

Investec Bank plc financial information (a subsidiary of Investec plc)

Unaudited consolidated financial information for the six months ended 30 September 2011

IFRS - Pounds Sterling



Investec Bank plc (a subsidiary of Investec plc)

Overview of results

Unaudited

	30 Sept 2011	30 Sept 2010	% change	31 March 2011
Operating income (£'000)	423,105	324,287	30.5%	725,488
Operating costs (£'000)	275,583	224,851	22.6%	478,087
Operating profit before amortisation of acquired intangibles, non-operating items, taxation and after non-controlling interests (£'000)	49,140	42,445	15.8%	70,151
Earnings attributable to ordinary shareholders (£'000)	31,816	28,875	10.2%	46,830
Cost to income ratio	70.4%	69.3%		68.2%
Total capital resources (including subordinated liabilities) (£'000)	2,353,665	1,826,966	28.8%	2,251,387
Total shareholders' equity (£'000)	1,693,108	1,333,903	26.9%	1,648,254
Total assets (£'000)	19,346,067	17,507,786	10.5%	18,488,534
Net core loans and advances (£'000)	7,622,023	7,260,850	5.0%	7,629,145
Customer accounts (deposits) (£'000)	10,651,930	9,960,754	6.9%	10,329,009
Cash and near cash balances (£'000)	4,223,975	4,706,297	-10.2%	4,270,813
Funds under management (£'million)*	14,516	590	>100%	15,434
Capital adequacy ratio	16.7%	17.5%		16.1%
Tier 1 ratio	11.7%	12.9%		11.3%
Default loans (net of impairments) as a % of core loans and advances	5.71%	5.78%		5.68%
Net defaults (after collateral and impairments) as a % of net core loans and advances	-	-		-
Annualised credit loss ratio (i.e. income statement charge as a % of average gross loans and advances)	1.72%	1.59%		1.98%
Total gearing/leverage ratio (i.e. total assets to equity)	11.4x	13.1x		11.2x
Core loans (excluding own originated assets) as a % of customer deposits	67.0%	67.9%		69.2%

*Rensburg Sheppards plc became a subsidiary of the bank on 31 March 2011.

Investec Bank plc (a subsidiary of Investec plc)

Consolidated income statement

Unaudited	6 months to	6 months to	Year to
£'000	30 Sept 2011	30 Sept 2010	31 March 2011
Interest income	395,984	349,135	731,895
Interest expense	(268,670)	(235,024)	(486,173)
Net interest income	127,314	114,111	245,722
Fee and commission income	174,731	94,629	198,362
Fee and commission expense	(14,430)	(8,045)	(17,286)
Principal transactions	91,642	117,875	253,100
Other operating income	43,848	5,717	45,590
Other income	295,791	210,176	479,766
Total operating income before impairment losses on loans and advances	423,105	324,287	725,488
Impairment losses on loans and advances	(76,200)	(64,587)	(170,554)
Operating income	346,905	259,700	554,934
Operating costs	(275,583)	(224,851)	(478,087)
Depreciation of operating leased assets	(22,154)	-	(16,447)
Operating profit before amortisation of acquired intangibles	49,168	34,849	60,400
Amortisation of acquired intangibles	(4,096)	-	-
Operating profit	45,072	34,849	60,400
Net loss on sale of subsidiaries	-	(7,942)	(8,579)
Profit before taxation	45,072	26,907	51,821
Taxation on operating profit before amortisation of acquired intangibles	(15,272)	(9,237)	(17,841)
Taxation on intangibles	2,044	-	-
Profit after taxation	31,844	17,670	33,980
Operating (profit)/loss attributable to non-controlling interests	(28)	7,596	9,751
Loss on disposal of subsidiaries attributable to non-controlling interests	-	3,609	3,099
Earnings attributable to shareholders	31,816	28,875	46,830

Consolidated statement of comprehensive income

£'000	6 months to	6 months to	Year to
	30 Sept 2011	30 Sept 2010	31 March 2011
Profit after taxation	31,844	17,670	33,980
Other comprehensive income:			
Fair value movements on cash flow hedges	(5,936)	2,407	2,205
Gains on realisation of available-for-sale assets recycled through the income statement	(28,222)	(2,185)	(4,728)
Fair value movements on available-for-sale assets	7,568	8,662	22,938
Foreign currency adjustments on translating foreign operations	(1,210)	5,344	21,016
Total comprehensive income	4,044	31,898	75,411
Total comprehensive loss attributable to non-controlling interests	(737)	(11,181)	(12,480)
Total comprehensive income attributable to ordinary shareholders	4,781	43,079	87,891
Total comprehensive income	4,044	31,898	75,411

Investec Bank plc (a subsidiary of Investec plc)

Consolidated balance sheet

Unaudited

£'000	30 Sept 2011	31 March 2011	30 Sept 2010*
Assets			
Cash and balances at central banks	725,426	1,142,547	1,208,023
Loans and advances to banks	895,219	750,463	1,079,260
Reverse repurchase agreements and cash collateral on securities borrowed	2,113,932	1,472,948	877,313
Trading securities	889,524	642,013	395,189
Derivative financial instruments	806,484	641,212	838,819
Investment securities	2,078,533	2,386,011	2,449,893
Loans and advances to customers	9,202,624	8,874,104	8,691,405
Securitised assets	1,124,852	1,138,618	1,181,367
Interests in associated undertakings	13,185	13,096	12,700
Deferred taxation assets	70,752	62,436	79,319
Other assets	803,929	727,282	419,754
Property and equipment	222,850	235,219	33,479
Goodwill	277,317	276,369	92,177
Intangible assets	121,440	126,216	26,955
Non-current assets classified as held for sale	-	-	122,133
	19,346,067	18,488,534	17,507,786
Liabilities			
Deposits by banks	697,398	765,912	980,254
Derivative financial instruments	570,782	529,995	680,596
Other trading liabilities	552,391	402,326	239,969
Repurchase agreements and cash collateral on securities lent	904,497	612,663	378,846
Customer accounts (deposits)	10,651,930	10,329,009	9,960,754
Debt securities in issue	1,874,293	1,802,932	1,786,215
Liabilities arising on securitisation	1,006,417	1,012,903	1,054,074
Current taxation liabilities	49,892	41,580	69,687
Deferred taxation liabilities	34,217	36,216	12,662
Other liabilities	650,585	703,611	414,298
Non-current liabilities classified as held for sale	-	-	103,465
	16,992,402	16,237,147	15,680,820
Subordinated liabilities	660,557	603,133	493,063
	17,652,959	16,840,280	16,173,883
Equity			
Ordinary share capital	1,052,500	1,026,000	836,000
Share premium	119,427	105,117	105,117
Capital reserve	114,128	114,128	11,528
Other reserves	70,247	97,433	70,475
Retained income	361,337	329,370	319,179
Shareholders' equity excluding non-controlling interests	1,717,639	1,672,048	1,342,299
Non-controlling interests in partially held subsidiaries	(24,531)	(23,794)	(8,396)
Total equity	1,693,108	1,648,254	1,333,903
Total liabilities and equity	19,346,067	18,488,534	17,507,786

*Restated to be consistent with basis of presentation at March 2011. £11,528,000 of premium arising on the issue of shares to acquire 100% of Investec Holdings (Ireland) Limited has been reclassified from share premium to capital reserve to reflect the utilisation of merger relief.



Investec Bank plc (a subsidiary of Investec plc)

Condensed consolidated statement of changes in equity

Unaudited

£'000	6 months to 30 Sept 2011	Year to 31 March 2011	6 months to 30 Sept 2010
Balance at the beginning of the period	1,648,254	1,181,699	1,181,699
Profit after taxation	31,844	33,980	17,670
Cash flow hedge movements taken directly to other comprehensive income	(5,936)	2,205	2,407
Gains on realisation of available for sale assets recycled through the income statement	(28,222)	(4,728)	(2,185)
Fair value movements on available for sale assets taken directly to other comprehensive income	7,568	22,938	8,662
Foreign currency adjustments on translating foreign currency operations	(1,210)	21,016	5,344
Total comprehensive income for the period	4,044	75,411	31,898
Share based payments adjustments	-	1,531	1,194
Dividends paid to ordinary shareholders	-	(23,000)	(15,000)
Issue of ordinary shares	40,810	426,712	134,112
Non-controlling interests relating to disposed subsidiary	-	(14,099)	-
Balance at the end of the period	1,693,108	1,648,254	1,333,903

Investec Bank plc (a subsidiary of Investec plc)

Segmental information - business analysis

Unaudited

For the six months to 30 September 2011

£'000	Wealth and Investment	Property Activities	Private Banking	Investment Banking	Capital Markets	Group Services and Other Activities	Total group
Net interest income	4,144	995	70,321	4,492	56,479	(9,117)	127,314
Fee and commission income	64,319	1,813	16,935	32,570	59,134	(40)	174,731
Fee and commission expense	(3,377)	(569)	(2,252)	(1,961)	(4,953)	(1,318)	(14,430)
Principal transactions	(4,020)	775	6,571	(7,940)	72,369	23,887	91,642
Other operating income	232	-	37	232	43,334	13	43,848
Other income	57,154	2,019	21,291	22,901	169,884	22,542	295,791
Total operating income before impairment losses on loans and advances	61,298	3,014	91,612	27,393	226,363	13,425	423,105
Impairment losses on loans and advances	-	-	(56,281)	-	(19,502)	(417)	(76,200)
Operating income	61,298	3,014	35,331	27,393	206,861	13,008	346,905
Operating costs	(48,081)	(1,778)	(54,935)	(32,490)	(117,351)	(20,948)	(275,583)
Depreciation of operating leased assets	-	-	-	-	(22,154)	-	(22,154)
Operating profit/(loss) before amortisation of acquired intangibles	13,217	1,236	(19,604)	(5,097)	67,356	(7,940)	49,168
Operating loss/(profit) attributable to non-controlling interests	-	-	-	1,113	(242)	(899)	(28)
Operating profit/(loss) after non-controlling interests[^]	13,217	1,236	(19,604)	(3,984)	67,114	(8,839)	49,140
Operating profit/(loss) from core businesses	13,217	1,236	22,420	(3,984)	67,114	(8,839)	91,164
Operating (loss) from property development portfolios which are being run-off *	-	-	(42,024)	-	-	-	(42,024)
Cost to income ratio	78.4%	59.0%	60.0%	118.6%	61.6%	156.0%	70.4%
Total assets (£'mn)	662	65	6,026	559	10,652	1,382	19,346

For the six months to 30 September 2010

£'000	Wealth and Investment	Property Activities	Private Banking	Investment Banking	Capital Markets	Group Services and Other Activities	Total group
Net interest income	383	632	65,778	(2,480)	58,774	(8,976)	114,111
Fee and commission income	1,481	2,119	19,421	31,947	32,937	6,724	94,629
Fee and commission expense	(260)	(824)	(3,578)	(2,305)	(904)	(174)	(8,045)
Principal transactions	1,681	2,151	6,813	17,662	79,926	9,642	117,875
Other operating income	244	-	172	4,510	-	791	5,717
Other income	3,146	3,446	22,828	51,814	111,959	16,983	210,176
Total operating income before impairment losses on loans and advances	3,529	4,078	88,606	49,334	170,733	8,007	324,287
Impairment losses on loans and advances	-	-	(43,936)	-	(14,389)	(6,262)	(64,587)
Operating income	3,529	4,078	44,670	49,334	156,344	1,745	259,700
Operating costs	(4,393)	(2,210)	(61,776)	(51,987)	(85,652)	(18,833)	(224,851)
Depreciation of operating leased assets	-	-	-	-	-	-	-
Operating profit/(loss)	(864)	1,868	(17,106)	(2,653)	70,692	(17,088)	34,849
Operating loss/(profit) attributable to non-controlling interests	-	-	-	7,892	(268)	(28)	7,596
Operating profit/(loss) after non-controlling interests	(864)	1,868	(17,106)	5,239	70,424	(17,116)	42,445
Operating profit/(loss) from core businesses	(864)	1,868	16,636	5,239	70,424	(17,116)	76,187
Operating (loss) from property development portfolios which are being run-off *	-	-	(33,742)	-	-	-	(33,742)
Cost to income ratio	124.5%	54.2%	69.7%	105.4%	50.2%	235.2%	69.3%
Total assets (£'mn)	171	75	6,405	554	7,823	2,480	17,508

[^]Excluding non-operating items.

*Residual property development loan portfolios in Ireland and Australia which have been ring-fenced for collection and recovery and are being run-off.



Investec Bank plc (a subsidiary of Investec plc)

Segmental analysis of operating profit before non-operating items, taxation and after non-controlling interests

Unaudited

£'000	6 months to 30 Sept 2011	6 months to 30 Sept 2010	% change
Wealth and Investment	13,217	(864)	>100.0%
Property Activities	1,236	1,868	-33.8%
Private Banking	(19,604)	(17,106)	-14.6%
Operating profit from core businesses	22,420	16,636	34.8%
Operating (loss) from property development portfolios which are being run-off *	(42,024)	(33,742)	-24.5%
Investment Banking			
Corporate Finance	3,880	2,720	42.6%
Institutional Research, Sales and Trading	(4,274)	(530)	(>100.0%)
Direct Investments	1,456	9,292	-84.3%
Private Equity	(5,046)	(6,243)	19.2%
	(3,984)	5,239	(>100.0%)
Capital Markets	67,114	70,424	-4.7%
Group Services and Other Activities			
Central Funding	10,397	(2,992)	>100.0%
Central Services Costs	(19,236)	(14,124)	-36.2%
	(8,839)	(17,116)	-48.4%
Total group	49,140	42,445	15.8%

*Residual property development loan portfolios in Ireland and Australia which have been ring-fenced for collection and recovery and are being run-off.

Investec Bank plc (a subsidiary of Investec plc)

Segmental information - geographical analysis

Unaudited

For the six months to 30 September 2011

£'000	UK and Europe	Australia	Total group
Net interest income	91,245	36,069	127,314
Fee and commission income	156,187	18,544	174,731
Fee and commission expense	(12,466)	(1,964)	(14,430)
Principal transactions	85,030	6,612	91,642
Other operating income/(loss)	44,099	(251)	43,848
Other income	272,850	22,941	295,791
Total operating income before impairment losses on loans and advances	364,095	59,010	423,105
Impairment losses on loans and advances	(43,317)	(32,883)	(76,200)
Operating income	320,778	26,127	346,905
Operating costs	(228,077)	(47,506)	(275,583)
Depreciation of operating leased assets	(22,154)	-	(22,154)
Operating profit/(loss) before amortisation of acquired intangibles	70,547	(21,379)	49,168
Operating profit/(loss) attributable to non-controlling interests	(28)	-	(28)
Operating profit after non-controlling interests[^]	70,519	(21,379)	49,140
Operating profit/(loss) from core businesses	75,903	15,261	91,164
Operating (loss) from property development portfolios which are being run-off *	(5,384)	(36,640)	(42,024)
Cost to income ratio	68.7%	80.5%	70.4%
Total assets (£'mn)	16,010	3,336	19,346

For the six months to 30 September 2010

£'000	UK and Europe	Australia	Total group
Net interest income	84,446	29,665	114,111
Fee and commission income	80,645	13,984	94,629
Fee and commission expense	(6,200)	(1,845)	(8,045)
Principal transactions	107,252	10,623	117,875
Other operating income/(loss)	7,120	(1,403)	5,717
Other income	188,817	21,359	210,176
Total operating income before impairment losses on loans and advances	273,263	51,024	324,287
Impairment losses on loans and advances	(52,715)	(11,872)	(64,587)
Operating income	220,548	39,152	259,700
Operating costs	(187,135)	(37,716)	(224,851)
Depreciation of operating leased assets	-	-	-
Operating profit	33,413	1,436	34,849
Operating losses attributable to non-controlling interests	7,323	273	7,596
Operating profit after non-controlling interests	40,736	1,709	42,445
Operating profit from core businesses	62,758	13,429	76,187
Operating (loss) from property development portfolios which are being run-off *	(22,022)	(11,720)	(33,742)
Cost to income ratio	68.5%	73.9%	69.3%
Total assets (£'mn)	14,156	3,352	17,508

[^]Excluding non-operating items

*Residual property development loan portfolios in Ireland and Australia which have been ring-fenced for collection and recovery and are being run-off.



Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

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 2011.

Philosophy and approach

The bank recognises that an effective risk management function is fundamental to its business. Taking international best practice into account, our comprehensive risk management process involves identifying, quantifying, managing and mitigating the risks associated with each of our businesses.

Risk awareness, control and compliance are embedded in all our day-to-day activities.

Group Risk Management (part of Group Services) is independent from the business units and monitors, manages and reports on our risk to ensure it is within the stated appetite as mandated by Investec plc board of directors through the Board Risk and Capital Committee. Business units are ultimately responsible for managing risks that arise.

We monitor and control risk exposure through credit, market, liquidity, operational and legal risk reporting teams. This approach is core to assuming a tolerable risk and reward profile, helping us to pursue controlled growth across our business. Group Risk Management operates within an integrated geographical and divisional structure, in line with our management approach, ensuring that the appropriate processes are used to address all risks across the group.

Group Risk Management has specialist divisions in the UK, South Africa, Australia and smaller divisions in other regions to promote sound risk management practices.

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

Group Risk Management continually seeks new ways to enhance its techniques.

Group Risk Management objectives are to:

- Be the custodian of our risk management culture
- To ensure the business operates within the board stated appetite consistently
- Aggregate and monitor our exposure across risk classes
- Co-ordinate risk management activities across the organisation, covering all legal entities and jurisdictions
- Give the boards reasonable assurance that the risks we are exposed to are identified and, to the best extent possible, managed and controlled
- Run appropriate risk committees, as mandated by the board.

Overall group summary of the period in review from a risk perspective

Investec has continued to maintain a sound balance sheet with low leverage, and a diversified business model. This has been supported by the following key operating fundamentals:

- Intimate involvement of senior management ensuring stringent management of risk, liquidity and capital
- Strong risk and capital management culture embedded into our day-to-day activities and values. We seek to achieve an appropriate balance between risk and reward in our business, taking cognisance of all stakeholders' interests
- Reward programmes that align directors' and employees' interests with those of stakeholders, ensuring that these programmes promote effective risk management. Annual bonuses are closely linked to business performance, determined in the main by realised Economic Value Added profit performance against pre-determined targets above a risk and capital weighted return. This model has been consistently applied for in excess of ten years
- Credit and counterparty exposures to a select target market; our risk appetite continues to favour lower risk, income-based lending, with credit risk taken over a short to medium term exposure is taken against defined target clients displaying a profile of good character, sound financial strength and integrity, a core competency and a sound track record in the activity funded. The credit loss ratio improved from 1.98% at 31 March 2011 to 1.72% at 30 September 2011
- Limited exposure to rated and unrated structured credit investments; representing 3.4% of total assets
- A low leverage (gearing) ratio of approximately 11.4 times
- Low equity (investment) risk exposure; within total investments comprising 1.7% of total assets
- Modest proprietary market risk within our trading portfolio; value at risk and stress testing scenarios remain at prudent levels
- Potential losses that could arise in our trading book portfolio stress tested under extreme market conditions amount to 0.9% of total operating income for the six months to 30 September 2011
- A high level of readily available, high quality liquid assets; average cash and near cash of approximately £4.3 billion, within our range of 25% to 35% of our liability base. We continue to maintain a low reliance on interbank wholesale funding to fund core lending asset growth
- Continued increase in retail customer deposits and growing retail franchise
- Healthy capital ratios; we have always held capital in excess of regulatory requirements and we intend to perpetuate this philosophy.
- Geographical and operational diversity with a high level of recurring income which continues to support sustainability of operating profit.

Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

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.

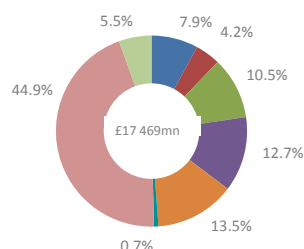
An analysis of gross credit and counterparty exposures

£'000	30 Sept 2011	31 March 2011	% change	Average*	30 Sept 2010
On-balance sheet exposures	16 504 042	15 602 049	5.8%	16 053 046	14 993 820
Securitisation exposures arising from securitisation/principal finance activities	1 379 161	1 032 661	33.6%	1 205 911	1 118 099
Rated instruments	539 044	450 762	19.6%	494 903	573 399
Unrated instruments	111 491	146 084	(23.7%)	128 788	88 399
Other	728 626	435 815	67.2%	582 221	456 301
Debt instruments - non sovereign (NCDs, bonds held, debentures)	742 395	1 390 826	(46.6%)	1 066 611	1 132 433
Bank placements	1 834 942	1 608 342	14.1%	1 721 642	1 695 815
Sovereign, government placements and debt instruments	2 213 488	1 740 502	27.2%	1 976 995	2 089 273
Trading exposures (positive fair value excluding potential future exposures)	2 363 106	1 897 903	24.5%	2 130 505	1 493 404
Other credit exposures	128 057	118 927	>100%	123 492	60 083
Gross core loans and advances to customers	7 842 893	7 812 888	0.4%	7 827 891	7 404 713
Off-balance sheet exposures	965 180	1 094 195	(11.8%)	1 029 688	925 048
Guarantees^	225 928	214 555	5.3%	220 242	213 456
Contingent liabilities, committed facilities and other	739 252	879 640	(16.0%)	809 446	711 592
Total gross credit and counterparty exposures pre collateral or other credit enhancements	17 469 222	16 696 244	4.6%	17 082 733	15 918 868

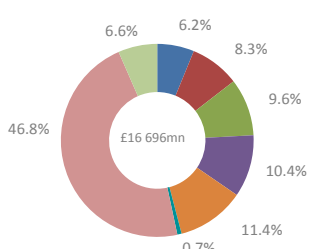
*Where the average is based on a straight line average for the period 1 April 2011 to 30 September 2011

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

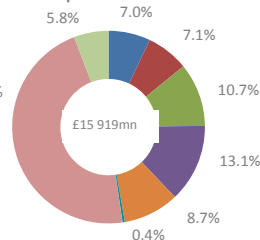
30 Sep 2011



31 March 2011



30 Sep 2010



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



Investec Bank plc (a subsidiary of Investec plc)

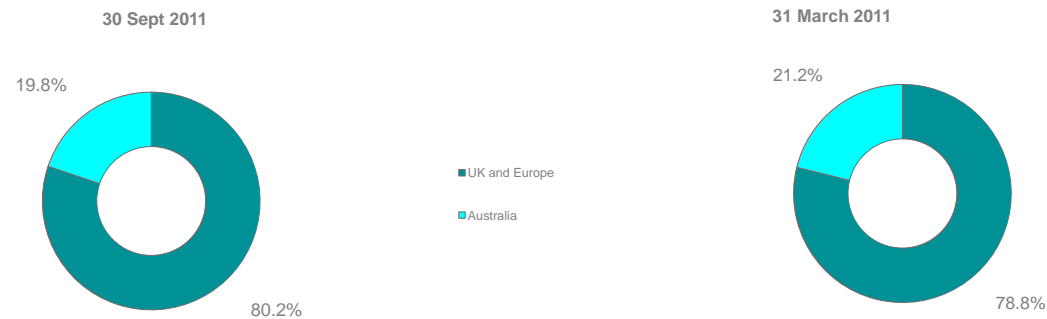
Risk management

Unaudited

An analysis of gross credit and counterparty exposures by geography

£'000	UK and Europe		Australia		Total	
	30 Sept 2011	31 March 2011	30 Sept 2011	31 March 2011	30 Sept 2011	31 March 2011
On-balance sheet exposures	13 253 242	12 277 758	3 250 800	3 324 291	16 504 042	15 602 049
Securitisation exposures arising from securitisation/principal finance activities	1 314 519	966 311	64 642	66 350	1 379 161	1 032 661
Rated instruments	474 402	384 412	64 642	66 350	539 044	450 762
Unrated instruments	111 491	146 084	-	-	111 491	146 084
Other	728 626	435 815	-	-	728 626	435 815
Debt instruments - non sovereign (NCDs, bonds held, debentures)	216 176	623 808	526 219	767 018	742 395	1 390 826
Bank placements	1 758 822	1 511 870	76 120	96 472	1 834 942	1 608 342
Sovereign, government placements and debt instruments	1 872 717	1 585 365	340 771	155 137	2 213 488	1 740 502
Trading exposures (positive fair value excluding potential future exposures)	2 216 651	1 816 235	146 455	81 668	2 363 106	1 897 903
Other credit exposures	78 383	64 950	49 674	53 977	128 057	118 927
Gross core loans and advances to customers	5 795 974	5 709 219	2 046 919	2 103 669	7 842 893	7 812 888
Off-balance sheet exposures	749 747	889 449	215 433	204 746	965 180	1 094 195
Guarantees	192 266	174 618	33 662	39 937	225 928	214 555
Contingent liabilities, committed facilities, other	557 481	714 831	181 771	164 809	739 252	879 640
Total gross credit and counterparty exposures pre collateral or other credit enhancements	14 002 989	13 167 207	3 466 233	3 529 037	17 469 222	16 696 244

An analysis of gross credit and counterparty exposures by geography





Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

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 non sovereign (NCDs, bonds held, debentures)	Bank placements	Sovereign, government placements and debt instruments	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										
As at 30 September 2011														
Cash and balances at central banks	-	-	-	-	-	-	725 426	-	-	-	725 426	-		725 426
Loans and advances to banks	-	-	-	-	-	895 219	-	-	-	-	895 219	-		895 219
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-	637 472	-	1 476 460	-	-	2 113 932	-		2 113 932
Trading securities	31 679	18 831	12 848	-	-	-	521 703	72 234	-	-	625 616	263 908	1	889 524
Derivative financial instruments	11 109	-	-	11 109	-	-	-	664 786	-	-	675 895	130 589	1	806 484
Investment securities	64 642	64 642	-	-	742 395	215 956	966 359	152	-	-	1 989 504	89 029	1	2 078 533
Loans and advances to customers	1 231 648	444 603	73 468	713 577	-	-	-	-	49 674	7 353 411	8 634 733	567 891	2	9 202 624
Securitised assets	36 143	10 968	25 175	-	-	-	-	-	-	489 482	525 625	599 227	3	1 124 852
Deferred taxation assets	-	-	-	-	-	-	-	-	-	-	-	70 752		70 752
Other assets	3 940	-	-	3 940	-	86 295	-	149 474	78 383	-	318 092	485 837		803 929
Interests in associated undertakings	-	-	-	-	-	-	-	-	-	-	-	13 185		13 185
Property and equipment	-	-	-	-	-	-	-	-	-	-	-	222 850		222 850
Goodwill	-	-	-	-	-	-	-	-	-	-	-	277 317		277 317
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	121 440		121 440
Total	1 379 161	539 044	111 491	728 626	742 395	1 834 942	2 213 488	2 363 106	128 057	7 842 893	16 504 042	2 842 025		19 346 067
As at 31 March 2011														
Cash and balances at central banks	-	-	-	-	-	21	1 142 355	162	-	-	1 142 538	9		1 142 547
Loans and advances to banks	-	-	-	-	-	750 463	-	-	-	-	750 463	-		750 463
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-	583 085	-	816 648	-	-	1 399 733	73 215		1 472 948
Trading securities	33 591	19 505	14 086	-	1 015	-	1 744	390 396	-	-	426 746	215 267	1	642 013
Derivative financial instruments	7 521	-	-	7 521	-	-	-	536 631	-	-	544 152	97 060	1	641 212
Investment securities	66 365	66 365	-	-	1 389 811	248 652	596 403	168	-	-	2 301 399	84 612	1	2 386 011
Loans and advances to customers	877 013	352 742	99 525	424 746	-	-	-	-	53 977	7 328 725	8 259 715	614 389	2	8 874 104
Securitised assets	44 623	12 150	32 473	-	-	-	-	-	-	484 163	528 786	609 832	3	1 138 618
Deferred taxation assets	-	-	-	-	-	-	-	-	-	-	-	62 436		62 436
Other assets	3 548	-	-	3 548	-	26 121	-	153 898	237	-	183 804	543 478		727 282
Interests in associated undertakings	-	-	-	-	-	-	-	-	-	-	-	13 096		13 096
Property and equipment	-	-	-	-	-	-	-	-	64 713	-	64 713	170 506		235 219
Goodwill	-	-	-	-	-	-	-	-	-	-	-	276 369		276 369
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	126 216		126 216
Total	1 032 661	450 762	146 084	435 815	1 390 826	1 608 342	1 740 502	1 897 903	118 927	7 812 888	15 602 049	2 886 485		18 488 534

Notes:

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

2. Relates to impairments and the impact of hedge accounting offset by intercompany exposures which we deem to have no credit risk.

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 legal credit exposure".



Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

An analysis of gross credit and counterparty exposure by residual contractual maturity

	up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	5 to 10 years	>10 years	Total
£'000							
As at 30 September 2011							
On-balance sheet exposures	7 554 515	886 182	1 430 149	4 178 958	785 404	1 668 834	16 504 042
Securitisation exposures arising from securitisation/principal finance activities	-	-	-	49 501	50 050	1 279 610	1 379 161
Rated instruments	-	-	-	44 675	38 327	456 042	539 044
Unrated instruments	-	-	-	4 826	-	106 665	111 491
Other	-	-	-	-	11 723	716 903	728 626
Debt instruments - non sovereign (NCDs, bonds held, debentures)	166 923	6 246	19 596	366 363	155 289	27 978	742 395
Bank placements	1 638 930	52 086	91 994	51 932	-	-	1 834 942
Sovereign, government placements and debt instruments	1 861 878	85 336	96 309	-	-	169 965	2 213 488
Trading exposures (positive fair value excluding potential future exposures)	1 962 774	213 382	8 487	156 643	8 819	13 001	2 363 106
Other credit exposures	54 576	10 742	22 814	37 580	2 345	-	128 057
Gross core loans and advances to customers	1 869 434	518 390	1 190 949	3 516 939	568 901	178 280	7 842 893
							-
Off-balance sheet exposures	447 569	46 550	70 302	349 877	48 562	2 320	965 180
Guarantees	38 478	4 534	3 272	179 166	478	-	225 928
Contingent liabilities, committed facilities and other	409 091	42 016	67 030	170 711	48 084	2 320	739 252
Total gross credit and counterparty exposures pre collateral or other credit enhancements	8 002 084	932 732	1 500 451	4 528 835	833 966	1 671 154	17 469 222



Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

An analysis of gross credit and counterparty exposure by industry

£'000	Gross core loans and advances		Other credit and counterparty exposures		Total	
	30 Sept 2011	31 March 2011	30 Sept 2011	31 March 2011	30 Sept 2011	31 March 2011
HNW and professional individuals	5 387 397	5 368 323	455 970	471 587	5 843 367	5 839 910
Agriculture	14 747	16 182	5 098	8 655	19 845	24 837
Electricity, gas and water (utility services)	317 987	268 840	106 005	183 257	423 992	452 097
Public and non-business services	143 570	135 337	2 236 486	2 137 468	2 380 056	2 272 805
Business service	200 346	195 628	87 013	74 341	287 359	269 969
Finance and insurance (including central banks)	284 702	268 559	5 574 205	5 101 616	5 858 907	5 370 175
Retailers and wholesalers	178 765	175 615	21 554	13 929	200 319	189 544
Manufacturing and commerce	405 826	437 025	93 924	56 767	499 750	493 792
Real estate	341 351	341 023	942 250	662 892	1 283 601	1 003 915
Mining and resources	117 230	122 096	52 256	58 974	169 486	181 070
Leisure, entertainment and tourism	100 754	125 194	11 992	45 151	112 746	170 345
Transport and communication	350 218	359 066	39 576	68 719	389 794	427 785
Total	7 842 893	7 812 888	9 626 329	8 883 356	17 469 222	16 696 244

Detailed analysis of gross credit and counterparty exposures by industry

£'000	HNW and professional individuals	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business service	Finance and insurance	Retailers and wholesalers	Manufacturing and commerce	Real estate	Mining and resources	Leisure, entertainment and tourism	Transport and communication	Total
As at 30 September 2011													
On-balance sheet exposures	5 387 397	14 889	334 833	2 358 231	278 669	5 626 779	192 439	439 466	1 281 739	125 093	104 860	359 647	16 504 042
Securitisation exposures arising from securitisation/principal finance activities	-	-	-	-	-	521 787	-	-	857 374	-	-	-	1 379 161
Rated instruments	-	-	-	-	-	446 371	-	-	92 673	-	-	-	539 044
Unrated instruments	-	-	-	-	-	64 307	-	-	47 184	-	-	-	111 491
Other	-	-	-	-	-	11 109	-	-	717 517	-	-	-	728 626
Debt instruments - non sovereign (NCDs, bonds held, debentures)	-	-	-	-	-	734 327	-	-	-	-	-	8 068	742 395
Bank placements	-	-	-	-	-	1 834 942	-	-	-	-	-	-	1 834 942
Sovereign, government placements and debt instruments	-	-	-	2 213 488	-	-	-	-	-	-	-	-	2 213 488
Trading exposures (positive fair value excluding potential future exposures)	-	142	16 846	-	2 971	2 250 280	13 674	33 398	32 465	7 863	4 106	1 361	2 363 106
Other credit exposures	-	-	-	1 173	75 352	741	-	242	50 549	-	-	-	128 057
Gross core loans and advances to customers	5 387 397	14 747	317 987	143 570	200 346	284 702	178 765	405 826	341 351	117 230	100 754	350 218	7 842 893
Off-balance sheet exposures	455 970	4 956	89 159	21 825	8 690	232 128	7 880	60 284	1 862	44 393	7 886	30 147	965 180
Guarantees	24 906	-	4 230	-	-	162 801	2 608	-	-	28 174	-	3 209	225 928
Contingent liabilities, committed facilities and other	431 064	4 956	84 929	21 825	8 690	69 327	5 272	60 284	1 862	16 219	7 886	26 938	739 252
Total gross credit and counterparty exposures pre collateral or other credit enhancements	5 843 367	19 845	423 992	2 380 056	287 359	5 858 907	200 319	499 750	1 283 601	169 486	112 746	389 794	17 469 222
As at 31 March 2011													
On-balance sheet exposures	5 368 323	16 189	272 037	2 256 796	257 610	5 174 279	179 903	444 437	1 000 390	130 312	127 147	374 626	15 602 049
Securitisation exposures arising from securitisation/principal finance activities	-	-	-	-	-	454 039	-	-	578 622	-	-	-	1 032 661
Rated instruments	-	-	-	-	-	355 773	-	-	94 989	-	-	-	450 762
Unrated instruments	-	-	-	-	-	90 745	-	-	55 339	-	-	-	146 084
Other	-	-	-	-	-	7 521	-	-	428 294	-	-	-	435 815
Debt instruments - non sovereign (NCDs, bonds held, debentures)	-	-	-	-	-	1 377 754	-	-	-	-	-	13 072	1 390 826
Bank placements	-	-	-	-	-	1 608 342	-	-	-	-	-	-	1 608 342
Sovereign, government placements and debt instruments	-	-	-	1 740 502	-	-	-	-	-	-	-	-	1 740 502
Trading exposures (positive fair value excluding potential future exposures)	-	7	3 197	367 422	10 803	1 465 585	4 288	7 412	26 532	8 216	1 953	2 488	1 897 903
Other credit exposures	-	-	-	13 535	51 179	-	-	-	54 213	-	-	-	118 927
Gross core loans and advances to customers	5 368 323	16 182	268 840	135 337	195 628	268 559	175 615	437 025	341 023	122 096	125 194	359 066	7 812 888
Off-balance sheet exposures	471 587	8 648	180 060	16 009	12 359	195 896	9 641	49 355	3 525	50 758	43 198	53 159	1 094 195
Guarantees	28 329	-	1 489	-	-	162 635	3 227	104	-	18 771	-	-	214 555
Contingent liabilities, committed facilities and other	443 258	8 648	178 571	16 009	12 359	33 261	6 414	49 251	3 525	31 987	43 198	53 159	879 640
Total gross credit and counterparty exposures pre collateral or other credit enhancements	5 839 910	24 837	452 097	2 272 805	269 969	5 370 175	189 544	493 792	1 003 915	181 070	170 345	427 785	16 696 244

Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

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

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:

- Warehouse funding facilities and structured credit investments arising out of our securitisation and principal finance activities have been deducted.
- 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.

£'000	30 Sept 2011	31 March 2011	30 Sept 2010
Loans (pre-impairments and intercompany loans)	8,634,733	8,259,715	7,843,304
Less: warehouse facilities and structured credit investments arising out of securitisation and principal finance activities and other credit exposures (pre-impairments)	(1,281,322)	(930,990)	(935,031)
Add: own originated securitised assets	489,482	484,163	496,440
Gross core loans and advances to customers (pre-impairments)	7,842,893	7,812,888	7,404,713

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

£'000	30 Sept 2011	31 March 2011	30 Sept 2010
Gross core loans and advances to customers	7,842,893	7,812,888	7,404,713
Total impairments	(220,870)	(183,743)	(143,863)
Portfolio impairments	(1,485)	(1,518)	(36,316)
Specific impairments	(219,385)	(182,225)	(107,547)
Net core loans and advances to customers	7,622,023	7,629,145	7,260,850
Average gross core loans and advances to customers	7,827,891	7,585,284	7,381,197
Current loans and advances to customers	6,907,986	6,911,792	6,437,256
Past due and default core loans and advances to customers	934,907	901,096	967,457
Past due loans and advances to customers (1-60 days)	234,787	256,779	342,195
Special mention loans and advances to customers	44,080	27,051	61,915
Default loans and advances to customers	656,040	617,266	563,347
Gross core loans and advances to customers	7,842,893	7,812,888	7,404,713
Past due and default core loans and advances to customers	934,907	901,096	967,457
Default loans that are current and not impaired	-	-	4,527
Gross core loans and advances to customers that are past due but not impaired	377,363	440,973	644,189
Gross core loans and advances to customers that are impaired	557,544	460,123	318,741
Total income statement charge for impairments against core loans	(76,200)	(164,778)	(64,587)
Gross default loans and advances to customers	656,040	617,266	563,347
Specific impairments	(219,385)	(182,225)	(107,547)
Portfolio impairments	(1,485)	(1,518)	(36,316)
Defaults net of impairments	435,170	433,523	419,484
Collateral and other credit enhancements	451,548	551,279	484,514
Net default loans and advances to customers (limited to zero)	-	-	-
Ratios:			
Total impairments as a % of gross core loans and advances to customers	2.82%	2.35%	1.94%
Total impairments as a % of gross default loans	33.67%	29.77%	25.54%
Gross defaults as a % of gross core loans and advances to customers	8.36%	7.90%	7.61%
Defaults (net of impairments) as a % of net core loans and advances to customers	5.71%	5.68%	5.78%
Net defaults as a % of core loans and advances to customers	-	-	-
Annualised credit loss ratio (i.e income statement charge as a % of average gross loans and advances)	1.72%	1.98%	1.59%



Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

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

£'000	UK and Europe		Australia		Total	
	30 Sept 2011	31 March 2011	30 Sept 2011	31 March 2011	30 Sept 2011	31 March 2011
Gross core loans and advances to customers	5 795 974	5 709 219	2 046 919	2 103 669	7 842 893	7 812 888
Total impairments	(164 317)	(155 515)	(56 553)	(28 228)	(220 870)	(183 743)
Portfolio impairments	-	-	(1 485)	(1 518)	(1 485)	(1 518)
Specific impairments	(164 317)	(155 515)	(55 068)	(26 710)	(219 385)	(182 225)
Net core loans and advances to customers	5 631 657	5 553 704	1 990 366	2 075 441	7 622 023	7 629 145
% of total	73.9%	72.8%	26.1%	27.2%	100%	100%
% change since 31 March 2011	1.4%	-	(4.1%)	-	(0.1%)	-
Average gross core loans and advances to customers	5 752 597	5 607 222	2 075 294	1 978 062	7 827 891	7 585 284
Current loans and advances to customers	5 147 009	5 072 317	1 760 977	1 839 475	6 907 986	6 911 792
Past due and default core loans and advances to customers	648 965	636 902	285 942	264 194	934 907	901 096
Past due loans and advances to customers (1-60 days)	220 373	232 627	14 414	24 152	234 787	256 779
Special mention loans and advances to customers	34 008	13 160	10 072	13 891	44 080	27 051
Default loans and advances to customers	394 584	391 115	261 456	226 151	656 040	617 266
Gross core loans and advances to customers	5 795 974	5 709 219	2 046 919	2 103 669	7 842 893	7 812 888
Past due and default core loans and advances to customers	648 965	636 902	285 942	264 194	934 907	901 096
Default loans that are current and not impaired	-	-	-	-	-	-
Gross core loans and advances to customers that are past due but not impaired	311 956	300 634	65 407	140 339	377 363	440 973
Gross core loans and advances to customers that are impaired	337 009	336 268	220 535	123 855	557 544	460 123
Total income statement charge for impairments on core loans	(43 317)	(140 347)	(32 883)	(30 207)	(76 200)	(170 554)
Gross default loans and advances to customers	394 584	391 115	261 456	226 151	656 040	617 266
Specific impairments	(164 317)	(155 515)	(55 068)	(26 710)	(219 385)	(182 225)
Portfolio impairments	-	-	(1 485)	(1 518)	(1 485)	(1 518)
Defaults net of impairments	230 267	235 600	204 903	197 923	435 170	433 523
Collateral and other credit enhancements	241 522	336 739	210 026	214 540	451 548	551 279
Net default loans and advances to customers (limited to zero)	-	-	-	-	-	-
Total impairments as a % of gross core loans and advances to customers	2.84%	2.72%	2.76%	1.34%	2.82%	2.35%
Total impairments as a % of gross default loans	41.64%	39.76%	21.63%	12.48%	33.67%	29.77%
Gross defaults as a % of gross core loans and advances to customers	6.81%	6.85%	12.77%	10.75%	8.36%	7.90%
Defaults (net of impairments) as a % of net core loans and advances to customers	4.09%	4.24%	10.29%	9.54%	5.71%	5.68%
Net defaults as a % of core loans and advances to customers	-	-	-	-	-	-
Annualised credit loss ratio (i.e income statement charge as a % of average gross loans and advances)	1.27%	2.13%	3.17%	1.53%	1.72%	1.98%



Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

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

As at 30 September 2011

£'000	UK and Europe	Private Bank** Australia	Total	UK and Europe	Capital Markets** Australia	Total	UK and Europe	Other* Australia	Total	Total
Gross core loans and advances to customers	3 620 380	1 767 017	5 387 397	2 028 350	279 550	2 307 900	147 244	352	147 596	7 842 893
Total impairments	(135 538)	(56 164)	(191 702)	(26 946)	(389)	(27 335)	(1 833)	-	(1 833)	(220 870)
Portfolio impairments	-	(1 485)	(1 485)	-	-	-	-	-	-	(1 485)
Specific impairments	(135 538)	(54 679)	(190 217)	(26 946)	(389)	(27 335)	(1 833)	-	(1 833)	(219 385)
Net core loans and advances to customers	3 484 842	1 710 853	5 195 695	2 001 404	279 161	2 280 565	145 411	352	145 763	7 622 023
Average gross core loans and advances	3 570 134	1 807 727	5 377 861	2 032 504	279 161	2 298 962	149 959	1 109	151 068	7 827 891
Current loans and advances to customers	3 077 266	1 485 055	4 562 321	1 924 334	266 458	2 199 902	145 411	352	145 763	6 907 986
Past due and default core loans and advances to customers	543 114	281 962	825 076	104 016	3 982	107 998	1 833	-	1 833	934 907
Past due loans and advances to customers (1-60 days)	191 650	14 414	206 064	28 723	-	28 723	-	-	-	234 787
Special mention loans and advances to customers	17 968	8 723	26 691	16 040	1 349	17 389	-	-	-	44 080
Default loans and advances to customers	333 496	258 825	592 321	59 253	2 633	61 886	1 833	-	1 833	656 040
Gross core loans and advances to customers	3 620 380	1 767 017	5 387 397	2 028 350	270 440	2 307 900	147 244	352	147 596	7 842 893
Past due and default core loans and advances to customers	543 114	281 962	825 076	104 016	3 982	107 998	1 833	-	1 833	934 907
Default loans that are current and not impaired	-	-	-	-	-	-	-	-	-	-
Gross core loans and advances to customers that are past due but not impaired	266 913	61 678	328 591	45 042	3 730	48 772	-	-	-	377 363
Gross core loans and advances to customers that are impaired	276 201	220 284	496 485	58 974	252	59 226	1 833	-	1 833	557 544
Total income statement charge for impairments on core loans	(24 962)	(31 319)	(56 281)	(17 939)	(1 563)	(19 502)	(417)	-	(417)	(76 200)
Gross default loans and advances to customers	333 496	258 825	592 321	59 253	2 633	61 886	1 833	-	1 833	656 040
Specific impairments	(135 538)	(54 679)	(190 217)	(26 946)	(389)	(27 335)	(1 833)	-	(1 833)	(219 385)
Portfolio impairments	-	(1 485)	(1 485)	-	-	-	-	-	-	(1 485)
Defaults net of impairments	197 958	202 661	400 619	32 307	2 244	34 551	-	-	-	435 170
Collateral and other credit enhancements	198 313	207 645	405 958	43 209	2 381	45 590	-	-	-	451 548
Net default loans and advances to customers (limited to zero)	-	-	-	-	-	-	-	-	-	-
Total impairments as a % of gross core loans and advances to customers	3.74%	3.18%	3.56%	1.33%	0.14%	1.18%	1.24%	-	1.24%	2.82%
Total impairments as a % of gross default loans	40.64%	21.70%	32.36%	45.48%	14.77%	44.17%	100.00%	-	100.00%	33.67%
Gross defaults as a % of gross core loans and advances to customers	9.21%	14.65%	10.99%	2.92%	0.94%	2.68%	1.24%	-	1.24%	8.36%
Defaults (net of impairments) as a % of net core loans and advances to customers	5.68%	11.85%	7.71%	1.61%	0.80%	1.52%	-	-	-	5.71%
Net defaults as a % of core loans and advances to customers	-	-	-	-	-	-	-	-	-	-
Annualised credit loss ratio (i.e income statement impairment charge as a % of average gross loans and advances)	1.40%	3.47%	2.09%	1.16%	1.17%	1.16%	0.56%	-	0.55%	1.72%

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

** A further analysis of our Private Bank and Capital Markets loan portfolios, broken down by type of loan, is provided further on.



Investec Bank plc (a subsidiary of Investec plc)

Risk management

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

As at 31 March 2011

£'000	UK and Europe	Private Bank Australia	Total	UK and Europe	Capital Markets Australia	Total	UK and Europe	Other* Australia	Total	Total
Gross core loans and advances to customers	3 519 887	1 848 436	5 368 323	2 036 660	253 366	2 290 026	152 673	1 866	154 539	7 812 888
Total impairments	(141 673)	(27 987)	(169 660)	(13 842)	(241)	(14 083)	-	-	-	(183 743)
Portfolio impairments	-	(1 518)	(1 518)	-	-	-	-	-	-	(1 518)
Specific impairments	(141 673)	(26 469)	(168 142)	(13 842)	(241)	(14 083)	-	-	-	(182 225)
Net core loans and advances to customers	3 378 214	1 820 449	5 198 663	2 022 818	253 125	2 275 943	152 673	1 866	154 539	7 629 145
Average gross core loans and advances	3 577 851	1 764 226	5 342 077	1 907 079	212 029	2 119 108	122 291	1 808	124 099	7 585 284
Current loans and advances to customers	2 971 056	1 589 649	4 560 705	1 948 588	247 960	2 196 548	152 673	1 866	154 539	6 911 792
Past due and default core loans and advances to customers	548 831	258 787	807 618	88 072	5 406	93 478	-	-	-	901 096
Past due loans and advances to customers (1-60 days)	204 866	24 152	229 018	27 761	-	27 761	-	-	-	256 779
Special mention loans and advances to customers	12 674	12 627	25 301	487	1 263	1 750	-	-	-	27 051
Default loans and advances to customers	331 291	222 008	553 299	59 824	4 143	63 967	-	-	-	617 266
Gross core loans and advances to customers	3 519 887	1 848 436	5 368 323	2 036 660	253 366	2 290 026	152 673	1 866	154 539	7 812 888
Past due and default core loans and advances to customers	548 831	258 787	807 618	88 072	5 406	93 478	-	-	-	901 096
Default loans that are current and not impaired	-	-	-	-	-	-	-	-	-	-
Gross core loans and advances to customers that are past due but not impaired	272 152	135 203	407 355	28 483	5 135	33 618	-	-	-	440 973
Gross core loans and advances to customers that are impaired	276 679	123 584	400 263	59 589	271	59 860	-	-	-	460 123
Total income statement charge for impairments on core loans	(123 640)	(26 862)	(150 502)	(28 411)	(3 345)	(31 756)	11 704	-	11 704	(170 554)
Gross default loans and advances to customers	331 291	222 008	553 299	59 824	4 143	63 967	-	-	-	617 266
Specific impairments	(141 673)	(26 469)	(168 142)	(13 842)	(241)	(14 083)	-	-	-	(182 225)
Portfolio impairments	-	(1 518)	(1 518)	-	-	-	-	-	-	(1 518)
Defaults net of impairments	189 618	194 021	383 639	45 982	3 902	49 884	-	-	-	433 523
Collateral and other credit enhancements	290 758	210 637	501 395	45 982	3 902	49 884	-	-	-	551 279
Net default loans and advances to customers (limited to zero)	-	-	-	-	-	-	-	-	-	-
Total impairments as a % of gross core loans and advances to customers	4.02%	1.51%	3.16%	0.68%	0.10%	0.61%	-	-	-	2.35%
Total impairments as a % of gross default loans	42.76%	12.61%	30.66%	23.14%	5.82%	22.02%	-	-	-	29.77%
Gross defaults as a % of gross core loans and advances to customers	9.41%	12.01%	10.31%	2.94%	1.64%	2.79%	-	-	-	7.90%
Defaults (net of impairments) as a % of net core loans and advances to customers	5.61%	10.66%	7.38%	2.27%	1.54%	2.19%	-	-	-	5.68%
Net defaults as a % of core loans and advances to customers	-	-	-	-	-	-	-	-	-	-
Annualised credit loss ratio (i.e income statement charge as a % of average gross loans and advances)	3.29%	1.52%	2.71%	1.09%	1.43%	1.12%	(9.57%)	-	(9.43%)	1.98%

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



Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

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

£'000	30 Sept 2011	31 March 2011
Default loans that are current	59 345	339
31 - 60 days	241 877	292 478
61 - 90 days	38 277	26 894
91 - 180 days	361 246	352 580
181 - 365 days	47 061	62 287
>365 days	187 101	166 518
Past due and default core loans and advances to customers (actual capital exposure)	934 907	901 096
1 - 60 days	7 578	5 166
61 - 90 days	4 070	11 714
91 - 180 days	27 261	36 592
181 - 365 days	45 541	44 159
>365 days	183 498	149 343
Past due and default core loans and advances to customers (actual amount in arrears)	267 948	246 974

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

£'000	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
As at 30 September 2011							
Default loans that are current	-	-	-	-	-	-	-
Total capital exposure	-	-	-	-	-	-	-
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	-	240 915	37 952	73 166	9 531	15 799	377 363
Amount in arrears	-	6 674	3 745	10 709	8 011	13 724	42 863
Gross core loans and advances to customers that are impaired							
Total capital exposure	59 345	962	325	288 080	37 530	171 302	557 544
Amount in arrears	-	904	325	16 552	37 530	169 774	225 085
As at 31 March 2011							
Default loans that are current	-	-	-	-	-	-	-
Total capital exposure	-	-	-	-	-	-	-
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	-	258 443	25 388	48 498	44 281	64 363	440 973
Amount in arrears	-	4 261	10 503	8 530	33 712	48 718	105 724
Gross core loans and advances to customers that are impaired							
Total capital exposure	339	34 035	1 506	304 082	18 006	102 155	460 123
Amount in arrears	-	905	1 211	28 062	10 447	100 625	141 250

Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

An age analysis of past due and default core loans and advances to customers as at 30 September 2011 (based on total capital exposure)

£'000	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	234 787	-	-	-	-	234 787
Special mention	-	6 128	37 952	-	-	-	44 080
Special mention (1 - 90 days)	-	6 128	19 532	-	-	-	25 660
Special mention (61 - 90 days and well secured)	-	-	18 420	-	-	-	18 420
Default	59 345	962	325	361 246	47 061	187 101	656 040
Sub-standard	487	-	-	173 186	9 531	17 278	200 482
Doubtful	58 858	962	325	25 206	37 530	164 370	287 251
Loss	-	-	-	162 854	-	5 453	168 307
Total	59 345	241 877	38 277	361 246	47 061	187 101	934 907

An age analysis of past due and default core loans and advances to customers as at 30 September 2011 (based on actual amount in arrears)

£'000	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	6 440	-	-	-	-	6 440
Special mention	-	234	3 745	-	-	-	3 979
Special mention (1 - 90 days)	-	234	3 301	-	-	-	3 535
Special mention (61 - 90 days and well secured)	-	-	444	-	-	-	444
Default	-	904	325	27 261	45 541	183 498	257 529
Sub-standard	-	-	-	10 710	8 011	13 867	32 588
Doubtful	-	904	325	16 551	37 530	164 178	219 488
Loss	-	-	-	-	-	5 453	5 453
Total	-	7 578	4 070	27 261	45 541	183 498	267 948

An age analysis of past due and default core loans and advances to customers as at 31 March 2011 (based on total capital exposure)

£'000	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	256 779	-	-	-	-	256 779
Special mention	-	1 663	25 388	-	-	-	27 051
Special mention (1 - 90 days)	-	1 663	14 210	-	-	-	15 873
Special mention (61 - 90 days and well secured)	-	-	11 178	-	-	-	11 178
Default	339	34 036	1 506	352 580	62 287	166 518	617 266
Sub-standard	-	33 138	-	142 004	50 196	65 793	291 131
Doubtful	339	898	1 506	36 793	12 091	96 193	147 820
Loss	-	-	-	173 783	-	4 532	178 315
Total	339	292 478	26 894	352 580	62 287	166 518	901 096

An age analysis of past due and default core loans and advances to customers as at 31 March 2011 (based on actual amount in arrears)

£'000	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	4 175	-	-	-	-	4 175
Special mention	-	86	10 503	-	-	-	10 589
Special mention (1 - 90 days)	-	86	10 165	-	-	-	10 251
Special mention (61 - 90 days and well secured)	-	-	338	-	-	-	338
Default	-	905	1 211	36 592	44 159	149 343	232 210
Sub-standard	-	7	-	8 495	36 456	48 811	93 769
Doubtful	-	898	1 211	28 079	7 662	96 000	133 850
Loss	-	-	-	18	41	4 532	4 591
Total	-	5 166	11 714	36 592	44 159	149 343	246 974



Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

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

	Current core loans and advances	Past due (1-60 days)	Special mention (1 - 60 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
£'000											
As at 30 September 2011											
Private Banking professional and HNW individuals	4 558 340	206 065	9 729	18 311	199 715	232 383	162 854	5 387 397	(1 485)	(190 607)	(192 092)
Corporate sector	1 887 541	28 722	15 931	109	767	53 832	5 453	1 992 355	-	(28 107)	(28 107)
Banking, insurance, financial services (excluding sovereign)	284 381	-	-	-	-	321	-	284 702	-	(203)	(203)
Public and government sector (including central banks)	142 855	-	-	-	-	715	-	143 570	-	(468)	(468)
Trade finance and other	34 869	-	-	-	-	-	-	34 869	-	-	-
Total gross core loans and advances to customers	6 907 986	234 787	25 660	18 420	200 482	287 251	168 307	7 842 893	(1 485)	(219 385)	(220 870)
As at 31 March 2011											
Private Banking professional and HNW individuals	4 555 298	229 019	15 873	10 691	251 843	131 816	173 783	5 368 323	(1 518)	(168 383)	(169 901)
Corporate sector	1 901 968	27 760	-	487	39 288	15 037	4 532	1 989 072	-	(13 265)	(13 265)
Banking, insurance, financial services (excluding sovereign)	268 230	-	-	-	-	329	-	268 559	-	(198)	(198)
Public and government sector (including central banks)	134 699	-	-	-	-	638	-	135 337	-	(379)	(379)
Trade Finance and other	51 597	-	-	-	-	-	-	51 597	-	-	-
Total gross core loans and advances to customers	6 911 792	256 779	15 873	11 178	291 131	147 820	178 315	7 812 888	(1 518)	(182 225)	(183 743)

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

£'000	30 Sept 2011	31 March 2011
Private Banking professional and HNW individuals	5 387 397	5 368 323
Corporate sector	1 992 355	1 989 072
Banking, insurance, financial services (excluding sovereign)	284 702	268 559
Public and government sector (including central banks)	143 570	135 337
Trade finance and other	34 869	51 597
Total gross core loans and advances to customers	7 842 893	7 812 888



Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

An analysis of core loans and advances to customers

£'000	Gross core loans and advances that are neither past due nor impaired	Gross core loans and advances that are past due but not impaired	Gross core loans and advances that are impaired	Total gross core loans and advances (actual capital exposure)	Specific impairments	Portfolio impairments	Total net core loans and advances (actual capital exposure)	Actual amount in arrears
As at 30 September 2011								
Current core loans and advances	6 907 986	-	-	6 907 986	-	(1 485)	6 906 501	-
Past due (1-60 days)	-	234 787	-	234 787	-	-	234 787	6 440
Special mention	-	44 080	-	44 080	-	-	44 080	3 979
Special mention (1 - 90 days)	-	25 660	-	25 660	-	-	25 660	3 535
Special mention (61 - 90 days and item well secured)	-	18 420	-	18 420	-	-	18 420	444
Default	-	98 496	557 544	656 040	(219 385)	-	436 655	257 529
Sub-standard	-	98 496	101 986	200 482	(33 051)	-	167 431	32 588
Doubtful	-	-	287 251	287 251	(82 641)	-	204 610	219 488
Loss	-	-	168 307	168 307	(103 693)	-	64 614	5 453
Total	6 907 986	377 363	557 544	7 842 893	(219 385)	(1 485)	7 622 023	267 948
As at 31 March 2011								
Current core loans and advances	6 911 792	-	-	6 911 792	-	(1 518)	6 910 274	-
Past due (1-60 days)	-	256 779	-	256 779	-	-	256 779	4 175
Special mention	-	27 051	-	27 051	-	-	27 051	10 589
Special mention (1 - 90 days)	-	15 873	-	15 873	-	-	15 873	10 251
Special mention (61 - 90 days and item well secured)	-	11 178	-	11 178	-	-	11 178	338
Default	-	157 143	460 123	617 266	(182 225)	-	435 041	232 210
Sub-standard	-	157 143	133 988	291 131	(37 755)	-	253 376	93 769
Doubtful	-	-	147 820	147 820	(35 684)	-	112 136	133 850
Loss	-	-	178 315	178 315	(108 786)	-	69 529	4 591
Total	6 911 792	440 973	460 123	7 812 888	(182 225)	(1 518)	7 629 145	246 974



Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

An analysis of default core loans and advances as at 30 September 2011

	UK and Europe				Australia				Total			
£' million	Gross core loans	Gross defaults	Collateral against defaults	Impairments	Gross core loans	Gross defaults	Collateral against defaults	Impairments	Gross core loans	Gross defaults	Collateral against defaults	Impairments
Private Bank												
Residential Property	1 517	192	118	75	367	149	114	35	1 884	341	232	110
Residential property investments	587	6	5	1	34	26	19	7	621	32	24	8
Residential mortgages (owner occupied and second homes)	227	-	-	-	62	-	-	-	289	-	-	-
Residential property development	542	90	57	33	180	89	65	25	722	179	122	58
Residential estates/land	161	96	56	41	91	34	30	3	252	130	86	44
Commercial Property	1 566	117	66	54	560	94	82	16	2 126	211	148	70
Commercial property investment	1 236	39	29	11	522	76	64	15	1 758	115	93	26
Commercial property land	225	66	31	36	28	17	17	1	253	83	48	37
Commercial property development	105	12	6	7	10	1	1	-	115	13	7	7
Other	537	24	14	7	840	16	12	5	1 377	40	26	12
Asset backed lending	332	1	-	1	517	2	1	1	849	3	1	2
Unlisted securities and general corporate lending	64	3	3	-	123	10	7	4	187	13	10	4
Unsecured lending	31	18	10	6	108	-	-	-	139	18	10	6
Other*	110	2	1	-	92	4	4	-	202	6	5	-
Total Private Bank	3 620	333	198	136	1 767	259	208	56	5 387	592	406	192
Capital Markets												
Acquisition finance	643	5	11	5	73	-	-	-	716	5	11	5
Asset finance	359	16	6	10	12	-	-	-	371	16	6	10
Corporate loans	635	5	-	5	81	3	2	-	716	8	2	5
Project finance	356	33	26	7	32	-	-	-	388	33	26	7
Resource finance and commodities	35	-	-	-	82	-	-	-	117	-	-	-
Total Capital Markets	2 028	59	43	27	280	3	2	-	2 308	62	45	27
Other*	147	2	-	2	-	-	-	-	147	2	-	2
Total group	5 795	394	241	165	2 047	262	210	56	7 842	656	451	221

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

Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

Collateral

The following disclosure is made with respect to Basel II requirements and definitions

£'000	Collateral held against		Total
	Gross core loans and advances	Other credit and counterparty exposures *	
As at 30 September 2011			
Eligible financial collateral	261 432	46 450	307 882
Listed shares	139 239	-	139 239
Cash	122 193	46 450	168 643
Mortgage bonds	5 700 837	131 666	5 832 503
Residential mortgages	1 749 082	-	1 749 082
Residential development	1 042 292	-	1 042 292
Commercial property developments	687 575	-	687 575
Commercial property investments	2 221 888	131 666	2 353 554
Other collateral	4 851 967	-	4 851 967
Unlisted shares	420 392	-	420 392
Bonds other than mortgage bonds	39 784	-	39 784
Debtors, stock and other corporate assets	2 994 715	-	2 994 715
Guarantees	572 966	-	572 966
Other	824 110	-	824 110
Total collateral	10 814 236	178 116	10 992 352
As at 31 March 2011			
Eligible financial collateral	297 783	75 936	373 719
Listed shares	152 080	47 164	199 244
Cash	145 703	28 772	174 475
Mortgage bonds	6 434 801	136 035	6 570 836
Residential mortgages	1 749 199	-	1 749 199
Residential development	1 283 378	-	1 283 378
Commercial property developments	785 370	-	785 370
Commercial property investments	2 616 854	136 035	2 752 889
Other collateral	4 836 021	-	4 836 021
Unlisted shares	405 551	-	405 551
Bonds other than mortgage bonds	334 573	-	334 573
Debtors, stock and other corporate assets	2 755 265	-	2 755 265
Guarantees	522 877	-	522 877
Other	817 755	-	817 755
Total collateral	11 568 605	211 971	11 780 576

* 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.



Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

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 bank:

- Investment Banking Principal Investments (Private Equity and Direct 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.
- 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.

£'000	Income (pre funding costs)				Fair value through equity
	Unrealised	Realised	Dividends, net interest and other	Total	
Six months to 30 September 2011					
Unlisted investments	11 381	3 162	(802)	13 741	2 828
UK and Europe	11 381	3 196	(814)	13 763	3 337
Australia	-	(34)	12	(22)	(509)
Listed equities	(8 779)	798	(4 567)	(12 548)	441
UK and Europe	(8 779)	450	(4 568)	(12 897)	3 579
Australia	-	348	1	349	(3 138)
Trading properties	36	864	441	1 341	-
UK and Europe	36	228	441	705	-
Australia	-	636	-	636	-
Warrants, profit shares and other embedded derivatives	(3 531)	-	2 254	(1 277)	-
UK and Europe	(3 531)	-	2 254	(1 277)	-
Australia	-	-	-	-	-
Total	(893)	4 824	(2 674)	1 257	3 269
Year ended 31 March 2011					
Unlisted investments	9 473	24 965	(2 492)	31 946	(3 526)
UK and Europe	9 473	21 978	(2 696)	28 755	(2 608)
Australia	-	2 987	204	3 191	(918)
Listed equities	3 214	3 915	(19 012)	(11 884)	7 097
UK and Europe	3 214	42	(19 262)	(16 006)	5 612
Australia	-	3 873	250	4 123	1 485
Trading properties	472	193	1 193	1 858	-
UK and Europe	472	193	614	1 279	-
Australia	-	-	579	579	-
Warrants, profit shares and other embedded derivatives	(936)	10 744	(26)	9 782	-
UK and Europe	(936)	10 744	(26)	9 782	-
Australia	-	-	-	-	-
Total	12 222	39 817	(20 337)	31 702	3 571

Unrealised revaluation gains are included in Tier 1 capital. Revaluations that are posted directly to equity are included in Tier 2 capital.

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

£'000	On-balance sheet value of investments	Valuation change stress test*	On-balance sheet value of investments	Valuation change stress test*
	30 Sept 2011	30 Sept 2011	31 March 2011	31 March 2011
Unlisted investments	192 274	28 841	123 533	18 530
UK and Europe	184 791	27 719	116 981	17 547
Australia	7 483	1 122	6 552	983
Listed equities	51 574	12 894	69 598	17 399
UK and Europe	45 405	11 352	60 657	15 164
Australia	6 169	1 542	8 941	2 235
Trading properties	86 122	17 224	58 434	11 687
UK and Europe	64 625	12 925	30 554	6 111
Australia	21 497	4 299	27 880	5 576
Warrants, profit shares and other embedded derivatives	26 631	9 320	32 387	11 336
UK and Europe	26 631	9 320	32 387	11 336
Australia	-	-	-	-
Total	356 601	68 279	283 952	58 952

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

Stress test values applied

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

Stress testing summary

Based on the information above as at 30 September 2011 we could have a £68 million reversal in revenue (which assumes a year in which there is a "worst case scenario"). This would not cause the company 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.

Capital requirements

In Terms of Basel II capital requirements, unlisted and listed equities within the banking book are represented under the category of "equity risk" and the investment properties, profit shares and embedded derivatives are considered in the calculation of capital required for credit risk.



Investec Bank plc (a subsidiary of Investec plc)

Risk Management

Unaudited

Securitisation/principal finance activities and exposures

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 Principal Finance 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.

Australia

Investec Bank (Australia) Limited acquired Experien in 2007. Assets originated by the business have been securitised. These amount to A\$784 million (31 March 2011: A\$751 million)

Credit analysis

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, assets that have been securitised by our Private Banking division are reflected as part of our core lending exposures and not our securitisation/principal finance exposures as we believe this reflects the true nature and intent of these exposures and activities.

Nature of exposure/activity	Exposure as at 30 Sept 2011 £'mn	Exposure as at 31 March 2011 £'mn	Credit analysis internal risk classification	Asset quality - relevant comments for the period	Capital treatment
Structured credit investments*	665	608	On-balance sheet securitisation/principal finance exposure		Risk-weighted or supervisory deductions against primary and secondary capital
Rated	539	364			
Unrated	111	50			
Other	15	33			
Warehouse lines provided to, and investment in third party intermediary originating platforms (mortgage loans)	324	356	On-balance sheet exposure securitisation/principal finance exposure.		Risk-weighted depending on rating of counterparty.
Loans originated and/or acquired - awaiting securitisation	389	69	On-balance sheet securitisation/principal finance exposure		Risk-weighted
Private banking division assets which have been securitised	489	484	On-balance sheet exposure - reclassified from 'accounting securitised assets' to core loans and advances for credit and 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.

*Analysis of structured credit investments as at 30 September 2011

£'million	Rated**	Unrated	Other	Total
US corporate loans	13	-	-	13
US ABS	3	-	-	3
European ABS	6	7	-	13
European RMBS	311	95	-	406
European CMBS	61	5	-	66
European credit cards	5	-	-	5
European corporate loans	75	4	-	79
Australian RMBS	65	-	-	65
Other (credit default swaps)	-	-	15	15
Total	539	111	15	665

**Further analysis of rated structured credit investments as at 30 September 2011

£'million	AAA	AA	A	BBB	BB	B	C and below	Total
US corporate loans	-	-	-	-	12	1	-	13
US ABS	-	-	-	-	-	-	3	3
European ABS	-	-	3	3	-	-	-	6
European RMBS	181	42	23	14	4	22	25	311
European CMBS	3	17	25	5	8	3	-	61
European credit cards	5	-	-	-	-	-	-	5
European corporate loans	69	6	-	-	-	-	-	75
Australian RMBS	23	22	13	7	-	-	-	65
Total	281	87	64	29	24	26	28	539

Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

Traded market risk management

Traded market risk description

Traded market risk is a measure of potential change in the value of a portfolio of instruments as a result of changes in the financial environment (resulting 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. 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), stressed VaR, Expected Tail Loss (ETL) and Extreme Value theory (EVT). 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, with limits set at the 95% confidence interval. 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. We also consider the impact of extreme yet plausible future economic events on the trading portfolio as well as possible worst case (no necessarily plausible) scenarios. Scenario analysis is done once a week and is included in the data presented to Executive Risk Review Forum (ERRF).

All VaR models, while forward-looking, are based on past events and depend on the quality of available market data. The accuracy of the VaR model as a predictor of potential loss is continuously monitored through back testing. This involves comparing the 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	UK and Europe 95% (one-day)				Australia 95% (one-day)			
	Period end £'000	Average £'000	High £'000	Low £'000	Period end A\$'000	Average A\$'000	High A\$'000	Low A\$'000
30 September 2011								
Commodities	-	-	-	-	-	-	-	-
Equity derivatives	627	899	1 709	497	-	-	-	-
Foreign exchange	30	28	105	9	25	23	100	1
Interest rates	325	232	424	166	76	65	116	17
Consolidated*	912	1 000	1 621	731	67	72	125	19
31 March 2011								
Commodities	49	19	49	11	1	1	29	-
Equity derivatives	900	1 391	2 196	780	-	-	-	-
Foreign exchange	9	28	85	3	6	21	146	1
Interest rates	239	391	519	208	17	82	198	11
Consolidated*	1 129	1 592	2 260	997	20	89	202	12

*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 (diversification).



Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

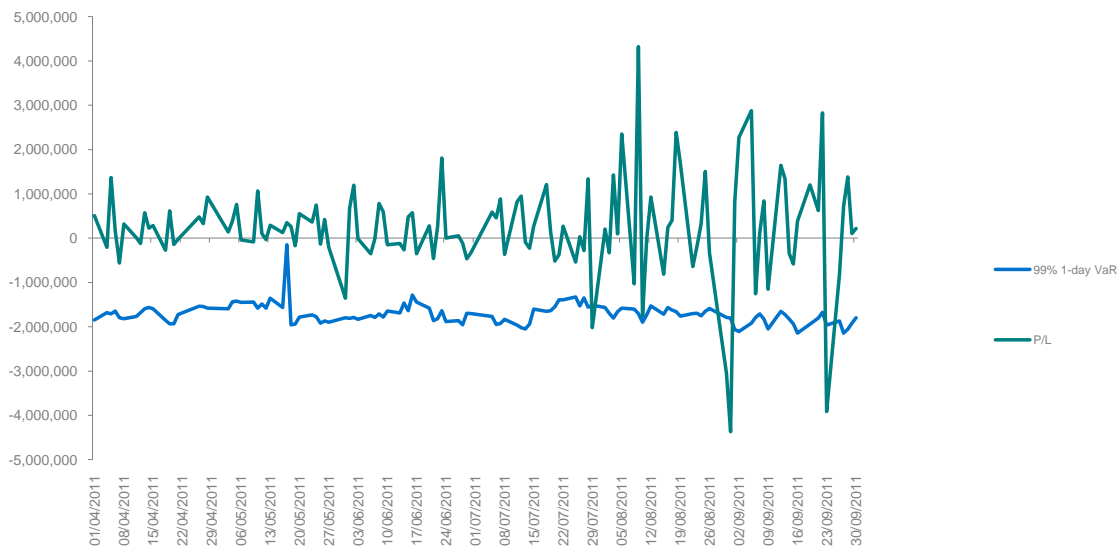
Traded market risk management

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 4 backtesting exceptions over the period, i.e. where the loss on the previous day's positions was greater than the VaR. This is more than the expected one or two exceptions that we would expect to see over this period as a result of the significant increase in equity markets' volatility. The exceptions were driven by the Structured Equity desk and were all on days when equity markets rallied significantly and there were large falls in implied volatilities. Average VaR reduced significantly as a result of lower risk taking on the Structured Equity desk.

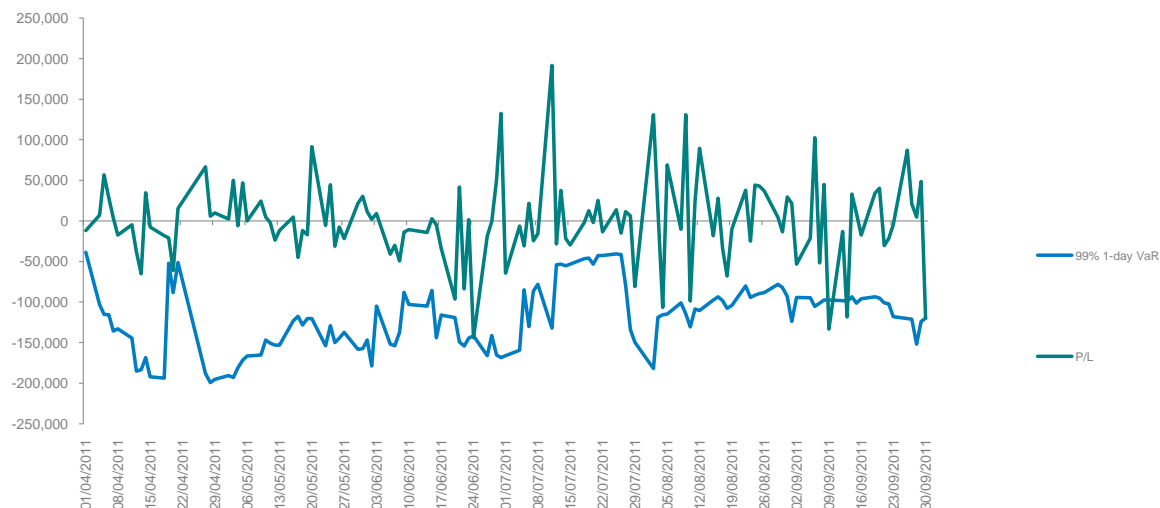
99% 1-day VaR backtesting (GBP)



Australia

Trading activity was relatively muted during the first half of the year, with average VaR utilisation lower than the already moderate levels experienced in the financial year 2011. There have been three exceptions i.e. where the loss is greater than the VaR. This is more than the expected number of the exceptions at the 99% level and is a result of unusually high levels of market volatility.

99% 1-day VaR backtesting (A\$)



Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

ETL 95% (one-day)

	Uk and Europe 95% (one-day) £'000	Australia 95% (one-day) A\$'000
30 September 2011		
Commodities	2	-
Equity derivatives	1 235	-
Foreign exchange	56	31.3
Interest rates	469	116.5
Consolidated*	1 374	107.9
31 March 2011		
Commodities	71	10
Equity derivatives	1 339	-
Foreign exchange	13	8
Interest rates	409	30
Consolidated*	1 636	40

*The consolidated ETL for each desk and each entity 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 stressed under extreme market conditions. These numbers do not assume normality but rather relies on fitting a distribution to the tails of the distribution. This method is known as extreme value theory (EVT), the reported stress scenario below calculates the 99% EVT which is a 1-in-8 year possible loss event.

	UK and Europe Using 99% EVT £'000	Australia Using 99% EVT A\$'000
30 September 2011		
Commodities	4	-
Equity derivatives	3 996	-
Foreign exchange	74	53
Interest rates	1 972	454
Consolidated	3 988	343
31 March 2011		
Commodities	266	-
Equity derivatives	3 782	-
Foreign exchange	33	15
Interest rates	2 087	121
Consolidated	3 915	273



Investec Bank plc (a subsidiary of Investec plc)

Unaudited

Risk management

Profit and loss histograms

UK and Europe

The histogram below illustrates the distribution in daily revenue for our trading businesses. The distribution is skewed to the profit side and the graph shows that trading revenue was realised on 74 days out of a total of 125 days in the trading business. The average daily trading revenue generated for the six months ended 30 September 2011 was £216 602 (March 2011: £144 616).



Australia

The histogram below illustrates the distribution in daily revenue for our trading businesses. The graph shows that negative trading revenue was realised on 62 days out of a total of 126 days in the trading business. The average daily trading revenue generated for the six months ended 30 September 2011 was A\$3 247 (March 2011: loss A\$1 393).





Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

Balance sheet risk management

Balance sheet risk management encompasses the independent monitoring and prudential management of the financial risks relating to our asset and liability portfolios, comprising market liquidity, funding, concentration 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 unexpected, adverse movements in interest rates arising from the execution of our core business strategies and the delivery of products and services to our customers.

Sources of banking-related risk exposures include potential adverse effect of volatility and changes in interest rate levels, the slope of the yield curves, basis risk spreads and optionality inherent in certain products. 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.



Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

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 2011 £'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	1 102	2	-	-	-	1	1 105
Investment/trading assets	2 324	97	88	216	338	343	3 406
Securitised assets	635	-	-	-	-	1	636
Advances	5 878	326	177	447	65	14	6 907
Other assets	-	-	-	175	-	1 172	1 347
Assets	9 939	425	265	838	403	1 531	13 401
Deposits - banks	(305)	(18)	(46)	(38)	-	-	(407)
Deposits - non-banks	(7 503)	(165)	(1 282)	(136)	-	(20)	(9 106)
Negotiable paper	(321)	(381)	(207)	(86)	-	-	(995)
Investment/trading liabilities	(521)	-	-	(161)	-	(148)	(830)
Securitised liabilities	(526)	-	-	-	-	-	(526)
Subordinated liabilities	(35)	-	-	-	(623)	(35)	(693)
Other liabilities	-	-	-	-	-	(696)	(696)
Liabilities	(9 211)	(564)	(1 535)	(421)	(623)	(899)	(13 253)
Intercompany loans	339	31	48	285	392	(18)	1 077
Shareholders' funds	-	-	-	-	-	(1 287)	(1 287)
Balance sheet	1 067	(108)	(1 222)	702	172	(673)	(62)
Off-balance sheet	389	171	351	(687)	(221)	316	319
Repricing gap	1 456	63	(871)	15	(49)	(357)	257
Cumulative repricing gap	1 456	1 519	648	663	614	257	

Australia - interest rate sensitivity

As at 30 September 2011 A\$'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	424	-	-	-	-	-	424
Investment/trading assets	1 031	-	19	184	-	25	1 259
Securitised assets	203	56	122	395	8	-	784
Advances	2 113	35	81	235	10	12	2 486
Other assets	-	-	-	-	-	407	407
Assets	3,771	91	222	814	18	444	5 360
Deposits - banks	-	-	-	-	-	-	-
Deposits - non-banks	(1,525)	(460)	(137)	(137)	(10)	(48)	(2 317)
Negotiable paper	(596)	(101)	(31)	(650)	-	(28)	(1 406)
Securitised liabilities	(770)	-	-	-	-	-	(770)
Subordinated liabilities	(76)	-	-	-	-	-	(76)
Other liabilities	-	-	-	-	-	(134)	(134)
Liabilities	(2,967)	(561)	(168)	(787)	(10)	(210)	(4 703)
Intercompany loans	(27)	-	-	-	-	11	(16)
Shareholders' funds	-	-	-	-	-	(641)	(641)
Balance sheet	777	(470)	54	27	8	(396)	-
Off-balance sheet	58	(45)	(39)	43	(7)	(10)	-
Repricing gap	835	(515)	15	70	1	(406)	-
Cumulative repricing gap	835	320	335	405	406	-	

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 assuming no management intervention. The numbers represent the change to mainly net interest income should such a hypothetical scenario arise. This sensitivity effect does not have significant direct impact to equity.

UK and Europe

' million	Sensitivity to the following interest rates			All (GBP)
	GBP	USD	EUR	
200bp Down	(9.4)	0.4	0.4	(8.4)
200bp Up	9.4	(0.4)	(0.4)	8.4

Australia

' million	AUD
200bp Down	(6.05)
200bp Up	6.05

Investec Bank plc (a subsidiary of Investec plc)

Risk Management

Unaudited

Balance sheet risk management

Liquidity risk description

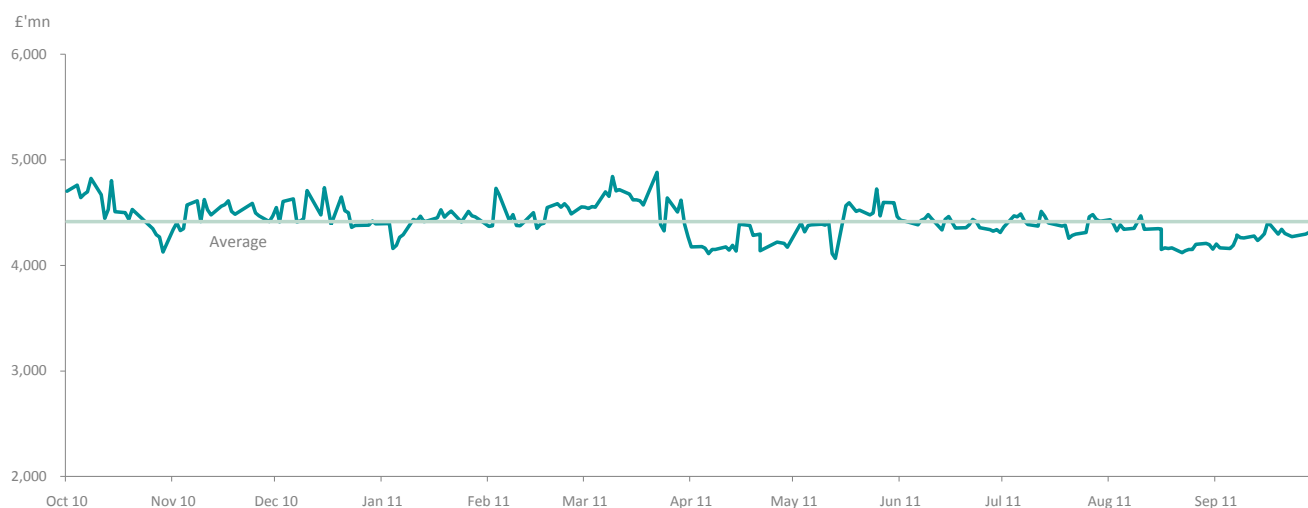
Liquidity risk is the risk that we have insufficient capacity to fund increases in assets, or are unable to meet our payment obligations as they fall due, without incurring unacceptable losses. This includes repaying depositors or maturing wholesale debt. This risk is inherent in all banking operations and can be impacted by a range of institution-specific and marketwide events.

Liquidity risk is further broken down into:

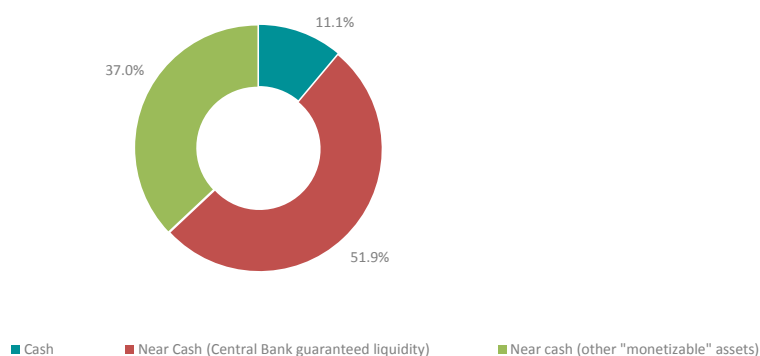
- Funding liquidity: which relates to the risk that the bank will be unable to meet current and/or future cash flow or collateral requirements without adversely affecting the normal course of business, its financial position or its reputation
- Market liquidity: which relates to the risk that the bank may be unable to trade in specific markets or that it may only be able to do so with difficulty due to market disruptions or a lack of market liquidity.

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

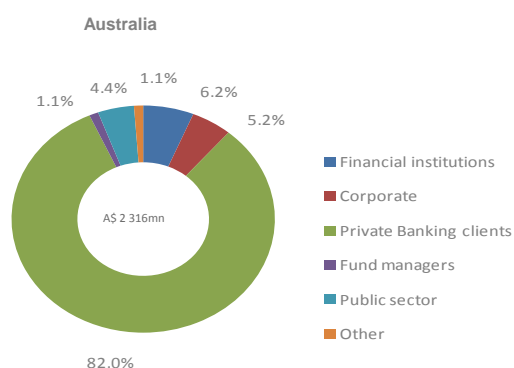
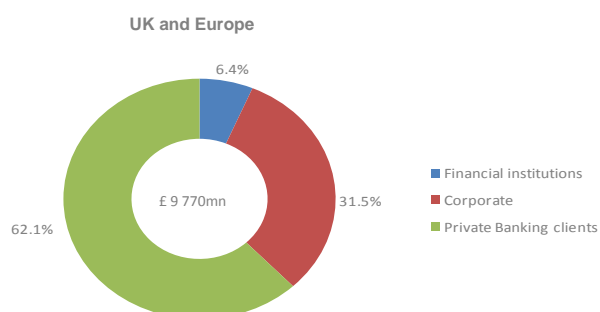
Cash and near cash trend



Analysis of cash and near cash as at 30 September 2010 (£4,224 million)



Bank and non bank depositor concentration by type





Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

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
- The actual contractual profile of this asset class is a little of consequence, as practically Investec would meet any unexpected net cash outflows by selling these securities, we have:
 - 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 bank
 - 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.



Investec Bank plc (a subsidiary of Investec plc)

Risk management

Unaudited

UK and Europe

Contractual liquidity

As at 30 September 2011 £'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	1 174	159	12	1	-	-	-	1 346
Investment/trading assets	627	1 568	361	177	190	770	878	4 571
Securitised assets	51	-	-	1	3	20	561	636
Advances	-	620	564	332	817	2 605	1 969	6 907
Other assets	283	341	67	26	53	129	447	1 346
Assets	2 135	2 688	1 004	537	1 063	3 524	3 855	14 806
Deposits - banks	(104) [^]	(118)	(24)	(75)	(47)	(39)	(257)	(664)
Deposits - non banks	(492)	(1 402)	(3 107)	(2 545)	(403)	(1 123)	(34)	(9 106)
Negotiable paper	(55)	(29)	(20)	(12)	(209)	(484)	(186)	(995)
Securitised liabilities	(265)	-	-	-	-	-	(261)	(526)
Investment/trading liabilities	(110)	(767)	(252)	(12)	(13)	(407)	(390)	(1 951)
Subordinated liabilities	-	-	-	-	-	(35)	(623)	(658)
Other liabilities	(216)	(324)	(3)	(20)	(36)	(33)	(64)	(696)
Liabilities	(1 242)	(2 640)	(3 406)	(2 664)	(708)	(2 121)	(1 815)	(14 596)
Intercompany loans	34	(7)	80	-	564	38	368	1 077
Shareholders' funds	-	-	-	-	-	-	(1 287)	(1 287)
Contractual liquidity gap	927	41	(2 322)	(2 127)	919	1 441	1 121	-
Cumulative liquidity gap	927	968	(1 354)	(3 481)	(2 562)	(1 121)	-	-

Behavioural liquidity

£'million	Demand	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	1 960	1 328	109	(37)	1 207	(4 655)	88	-
Cumulative	1 960	3 288	3 397	3 360	4 567	(88)	-	-

[^]The deposits shown in the demand column reflect cash margin deposits held

Australia

Contractual liquidity

As at 30 September 2011 A\$'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	424	-	-	-	-	-	-	424
Investment/trading assets*	1 025	4	46	36	60	182	97	1 450
Securitised assets	1	26	57	73	164	453	8	782
Advances	14	147	140	272	401	1 411	101	2 486
Other assets	-	-	-	-	-	-	217	217
Assets	1 464	177	243	381	625	2 046	423	5 359
Deposits - banks	-	-	-	-	-	-	-	-
Deposits - non banks	(556) ^{^^}	(217)	(765)	(454)	(138)	(176)	(10)	(2 316)
Negotiable paper	-	(34)	(92)	(111)	(202)	(968)	-	(1 407)
Securitised liabilities	(1)	(25)	(49)	(695)	-	-	-	(770)
Investment/trading liabilities	-	-	(14)	(10)	(16)	(49)	(26)	(115)
Subordinated liabilities	-	-	-	-	-	(76)	-	(76)
Other liabilities	-	-	-	-	-	-	(18)	(18)
Liabilities	(557)	(276)	(920)	(1 270)	(356)	(1 269)	(54)	(4 702)
Intercompany Loans	7	5	-	-	-	(27)	-	(15)
Shareholders' funds	-	-	-	-	-	-	(642)	(642)
Contractual liquidity gap	914	(94)	(677)	(889)	269	750	(273)	-
Cumulative liquidity gap	914	820	143	(746)	(477)	273	-	-

^{^^} Includes call deposits of A\$529 million and the balance reflects term deposits which have finally reached/are reaching contractual maturity

Note: contractual liquidity adjustments

A\$'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 3 years	> 5 years	Total
*Investment / trading assets	-	138	163	36	60	924	128	1 449
**Advances	498	143	131	250	357	1 005	101	2 485

Behavioural liquidity

A\$'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	1 390	(173)	(869)	(1 001)	178	748	(273)	-
Cumulative	1 390	1 217	348	(653)	(475)	273	-	-

Investec Bank plc (a subsidiary of Investec plc)

Capital adequacy and capital structure

Unaudited

£'million	30 Sept 2011	31 March 2011	30 Sept 2010*
Regulatory capital			
Tier 1			
Called up share capital	1,053	1,026	836
Share premium *	119	105	105
Retained income	344	314	350
Other reserves *	196	196	73
Minority interests in subsidiaries	(6)	(7)	(10)
Goodwill and intangibles	(379)	(381)	(103)
Total Tier 1	1,327	1,253	1,251
Less: deductions	(18)	(22)	(18)
	1,309	1,231	1,233
Tier 2			
Aggregate amount	608	577	529
Less: deductions	(18)	(22)	(18)
	590	555	511
Other deductions from Tier 1 and Tier 2	(26)	(27)	(72)
Total capital	1,873	1,759	1,672
Risk-weighted assets (banking and trading)	11,203	10,911	9,528
Credit risk - prescribed standardised exposure classes	9,010	8,851	7,736
Corporates	2,522	2,743	2,336
Secured on real estate property	3,339	3,232	3,227
Counterparty risk on trading positions	301	218	288
Short term claims on institutions and corporates	329	236	336
Retail	710	668	580
Institutions	260	253	187
Other exposure classes	1,549	1,501	782
Securitised exposures	303	284	352
Equity risk - standardised approach	285	264	229
Listed equities	23	30	32
Unlisted equities	262	234	197
Market risk - portfolios subject to internal models approach	568	626	325
Interest rate	216	174	149
Foreign Exchange	191	246	11
Equities	161	206	165
Operational risk - standardised approach	1,037	886	886
Capital requirements	896	872	763
Credit risk - prescribed standardised exposure classes	721	707	619
Corporates	202	219	187
Secured on real estate property	267	259	258
Counterparty risk on trading positions	24	17	23
Short term claims on institutions and corporates	26	19	27
Retail	57	53	46
Institutions	21	20	15
Other exposure classes	124	120	63
Securitised exposures	24	23	28
Equity risk - standardised approach	23	21	19
Listed equities	2	2	3
Unlisted equities	21	19	16
Market risk - portfolios subject to internal models approach	45	50	26
Interest rate	17	14	12
Foreign Exchange	15	20	1
Equities	13	16	13
Operational risk - standardised approach	83	71	71
Capital adequacy ratio	16.7%	16.1%	17.5%
Tier 1 ratio	11.7%	11.3%	12.9%
Capital adequacy ratio - pre operational risk	18.4%	17.5%	19.3%
Tier 1 ratio - pre operational risk	12.9%	12.3%	14.3%

*September 2010 figures restated.