares	125 844	4 788	130 632
Bonds other than mortgage bonds	25 252	-	25 252
Debtors, stock and other corporate assets	2 465 205	5 924	2 471 129
Guarantees	52 056	3	52 059
Other	362 496	-	362 496
			-
<b>Total collateral</b>	<b>10 592 088</b>	<b>307 082</b>	<b>10 899 170</b>
Suretyships	-	-	-
<b>Total collateral including suretyships</b>	<b>10 592 088</b>	<b>307 082</b>	<b>10 899 170</b>

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



## Risk management

### Securitisation/principal finance activities and exposures

Developments within the international economy have impacted on securitisation/principal finance activities and have limited our strategic initiatives in this space. The information below sets out the initiatives we have focused on over the past few years, albeit that some of these business lines have been significantly curtailed given the current economic climate.

#### UK and Europe

The UK has developed a Principal Finance business over the last four years. The business focuses on securitisation of our assets, predominantly residential and commercial mortgages. We also undertake trading and investment in structured credit investments where we have invested in rated and unrated debt instruments largely within the UK and Europe and to a lesser extent in the US.

We retain residual net exposures amounting to £564 million to the assets originated, warehoused and securitised by Kensington.

#### Australia

Investec Bank (Australia) Limited acquired Experien in 2007. Assets originated by the business have been securitised. These amount to A\$931 million (31 March 2009: A\$914 million) and include leases and instalment debtors (A\$521 million), residential mortgages (A\$41 million), commercial mortgages (A\$218 million) and other loans, for example overdrafts (A\$151 million). These securitisation structures have all been rated by Standard and Poor's.

### Summary of securitisation/principal finance exposures and activity over the course of the year

In terms of our analysis of our credit and counterparty risk, exposures arising from securitisation/principal finance activities reflect only those exposures to which we consider ourselves to be at risk notwithstanding accounting conventions. In addition,

Nature of exposure/activity	Exposure as at 30 Sept 2009 £'mn	Exposure as at 31 March 2009 £'mn	Credit analysis internal risk classification	Asset quality - relevant comments for the period	Capital treatment
Structured credit investments	451	329	On-balance sheet securitisation/principal finance exposure	During the period we wrote off approximately £10 million against these exposures	Risk-weighted or supervisory deductions against primary and secondary capital
Rated	359	243			
Unrated	43	29			
Other	49	57			
Kensington - mortgage assets Net exposure (after impairments) to the securitised book (i.e. those assets that have been securitised)	104	103	On-balance sheet securitisation/principal finance exposure. Classified as 'unrated'. We are required to fully consolidate all assets acquired from Kensington. However, only those assets to which we are at risk are reflected in this analysis with the balance reflected under "no credit exposures".	Refer to page 23	Risk-weighted or supervisory deductions against primary and secondary capital
Net exposures (after impairments) to the warehouse book (i.e. those assets that have been originated and placed in special purpose vehicles awaiting securitisation)	460	413	On-balance sheet securitisation/principal finance exposure. Classified as 'other'. We are required to fully consolidate all assets acquired from Kensington. However, only those assets to which we are at risk are reflected in this analysis with the balance reflected under "no credit exposures".	Refer to page 23	Risk-weighted
UK-residual investments in other assets which have been securitised by us (unrated)	29	29	On-balance sheet securitisation/principal finance exposure. We are required to fully consolidate these assets. However, only those assets to which we are at risk are reflected in this analysis with the balance reflected under "no credit exposures".		Risk-weighted or supervisory deductions against primary and secondary capital
Private Banking division assets	514	443	On-balance sheet exposure - reclassified from "accounting securitised assets" to core loans and advances for credit analysis purposes.	Analysed as part of the bank's overall asset quality on core loans and advances	We apply securitisation rules: either risk-weighted or supervisory deductions against primary and secondary capital.



## Risk management

### Kensington summary and statistics

As at 30 September 2009	Warehouse book	Securitised portfolio	Total	% of Total
<b>Assets and business activity statistics</b>				
Mortgage assets under management (£'million)	1,874	3,043	4,917	
IFRS adjustments	10	61	71	
Mortgage assets under management (£'million)	1,864	2,982	4,846	
First charge % of total mortgage assets under management	93.3%	94.3%	93.9%	
Second charge % of total mortgage assets under management	6.7%	5.7%	6.1%	
Fixed rate loans % of total mortgage assets under management	47.3%	10.7%	24.8%	
Number of accounts	16,863	32,627	49,490	
Average loan balance (first charge)	143,097	110,765	121,231	
Largest loan balance	1,121,927	1,225,180	1,225,180	
Weighted average loan mature margin %	4.1%	4.6%	4.4%	
<b>Product mix (pre-IFRS adjustments) (£'million)</b>				
Prime	9	1	10	0.2%
Near prime	654	500	1,154	23.8%
Prime Buy to Let	1	-	1	-
Adverse	472	1,996	2,468	50.9%
Adverse Buy to Let and Right to Buy	79	148	227	4.7%
Start - Irish operations	649	337	986	20.3%
<b>Geographic distribution (£'million)</b>				
UK - North	381	853	1,234	25.5%
UK - South West	93	185	278	5.7%
UK - South East	273	551	824	17.0%
Outer London	179	321	500	10.3%
Inner London	89	195	284	5.9%
Midlands	200	540	740	15.3%
Start - Irish operations	649	337	986	20.3%
<b>Spread of value of properties (%)</b>				
>£500,000	100.0%	100.0%	100.0%	
>£250,000 <=£500,000	3.8%	1.4%	2.3%	
>£200,000 <=£250,000	23.6%	12.6%	16.3%	
>£150,000 <=£200,000	15.8%	11.8%	13.2%	
>£100,000 <=£150,000	19.9%	19.4%	19.6%	
>£70,000 <=£100,000	23.6%	28.5%	26.8%	
>£50,000 <=£70,000	11.7%	19.7%	16.9%	
<£50,000	1.5%	5.3%	4.0%	
	0.1%	1.3%	0.9%	
<b>Asset quality statistics</b>				
Weighted average current LTV of active portfolio (adjusted for house price deflation*)	86.3%	79.7%	82.2%	
<b>LTV spread - % of book</b>				
<= 65%	19.2%	23.4%	21.7%	
>65% - <70%	4.3%	5.7%	5.2%	
>70% - <75%	4.7%	6.4%	5.8%	
>75% - <80%	5.5%	8.2%	7.1%	
>80% - <85%	6.2%	10.1%	8.6%	
>85% - <90%	7.4%	11.5%	9.9%	
>90% - <95%	9.0%	12.3%	11.1%	
>95% - <100%	11.0%	9.6%	10.2%	
> 100%	32.7%	12.8%	20.4%	
% of accounts > 90 days in arrears	25.3%	29.2%	27.9%	
number of accounts > 90 in arrears	4,262	9,523	13,785	
<b>Total capital lent in arrears (£'million)</b>				
Arrears 0 - 60 days	701	1,362	2,063	100.0%
Arrears 61 - 90 days	104	212	316	15.3%
Arrears >90 days	79	146	225	10.9%
Possession	487	911	1,398	67.8%
	31	93	124	6.0%
Debt to income ratio of clients %	21.1%	19.6%	20.2%	
Investec investment/exposure to assets reflected above (£'million)	523	160	683	
On balance sheet provision (£'million)	-63	-56	-119	
<b>Investec net investment/exposure to assets reflected above (£'million)</b>	<b>460</b>	<b>104</b>	<b>564</b>	

\* Bad debt provision is based on the following house price decline assumptions: calendar year 2008: -15%, calendar year 2009: -15% and an extra -10% haircut to the price to reflect forced sale discount.



## Risk management

### Equity and investment risk in the banking book

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

- Investment Banking Principal Investments (Private Equity and Direct Investments): Investments are selected based on the track record of management, the attractiveness of the industry and the ability to build value for the existing business by implementing an agreed strategy. In addition, as a result of our local market knowledge and investment banking expertise, we are well positioned to take direct positions in listed shares where we believe that the market is mispricing the value of the underlying portfolio of assets. These investment positions are carefully researched with the intent to stimulate corporate activity. In South Africa, we also continue to pursue opportunities to help create and grow black owned and controlled companies.
- Lending transactions (within the Private Banking and Capital Markets divisions): 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.

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

Country/category £'000	Income (pre funding costs) - for the period			Total	Fair value
	Unrealised	Realised	Dividends, net interest and other		
<b>Six months to 30 September 2009</b>					
Unlisted investments	(5 016)	1 737	(4 447)	(7 726)	(110)
UK and Europe	(5 016)	(338)	(5 067)	(10 421)	(874)
Australia	-	2 075	620	2 695	764
Listed equities	10 386	1 939	(4 536)	7 789	2 671
UK and Europe	10 409	21	(4 702)	5 728	(302)
Australia	(23)	1 918	166	2 061	2 973
Investment and trading properties	-	55	3	58	-
UK and Europe	-	55	3	58	(230)
Warrants, profit shares and other embedded derivatives	325	5 956	(1 042)	5 239	-
UK and Europe	600	5 956	(1 042)	5 514	-
Australia	(275)	-	-	(275)	-
<b>Total</b>	<b>5 695</b>	<b>9 687</b>	<b>(10 022)</b>	<b>5 360</b>	<b>-</b>
<b>Year ended 31 March 2009</b>					
Unlisted investments	(14 719)	(2 807)	(16 472)	(33 998)	(1 012)
UK and Europe	(13 373)	832	(16 829)	(29 370)	(572)
Australia	(1 346)	(3 639)	357	(4 628)	(440)
Listed equities	(11 708)	(1 538)	1 252	(11 994)	(5 366)
UK and Europe	(11 392)	(1 529)	1 588	(11 333)	(4 582)
Australia	(316)	(9)	(336)	(661)	(784)
Investment and trading properties	-	42	-	42	-
UK and Europe	-	42	-	42	-
Warrants, profit shares and other embedded derivatives	(1 083)	20 277	273	19 467	-
UK and Europe	1 868	20 277	273	22 418	-
Australia	(2 951)	-	-	(2 951)	-
<b>Total</b>	<b>(27 510)</b>	<b>15 974</b>	<b>(14 947)</b>	<b>(26 483)</b>	<b>(6 378)</b>





## Risk management

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

Country/category £'000	Balance sheet value of investments	Valuation change stress test*	Balance sheet value of investments	Valuation change stress test*
	30 Sept 2009	30 Sept 2009	31 March 2009	31 March 2009
Unlisted investments	149 289	22 394	140 618	21 092
UK and Europe	126 625	18 994	120 689	18 103
Australia	22 664	3 400	19 929	2 989
<b>Listed equities</b>	<b>48 037</b>	<b>11 279</b>	<b>38 235</b>	<b>8 239</b>
UK and Europe	40 658	9 434	37 060	7 945
Australia	7 379	1 845	1 175	294
<b>Investment and trading properties</b>	<b>6 677</b>	<b>1 335</b>	<b>8 480</b>	<b>1 696</b>
UK and Europe	6 677	1 335	8 480	1 696
<b>Warrants, profit shares and other embedded derivatives</b>	<b>66 874</b>	<b>23 406</b>	<b>64 333</b>	<b>22 517</b>
UK and Europe	66 796	23 379	63 463	22 212
Australia	78	27	870	305
<b>Total</b>	<b>270 877</b>	<b>58 414</b>	<b>251 666</b>	<b>53 544</b>

\*In order to assess our earnings sensitivity to a movement in the valuation of these investments the following stress testing parameters are applied.

### Stress test values applied

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

Based on the information as at 30 September 2009, as reflected above we could have a £58 million reversal in revenue (which assumes a year in which there is a "worst case scenario"). This would not cause the group to report a loss but could have a significantly negative impact on earnings for that period. The probability of all these asset classes in all geographies in which we operate being negatively impacted at the same time is very low, although the probability of listed equities being negatively impacted at the same time is very high.



## Risk management

### Traded market risk management

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

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

### Management and measurement of traded market risk

Market risk management teams review the market risks on our books. Detailed risk reports are produced daily for each trading desk. These reports are distributed to management and the traders on the desk. Any unauthorised excesses are recorded and require a satisfactory explanation from the desk for the excess. The production of risk reports allows for the monitoring of every instrument traded against prescribed limits. Trading is also limited to the most liquid instruments and each traded instrument undergoes various stresses to assess potential losses. Each trading desk is monitored on an overall basis as an additional control. Trading limits are generally tiered with the most liquid and least "risky" instruments being assigned the largest limits.

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

Measurement techniques used to quantify market risk arising from our trading activities include sensitivity analysis, Value at Risk (VaR) and Expected Tail Loss (ETL). Stress testing and scenario analysis are also used to simulate extreme conditions to supplement these core measures.

VaR numbers are monitored at the 95%, 99% and 100% (maximum loss) confidence intervals. ETLs are monitored at the 95% and 99% levels. Scenario analysis considers the impact of a significant market event on our current trading portfolios. We consider the impact for the 10 days after the event, not merely the instantaneous shock to the markets. Included in our scenario analysis are for example the following; October 1987 (Black Monday), 11 September 2001 and the December Rand crisis in 2001.

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

### VaR 95% (one-day)

	UK and Europe		Australia	
	30 Sept 2009 £'000	31 March 2009 £'000	30 Sept 2009 AUD'000	31 March 2009 AUD'000
Commodities	30	42	-	-
Equity derivatives	1,416	629	-	-
Foreign exchange	13	25	23	14
Interest rates	233	759	191	52
<b>Consolidated*</b>	<b>1,393</b>	<b>996</b>	<b>214</b>	<b>66</b>
High	2,598	2,497	231	307
Low	1,024	341	69	60
Average	1,697	738	133	139

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

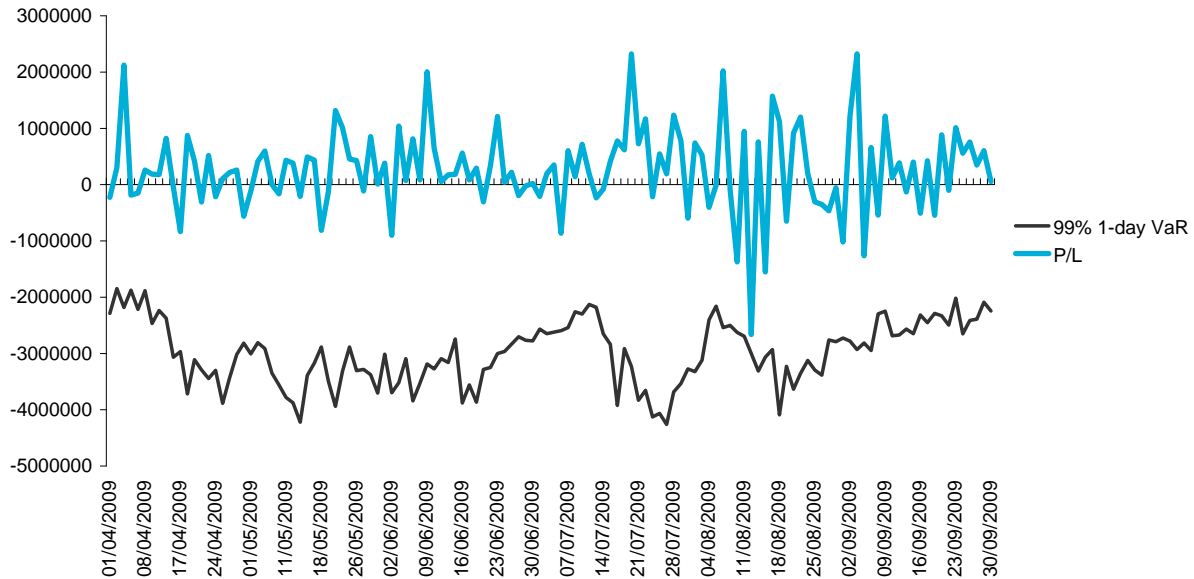


## Risk management

### Traded market risk management

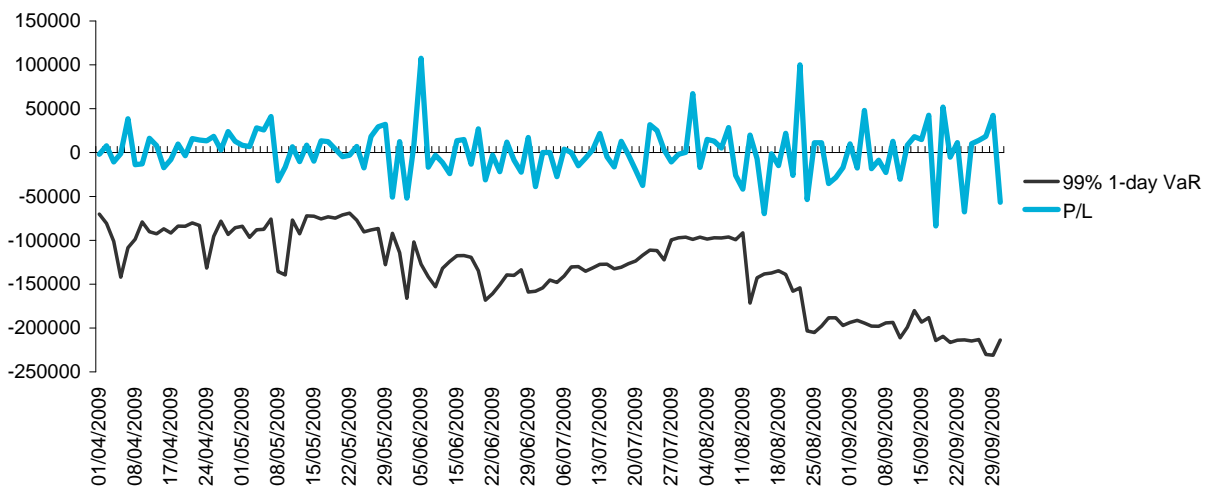
The graphs below show total daily VaR and profit and loss figures for our trading activities over the reporting period. The values are for the 99% one-day VaR, i.e. 99% of the time, the total trading activities will not lose more than the values depicted below. Based on these graphs, we can gauge the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

#### UK and Europe (GBP)



There have been no exceptions i.e. where the loss is greater than the VaR.

#### Investec Bank (Australia) Limited (A\$)



There have been no exceptions i.e. where the loss is greater than the VaR.



## Risk management

### ETL

<b>£'000</b>	<b>30 Sept</b>	<b>31 March</b>
<b>95% (one-day)</b>	<b>2009</b>	<b>2009</b>
Commodities	64	78
Equity derivatives	1,988	929
Foreign exchange	19	39
Interest rates	355	1,359
<b>Consolidated*</b>	<b>1,908</b>	<b>1,653</b>

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

### Stress testing

The table below indicates the potential losses that could arise if the portfolio is stress tested under extreme market conditions (15 standard deviations).

	<b>UK and Europe</b>		<b>Australia</b>	
	<b>30 Sept 2009</b>	<b>31 March 2009</b>	<b>30 Sept 2009</b>	<b>31 March 2009</b>
	<b>£'000</b>	<b>£'000</b>	<b>AUD'000</b>	<b>AUD'000</b>
<b>30 Sept 2009</b>				
Commodities	230	324	-	-
Equity derivatives	10,837	4,812	-	-
Foreign exchange	99	193	133	81
Interest rates	1,783	5,812	1,110	302
<b>Consolidated*</b>	<b>12,949</b>	<b>11,141</b>	<b>1,243</b>	<b>383</b>

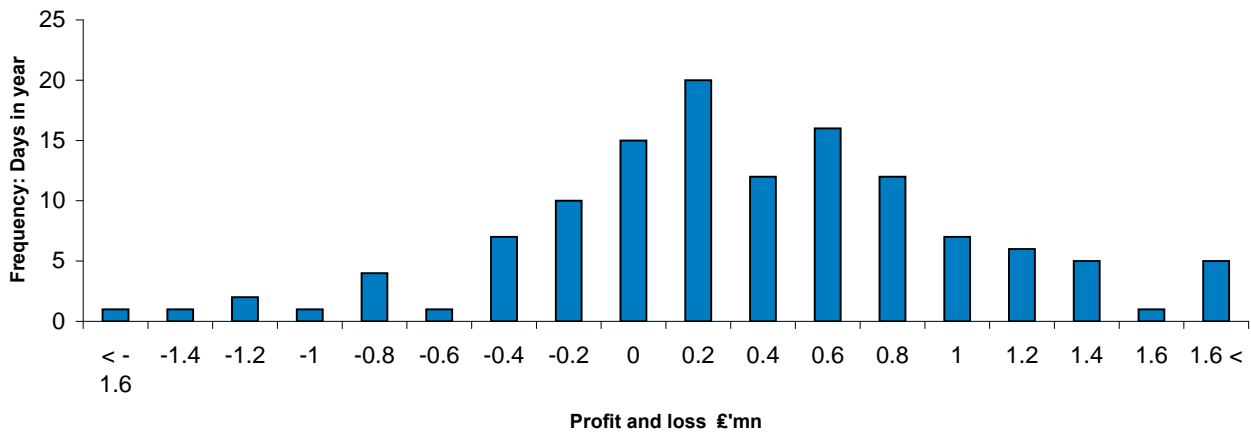


## Risk management

### Profit and loss histograms

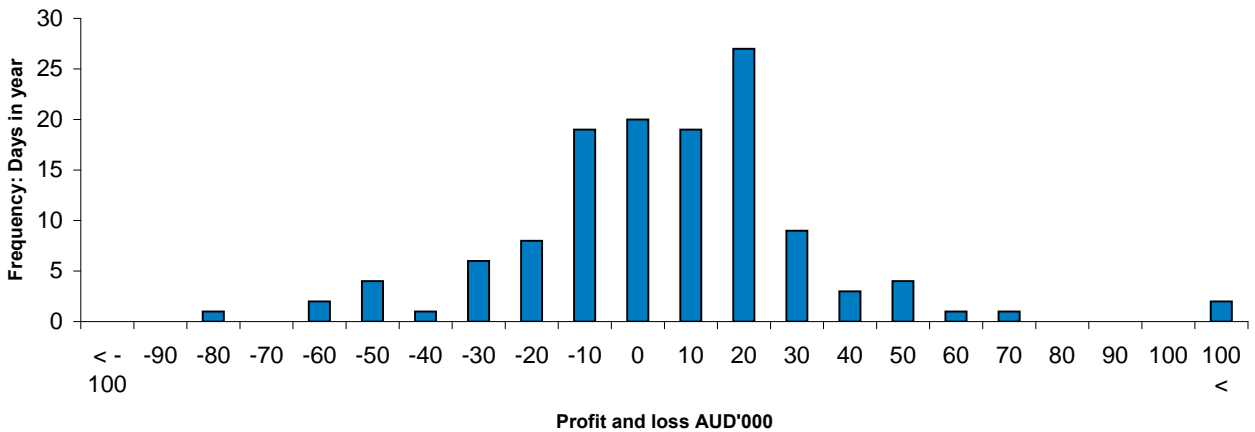
#### UK and Europe

The histogram below illustrates the distribution in daily revenue during the 6 months ending 30 September 2009 for our trading businesses. The distribution is skewed to the profit side and the graph shows that trading revenue was realised on 84 days out of a total of 126 days in the trading business. The average daily trading revenue generated for the six months ending 30 September 2009 was £226 260.



#### Australia

The histogram below illustrates the distribution in daily revenue during the 6 months ending 30 September 2009 for our trading businesses. The distribution is more normally distributed, the graph shows that trading revenue was realised on 86 days out of a total of 127 days in the trading business. The average daily trading revenue generated for the six months ending 30 September 2009 was AUD 655.





## **Risk management**

### **Balance sheet risk management**

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

#### **Non-trading interest rate risk description**

Non-trading interest rate risk is the impact on net interest earnings and sensitivity to economic value, as a result of increases or decreases in interest rates arising from the execution of our core business strategies and the delivery of products and services to our customers.

Sources of banking-related risk exposures include potential adverse effect of volatility and changes in interest rate levels, yield curves and spreads. These 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. The mix of interest rate repricing characteristics is influenced by the underlying financial needs of customers.



## Risk management

### Interest rate sensitivity gap

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

#### UK and Europe - interest rate sensitivity

As at 30 September 2009 £'million	Not > 3 months	> 3 months but < 6 months	> 6 months but < 1 year	> 1 year but < 5 years	> 5 years	Non rate	Total non- trading
Cash and short-term funds - banks	1 940	-	2	-	-	-	1 942
Cash and short-term funds - non-banks	-	-	-	-	-	-	-
Investment/trading assets	792	23	17	37	6	258	1 133
Securitised assets	3 826	7	30	-	-	-	3 863
Advances	6 320	633	337	416	119	-	7 825
Other assets	-	-	-	-	-	971	971
<b>Assets</b>	<b>12 878</b>	<b>663</b>	<b>386</b>	<b>453</b>	<b>125</b>	<b>1 229</b>	<b>15 734</b>
Deposits - banks	(3 223)	(98)	(23)	(93)	-	-	(3 437)
Deposits - non-banks	(4 792)	(205)	(247)	(336)	(154)	-	(5 734)
Negotiable paper	(238)	(2)	(7)	(119)	(20)	-	(386)
Investment/trading liabilities	(440)	-	(34)	-	-	(27)	(501)
Securitised liabilities	(3 509)	-	-	-	-	-	(3 509)
Subordinated liabilities	(84)	-	-	(257)	(276)	-	(617)
Other liabilities	-	-	-	-	-	(560)	(560)
<b>Liabilities</b>	<b>(12 286)</b>	<b>(305)</b>	<b>(311)</b>	<b>(805)</b>	<b>(450)</b>	<b>(587)</b>	<b>(14 744)</b>
Shareholders' funds	-	-	-	-	-	(1 241)	(1 241)
<b>Balance sheet</b>	<b>592</b>	<b>358</b>	<b>75</b>	<b>(352)</b>	<b>(325)</b>	<b>(599)</b>	<b>(251)</b>
Off-balance sheet	(627)	126	37	382	325	-	243
<b>Repricing gap</b>	<b>(35)</b>	<b>484</b>	<b>112</b>	<b>30</b>	<b>-</b>	<b>(599)</b>	<b>(8)</b>
<b>Cumulative repricing gap</b>	<b>(35)</b>	<b>449</b>	<b>561</b>	<b>591</b>	<b>591</b>	<b>(8)</b>	

#### Australia - interest rate sensitivity

As at 30 September 2009 AUD'million	Not > 3 months	> 3 months but < 6 months	> 6 months but < 1 year	> 1 year but < 5 years	> 5 years	Non rate	Total non- trading
Cash and short-term funds - banks	275	-	-	-	-	-	275
Cash and short-term funds - non-banks	-	-	-	-	-	-	-
Investment/trading assets	1,016	46	6	135	35	114	1,352
Securitised assets	255	59	117	511	8	(19)	931
Advances	1,667	53	46	164	11	(14)	1,927
Other assets	-	-	-	-	-	164	164
<b>Assets</b>	<b>3,213</b>	<b>158</b>	<b>169</b>	<b>810</b>	<b>54</b>	<b>245</b>	<b>4,649</b>
Deposits - banks	-	-	-	-	-	-	-
Deposits - non-banks	(1,208)	(109)	(156)	(132)	(8)	(18)	(1,631)
Negotiable paper	(774)	(29)	(61)	(401)	-	21	(1,244)
Investment/trading liabilities	-	-	-	-	-	(98)	(98)
Securitised liabilities	(918)	-	-	-	-	-	(918)
Subordinated liabilities	(100)	-	-	-	-	(1)	(101)
Other liabilities	-	-	-	-	-	(14)	(14)
<b>Liabilities</b>	<b>(3,000)</b>	<b>(138)</b>	<b>(217)</b>	<b>(533)</b>	<b>(8)</b>	<b>(110)</b>	<b>(4,006)</b>
Intercompany loans	21	-	-	(4)	-	10	27
Shareholders' funds	-	-	-	-	-	(669)	(669)
<b>Balance sheet</b>	<b>234</b>	<b>20</b>	<b>(48)</b>	<b>273</b>	<b>46</b>	<b>(524)</b>	<b>1</b>
Off-balance sheet	329	(25)	83	(327)	(50)	(10)	-
<b>Repricing gap</b>	<b>563</b>	<b>(5)</b>	<b>35</b>	<b>(54)</b>	<b>(4)</b>	<b>(534)</b>	<b>1</b>
<b>Cumulative repricing gap</b>	<b>563</b>	<b>558</b>	<b>593</b>	<b>539</b>	<b>535</b>	<b>1</b>	

### Economic value sensitivity

Our preference for monitoring and measuring non-trading interest rate risk is economic value sensitivity. The tables below reflect our economic value sensitivity to a 2% parallel shift in interest rates i.e. the numbers represent the change in our net asset value should such a hypothetical scenario arise.

#### UK and Europe

' million	Sensitivity to the following interest rates (expressed in original currencies)				
	GBP	USD	EUR	Other (GBP)	All (GBP)
200bp Down	4.0	0.3	(0.1)	0.2	4.5
200bp Up	(4.0)	(0.3)	0.1	(0.2)	(4.5)

#### Australia

' million	AS
200bp Down	1.8
200bp Up	(1.8)



## Risk management

### Balance sheet risk management

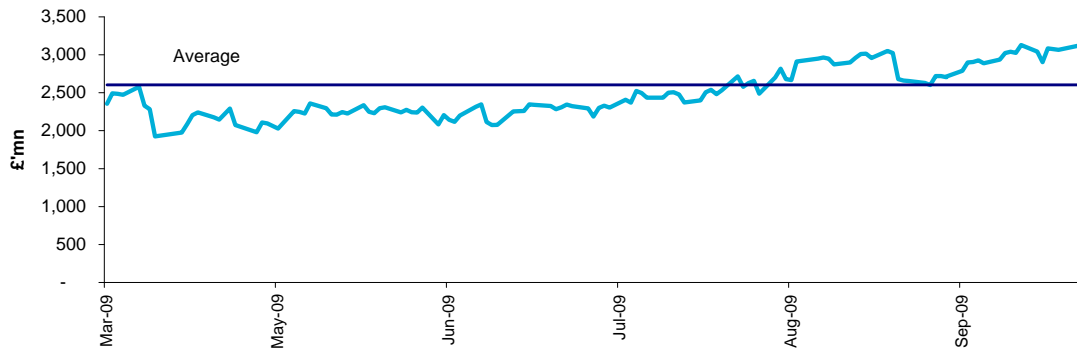
#### Liquidity risk description

Liquidity risk is the risk that we have insufficient capacity to fund increases in assets, or are unable to meet our payment obligations as they fall due, including 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.

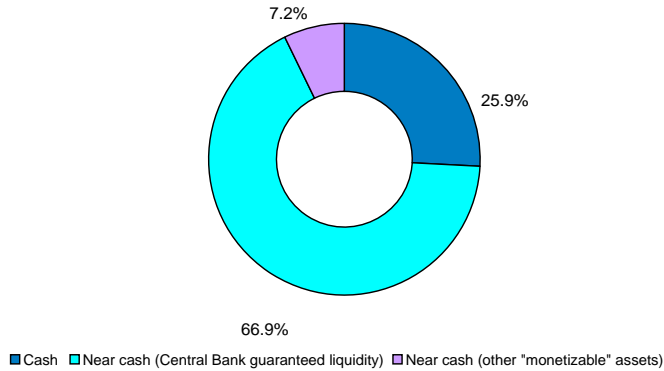
Risk management has become more sophisticated with liquidity risk being no exception and we consider both funding liquidity risk and market liquidity risk.

Sources of liquidity risk include unforeseen withdrawals of demand deposits, restricted access to new funding with appropriate maturity and interest rate characteristics, inability to liquidate a marketable asset timeously with minimal risk of capital loss, unpredicted customer non-payment of a loan obligation and a sudden increased demand for loans.

#### Investec plc cash and near cash trend



#### An analysis of cash and near cash as at 30 September 2009 (£3 125 million)







## Risk management

### Balance sheet risk management

#### Liquidity mismatch

The tables that follow show our liquidity mismatch.

With respect to the contractual liquidity mismatch:

- No assumptions are made, 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 bank paper (typically eligible for repurchase with the central bank), and near cash as a buffer against both expected and unexpected cash flows
  - 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.
  - Set the time horizon to “on demand” to monetise our statutory liquid assets for which liquidity is guaranteed by the central
  - Reported the “contractual” profile by way of a note to the tables.

With respect to the behavioural liquidity mismatch:

- The new funding we would require under normal business circumstances is shown in the “behavioural mismatch”. To this end, behavioural profiling is applied to liabilities with an indeterminable maturity, as the contractual repayments of many customer accounts are on demand or at short notice but expected cash flows vary significantly from contractual maturity. An internal analysis model is used, based on statistical research of the historical series of products, which models the point of probable maturity. In addition, re-investment behaviour, with profile and attrition based on history, is applied to term deposits in the normal course of business.



## Risk management

### UK and Europe

#### Contractual liquidity

As at 30 September 2009 £'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Cash and short-term funds - banks	1 773	449	-	-	-	26	-	2 248
Cash and short-term funds - non-banks	11	87	-	-	-	-	-	98
Investment/trading assets	266	308	236	43	100	180	346	1 479
Securitized assets	9	-	-	1	1	8	3 844	3 863
Advances	112	661	669	424	760	1 985	3 244	7 855
Other assets	170	255	50	8	2	89	397	971
<b>Assets</b>	<b>2 341</b>	<b>1 760</b>	<b>955</b>	<b>476</b>	<b>863</b>	<b>2 288</b>	<b>7 831</b>	<b>16 514</b>
Deposits - banks	( 579)	( 318)	( 639)	( 91)	( 284)	( 1 889)	( 155)	(3 955)
Deposits - non-banks	( 408)	( 837)	( 2 128)	( 1 562)	( 254)	( 396)	( 151)	(5 736)
Negotiable paper	-	( 8)	( 13)	( 2)	( 6)	( 336)	( 21)	( 386)
Securitized liabilities	-	-	-	-	-	-	(3 509)	(3 509)
Investment/trading liabilities	( 255)	( 142)	-	( 1)	( 3)	( 109)	-	( 510)
Subordinated liabilities	-	-	( 10)	-	-	( 257)	( 350)	( 617)
Other liabilities	( 131)	( 266)	( 33)	( 31)	( 82)	( 17)	-	( 560)
<b>Liabilities</b>	<b>(1 373)</b>	<b>(1 571)</b>	<b>(2 823)</b>	<b>(1 687)</b>	<b>( 629)</b>	<b>(3 004)</b>	<b>(4 186)</b>	<b>(15 273)</b>
Shareholders' funds	-	-	-	-	-	-	(1 241)	(1 241)
Contractual liquidity gap	968	189	(1 868)	(1 211)	234	(716)	2 404	(0)
Cumulative liquidity gap	968	1 157	( 711)	(1 922)	(1 688)	(2 404)	(0)	

#### Behavioural liquidity

£'million	Next day	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 3 years	> 5 years	Total
Behavioural liquidity gap	1 225	189	(1 260)	(1 211)	234	(1 303)	-	-
Cumulative	1 225	1 414	154	(1 057)	( 823)	(2 126)	-	-

### Australia

#### Contractual liquidity

As at 30 September 2009 AUD'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Cash and short-term funds - banks	270	5	-	-	-	-	-	275
Investment/trading assets*	979	87	8	12	10	87	170	1,353
Securitized assets	1	33	69	90	173	554	11	931
Advances	410	84	167	245	338	563	119	1,926
Other assets	27	-	-	-	-	-	165	192
<b>Assets</b>	<b>1,687</b>	<b>209</b>	<b>244</b>	<b>347</b>	<b>521</b>	<b>1,204</b>	<b>465</b>	<b>4,677</b>
Deposits - banks	-	-	-	-	-	-	-	-
Deposits - non banks	(506)	(288)	(358)	(122)	(199)	(150)	(8)	(1,631)
Negotiable paper	-	(98)	(75)	(71)	(202)	(790)	(9)	(1,245)
Securitized liabilities	(1)	(32)	(68)	(572)	(79)	(166)	-	(918)
Investment/trading liabilities	(1)	(10)	(4)	(6)	(16)	(36)	(25)	(98)
Subordinated liabilities	-	-	-	-	-	-	(101)	(101)
Other liabilities	-	-	-	-	-	-	(14)	(14)
<b>Liabilities</b>	<b>(508)</b>	<b>(428)</b>	<b>(505)</b>	<b>(771)</b>	<b>(496)</b>	<b>(1,142)</b>	<b>(157)</b>	<b>(4,007)</b>
Shareholders' funds	-	-	-	-	-	-	(669)	(669)
Contractual liquidity gap	1,179	(219)	(261)	(424)	25	62	(361)	1
Cumulative liquidity gap	1,179	960	699	275	300	362	1	-

#### Note: contractual liquidity adjustments

AUD'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
*Investment/trading assets	1	315	103	61	26	676	171	1,353

#### Behavioural liquidity

AUD'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Behavioural Liquidity Gap	1624	-278	-544	-522	-80	60	-259	1
Cumulative	1624	1346	802	280	199	260	1	-



## Capital adequacy and capital structure

£'million	30 Sept 2009	31 March 2009	30 Sept 2008
<b>Regulatory capital</b>			
<b>Tier 1</b>			
Called up share capital	-	-	-
Share premium	922	839	783
Retained income	380	340	331
Treasury shares	-8	-39	-13
Other reserves	106	115	83
Minority interests in subsidiaries	174	156	154
Goodwill	-305	-296	-297
<b>Total Tier 1</b>	<b>1,269</b>	<b>1,115</b>	<b>1,041</b>
Less: deductions	-66	-41	-54
	<b>1,203</b>	<b>1,074</b>	<b>987</b>
<b>Tier 2</b>			
Aggregate amount	605	745	754
Less: deductions	-66	-41	-54
	<b>539</b>	<b>704</b>	<b>700</b>
<b>Tier 3</b>			
Aggregate amount	10	10	19
<b>Other deductions from Tier 1 and Tier 2</b>	<b>-69</b>	<b>-67</b>	<b>-71</b>
<b>Total capital</b>	<b>1,683</b>	<b>1,721</b>	<b>1,635</b>
<b>Risk-weighted assets (banking and trading)</b>	<b>10,887</b>	<b>10,645</b>	<b>10,145</b>
Credit risk - prescribed standardised exposure classes	8,461	8,492	8,279
Corporates	2,758	2,641	2,829
Secured on real estate property	3,058	3,060	3,207
Counterparty risk on trading positions	232	308	268
Short term claims on institutions and corporates	313	365	337
Retail	354	514	537
Institutions	163	199	110
Other exposure classes	1,583	1,405	991
Securitised exposures	174	218	163
Equity risk - standardised approach	222	199	212
Listed equities	38	29	38
Unlisted equities	184	170	174
Market risk - portfolios subject to internal models approach	653	359	282
Interest rate	153	171	145
Foreign Exchange	9	12	15
Commodities	-	2	18
Equities	491	174	104
Operational risk - standardised approach	1,377	1,377	1,209
<b>Capital requirements</b>	<b>872</b>	<b>852</b>	<b>812</b>
Credit risk - prescribed standardised exposure classes	678	680	662
Corporates	221	211	226
Secured on real estate property	245	245	257
Counterparty risk on trading positions	19	25	21
Short term claims on institutions and corporates	25	29	27
Retail	28	41	43
Institutions	13	17	9
Other exposure classes	127	112	79
Securitised exposures	14	17	13
Equity risk - standardised approach	18	16	17
Listed equities	3	2	3
Unlisted equities	15	14	14
Market risk - portfolios subject to internal models approach	52	29	23
Interest rate	12	14	12
Foreign Exchange	1	1	1
Commodities	-	-	2
Equities	39	14	8
Operational risk - standardised approach	110	110	97
<b>Capital adequacy ratio</b>	<b>15.5%</b>	<b>16.2%</b>	<b>16.1%</b>
Tier 1 ratio	11.0%	10.1%	9.7%
<b>Capital adequacy ratio - pre operational risk</b>	<b>17.7%</b>	<b>18.6%</b>	<b>18.3%</b>
Tier 1 ratio - pre operational risk	12.6%	11.6%	11.0%



## Credit quality steps

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

Credit quality step	Risk weight	30 September 2009		31 March 2009	
		Exposure £'mn	Exposure after Credit Risk Mitigation £'mn	Exposure £'mn	Exposure after Credit Risk Mitigation £'mn
<b>Central Banks and Sovereigns:</b>					
1	0%	1,269	1,269	1117	1117
2	20%	-	-	-	-
3	50%	-	-	-	-
4	100%	-	-	-	-
5	100%	-	-	-	-
6	150%	-	-	-	-
<b>Institutions original effective maturity of more than three months:</b>					
1	20%	865	456	657	492
2	50%	97	16	173	173
3	50%	74	43	85	57
4	100%	-	-	-	-
5	100%	-	-	-	-
6	150%	-	-	-	-
<b>Short term claims on institutions:</b>					
1	20%	964	964	680	680
2	20%	158	166	497	497
3	20%	5,399	3,163	36	36
4	50%	-	-	-	-
5	50%	-	-	-	-
6	150%	-	-	-	-
<b>*Counterparty Credit Risk- effective original maturity of more than three months:</b>					
1	20%	216	120	-	-
2	50%	83	80	-	-
3	50%	46	20	-	-
4	100%	-	-	-	-
5	100%	-	-	-	-
6	150%	-	-	-	-
<b>*Counterparty Credit Risk- effective original maturity of less than three months:</b>					
1	20%	544	5	-	-
2	20%	181	132	-	-
3	20%	274	7	-	-
4	50%	-	-	-	-
5	50%	-	-	-	-
6	150%	-	-	-	-
<b>Corporates:</b>					
1	20%	21	21	2	2
2	50%	-	8	-	-
3	100%	11	5	-	-
4	100%	5	5	5	5
5	150%	1	1	-	-
6	150%	-	-	-	-
<b>Securitisation positions:</b>					
1	20%	126	126	113	113
2	50%	7	7	15	15
3	100%	41	41	66	66
4	350%	26	28	14	14
5	1250%	25	-	4	4
<b>Total rated counterparty exposure</b>		<b>10,433</b>	<b>6,683</b>	<b>3,464</b>	<b>3,271</b>

\*The capital requirement disclosed as held against credit risk as at 31 March 2009 included a small amount of capital held against counterparty credit risk, mainly with the groups trading businesses. On the basis of materiality no detail was provided as at 31 March 2009.