

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

Unaudited condensed consolidated financial information for the six months ended 30 September 2013





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

Overview of results

Unaudited

	30 Sept 2013	30 Sept 2012	% change	31 March 2013
Total operating income before impairment losses on loans and advances (R'million)	5 786	4 997	15.8%	10 823
Operating costs (R'million)	3 143	2 815	11.7%	6 118
Operating profit before taxation and headline adjustments (R'million)	2 345	1 779	31.8%	3 872
Headline earnings attributable to ordinary shareholders (R'million)	1 705	1 253	36.1%	2 641
Cost to income ratio	54.3%	56.3%		56.5%
Total capital resources (including subordinated liabilities) (R'million)	39 508	35 735	10.6%	39 001
Total equity (R'million)	29 104	23 497	23.9%	24 546
Total assets (R'million)	394 028	367 368	7.3%	385 496
Net core loans and advances (R'million)	150 260	133 633	12.4%	141 863
Customer accounts (deposits) (R'million)	200 512	178 979	12.0%	185 311
Cash and near cash balances (R'million)	74 479	75 112	(0.8%)	72 974
Third party assets under management (R'million)	665 593	544 571	22.2%	615 078
Capital adequacy ratio	15.4%	17.2%		15.6%
Tier 1 ratio	11.2%	11.6%		10.8%
Defaults (net of impairments) as a % of net core loans and advances	2.09%	2.44%		1.89%
Net defaults (after collateral and impairments) as a % of net core loans and advances	-	-		-
Annualised credit loss ratio*	0.40%	0.60%		0.61%
Total gearing/leverage ratio**	10.5x	12.1x		12.2x
Core loans (excluding own originated assets which have been securitised) to customer deposits	72.0%	71.2%		73.2%

*Income statement impairment charge on loans as a percentage of average advances.

**Total assets excluding assurance assets to total equity.



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

Consolidated income statement

Unaudited

R'million	6 months to 30 Sept 2013	6 months to 30 Sept 2012	Year to 31 March 2013
Interest income	8 390	8 529	16 155
Interest expense	(6 165)	(6 234)	(11 564)
Net interest income	2 225	2 295	4 591
Fee and commission income	2 840	2 177	4 804
Fee and commission expense	(154)	(69)	(135)
Investment income	397	346	1 099
Trading income arising from:			
- customer flow	180	48	174
- balance sheet management and other trading activities	273	169	213
Other operating income	25	31	77
Total operating income before impairment on loans and advances	5 786	4 997	10 823
Impairment losses on loans and advances	(298)	(403)	(833)
Operating income	5 488	4 594	9 990
Operating costs	(3 143)	(2 815)	(6 118)
Operating profit before impairment of goodwill	2 345	1 779	3 872
Impairment of goodwill	(8)	(12)	(24)
Operating profit	2 337	1 767	3 848
Non operational costs arising from partial disposal of subsidiary	(33)	-	-
Profit before taxation	2 304	1 767	3 848
Taxation	(349)	(299)	(608)
Profit after taxation	1 955	1 468	3 240
Earnings attributable to non-controlling interests	(43)	(2)	(3)
Earnings attributable to shareholders	1 912	1 466	3 237

Consolidated statement of comprehensive income

R'million	6 months to 30 Sept 2013	6 months to 30 Sept 2012	Year to 31 March 2013
Profit after taxation	1 955	1 468	3 240
Other comprehensive income*:			
Cash flow hedge movements taken directly to other comprehensive income**	(115)	(58)	(193)
Gains on realisation of available-for-sale assets recycled to the income statement**	(1)	(36)	(39)
Fair value movements on available-for-sale assets taken directly to other comprehensive income**	(256)	68	78
Foreign currency adjustments on translating foreign operations	314	189	480
Total comprehensive income	1 897	1 631	3 566
Total comprehensive income attributable to non-controlling interests	43	2	3
Total comprehensive income attributable to ordinary shareholders	1 697	1 475	3 238
Total comprehensive income attributable to perpetual preference shareholders	157	154	325
Total comprehensive income	1 897	1 631	3 566

*All items in other comprehensive income are or may subsequently be reclassified to the income statement.

**Net of taxation of (R14 million) (Six months to 30 September 2012: R11 million; Year to 31 March 2013: R14 million).

R'million	6 months to 30 Sept 2013	6 months to 30 Sept 2012	Year to 31 March 2013
Calculation of headline earnings			
Earnings attributable to shareholders	1 912	1 466	3 237
Dividends paid to perpetual preference shareholders	(157)	(154)	(325)
Earnings attributable to ordinary shareholders	1 755	1 312	2 912
Headline adjustments:			
Goodwill impairment	(50)	(59)	(271)
Revaluation of investment properties, net of taxation**	8	12	24
Gain on disposal of available-for-sale instruments, net of taxation**	(58)	(45)	(267)
	-	(26)	(28)
Headline earnings attributable to ordinary shareholders	1 705	1 253	2 641

**Taxation on headline earnings adjustments amounted to R22.7 million (Six months to 30 September 2012: R27.5 million; Year to 31 March 2013: R114.8 million, with no impact on earnings attributable to non-controlling interests.



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

Consolidated balance sheet

Unaudited

R'million	30 Sept 2013	31 March 2013	30 Sept 2012
Assets			
Cash and balances at central banks	7 270	5 677	4 007
Loans and advances to banks	22 099	25 376	19 835
Non-sovereign and non-bank cash placements	7 722	5 875	9 859
Reverse repurchase agreements and cash collateral on securities borrowed	10 586	15 846	13 767
Sovereign debt securities	31 811	33 730	35 164
Bank debt securities	23 028	20 969	24 095
Other debt securities	9 318	7 006	5 702
Derivative financial instruments	11 625	12 159	12 698
Securities arising from trading activities	5 311	3 598	4 190
Investment portfolio	8 547	8 202	7 375
Loans and advances to customers	144 290	135 733	127 483
Own originated loans and advances to customers securitised	5 970	6 130	6 150
Other loans and advances	638	672	675
Other securitised assets	2 869	1 584	1 501
Interests in associated undertakings	49	45	41
Deferred taxation assets	491	531	484
Other assets	7 008	8 444	5 013
Property and equipment	771	644	495
Investment properties	6 437	6 147	5 136
Goodwill	137	145	157
Intangible assets	95	90	90
	306 072	298 603	283 917
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	87 956	86 893	83 451
	394 028	385 496	367 368
Liabilities			
Deposits by banks	11 591	17 861	16 244
Derivative financial instruments	8 930	9 237	10 717
Other trading liabilities	7 326	6 687	4 912
Repurchase agreements and cash collateral on securities lent	15 581	18 188	18 954
Customer accounts (deposits)	200 512	185 311	178 979
Debt securities in issue	7 840	6 147	4 104
Liabilities arising on securitisation of own originated loans and advances	6 346	6 259	6 277
Liabilities arising on securitisation of other assets	572	588	492
Current taxation liabilities	1 704	1 720	1 788
Deferred taxation liabilities	620	390	402
Other liabilities	5 542	7 214	5 313
	266 564	259 602	248 182
Liabilities to customers under investment contracts	87 927	86 864	83 423
Insurance liabilities, including unit-linked liabilities	29	29	28
	354 520	346 495	331 633
Subordinated liabilities	10 404	14 455	12 238
	364 924	360 950	343 871
Equity			
Ordinary share capital	1	1	1
Share premium	10 044	9 814	9 814
Treasury shares	(687)	(954)	(842)
Other reserves	190	203	40
Retained income	15 762	13 938	12 939
Shareholders' equity excluding non-controlling interests	25 310	23 002	21 952
Non-controlling interests	3 794	1 544	1 545
- Perpetual preferred securities issued by subsidiary	1 534	1 534	1 534
- Non-controlling interests in partially held subsidiaries	2 260	10	11
Total equity	29 104	24 546	23 497
Total liabilities and shareholders' equity	394 028	385 496	367 368



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

Condensed consolidated statement of changes in equity

Unaudited

R'million	6 months to 30 Sept 2013	6 months to 30 Sept 2012	Year to 31 March 2013
Balance at the beginning of the period	24 546	22 242	22 242
Profit after taxation	1 955	1 468	3 240
Cash flow hedge movements taken directly to other comprehensive income	(115)	(58)	(193)
Fair value movements on available-for-sale assets taken directly to other comprehensive income	(256)	68	78
Gains on realisation of available-for-sale assets recycled to the income statement	(1)	(36)	(39)
Foreign currency adjustments on translating foreign operations	314	189	480
Total comprehensive income	1 897	1 631	3 566
Issue of ordinary shares	230	159	159
Issue of perpetual preference shares	-	303	303
Movement of treasury shares	(306)	(180)	(401)
Share-based payments adjustments	240	213	388
Partial disposal of group operations	1 397	-	-
Movement in non -controlling interest due to capital conversion of subsidiary	2 045	-	-
Dividends paid to ordinary shareholders	(785)	(716)	(1 383)
Dividends declared to perpetual preference shareholders	(96)	(102)	(216)
Dividends paid to perpetual preference shareholders	(61)	(52)	(109)
Dividends paid to non-controlling interests	(3)	(1)	(3)
Balance at the end of the period	29 104	23 497	24 546



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

Segmental information - business analysis

Unaudited

For the six months to 30 September 2013

R'million	Asset Management	Wealth & Investment	Specialist Banking	Total
Net interest income	29	6	2 190	2 225
Fee and commission income	1 280	459	1 101	2 840
Fee and commission expense	-	(24)	(130)	(154)
Investment income	-	-	397	397
Trading income arising from:				
- customer flow	-	1	179	180
- balance sheet management and other trading activities	2	-	271	273
Other operating income	31	-	(6)	25
Total operating income before impairment on loans and advances	1 342	442	4 002	5 786
Impairment losses on loans and advances	-	-	(298)	(298)
Operating income	1 342	442	3 704	5 488
Operating costs	(764)	(290)	(2 089)	(3 143)
Operating profit before impairment of goodwill	578	152	1 615	2 345
Impairment of goodwill	(8)	-	-	(8)
Operating profit	570	152	1 615	2 337
Non operational costs arising from part disposal of subsidiary	-	-	(33)	(33)
Profit before taxation	570	152	1 582	2 304
Cost to income ratio	56.9%	65.6%	52.2%	54.3%
Total assets (excluding assurance assets)	1 869	8 175	296 028	306 072

For the six months to 30 September 2012

R'million	Asset Management	Wealth & Investment	Specialist Banking	Total
Net interest income	25	13	2 257	2 295
Fee and commission income	1 094	346	737	2 177
Fee and commission expense	-	(10)	(59)	(69)
Investment income	-	-	346	346
Trading income arising from:				
- customer flow	-	1	47	48
- balance sheet management and other trading activities	1	3	165	169
Other operating income	24	-	7	31
Total operating income before impairment on loans and advances	1 144	353	3 500	4 997
Impairment losses on loans and advances	-	-	(403)	(403)
Operating income	1 144	353	3 097	4 594
Operating costs	(635)	(241)	(1 939)	(2 815)
Operating profit before impairment of goodwill	509	112	1 158	1 779
Impairment of goodwill	(12)	-	-	(12)
Profit before taxation	497	112	1 158	1 767
Cost to income ratio	55.5%	68.3%	55.4%	56.3%
Total assets (excluding assurance assets)	2 002	5 929	275 986	283 917



Investec Limited (excluding the results of Investec plc)

Additional income statement note disclosures

Unaudited

Net interest income

	2013		2012	
For the 6 months to 30 September	Balance sheet		Balance sheet	
R'million	value	Interest received	value	Interest received
Cash, near cash and bank debt and sovereign debt securities	102 516	1 975	106 727	2 462
Core loans and advances	150 260	5 886	133 633	5 565
Private Client	102 931	3 837	100 087	4 011
Corporate, institutional and other clients	47 329	2 049	33 546	1 554
Other debt securities and other loans and advances	9 956	214	6 377	142
Other interest earning assets	2 869	315	1 501	360
Total interest earning assets	265 601	8 390	248 238	8 529

	2013		2012	
For the 6 months to 30 September	Balance sheet		Balance sheet	
R'million	value	Interest paid	value	Interest paid
Deposits by banks and other debt related securities	35 012	542	39 302	536
Customer accounts (deposits)	200 512	5 073	178 979	5 038
Other interest earning liabilities	6 918	150	6 769	254
Subordinated liabilities	10 404	400	12 238	406
Total interest earning liabilities	252 846	6 165	237 288	6 234
Net interest income	12 755	2 225	10 950	2 295

Net fees and commissions

For the 6 months to 30 September	2013	2012
R'million		
Asset management and wealth management businesses net fee and commission income	1 715	1 430
Funds management fees/fees for assets under management	1 481	1 245
Private client transactional fees	258	195
Fee and commission expense	(24)	(10)
Specialist Banking net fee and commission income	971	678
Corporate and institutional transactional and advisory services	879	528
Private client transactional fees	222	209
Fee and commission expense	(130)	(59)
Net fees and commissions	2 686	2 108
Annuity (net of fees payable)	1 793	1 641
Deal	893	467

Investment income

For the 6 months to 30 September	Investment portfolio* (listed and unlisted equities)	Other debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
R'million					
2013					
Realised	78	0	23	(42)	59
Unrealised	298	3	89	(1)	389
Dividend income	33	-	-	10	43
Funding and net other related costs	(92)	-	(26)	24	(94)
	317	3	86	-9	397
2012					
Realised	517	5	21	(22)	521
Unrealised	(385)	78	163	-	(144)
Dividend income	68	-	8	-	76
Funding and net other related costs	(87)	-	(15)	(5)	(107)
Investment income	113	83	177	(27)	346

* Including embedded derivatives (warrants and profit shares).



Investec Limited silo financial information (excluding the results 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

- 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. In terms of our definition, settlement debtors receivable in the short term (i.e. less than three days) are excluded from credit and counterparty risk due to market guaranteed settlement mechanisms

- 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.

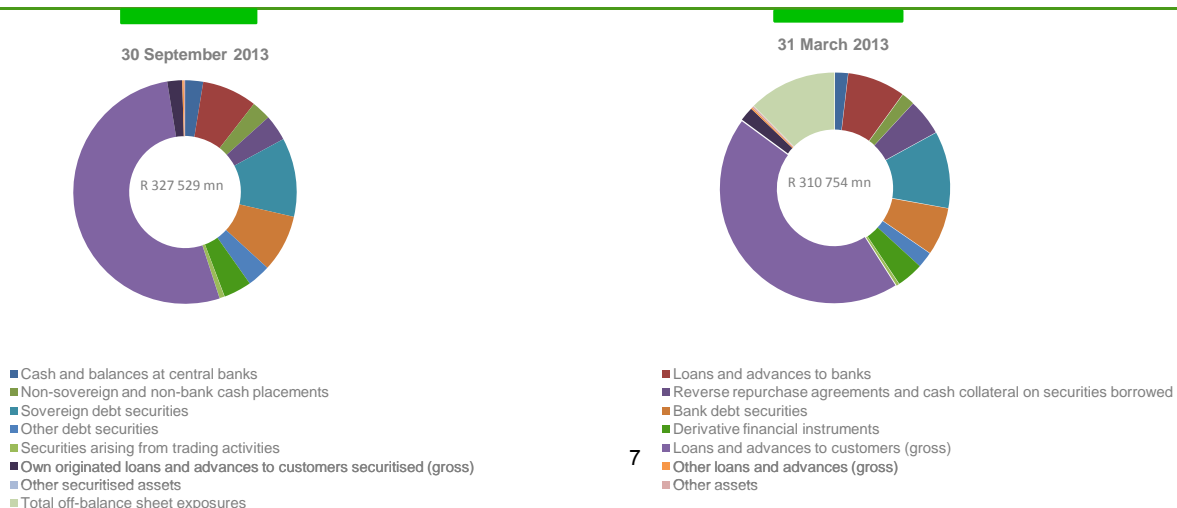
An analysis of gross credit and counterparty exposures

Credit and counterparty exposures increased by 5.4% to R327.5 billion largely as a result of an increase in cash and near cash balances and core loans and advances. Cash and near cash balances increased by 2.1% to R74 billion and are largely reflected in the following line items in the table below: cash and balances at central banks, loans and advances to banks, non-sovereign and non-bank cash placements, sovereign debt securities.

R'million	30 Sept 2013	31 March 2013	% change	Average*
Cash and balances at central banks	7 270	5 677	28.1%	6 474
Loans and advances to banks	22 099	25 376	(12.9%)	23 738
Non-sovereign and non-bank cash placements	7 722	5 875	31.4%	6 799
Reverse repurchase agreements and cash collateral on securities borrowed	10 586	15 846	>100%	13 216
Sovereign debt securities	31 811	33 730	(5.7%)	32 771
Bank debt securities	23 028	20 969	9.8%	21 999
Other debt securities	9 318	7 006	33.0%	8 162
Derivative financial instruments	11 210	11 702	(4.2%)	11 456
Securities arising from trading activities	2 144	1 179	81.8%	1 662
Loans and advances to customers (gross)	145 827	137 081	6.4%	141 454
Own originated loans and advances to customers securitised (gross)	5 975	6 136	(2.6%)	6 056
Other loans and advances (gross)	650	684	(5.0%)	667
Other assets	465	831	>100%	648
On-balance sheet exposures	278 105	272 092	2.2%	275 099
Guarantees ^	9 252	7 249	27.6%	8 251
Contingent liabilities , committed facilities, other	40 172	31 413	27.9%	35 793
Total off-balance sheet exposures	49 424	38 662	27.8%	44 043
Total gross credit and counterparty exposures pre collateral or other credit enhancements	327 529	310 754	5.4%	319 142

* Where the average is based on a straight-line average for period 1 April 2013 to 30 September 2013.

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





Investec Limited silo financial information (excluding the results 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.

R'million	Total credit and counterparty exposure	Assets that we deem to have no legal credit exposure	Note reference	Total balance sheet
As at 30 September 2013				
Cash and balances at central banks	7 270	-		7 270
Loans and advances to banks	22 099	-		22 099
Non-sovereign and non-bank placements	7 722	-		7 722
Reverse repurchase agreements and cash collateral on securities borrowed	10 586	-		10 586
Sovereign debt securities	31 811	-		31 811
Bank debt securities	23 028	-		23 028
Other debt securities	9 318	-		9 318
Derivative financial instruments	11 210	415		11 625
Securities arising from trading activities	2 144	3 167		5 311
Investment portfolio	-	8 547	1	8 547
Loans and advances to customers	145 827	(1 537)	2	144 290
Own originated loans and advances to customers securitised	5 975	(5)	2	5 970
Other loans and advances	650	(12)	2	638
Other securitised assets	-	2 869	3	2 869
Interest in associated undertakings	-	49		49
Deferred taxation assets	-	491		491
Other assets	465	6 543	4	7 008
Property and equipment	-	771		771
Investment properties	-	6 437		6 437
Goodwill	-	137		137
Intangible assets	-	95		95
Insurance assets	-	87 956		87 956
Total on-balance sheet exposures	278 105	115 923		394 028
As at 31 March 2013				
Cash and balances at central banks	5 677	-		5 677
Loans and advances to banks	25 376	-		25 376
Non-sovereign and non-bank placements	5 875	-		5 875
Reverse repurchase agreements and cash collateral on securities borrowed	15 846	-		15 846
Sovereign debt securities	33 730	-		33 730
Bank debt securities	20 969	-		20 969
Other debt securities	7 006	-		7 006
Derivative financial instruments	11 702	457		12 159
Securities arising from trading activities	1 179	2 419		3 598
Investment portfolio	-	8 202	1	8 202
Loans and advances to customers	137 081	(1 348)	2	135 733
Own originated loans and advances to customers securitised	6 136	(6)	2	6 130
Other loans and advances	684	(12)	2	672
Other securitised assets	-	1 584	3	1 584
Interest in associated undertakings	-	45		45
Deferred taxation assets	-	531		531
Other assets	831	7 613	4	8 444
Property and equipment	-	644		644
Investment properties	-	6 147		6 147
Goodwill	-	145		145
Intangible assets	-	90		90
Insurance assets	-	86 893		86 893
Total on-balance sheet exposures	272 092	113 404		385 496

Notes:

1. Largely relates to exposures that are classified as equity risk in the banking book.
2. Largely relates to impairments.
3. Largely includes liquidity facilities provided to third party corporate securitisation vehicles. These facilities have remained undrawn and are reflected as a contingent liability, i.e. off-balance sheet exposures to the bank.
4. Other assets include settlement debtors where we deem to have no credit risk as they are settled on a delivery against payment basis.



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

Risk management

Unaudited

Gross and credit counterparty exposures by residual contractual maturity as at 30 September 2013

R'million	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	5 to 10 years	>10years	Total
Cash and balances at central banks	7 270	-	-	-	-	-	7 270
Loans and advances to banks	20 196	81	118	1 246	458	-	22 099
Non-sovereign and non-bank cash placements	7 722	-	-	-	-	-	7 722
Reverse repurchase agreements and cash collateral on securities borrowed	7 422	444	198	1 384	752	386	10 586
Sovereign debt securities	8 024	7 483	7 669	1 934	4 012	2 689	31 811
Bank debt securities	-	1 608	7 641	11 961	1 818	-	23 028
Other debt securities	342	287	-	3 892	4 438	359	9 318
Derivative financial instruments	1 589	576	813	4 448	1 624	2 160	11 210
Securities arising from trading activities	1 544	1	-	359	162	78	2 144
Loans and advances to customers	17 004	4 679	11 220	66 223	14 031	32 670	145 827
Own originated loans and advances to customers securitised	4	3	18	888	571	4 491	5 975
Other loans and advances	-	-	-	650	-	-	650
Other assets	465	-	-	-	-	-	465
Total on-balance sheet exposures	71 582	15 162	27 677	92 985	27 866	42 833	278 105
Guarantees	1 085	70	263	2 900	2 276	2 658	9 252
Contingent liabilities, committed facilities and other	7 318	520	3 092	11 242	1 288	16 712	40 172
Total off-balance sheet exposures	8 403	590	3 355	14 142	3 564	19 370	49 424
Total gross credit and counterparty exposures pre collateral or other credit enhancements	79 985	15 752	31 032	107 127	31 430	62 203	327 529



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

Risk management

Unaudited

An analysis of gross credit and counterparty exposure by industry

R'million	Gross core loans and advances		Other credit and counterparty exposures		Total	
	30 Sept 2013	31 March 2013	30 Sept 2013	31 March 2013	30 Sept 2013	31 March 2013
HNW and professional individuals	62 391	57 902	24 148	22 364	86 540	80 266
Lending collateralised by property largely to private clients	41 702	41 163	7 261	6 826	48 963	47 989
Agriculture	1 067	1 048	201	301	1 268	1 349
Electricity, gas and water (utility services)	2 946	1 959	5 273	553	8 119	2 512
Public and non-business services	1 158	869	40 414	39 715	41 572	40 584
Business service	6 175	5 631	1 434	1 027	7 609	6 658
Finance and insurance	6 289	6 211	72 554	80 914	78 843	87 125
Retailers and wholesalers	2 784	2 690	2 334	2 373	5 118	5 063
Manufacturing and commerce	7 911	7 234	7 171	2 561	15 082	9 795
Construction	1 473	903	460	1 153	1 933	2 056
Corporate commercial real estate	4 286	5 169	853	1 635	5 139	6 804
Mining and resources	4 003	3 787	6 301	4 820	10 304	8 607
Leisure, entertainment and tourism	1 233	1 398	1 226	435	2 459	1 833
Transport	4 934	3 479	3 468	1 699	8 402	5 178
Communication	3 550	3 774	2 628	1 160	6 178	4 934
Total	151 802	143 217	175 727	167 536	327 529	305 819

Private client loans account for 68.6% of total core loans and advances. The remainder of core loans and advances largely relate to Corporate Client lending and are evenly spread across industry sectors. Other credit and counterparty exposures are largely reflective of cash and near cash balances held with institutions and central banks, thus the large balance reflected in the 'public and non-business services' and 'finance and insurance' sectors. these exposures also include off-balance sheet items such as guarantees, committed facilities and contingent liabilities, largely to our HNW and professional individual clients.

R'million	HNW and professional individuals	Lending collateralised by property - largely* to private clients*	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business service	Finance and insurance	Retailers and wholesalers	Manufacturing and commerce	Construction	Corporate commercial real estate	Mining and resources	Leisure, entertainment and tourism	Transport	Communication	Total
As at 30 September 2013																
Cash and balances at central banks	-	-	-	-	7 270	-	-	-	-	-	-	-	-	-	-	7 270
Loans and advances to banks	-	-	-	-	-	-	22 099	-	-	-	-	-	-	-	-	22 099
Non-sovereign and non-bank cash placements	8	-	-	-	-	215	-	1 694	2 715	217	-	931	-	765	51	7 722
Reverse repurchase agreements and cash collateral on securities borrowed	463	-	-	27	-	-	8 867	-	1 141	-	-	-	-	88	-	10 586
Sovereign debt securities	-	-	-	-	31 811	-	-	-	-	-	-	-	-	-	-	31 811
Bank debt securities	-	-	-	-	-	-	23 028	-	-	-	-	-	-	-	-	23 028
Other debt securities	-	-	-	286	-	-	5 360	-	-	-	-	1 832	-	897	943	9 318
Derivative financial instruments	87	-	7	215	-	38	9 131	111	399	-	746	419	6	51	-	11 210
Securities arising from trading activities	-	-	-	4	521	-	1 047	136	150	136	-	77	-	73	-	2 144
Loans and advances to customers (gross)	56 417	41 701	1 067	2 846	1 158	6 175	6 289	2 784	7 911	1 473	4 286	4 003	1 233	4 934	3 550	145 827
Own originated loans and advances to customers securitised (gross)	5 974	1	-	-	-	-	-	-	-	-	-	-	-	-	-	5 975
Other loans and advances (gross)	-	-	-	-	-	-	650	-	-	-	-	-	-	-	-	650
Other assets	-	-	-	-	-	-	465	-	-	-	-	-	-	-	-	465
Total on-balance sheet exposures	62 949	41 702	1 074	3 378	40 760	6 428	78 862	4 725	12 318	1 826	5 032	7 362	1 236	6 808	4 544	278 105
Guarantees	1 129	1 370	-	76	805	127	595	-	2 217	-	26	684	1 072	147	-	9 252
Contingent liabilities , committed facilities and other	21 462	5 891	194	4 665	7	1 054	182	393	549	107	81	2 358	148	1 447	1 634	40 172
Total off-balance sheet exposures	23 591	7 261	194	4 741	812	1 181	781	393	2 766	107	107	3 042	1 220	1 594	1 634	49 424
Total gross credit and counterparty exposures pre collateral or other credit enhancements	86 540	48 963	1 268	8 119	41 572	7 609	78 843	5 118	15 082	1 933	5 139	10 304	2 459	8 402	6 178	327 529
As at 31 March 2013																
Cash and balances at central banks	-	-	-	-	5 677	-	-	-	-	-	-	-	-	-	-	25 376
Loans and advances to banks	-	-	-	-	-	-	25 376	-	-	-	-	-	-	-	-	5 875
Non-sovereign and non-bank cash placements	-	-	100	-	-	337	1 840	1 259	1 322	33	-	579	-	264	141	15 846
Reverse repurchase agreements and cash collateral on securities borrowed	413	-	-	119	-	-	14 687	-	559	-	-	-	-	68	-	20 969
Sovereign debt securities	-	-	-	-	33 730	-	-	-	-	-	-	-	-	-	-	7 006
Bank debt securities	-	-	-	-	-	-	20 969	-	-	-	-	-	-	-	-	11 702
Other debt securities	-	-	-	148	-	-	5 865	175	-	-	-	597	-	221	-	1 178
Derivative financial instruments	98	-	1	24	-	53	10 081	108	89	-	1 112	-	-	68	1	137 081
Securities arising from trading activities	-	-	-	4	307	-	568	96	-	-	-	119	-	84	-	6 136
Loans and advances to customers (gross)	51 767	41 162	1 048	1 959	869	5 631	6 211	2 690	7 234	903	5 169	3 787	1 398	3 479	3 774	6 584
Own originated loans and advances to customers securitised (gross)	6 135	1	-	-	-	-	-	-	-	-	-	-	-	-	-	831
Other loans and advances (gross)	-	-	-	-	-	-	684	-	-	-	-	-	-	-	-	272 091
Other assets	1	-	-	-	-	-	828	-	-	-	-	2	-	-	-	7 249
Total on-balance sheet exposures	58 414	41 163	1 149	2 254	40 583	6 021	87 109	4 328	9 204	936	6 281	5 151	1 398	4 184	3 916	31 413
Guarantees	2 245	1 444	-	163	1	12	16	493	192	1 110	-	1 379	178	16	-	38 662
Contingent liabilities , committed facilities and other	19 607	5 382	200	95	-	625	242	399	10	-	523	2 077	257	979	1 018	-
Total off-balance sheet exposures	21 852	6 826	200	258	1	637	16	735	591	1 120	523	3 456	435	994	1 018	38 662
Total gross credit and counterparty exposures pre collateral or other credit enhancements	80 266	47 989	1 349	2 512	40 584	6 658	87 125	5 063	9 795	2 056	6 804	8 607	1 833	5 178	4 934	7 249

* Further information if provided later on



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

Risk management

Unaudited

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

Unaudited

R'million	30 Sept 2013	31 March 2013
Loans and advances to customers as per balance sheet	144 290	135 733
Add: own originated loans and advances to customers securitised as per the balance sheet	5 970	6 130
Net core loans and advances to customers	150 260	141 863

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

R'million	30 Sept 2013	31 March 2013
Gross core loans and advances to customers	151 802	143 217
Total impairments	(1 542)	(1 354)
Portfolio impairments	(139)	(123)
Specific impairments	(1 403)	(1 231)
Net core loans and advances to customers	150 260	141 863
Average gross core loans and advances to customers	147 510	136 638
Current loans and advances to customers	145 156	137 646
Past due loans and advances to customers (1-60 days)	830	669
Special mention loans and advances to customers	1 139	862
Default loans and advances to customers	4 677	4 040
Gross core loans and advances to customers	151 802	143 217
Current loans and advances to customers	145 156	137 646
Default loans that are current and not impaired	113	61
Gross core loans and advances to customers that are past due but not impaired	2 922	2 559
Gross core loans and advances to customers that are impaired	3 611	2 951
Gross core loans and advances to customers	151 802	143 217
Total income statement charge for impairments on core loans and advances	(298)	(833)
Gross default loans and advances to customers	4 677	4 040
Specific impairments	(1 403)	(1 231)
Portfolio impairments	(139)	(123)
Defaults net of impairments	3 135	2 686
Collateral and other credit enhancements	4 287	3 880
Net default loans and advances to customers (limited to zero)	-	-
Ratios:		
Total impairments as a % of gross core loans and advances to customers	1.02%	0.95%
Total impairments as a % of gross default loans	32.97%	33.51%
Gross defaults as a % of gross core loans and advances to customers	3.08%	2.82%
Defaults (net of impairments) as a % of net core loans and advances to customers	2.09%	1.89%
Net defaults as a % of gross core loans and advances to customers	-	-
Annualised credit loss ratio (i.e. income statement impairment charge as a % of average gross core loans and advances)	0.40%	0.61%



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

Risk management

Unaudited

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

R'million	30 Sept 2013	31 March 2013
Default loans that are current	887	622
1 - 60 days	2 024	1 431
61 - 90 days	507	291
91 - 180 days	637	286
181 - 365 days	284	384
>365 days	2 307	2 557
Past due and default core loans and advances to customers (actual capital exposure)	6 646	5 571
1 - 60 days	1 119	721
61 - 90 days	127	61
91 - 180 days	314	70
181 - 365 days	119	170
>365 days	1 996	2 151
Past due and default core loans and advances to customers (actual amount in arrears)	3 675	3 173

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

R'million	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
As at 30 September 2013							
Watchlist loans that are neither past due nor impaired							
Total capital exposure	113	-	-	-	-	-	113
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	-	1 629	246	371	216	460	2 922
Amount in arrears		738	23	234	82	362	1 439
Gross core loans and advances to customers that are impaired							
Total capital exposure	774	395	261	266	68	1 847	3 611
Amount in arrears		382	104	80	37	1 634	2 237
As at 31 March 2013							
Watchlist loans that are neither past due nor impaired							
Total capital exposure	61	-	-	-	-	-	61
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	-	1 335	289	179	153	603	2 559
Amount in arrears	-	686	61	54	92	449	1 342
Gross core loans and advances to customers that are impaired							
Total capital exposure	561	96	2	107	231	1 954	2 951
Amount in arrears	-	35	-	16	78	1 702	1 831



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

Risk management

Unaudited

An age analysis of past due and default core loans and advances to customers as at 30 September 2013 (based on total capital exposure)

R'million	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	830	-	-	-	-	830
Special mention	-	763	126	24	96	130	1 139
Special mention (1 - 90 days)	-	763	26	24*	96*	130*	1 039
Special mention (61 - 90 days and item well secured)	-	-	100	-	-	-	100
Default	887	431	381	613	188	2 177	4 677
Sub-standard	113	36	120	347	120	330	1 066
Doubtful	774	395	261	266	68	1 847	3 611
Total	887	2 024	507	637	284	2 307	6 646

An age analysis of past due and default core loans and advances to customers as at 30 September 2013 (based on actual amount in arrears)

R'million	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	246	-	-	-	-	246
Special mention	-	482	18	12	6	99	617
Special mention (1 - 90 days)	-	482	1	12*	6*	99*	600
Special mention (61 - 90 days and item well secured)	-	-	17	-	-	-	17
Default	-	391	109	302	113	1 897	2 812
Sub-standard	-	10	5	222	75	263	575
Doubtful	-	381	104	80	38	1 634	2 237
Total	-	1 119	127	314	119	1 996	3 675

An age analysis past due and default core loans and advances to customers as at 31 March 2013 (based on total capital exposure)

R'million	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	669	-	-	-	-	669
Special mention	-	534	194	20	79	35	862
Special mention (1 - 90 days)	-	534	74	20*	79*	35*	742
Special mention (61 - 90 days and item well secured)	-	-	120	-	-	-	120
Default	622	228	97	266	305	2 522	4 040
Sub-standard	61	132	95	162	74	568	1 092
Doubtful	561	96	2	104	231	1 954	2 948
Total	622	1 431	291	286	384	2 557	5 571

An age analysis of past due and default core loans and advances to customers as at 31 March 2013 (based on actual amount in arrears)

R'million	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	173	1	-	-	-	174
Special mention	-	490	38	1	73	7	609
Special mention (1 - 90 days)	-	490	18	1*	73*	7*	589
Special mention (61 - 90 days and item well secured)	-	-	20	-	-	-	20
Default	-	58	22	69	97	2 144	2 390
Sub-standard	-	23	22	55	20	442	562
Doubtful	-	35	-	14	77	1 702	1 828
Total	-	721	61	70	170	2 151	3 173

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



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

Risk management

Unaudited

An analysis of core loans and advances to customers

R'million	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 2013								
Current core loans and advances	145 156	-	-	145 156	-	(128)	145 028	-
Past due (1-60 days)	-	830	-	830	-	(3)	827	246
Special mention	-	1 139	-	1 139	-	(8)	1 131	617
Special mention (1 - 90 days)	-	1 039	-	1 039	-	(8)	1 031	600
Special mention (61 - 90 days and item well secured)	-	100	-	100	-	-	100	17
Default	113	953	3 611	4 677	(1 403)	-	3 274	2 812
Sub-standard	113	953	-	1 066	(1 403)	-	(337)	575
Doubtful	-	-	3 611	3 611	-	-	3 611	2 237
Total	145 269	2 922	3 611	151 802	(1 403)	(139)	150 260	3 675
As at 31 March 2013								
Current core loans and advances	137 646	-	-	137 646	-	(111)	137 535	-
Past due (1-60 days)	-	669	-	669	-	(2)	667	174
Special mention	-	862	-	862	-	(10)	852	609
Special mention (1 - 90 days)	-	742	-	742	-	(9)	733	589
Special mention (61 - 90 days and item well secured)	-	120	-	120	-	(1)	119	20
Default	61	1 028	2 951	4 040	(1 231)	-	2 809	2 390
Sub-standard	61	1 028	3	1 092	-	-	1 092	562
Doubtful	-	-	2 948	2 948	(1 231)	-	1 717	1 828
Total	137 707	2 559	2 951	143 217	(1 231)	(123)	141 863	3 173



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

Risk management

Unaudited

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

R'million	Private Banking professional and HNW individuals	Corporate Sector	Banking, insurance, financial services (excluding sovereign)	Public and government sector (including central banks)	Trade Finance	Total gross core loans and advances to customers
As at 30 September 2013						
Current core loans and advances	98 309	36 908	6 289	1 158	2 492	145 156
Past due (1-60 days)	589	129	-	-	112	830
Special mention	1 051	56	-	-	32	1 139
Special mention (1 - 90 days)	983	56	-	-	-	1 039
Special mention (61 - 90 days and item well secured)	68	-	-	-	32	100
Default	4 143	443	-	-	91	4 677
Sub-standard	1 004	62	-	-	-	1 066
Doubtful	3 139	381	-	-	91	3 611
Total gross core loans and advances to customers	104 092	37 536	6 289	1 158	2 727	151 802
Total impairments	(1 161)	(313)	(3)	(1)	(64)	(1 542)
Specific impairments	(1 066)	(273)	-	-	(64)	(1 403)
Portfolio impairments	(95)	(40)	(3)	(1)	-	(139)
Net Core loans and advances to customers	102 931	37 223	6 286	1 157	2 663	150 260
As at 31 March 2013						
Current core loans and advances	92 963	35 750	5 930	869	2 134	137 646
Past due (1-60 days)	448	117	-	-	104	669
Special mention	813	40	-	-	9	862
Special mention (1 - 90 days)	702	40	-	-	-	742
Special mention (61 - 90 days and item well secured)	111	-	-	-	9	120
Default	3 238	420	281	-	101	4 040
Sub-standard	986	103	-	-	3	1 092
Doubtful	2 252	317	281	-	98	2 948
Total gross core loans and advances to customers	97 462	36 327	6 211	869	2 348	143 217
Total impairments	(1 149)	(133)	(4)	-	(68)	(1 354)
Specific impairments	(1 052)	(111)	-	-	(68)	(1 231)
Portfolio impairments	(97)	(22)	(4)	-	-	(123)
Net Core loans and advances to customers	96 313	36 194	6 207	869	2 280	141 863

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

R'million	30 Sept 2013	31 March 2013
Private Banking professional and HNW individuals	104 092	97 462
Corporate sector	37 536	36 327
Banking, insurance, financial services (excluding sovereign)	6 289	6 211
Public and government sector (including central banks)	1 158	869
Trade finance	2 727	2 348
Total gross core loans and advances to customers	151 802	143 217



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

Risk management

Unaudited

Analysis of default core loans and advances

R'million	Gross core loans	Gross defaults	Collateral	Balance sheet impairments	Income statement impairments
30 September 2013					
Lending collateralised by property	41 701	2 693	2 420	(889)	(154)
Commercial real estate	38 616	1 257	1 312	(364)	(76)
Commercial real estate - investment	34 311	883	972	(272)	(57)
Commercial real estate - development	2 343	222	216	(31)	(22)
Commercial vacant land and planning	1 962	152	124	(61)	3
Residential real estate	3 085	1 436	1 108	(525)	(78)
Residential development	1 114	405	401	(46)	(23)
Residential vacant land and planning	1 971	1 031	707	(479)	(55)
High net worth and other private client lending	62 391	1 450	1 510	(384)	(205)
Mortgages	39 027	669	742	(165)	(31)
High net worth and specialised lending	23 364	781	768	(219)	(174)
Corporate client lending	47 710	534	357	(269)	61
Acquisition finance	11 940	196	232	(5)	103
Other corporates and financial institutions and governments	29 135	240	83	(214)	(9)
Asset Finance	3 471	-	-	(10)	(3)
Large ticket asset finance	2 501	-	-	(10)	(3)
Small ticket asset finance	970	-	-	-	-
Project finance	3 164	98	42	(40)	(30)
Total	151 802	4 677	4 287	(1 542)	(298)



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

Risk management

Unaudited

Collateral

A summary of total collateral is provided in the table below

R'million	Collateral held against		Total
	Gross core loans and advances	Other credit and counterparty exposures*	
As at 30 September 2013			
Eligible financial collateral	17 335	5 526	22 861
Listed shares	16 221	5 524	21 745
Cash	1 114	2	1 116
Debt securities issued by sovereigns	-	-	-
Mortgage bonds	175 557	42	175 599
Residential mortgages	76 890	-	76 890
Commercial property development	14 771	42	14 813
Commercial property investments	83 896	-	83 896
Other collateral	66 086	2 431	68 517
Unlisted shares	27 033	1 442	28 475
Bonds other than mortgage bonds	7 832	257	8 089
Asset backed lending	5 246	-	5 246
Guarantees	10 439	21	10 460
Other	15 536	711	16 247
Total collateral	258 978	7 999	266 977
As at 31 March 2013			
Eligible financial collateral	29 465	2 896	32 361
Listed shares	27 564	2 866	30 430
Cash	1 901	30	1 931
Debt securities issued by sovereigns	-	-	-
Mortgage bonds	173 083	24	173 107
Residential mortgages	83 784	-	83 784
Commercial property development	9 665	24	9 689
Commercial property investments	79 634	-	79 634
Other collateral	51 237	1 446	52 683
Unlisted shares	14 454	-	14 454
Bonds other than mortgage bonds	6 735	471	7 206
Credit derivatives	10 616	717	11 333
Guarantees	4 977	-	4 977
Other	14 455	258	14 713
Total collateral	253 785	4 366	258 151

* 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 Limited silo financial information (excluding the results 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 group:

- **Principal Investments (Private Equity and Direct Investments):** Investments are selected based on the track record of management, the attractiveness of the industry and the ability to build value for the existing business by implementing an agreed strategy. In addition, as a result of our local market knowledge and investment banking expertise, we are well positioned to take direct positions in listed shares where we believe that the market is mispricing the value of the underlying portfolio of assets. These investment positions are carefully researched with the intent to stimulate corporate activity. We also continue to pursue opportunities to help create and grow black owned and controlled companies
- **Lending transactions (within the Private Client and Corporate Client 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
- **Central Funding:** The Central Funding division is the custodian of certain equity and property investments, which have largely arisen from corporate acquisitions made, notably in the early 2000s.

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

	Income (pre funding costs)				
R'million	Unrealised	Realised	Dividends	Total	Fair value through equity
Six months to 30 September 2013					
Unlisted investments	403	18	31	452	-
Listed equities	(46)	7	2	(37)	(10)
Investment and trading properties^	85	(16)	-	69	-
Warrants, profit shares and other embedded derivatives	(59)	53	-	(6)	-
Total	383	62	33	478	(10)
Year ended 31 March 2013					
Unlisted investments	26	490	159	675	-
Listed equities	(357)	199	4	(154)	26
Investment and trading properties^	(132)	814	-	682	-
Warrants, profit shares and other embedded derivatives	43	38	-	81	-
Total	(420)	1 541	163	1 284	26

[^] For the purposes of the above analysis, the exposures arising from the consolidation of the Investec Property Fund have been reflected at the level of our economic ownership, being 50.01%. It is noted that the ultimate impact on the income statement reflects the group's net attributable earnings from the investment

Unrealised revaluation gains are included in Tier 1 capital. Revaluations that are posted directly to equity are excluded from capital within Investec Limited



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

Risk management

Unaudited

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

	On-balance sheet value of investments	Valuation change stress test*	On-balance sheet value of investments	Valuation change stress test*
R'million	30 Sept 2013	30 Sept 2013	31 March 2013	31 March 2013
Unlisted investments	7 988	1 198	7 609	1 141
Listed equities	559	140	593	148
Investment and trading properties [^]	6 462	852	6 141	803
Warrants, profit shares and other embedded derivatives	399	140	459	160
Total	15 408	2 330	14 802	2 252

[^] For the purposes of the above analysis, the exposures arising from the consolidation of the Investec Property Fund have been reflected at the level of our economic ownership, being 50.01%.

*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 as at 30 September 2013, as reflected above we could have a R2.3 billion reversal in revenue (which assumes a year in which there is a "severe stress scenario"). This would not cause the group to report a loss but could have a significantly negative impact on earnings for that period. The probability of all these asset classes in all geographies in which we operate being negatively impacted at the same time is very low, although the probability of listed equities being negatively impacted at the same time is very high.



Investec Limited silo financial information (excluding the results 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 businesses lines have been curtailed given the current economic climate.

Our securitisation business, over this time, we have arranged a number of corporate bond and commercial paper programmes and third party securitisations.

We have also assisted in the development of select securitisation platforms with external third party originating intermediaries. At present we have provided limited warehouse funding lines to these intermediaries.

Furthermore, we provide a standby liquidity facility to one conduit namely Grayston Conduit 1 (Pty) Limited Series 1 and Series 2. This facility, which totalled R1.3 billion as at 30 September 2013 (31 March 2013: R1.7 billion), has not been drawn on and is thus reflected as off-balance sheet contingent exposures in terms of our credit analysis. The liquidity risk associated with these facilities is included in the stress testing for the group and is managed in accordance with our overall liquidity position.

In addition, we have own originated, securitised assets in our private client business in South Africa. The primary motivations for the securitisation of assets within our Private Client division are to:

- Provide an alternative source of funding
- Provide a source of revenue
- Act as a mechanism to transfer risk
- Leverage returns through the retention of equity tranches in low default rate portfolios.

Total assets that have been originated and securitised by the Private Client division amount to R6.0 billion (March 2013: R6.1 billion) and include auto loans (R0.9 billion) and residential mortgages (R5.1 billion). These securitisation structures have all been rated by Moody's.

Credit analysis

In terms of our analysis of our credit and counterparty risk, exposures arising from securitisation/credit investment and trading activities reflect only those exposures to which we consider ourselves to be at risk. In addition, assets that have been securitised by our Private Client division are reflected as part of our core lending exposures and not our securitisation/credit investment and trading 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 2013 - R'mn	Exposure as at 31 March 2013 - R'mn	Credit analysis internal risk classification	Asset quality - relevant comments for the period	Capital treatment
Structured credit investments*	3,815	3 695	Other debt securities and other loans and advances		Risk-weighted or supervisory deductions against primary and secondary capital
Rated	3,446	3 308			
Unrated	369	387			
Loans and advances to customers and investment in third party intermediary originating platforms (mortgage and auto loans) with the potential to be securitised	638	672	Other loans and advances		Risk-weighted depending on rating of counterparty
Private Client division assets which have been securitised	5,970	6 130	Own originated loans and advances to customers securitised	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
South Africa - liquidity facilities provided to third party corporate securitisation vehicles	1,274	1 122	Off-balance sheet credit exposure as these facilities have remained undrawn and reflect a contingent liability of the bank.		Unutilised facility that is risk-weighted

* Analysis of structured rated and unrated credit investments

R'mn	30 September 2013			31 March 2013		
	Rated	Unrated	Total	Rated	Unrated	Total
US corporate loans	30	20	50	27	30	57
European RMBS	2,891	-	2,891	2,812	11	2,823
European CMBS	93	-	93	83	-	83
UK and European corporate loans	-	349	349	-	346	346
Australian RMBS	432	-	432	386	-	386
Total	3,446	369	3,815	3,308	387	3,695

*A further analysis of rated structured credit investments

R'mn	AAA	AA	A	BBB	BB	B	C and below	Total
US corporate loans	-	-	-	-	30	-	-	30
European RMBS	-	371	1,098	1,165	257	-	-	2,891
European CMBS	-	-	-	93	-	-	-	93
South African RMBS	-	-	-	-	-	-	-	-
Australian RMBS	-	239	-	193	-	-	-	432
Total as at 30 September 2013	-	610	1,098	1,451	287	-	-	3,446
Total as at 31 March 2013	-	619	1 379	921	370	19	-	3 308



Investec Limited silo financial information (excluding the results 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 strategic intent is that proprietary trading should be limited and that trading should be conducted largely to facilitate clients in deal execution.

Management and measurement of traded market risk

Market risk management teams review the market risks on our books. Detailed risk reports are produced daily for each trading desk.

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 used to simulate extreme conditions to supplement these core measures.

VaR numbers are monitored daily at the 95%, 99% and 100% (maximum loss) confidence intervals, with limits set at the 95% confidence interval. ETLs are also monitored daily at the 95% and 99% levels. Scenario analysis considers the impact of a significant market event on our current trading portfolios. We consider the impact for the 10 days after the event, not merely the instantaneous shock to the markets. Included in our scenario analysis are for example the following; October 1987 (Black Monday), 11 September 2001 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 (not necessarily plausible) scenarios. Scenario analysis is done once a week and is included in the data presented to ERRF.

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

We have internal model approval and so trading capital is calculated as a function of the 99% 10-day VaR. Backtesting results and a detailed stress testing pack are submitted to the regulator on a monthly basis.

VaR 95% (one-day)

	Period end	Average	High	Low
R'million				
30 September 2013				
Commodities	-	-	-	-
Equity derivatives	5.1	5.4	9.0	2.0
Foreign exchange	1.8	2.8	7.2	1.2
Interest rates	3.8	2.5	6.0	0.7
Consolidated*	5.8	6.5	9.3	3.5
31 March 2013				
Commodities	-	0.1	0.6	-
Equity derivatives	6.1	3.1	7.5	1.0
Foreign exchange	3.4	2.1	6.0	0.4
Interest rates	1.1	2.4	7.2	0.9
Consolidated*	7.2	4.9	10.9	2.3

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



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

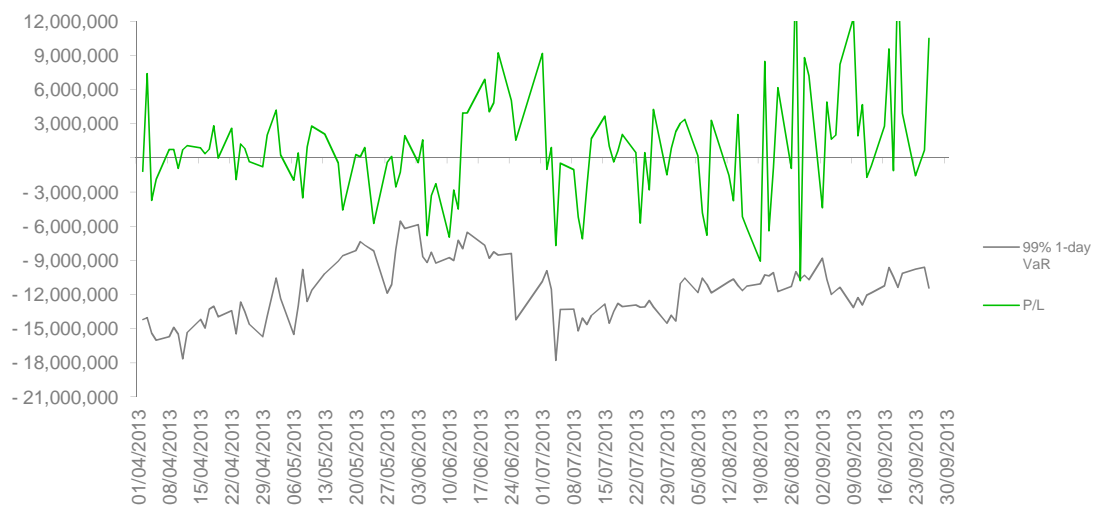
Risk management

Unaudited

Traded market risk management

For VaR for 30 September 2013 in the South African book was higher than for 31 March 2013. Using hypothetical (clean) profit and loss data for backtesting resulted in two exceptions, which is in line with the number of exceptions that a 99% VaR implies. The exceptions were due to normal trading losses using actual profit and loss resulted in one exception which is lower than expected.

99% 1-day VaR Backtesting (Rands)



VaR for September 2013 in the South African trading book was slightly lower than at March 2013. Using hypothetical (clean) profit and loss data for backtesting resulted in two exceptions i.e. where the loss is greater than the VaR



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

Risk management

Unaudited

ETL 95% (one day)

R'million	30 Sept 2013	31 March 2013
Equity derivatives	6.7	9.3
Foreign exchange	2.5	4.6
Interest rates	5.7	2.6
Consolidated*	7.6	10.5

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

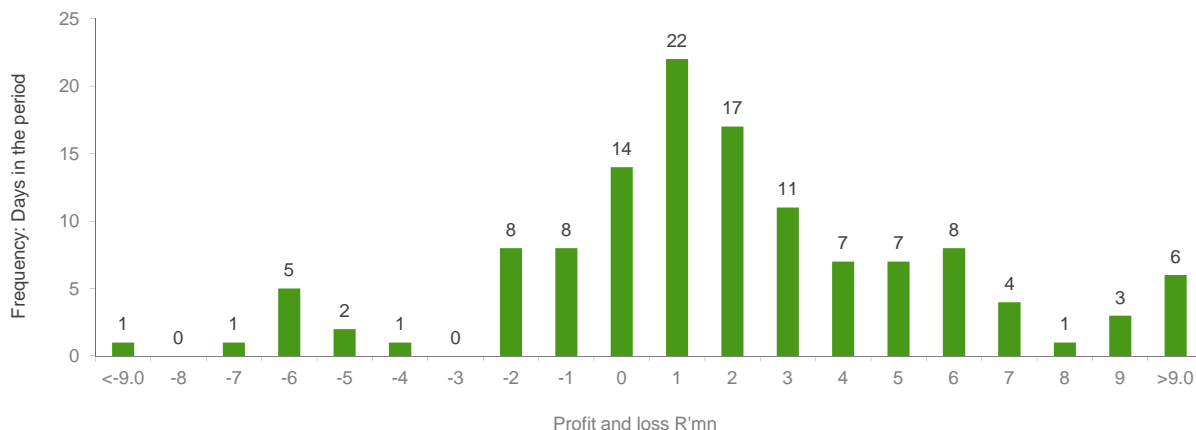
Stress testing

The table below indicates the potential losses that could arise if the portfolio is stress tested under extreme market conditions. 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. These numbers do not assume normality but rather rely on fitting a distribution to the data outside the 95% confidence interval.

R'million	30 Sept 2013	31 March 2013
Commodities	2	-
Equity derivatives	24	41
Foreign exchange	9	14
Interest rates	26	24
Consolidated	34	45

Profit and loss histograms

The histogram below illustrates the distribution in daily revenue during the period for our trading businesses. The distribution is skewed to the profit side and the graph shows that trading revenue was realised on 86 days out of a total of 126 days in the trading business. The average daily trading revenue generated for the six months to 30 September 2013 was R1.6 million (year ended March 2013: R1.3 million)





Investec Limited silo financial information (excluding the results 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, otherwise known as interest rate risk in the banking book, is the impact on net interest earnings and sensitivity to economic value, as a result of unexpected adverse movements in interest rates arising from the execution of our core business strategies and the delivery of products and services to our customers.

Sources of interest rate risk include:

- **Repricing risk:** Arises from the timing differences in the fixed rate maturity and floating rate repricing of bank assets, liabilities and off balance sheet derivative positions. This affects the interest rate margin realised between lending income and borrowing costs, when applied to our rate sensitive portfolios
- **Yield curve risk:** Repricing mismatches also expose the bank to changes in the slope and shape of the yield curve
- **Basis risk:** Arises from imperfect correlation in the adjustments of the rates earned and paid on different instruments with otherwise similar repricing characteristics
- **Optionality:** We are not materially exposed to optionality risk, as contract breakage penalties on fixed-rate advances specifically cover this risk, while prepayment optionality is restricted to variable rate contracts and has no impact on interest rate risk.

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.



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

Risk management

Unaudited

Interest rate sensitivity gap

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

As at 30 September 2013 R'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	23 419	-	-	26	-	5 004	28 449
Cash and short-term funds - non-banks	7 707	-	-	-	-	-	7 707
Investment/trading assets and statutory liquids	30 743	9 648	8 808	11 361	7 767	19 173	87 500
Securitised assets	8 105	-	-	-	-	734	8 839
Advances	127 226	1 784	1 247	9 342	4 967	362	144 928
Other assets	1 586	-	-	-	-	6 723	8 309
Assets	198 786	11 432	10 055	20 729	12 734	31 996	285 732
Deposits - banks	(10 767)	(570)	(71)	(131)	-	(52)	(11 591)
Deposits - non-banks	(164 133)	(13 285)	(11 964)	(6 394)	(1 811)	(1 096)	(198 683)
Negotiable paper	(3 788)	(314)	(54)	(3 684)	-	-	(7 840)
Securitised liabilities	(6 127)	-	-	-	-	(791)	(6 918)
Investment/trading liabilities	(10 071)	-	-	(3 078)	-	(7 212)	(20 361)
Subordinated liabilities	(7 360)	-	-	(325)	(2 684)	(35)	(10 404)
Other liabilities	(110)	-	-	-	-	(6 688)	(6 798)
Liabilities	(202 356)	(14 169)	(12 089)	(13 612)	(4 495)	(15 874)	(262 595)
Intercompany loans	8 201	(9)	(425)	2 449	(36)	(339)	9 841
Shareholders' funds	(3 279)	-	-	-	(871)	(24 954)	(29 104)
Balance sheet	1 352	(2 746)	(2 459)	9 566	7 332	(9 171)	3 874
Off-balance sheet	17 267	(6 404)	5 197	(13 328)	(6 606)	-	(3 874)
Repricing gap	18 619	(9 150)	2 738	(3 762)	726	(9 171)	-
Cumulative repricing gap	18 619	9 469	12 207	8 445	9 171	-	-

Economic value sensitivity

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

'million	Sensitivity to the following interest rates (expressed in original currencies)						All (ZAR)
	ZAR	GBP	USD	EUR	AUD	Other	
200bp down	(162.7)	4.3	(10.2)	(4.5)	0.8	-	(249.3)
200bp up	117.3	(3.6)	9.2	6.3	(0.9)	-	227.9



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

Risk management

Unaudited

Balance sheet risk management

Liquidity risk

Liquidity risk is the risk that we have insufficient capacity to fund increases in assets, or are unable to meet our payment obligations as they fall due, including repaying depositors or maturing wholesale debt. This risk is inherent in all banking operations and can be impacted by a range of institution-specific and market-wide events.

Liquidity risk description

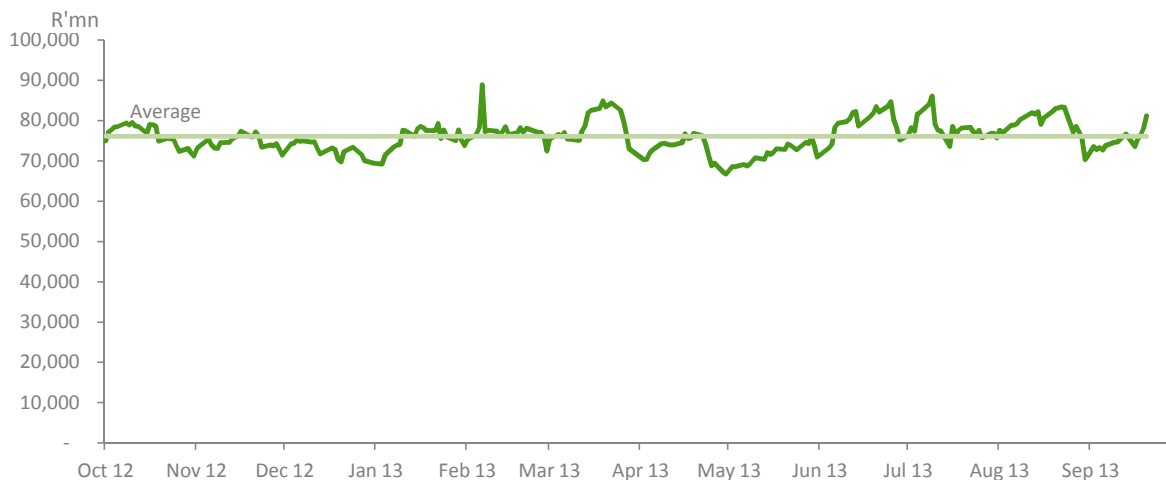
Liquidity risk is further broken down into:

- **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:

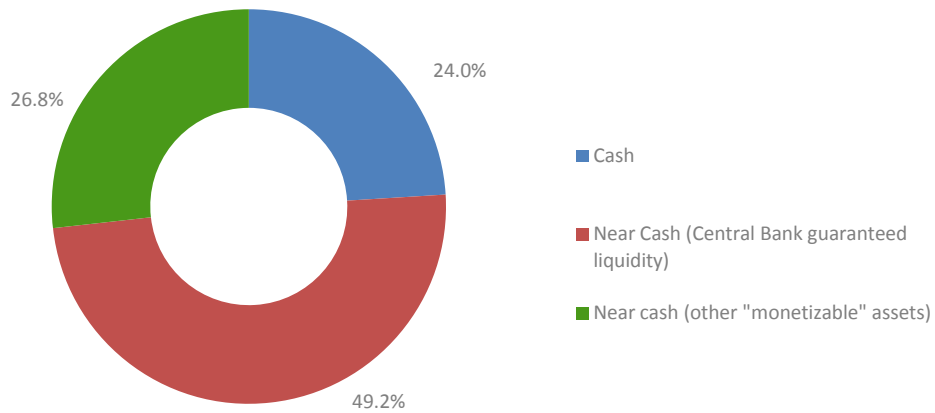
- unforeseen withdrawals of deposits;
- restricted access to new funding with appropriate maturity and interest rate characteristics;
- inability to liquidate a marketable asset in a timely manner with minimal risk of capital loss;
- unpredicted customer non-payment of loan obligations; and
- a sudden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

Investec Limited cash and near cash trend

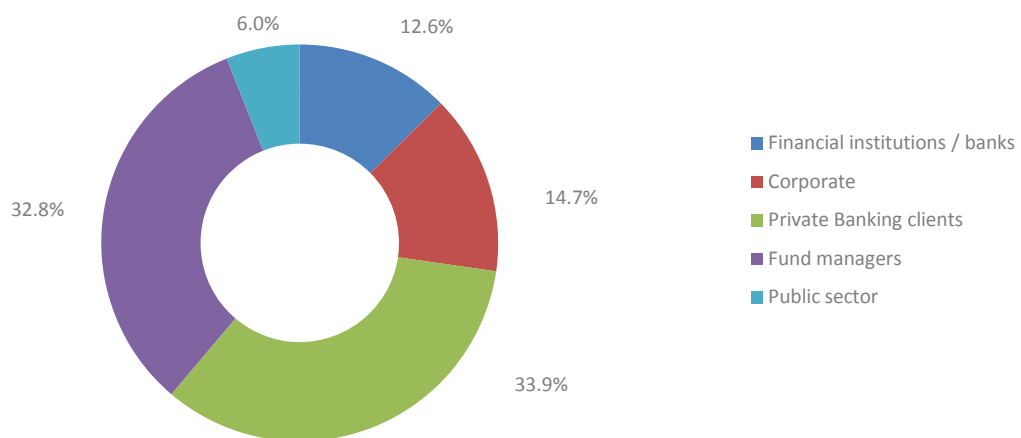




An analysis of cash and near cash as at 30 September 2013 (R74 billion)



Bank and non-bank depositor concentration by type (R212 103 million)





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

Risk management

Unaudited

Liquidity mismatch

The tables that follow show our contractual liquidity mismatch.

With respect to the contractual liquidity mismatch:

- No assumptions are made except as mentioned below, and we record all asset and liabilities with the underlying contractual maturity as determined by the cash flow profile for
 - 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 of little 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
 - 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.
 - 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'. Many retail deposits, which are included within customer accounts, are repayable on demand or at short notice on a contractual basis. In practice, these instruments form a stable base for the group's operations and liquidity needs because of the broad base of customers. To this end, behavioural profiling is applied to liabilities with an indeterminable maturity, as the contractual repayments of many customer accounts are on demand or at short notice but expected cash flows vary significantly from contractual maturity. An internal analysis model is used, based on statistical research of the historical series of products. This is used to identify significant additional sources of structural liquidity in the form of core deposits that exhibit stable behaviour. In addition, re-investment behaviour, with profile and attrition based on history, is applied to term deposits in the normal course of business.



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

Unaudited

Contractual liquidity

As at 30 September 2013 R'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Cash and short term funds - banks*	25 027	965	1 978	83	13	1 247	56	29 369
Cash and short term funds - non-banks	7 614	87	21	-	-	-	-	7 722
Investment/trading assets and statutory liquids**	30 413	19 515	2 721	1 152	622	25 842	26 447	106 712
Securitisised assets	2 625	25	95	435	1 115	997	3 547	8 839
Advances	3 265	6 551	10 184	9 476	15 444	61 948	38 060	144 928
Other assets	-	1 178	62	156	-	1 910	5 196	8 502
Assets	68 944	28 321	15 061	11 302	17 194	91 944	73 306	306 072
Deposits - banks	(2 159)	(3 823)	(818)	(138)	(480)	(4 173)	-	(11 591)
Deposits - non banks	(70 445)^	(23 439)	(33 050)	(22 284)	(24 600)	(24 579)	(2 115)	(200 512)
Negotiable paper	-	(233)	(1 166)	(1 019)	(190)	(5 232)	-	(7 840)
Securitisised liabilities	-	(513)	-	(2 080)	(3 462)	(32)	(831)	(6 918)
Investment/trading liabilities	(387)	(11 618)	(1 975)	(1 203)	(2 299)	(12 758)	(1 597)	(31 837)
Subordinated liabilities	-	(35)	-	-	(162)	(525)	(9 682)	(10 404)
Other liabilities	(1 060)	(1 362)	-	(192)	(530)	(781)	(3941)	(7 866)
Liabilities	(74 051)	(41 023)	(37 009)	(26 916)	(31 723)	(48 080)	(18 166)	(276 968)
Shareholders' funds	-	-	-	-	-	-	(29 104)	(29 104)
Contractual liquidity gap	(5 107)	(12 702)	(21 948)	(15 614)	(14 529)	43 864	26 036	-
Cumulative liquidity gap	(5 107)	(17 809)	(39 757)	(55 371)	(69 900)	(26 036)	-	-

Note: contractual liquidity adjustments

R'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	> 5 years	Total
*Cash and short term funds - banks	20 099	965	1 978	83	13	1 247	1 984	26,369
**Investment/trading assets and statutory liquids	1 950	15 135	7 049	11 905	13 090	27 363	30 220	106,712

Behavioural liquidity

R'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	> 5 years	Total
Behavioural liquidity gap	34 391	(9 772)	2 345	(339)	2 324	(69 745)	40 796	-
Cumulative	34 391	24 619	26 964	26 625	28 949	(40 796)	-	-

^ Includes call deposits of R67.9 billion and the balance reflects term deposits which have finally reached/are reaching contractual maturity.



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

Capital adequacy

Unaudited

R'million	30 Sept 2013	31 March 2013
Tier 1 capital		
Shareholders' equity	22 126	19 819
Shareholders' equity per balance sheet	25 309	23 002
Perpetual preference share capital and share premium	(3 183)	(3 183)
Deconsolidation of special purpose entities	-	-
Non-controlling interests	269	-
Non-controlling interests per balance sheet	2 259	10
Non-controlling interests excluded for regulatory purposes	(1 990)	(10)
Non-controlling interests transferred to tier 1	-	-
Non-controlling interests in deconsolidated subsidiaries	-	-
Regulatory adjustments to the accounting basis	561	446
Unrealised losses on available-for-sale debt securities	-	-
Defined benefit pension fund adjustment	-	-
Unrealised gains on available-for-sale equities	-	-
Prudent Valuation	-	-
Cash flow hedging reserve	561	446
Foreign currency translation reserve	-	-
Deductions	(232)	(235)
Goodwill and intangible assets	(232)	(235)
Unconsolidated investments	-	-
Securitisation positions	-	-
Excess of deductions from additional tier 1	-	-
Core tier 1 / common equity tier 1 capital	22 724	20 030
Additional tier 1 capital before deductions	4 228	4 222
Additional tier 1 instruments	4 717	4 717
Phase out of non-qualifying additional tier 1 instruments	(472)	(472)
Non qualifying surplus capital attributable to minorities	(17)	(23)
Total tier 1 capital	26 952	24 252
Tier 2 capital		
Total qualifying tier 2 capital before deductions	10 050	10 961
Unrealised gains on available-for-sale equities	-	-
Collective impairment allowances	137	122
Tier 2 instruments	10 404	12 496
Phase out of non-qualifying tier 2 instruments	-	(1 125)
Non qualifying surplus capital attributable to minorities	(491)	(532)
Deductions	-	-
Unconsolidated investments	-	-
Securitisation positions	-	-
Total tier 2 capital	10 050	10 961
Total capital deductions	-	(435)
Investments that are not material holdings or qualifying holdings	-	(435)
Total regulatory capital	37 002	34 778
Risk-weighted assets	240 459	223 865
Capital ratios		
Common equity tier 1 ratio	9.5%	8.9%
Tier 1 ratio	11.2%	10.8%
Total capital ratio	15.4%	15.5%
Capital requirements	22 843	21 268
Credit risk - prescribed standardised exposure classes	16 632	15 360
Corporates	9 795	9 498
Secured on real estate property	1 703	1 513
Short term claims on institutions and corporates	2 496	2 223
Retail	456	326
Institutions	1 099	1 058
Other exposure classes	93	91
Securitisation exposures	990	651
Equity risk - standardised approach	2 938	2 845
Listed equities	136	145
Unlisted equities	2 802	2 700
Counterparty credit risk	620	716
Market risk	711	449
Interest rate	218	117
Foreign exchange	92	74
Commodities	4	2
Equities	397	256
Operational risk - standardised approach	1 942	1 898
Capital adequacy		
Risk-weighted assets (banking and trading)	240 459	223 865
Credit risk - prescribed standardised exposure classes	175 086	161 678
Corporates	103 104	99 975
Secured on real estate property	17 929	15 925
Short term claims on institutions and corporates	26 277	23 397
Retail	4 804	3 428
Institutions	11 565	11 141
Other exposure classes	981	959
Securitisation exposures	10 426	6 853
Equity risk - standardised approach	30 935	29 948
Listed equities	1 436	1 531
Unlisted equities	29 499	28 417
Counterparty credit risk	6 523	7 537
Market risk	7 470	4 728
Interest rate	2 291	1 229
Foreign Exchange	966	783
Commodities	37	20
Equities	4 176	2 696
Operational risk - standardised approach	30	20 445
	20 445	19 974

The 2013 capital information for Investec Limited is based on Basel III capital requirements as currently applicable in South Africa. Comparative information is disclosed on a Basel II basis.



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

Unaudited

Analysis of rated counterparties in each standardised credit risk exposure class

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

		30 Sept 2013		31 March 2013	
		Exposure R'mn	Exposure after credit risk mitigation R'mn	Exposure R'mn	Exposure after credit risk mitigation R'mn
Credit quality steps	Risk weight				
Central Banks and sovereigns:					
1	0%	39 124	39 124	39 475	39 475
2	20%	-	-	-	-
3	50%	65	65	42	42
4	100%	-	-	-	-
5	100%	50	50	-	-
6	150%	-	-	-	-
Institutions original effective maturity of more than three months:					
1	20%	146	146	627	466
2	50%	12 785	12 283	10 180	10 180
3	50%	10 180	9 917	12 665	12 664
4	100%	531	531	-	-
5	100%	-	-	-	-
6	150%	-	-	-	-
Short term claims on institutions:					
1	20%	216	216	1 083	1 083
2	20%	7 463	7 463	9 111	9 111
3	20%	6 435	6 435	6 646	6 646
4	50%	-	-	-	-
5	50%	-	-	-	-
6	150%	-	-	-	-
Corporates:					
1	20%	1 183	1 080	444	367
2	50%	3 669	3 219	1 315	822
3	100%	5 789	3 096	3 050	1 223
4	100%	456	456	672	264
5	150%	-	-	-	-
6	150%	-	-	-	-
Securitisation positions:					
1	20%	605	605	788	788
2	50%	5 061	5 061	4 124	4 124
3	100%	1 167	1 167	1 357	1 357
4	350%	405	405	369	369
5	1250%	1 294	1 294	62	62
Total rated counterparty exposures		96 624	92 613	92 010	89 043