

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

Unaudited condensed consolidated financial information for the six months ended 30 September 2015

IFRS - Rand





## Overview of results

### Unaudited

	30 Sept 2015	30 Sept 2014	% change	31 Mar 2015
Total operating income before impairment losses on loans and advances (R'million)	8,227	6,872	19.7%	14,536
Operating costs (R'million)	4,418	3,570	23.8%	7,617
Operating profit before taxation and headline adjustments (R'million)	3,521	3,081	14.3%	6,463
Headline earnings attributable to ordinary shareholders (R'million)	2,364	2,050	15.3%	3,874
Cost to income ratio	53.7%	51.9%	3.5%	52.4%
Total capital resources (including subordinated liabilities) (R'million)	47,498	44,316	7.2%	45,975
Total shareholders equity (R'million)	37,090	33,671	10.2%	35,526
Total assets (R'million)	520,279	443,379	17.3%	473,633
Net core loans and advances (R'million)	199,440	170,521	17.0%	182,058
Customer accounts (deposits) (R'million)	250,099	217,550	15.0%	221,377
Cash and near cash balances (R'million)	100,042	82,252	21.6%	88,691
Funds under management (R'million)*	798,638	753,300	6.0%	788,711
Capital adequacy ratio	14.2%	15.0%		14.7%
Tier 1 ratio	10.9%	11.2%		11.3%
Common equity tier 1 ratio	9.5%	9.5%		9.6%
Leverage ratio	7.4%	8.2%		8.1%
Defaults (net of impairments) as a % of net core loans and advances	1.12%	1.27%		1.43%
Net defaults (after collateral and impairments) as a % of net core loans and advances	-	-		-
Credit loss ratio (i.e. income statement impairment charge as a % of average core loans and advances)	0.28%	0.29%		0.28%
Total gearing ratio (i.e. total assets excluding assurance assets to equity)	10.9x	10.0x		10.1x
Loans and advances to customers: customer accounts (deposits)	75.9%	75.0%		78.6%

\* Restated to reflect internal adjustments to the jurisdiction in which funds under management are recognised.



## Consolidated income statement

Unaudited

R'million	Six months to 30 Sept 2015	Six months to 30 Sept 2014	Year to 31 Mar 2015
Interest income	11,066	9,753	20,099
Interest expense	(8,062)	(7,045)	(14,619)
<b>Net interest income</b>	<b>3,004</b>	<b>2,708</b>	<b>5,480</b>
Fee and commission income	3,679	3,296	6,825
Fee and commission expense	(205)	(125)	(425)
Investment income	1,369	800	2,067
Trading income arising from			
- customer flow	219	132	327
- balance sheet management and other trading activities	169	46	233
Other operating (loss)/income	(8)	15	29
<b>Total operating income before impairment losses on loans and advances</b>	<b>8,227</b>	<b>6,872</b>	<b>14,536</b>
Impairment losses on loans and advances	(288)	(221)	(456)
<b>Operating income</b>	<b>7,939</b>	<b>6,651</b>	<b>14,080</b>
Operating costs	(4,418)	(3,570)	(7,617)
<b>Operating profit before goodwill and acquired intangibles</b>	<b>3,521</b>	<b>3,081</b>	<b>6,463</b>
Impairment of goodwill	(15)	(7)	(17)
Amortisation of acquired intangibles	(13)	-	-
<b>Profit before taxation</b>	<b>3,493</b>	<b>3,074</b>	<b>6,446</b>
Taxation on operating profit before goodwill and acquired intangibles	(687)	(525)	(1,264)
Taxation on acquired intangibles	4	-	-
<b>Profit after taxation</b>	<b>2,810</b>	<b>2,549</b>	<b>5,182</b>
Profit attributable to Asset Management non-controlling interests	(64)	(78)	(145)
Profit attributable to other non-controlling interests	(245)	(149)	(569)
<b>Earnings attributable to shareholders</b>	<b>2,501</b>	<b>2,322</b>	<b>4,468</b>

## Consolidated statement of comprehensive income

R'million	Six months to 30 Sept 2015	Six months to 30 Sept 2014	Year to 31 Mar 2015
Profit after taxation	2,810	2,549	5,182
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified to the income statement</b>			
Fair value movements on cash flow hedges taken directly to other comprehensive income*	(347)	(95)	(614)
Gains on realisation of available-for-sale assets recycled through the income statement*	(13)	(58)	(60)
Fair value movements on available-for-sale assets taken directly to other comprehensive income*	(227)	62	16
Foreign currency adjustments on translating foreign operations	754	302	602
<b>Total comprehensive income</b>	<b>2,977</b>	<b>2,760</b>	<b>5,126</b>
Total comprehensive income attributable to non-controlling interests	309	227	714
Total comprehensive income attributable to ordinary shareholders	2,465	2,368	4,046
Total comprehensive income attributable to perpetual preference shareholders and other Additional Tier 1 shareholders	203	165	366
<b>Total comprehensive income</b>	<b>2,977</b>	<b>2,760</b>	<b>5,126</b>

\* Net of taxation of (R279.3 million) [six months to 30 September 2014: (R20.8 million); year to 31 March 2015: (R68.0 million)].

## Calculation of headline earnings

R'million	Six months to 30 Sept 2015	Six months to 30 Sept 2014	Year to 31 Mar 2015
Earnings attributable to shareholders	2,501	2,322	4,468
Dividends paid to perpetual preference shareholders and other Additional Tier 1 shareholders	(203)	(165)	(366)
<b>Earnings attributable to ordinary shareholders</b>	<b>2,298</b>	<b>2,157</b>	<b>4,102</b>
Headline adjustments:			
Impairment of goodwill	66	(107)	(228)
Revaluation of investment properties, net of taxation^	15	7	17
Gain on available-for-sale assets recycled through the income statement, net of taxation^	(30)	(56)	(185)
Write down of non-current assets classified as held for sale	(13)	(58)	(60)
Headline earnings attributable to ordinary shareholders	94	-	-
<b>Headline earnings attributable to ordinary shareholders</b>	<b>2,364</b>	<b>2,050</b>	<b>3,874</b>

^ Taxation on headline earnings adjustments amounted to (R19.9 million) [six months to 30 September 2014: R44.6 million; year to 31 March 2015: R76.9 million], with no impact on earnings attributable to non-controlling interests.



## Consolidated balance sheet

Unaudited At R'million	30 Sept 2015	31 Mar 2015	30 Sep 2014
<b>Assets</b>			
Cash and balances at central banks	6,698	6,261	5,946
Loans and advances to banks	27,414	35,867	30,469
Non-sovereign and non-bank cash placements	11,435	10,540	10,403
Reverse repurchase agreements and cash collateral on securities borrowed	28,621	10,734	7,241
Sovereign debt securities	34,850	31,378	32,929
Bank debt securities	16,874	18,215	23,380
Other debt securities	11,284	9,037	7,823
Derivative financial instruments	14,483	15,177	12,918
Securities arising from trading activities	14,588	7,478	6,783
Investment portfolio	11,204	10,079	9,425
Loans and advances to customers	189,732	173,994	163,122
Own originated loans and advances to customers securitised	9,708	8,064	7,399
Other loans and advances	403	472	508
Other securitised assets	951	1,289	1,137
Interest in associated undertakings	53	60	56
Deferred taxation assets	475	462	456
Other assets	13,663	8,967	6,351
Property and equipment	744	706	724
Investment properties	9,919	9,925	8,608
Goodwill	258	101	111
Intangible assets	557	190	102
Non-current assets classified as held for sale	601	732	731
	<b>404,515</b>	<b>359,728</b>	<b>336,622</b>
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	115,764	113,905	106,757
	<b>520,279</b>	<b>473,633</b>	<b>443,379</b>
<b>Liabilities</b>			
Deposits by banks	33,303	30,562	24,109
Derivative financial instruments	13,088	12,401	9,534
Other trading liabilities	21,849	11,380	9,377
Repurchase agreements and cash collateral on securities lent	14,368	16,556	12,511
Customer accounts (deposits)	250,099	221,377	217,550
Debt securities in issue	10,700	9,426	9,308
Liabilities arising on securitisation of own originated loans and advances	1,732	1,976	1,929
Liabilities arising on securitisation of other assets	-	-	154
Current taxation liabilities	1,299	1,747	1,590
Deferred taxation liabilities	830	531	554
Other liabilities	9,749	7,797	5,690
	<b>357,017</b>	<b>313,753</b>	<b>292,306</b>
Liabilities to customers under investment contracts	115,729	113,872	106,732
Insurance liabilities, including unit-linked liabilities	35	33	25
	<b>472,781</b>	<b>427,658</b>	<b>399,063</b>
Subordinated liabilities	10,408	10,449	10,645
	<b>483,189</b>	<b>438,107</b>	<b>409,708</b>
<b>Equity</b>			
Ordinary share capital	1	1	1
Share premium	10,909	10,297	10,297
Treasury shares	(1,213)	(971)	(958)
Other reserves	993	733	976
Retained income	19,538	18,751	17,255
<b>Shareholders' equity excluding non-controlling interests</b>	<b>30,228</b>	<b>28,811</b>	<b>27,571</b>
Other Additional Tier 1 securities in issue	550	550	550
<b>Non-controlling interests</b>	<b>6,312</b>	<b>6,165</b>	<b>5,550</b>
- Perpetual preferred securities issued by subsidiaries	1,534	1,534	1,534
- Non-controlling interests in partially held subsidiaries	4,778	4,631	4,016
<b>Total equity</b>	<b>37,090</b>	<b>35,526</b>	<b>33,671</b>
<b>Total liabilities and equity</b>	<b>520,279</b>	<b>473,633</b>	<b>443,379</b>



## Condensed consolidated statement of changes in equity

Unaudited

R'million	Six months to 30 Sept 2015	Year to 31 Mar 2015	Six months to 30 Sept 2014
<b>Balance at the beginning of the period</b>	<b>35,526</b>	<b>31,127</b>	<b>31,127</b>
Total comprehensive income	2,977	5,126	2,760
Issue of ordinary shares	612	252	252
Issue of other Additional Tier 1 securities in issue	-	550	550
Movement of treasury shares	(908)	(1,205)	(913)
Share-based payments adjustments	280	506	226
Partial disposal of group operations	-	798	751
Movement in non-controlling interest due to shares issued in subsidiary	90	430	138
Dividends paid to perpetual preference shareholders included in non-controlling interests	(87)	(114)	(56)
Dividends paid to ordinary shareholders	(1,032)	(1,263)	(874)
Dividends declared to other equity holders including other Additional Tier 1 securities	(116)	(252)	(109)
Dividends paid to non-controlling interests	(252)	(429)	(181)
<b>Balance at the end of the period</b>	<b>37,090</b>	<b>35,526</b>	<b>33,671</b>



## Consolidated business analysis

### Unaudited

For the six months to 30 September 2015

R'million

	Asset Management	Wealth & Investment	Specialist Banking	Group Costs	Total
Net interest income	35	30	2,939	-	3,004
Net fee and commission income	1,402	597	1,475	-	3,474
Investment income	1	-	1,368	-	1,369
Trading income arising from					
- customer flow	-	1	218	-	219
- balance sheet management and other trading activities	4	2	163	-	169
Other operating income/(loss)	1	-	(9)	-	(8)
<b>Total operating income before impairment losses on loans and advances</b>	<b>1,443</b>	<b>630</b>	<b>6,154</b>	<b>-</b>	<b>8,227</b>
Impairment losses on loans and advances	-	-	(288)	-	(288)
<b>Operating income</b>	<b>1,443</b>	<b>630</b>	<b>5,866</b>	<b>-</b>	<b>7,939</b>
Operating costs	(856)	(399)	(3,054)	(109)	(4,418)
<b>Operating profit before goodwill and acquired intangibles</b>	<b>587</b>	<b>231</b>	<b>2,812</b>	<b>(109)</b>	<b>3,521</b>
Impairment of goodwill	(15)	-	-	-	(15)
Amortisation of acquired intangibles	-	-	(13)	-	(13)
<b>Profit before taxation</b>	<b>572</b>	<b>231</b>	<b>2,799</b>	<b>(109)</b>	<b>3,493</b>
Profit attributable to Asset Management non-controlling interests	(64)	-	-	-	(64)
Profit attributable to other non-controlling interests	-	-	(245)	-	(245)
<b>Profit before taxation and after non-controlling interests</b>	<b>508</b>	<b>231</b>	<b>2,554</b>	<b>(109)</b>	<b>3,184</b>
Cost to income ratio	59.3%	63.3%	49.6%		53.7%
Total assets	2,192	22,161	495,926		520,279

For the six months to 30 September 2014

R'million

	Asset Management	Wealth & Investment	Specialist Banking	Group Costs	Total
Net interest income	35	13	2,660	-	2,708
Net fee and commission income	1,472	517	1,182	-	3,171
Investment income	-	-	800	-	800
Trading income arising from					
- customer flow	-	1	131	-	132
- balance sheet management and other trading activities	-	2	44	-	46
Other operating income/(loss)	16	-	(1)	-	15
<b>Total operating income before impairment losses on loans and advances</b>	<b>1,523</b>	<b>533</b>	<b>4,816</b>	<b>-</b>	<b>6,872</b>
Impairment losses on loans and advances	-	-	(221)	-	(221)
<b>Operating income</b>	<b>1,523</b>	<b>533</b>	<b>4,595</b>	<b>-</b>	<b>6,651</b>
Operating costs	(825)	(339)	(2,336)	(70)	(3,570)
<b>Operating profit before goodwill and acquired intangibles</b>	<b>698</b>	<b>194</b>	<b>2,259</b>	<b>(70)</b>	<b>3,081</b>
Impairment of goodwill	(7)	-	-	-	(7)
<b>Profit before taxation</b>	<b>691</b>	<b>194</b>	<b>2,259</b>	<b>(70)</b>	<b>3,074</b>
Profit attributable to Asset Management non-controlling interests	(78)	-	-	-	(78)
Profit attributable to other non-controlling interests	-	-	(149)	-	(149)
<b>Profit before taxation and after non-controlling interests</b>	<b>613</b>	<b>194</b>	<b>2,110</b>	<b>(70)</b>	<b>2,847</b>
Cost to income ratio	54.2%	63.6%	50.0%		51.9%
Total assets	2,251	9,674	431,454		443,379



## Additional income statement note disclosures

Unaudited

### Net interest income

		2015		2014	
For the six months to 30 September		Balance sheet	Interest	Balance sheet	Interest
R'million	Notes	value	income	value	income
Cash, near cash and bank debt and sovereign debt securities	1	125,892	2,787	110,368	2,447
Core loans and advances	2	199,440	8,026	170,521	6,968
Private client		132,248	5,227	115,691	4,553
Corporate, institutional and other clients		67,192	2,799	54,830	2,415
Other debt securities and other loans and advances		11,687	207	8,331	220
Other interest-earning assets	3	951	46	1,137	118
<b>Total interest-earning assets</b>		<b>337,970</b>	<b>11,066</b>	<b>290,357</b>	<b>9,753</b>

		2015		2014	
For the six months to 30 September		Balance sheet	Interest	Balance sheet	Interest
R'million		value	expense	value	expense
Deposits by banks and other debt-related securities	4	58,369	(830)	45,928	(667)
Customer accounts (deposits)		250,099	(6,750)	217,550	(5,820)
Other interest-bearing liabilities	5	1,732	(81)	2,083	(172)
Subordinated liabilities		10,408	(401)	10,645	(386)
<b>Total interest-bearing liabilities</b>		<b>320,608</b>	<b>(8,062)</b>	<b>276,206</b>	<b>(7,045)</b>

<b>Net interest income</b>	<b>3,004</b>	<b>2,708</b>
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#### Notes:

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

### Net fee and commission income

For the six months to 30 September		2015	2014
R'million			
<b>Asset management and wealth management businesses net fee and commission income</b>		<b>1,999</b>	<b>1,989</b>
Fund management fee/fees for assets under management		1,788	1,728
Private client transactional fees		309	275
Fee and commission expense		(98)	(14)
<b>Specialist banking net fee and commission income</b>		<b>1,475</b>	<b>1,182</b>
Corporate and institutional transactional and advisory services		1,251	1,011
Private client transactional fees		331	282
Fee and commission expense		(107)	(111)
<b>Net fee and commission income</b>		<b>3,474</b>	<b>3,171</b>
Annuity fees (net of fees payable)		2,703	2,378
Deal fees		771	793

### Investment income

For the six 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						
<b>2015</b>						
Realised		424	63	170	14	671
Unrealised		709	40	(111)	1	639
Dividend income		196	-	-	-	196
Funding and other net related costs		(145)	-	-	8	(137)
		<b>1,184</b>	<b>103</b>	<b>59</b>	<b>23</b>	<b>1,369</b>
<b>2014</b>						
Realised		53	65	109	(12)	215
Unrealised		616	(20)	(14)	7	589
Dividend income		87	-	-	15	102
Funding and other net related costs		(114)	-	-	8	(106)
		<b>642</b>	<b>45</b>	<b>95</b>	<b>18</b>	<b>800</b>

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



## Additional IAS 34 disclosures

Unaudited

### Analysis of financial assets and liabilities by measurement basis

At 30 September 2015 R'million	Total instruments at fair value^	Total instruments at amortised cost	Insurance related	Non-financial instruments	Total
<b>Assets</b>					
Cash and balances at central banks	-	6,698	-	-	6,698
Loans and advances to banks	523	26,891	-	-	27,414
Non-sovereign and non-bank cash placements	3	11,432	-	-	11,435
Reverse repurchase agreements and cash collateral on securities borrowed	16,354	12,267	-	-	28,621
Sovereign debt securities	31,183	3,667	-	-	34,850
Bank debt securities	8,101	8,773	-	-	16,874
Other debt securities	9,159	2,125	-	-	11,284
Derivative financial instruments	14,483	-	-	-	14,483
Securities arising from trading activities	14,588	-	-	-	14,588
Investment portfolio	11,204	-	-	-	11,204
Loans and advances to customers	11,583	178,149	-	-	189,732
Own originated loans and advances to customers securitised	-	9,708	-	-	9,708
Other loans and advances	-	403	-	-	403
Other securitised assets	-	951	-	-	951
Interests in associated undertakings	-	-	-	53	53
Deferred taxation assets	-	-	-	475	475
Other assets	894	6,763	-	6,006	13,663
Property and equipment	-	-	-	744	744
Investment properties	-	-	-	9,919	9,919
Goodwill	-	-	-	258	258
Intangible assets	-	-	-	557	557
Non-current assets classified as held for sale	-	-	-	601	601
	118,075	267,827	-	18,613	404,515
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	-	-	115,764	-	115,764
	<b>118,075</b>	<b>267,827</b>	<b>115,764</b>	<b>18,613</b>	<b>520,279</b>
<b>Liabilities</b>					
Deposits by banks	-	33,303	-	-	33,303
Derivative financial instruments	13,088	-	-	-	13,088
Other trading liabilities	21,849	-	-	-	21,849
Repurchase agreements and cash collateral on securities lent	2,613	11,755	-	-	14,368
Customer accounts (deposits)	15,641	234,458	-	-	250,099
Debt securities in issue	3,859	6,841	-	-	10,700
Liabilities arising on securitisation of own originated loans and advances	-	1,732	-	-	1,732
Current taxation liabilities	-	-	-	1,299	1,299
Deferred taxation liabilities	-	-	-	830	830
Other liabilities	1,081	4,151	-	4,517	9,749
	58,131	292,240	-	6,646	357,017
Liabilities to customers under investment contracts	-	-	115,729	-	115,729
Insurance liabilities, including unit-linked liabilities	-	-	35	-	35
	58,131	292,240	115,764	6,646	472,781
Subordinated liabilities	-	10,408	-	-	10,408
	<b>58,131</b>	<b>302,648</b>	<b>115,764</b>	<b>6,646</b>	<b>483,189</b>

^ Included in total instruments at fair value are available-for-sale instruments of R20.3 billion





## Additional IAS 34 disclosures

Unaudited

### Financial instruments carried at fair value

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

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

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

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

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

At 30 September 2015 R'million	Financial instruments at fair value	Fair value category		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Loans and advances to banks	523	523	-	-
Non-sovereign and non-bank cash placements	3	-	3	-
Reverse repurchase agreements and cash collateral on securities borrowed	16,354	-	16,354	-
Sovereign debt securities	31,183	31,183	-	-
Bank debt securities	8,101	4,933	3,168	-
Other debt securities	9,159	8,961	143	55
Derivative financial instruments	14,483	-	14,744	(261)
Securities arising from trading activities	14,588	14,176	412	-
Investment portfolio	11,204	667	901	9,636
Loans and advances to customers	11,583	-	11,583	-
Other assets	894	322	572	-
	118,075	60,765	47,880	9,430
<b>Liabilities</b>				
Derivative financial instruments	13,088	-	13,088	-
Other trading liabilities	21,849	20,640	1,209	-
Repurchase agreements and cash collateral on securities lent	2,613	-	2,613	-
Customer accounts (deposits)	15,641	-	15,641	-
Debt securities in issue	3,859	-	3,859	-
Other liabilities	1,081	322	759	-
	58,131	20,962	37,169	-
<b>Net assets</b>	<b>59,944</b>	<b>39,803</b>	<b>10,711</b>	<b>9,430</b>

### Transfers between level 1 and level 2

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

### Level 3 instruments

The following table is a reconciliation of the opening balances to the closing balances for financial instruments in level 3 of the fairvalue category. All instruments are at fair value through profit and loss.

	R'million
<b>Balance at 1 April 2015</b>	<b>8,358</b>
Total gains or losses recognised in the current period	1,021
Purchases	574
Sales	(469)
Issues	(40)
Settlements	(80)
Transfers into level 3	90
Transfers out of level 3	(44)
Foreign exchange adjustments	20
<b>Balance at 30 September 2015</b>	<b>9,430</b>

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

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

For the six months to 30 September 2015	Total	Realised	Unrealised
<b>Total gains or losses included in the income statement for the period</b>			
Investment income	922	122	800
Trading income arising from customer flow	53	-	53
Trading income arising from balance sheet management and other trading activities	46	-	46
	<b>1,021</b>	<b>122</b>	<b>899</b>



## Additional IAS 34 disclosures

Unaudited

### Measurement of financial assets and liabilities at level 2

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

	Valuation basis/techniques	Main inputs
<b>Assets</b>		
Non-sovereign and non-bank cash placements	Discounted cash flow model	Discount rates
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model	Discount rates
Bank debt securities	Black-Scholes	Volatilities
Other debt securities	Discounted cash flow model	Swap curves and NCD curves
Derivative financial instruments	Discounted cash flow model	Swap curves and NCD curves
Investment portfolio	Black-Scholes	Yield curve Volatilities
Loans and advances to customers	Comparable quoted inputs	Net assets
Other assets	Discounted cash flow model	Swap curves and discount rates
<b>Liabilities</b>	Discounted cash flow model	Discount rates
Derivative financial instruments	Discounted cash flow model	Yield curve
Other trading liabilities	Black-Scholes	Volatilities
Repurchase agreements and cash collateral on securities lent	Discounted cash flows	Discount rates
Customer accounts (deposits)	Discounted cash flows	Discount rates
Debt securities in issue	Discounted cash flows	Swap curves
Other liabilities	Discounted cash flows	Swap curves
		Discount rates

### Sensitivity of fair values to reasonably possible alternative assumptions by level 3 instrument type

The fair value of financial instruments in level 3 are measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable market data. The following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

					Reflected in the income statement	
At 30 September 2015	Balance sheet value	Valuation method	Significant unobservable input changed	Range which unobservable input has been stressed	Favourable changes	Unfavourable changes
<b>Assets</b>						
Other debt securities					17	(1)
	55	Discounted cash flows	Discount rates	(2%)/30%	17	(1)
Derivative financial instruments					140	(55)
	(261)	Black Scholes	Volatilities	(25%)/40%	48	(29)
		Discounted cash flows	Credit spreads	(50bps)/50bps	11	(9)
		Price earnings multiple	Change in PE multiple	*	41	-
		Other	Various	**	40	(17)
Investment portfolio					1,048	(1,487)
	9,636	Price earnings multiple	Change in PE multiple	*	1,027	(1,383)
		Other	Various	**	21	(104)
Total	9,430				1,205	(1,543)

\*The price-earnings multiple has been stressed on an investment-by-investment basis in order to obtain aggressive and conservative valuations.

\*\*These valuation sensitivities have been stressed individually using varying scenario-based techniques to obtain the aggressive and conservative valuations.

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

#### Credit spreads

Credit spreads reflect the additional yield that a market participant would demand for taking exposure to the credit risk of a counterparty instrument. The credit spread for an instrument forms part of the yield used in a discounted cash flow calculation. In general a significant increase in a credit spread in isolation will result in a movement in fair value that is unfavourable for the holder of a financial asset.

#### Discount rates

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

#### Volatilities

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

#### Price-earnings multiple

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



## Additional IAS 34 disclosures

Unaudited

### Fair value of financial assets and liabilities at amortised cost

At 30 September 2015

R'million	Carrying value	Fair value
<b>Assets</b>		
Cash and balances at central banks	6,698	6,698
Loans and advances to banks	26,891	26,891
Non-sovereign and non-bank cash placements	11,432	11,432
Reverse repurchase agreements and cash collateral on securities borrowed	12,267	12,267
Sovereign debt securities	3,667	3,738
Bank debt securities	8,773	9,030
Other debt securities	2,125	2,115
Loans and advances to customers	178,149	178,449
Own originated loans and advances to customers securitised	9,708	9,708
Other loans and advances	403	403
Other securitised assets	951	951
Other assets	6,763	6,763
	<b>267,827</b>	<b>268,445</b>
<b>Liabilities</b>		
Deposits by banks	33,303	31,959
Repurchase agreements and cash collateral on securities lent	11,755	11,700
Customer accounts (deposits)	234,458	234,162
Debt securities in issue	6,841	6,839
Liabilities arising on securitisation of own originated loans and advances	1,732	1,732
Other liabilities	4,151	4,184
Subordinated liabilities	10,408	10,408
	<b>302,648</b>	<b>300,984</b>



## Additional IAS 34 disclosures

Unaudited

### Acquisition of Blue Strata

R'million	Fair value of assets and liabilities
On 1 July 2015, Investec Bank Limited concluded transaction agreements with the management and shareholders of Blue Strata for the acquisition of the remaining 51.5% of the Blue Strata group, not already owned by it. Investec and Blue Strata have had a fruitful partnership over the past 13 years since Blue Strata's founding in 2002.	
As import regulations and complexities increase, Blue Strata offers a compelling value proposition to clients by simplifying the import process, and Investec foresees exciting benefits unfolding in offering Blue Strata's services to more of Investec's existing client base. The full integration of the business into the group offers the opportunity to unlock substantial benefits and will allow Blue Strata to accelerate its growth.	
The assets and liabilities at the date of acquisition, goodwill arising and total consideration paid are shown below:	
Loans and advances to banks	70
Investment portfolio	43
Deferred taxation assets	6
Other assets	1,436
Property and equipment	25
Intangible assets	412
<b>Assets</b>	<b>1,992</b>
Deferred taxation liabilities	121
Other liabilities	256
<b>Liabilities</b>	<b>377</b>
<b>Net fair value of assets acquired</b>	<b>1,615</b>
Fair value of existing 48.5% equity interest held in Blue Strata	370
Issue of Investec Limited Shares	367
Loan eliminated on consolidation	1,050
<b>Fair value of consideration</b>	<b>1,787</b>
<b>Goodwill</b>	<b>172</b>
For the post acquisition period 1 July 2015 to 30 September 2015, the operating income of the Blue Strata group was R61.9 million and the profit before taxation totalled R28.1 million.	



## Additional note disclosures

Unaudited

### Operating costs

For the six months to 30 September

R'million	2015	2014
Staff costs	3,112	2,448
Premises expenses (excluding depreciation)	228	228
Equipment expenses (excluding depreciation)	271	211
Business expenses	486	403
Marketing expenses	222	184
Depreciation, amortisation and impairment of property, equipment and intangibles	99	96
	<b>4,418</b>	<b>3,570</b>

### Reverse repurchase agreements and cash collateral on securities borrowed and repurchase agreements and cash collateral on securities lent

R'million	30 Sept 2015	31 Mar 2015
<b>Assets</b>		
Reverse repurchase agreements	17,818	6,221
Cash collateral on securities borrowed	10,803	4,513
	<b>28,621</b>	<b>10,734</b>
<b>Liabilities</b>		
Repurchase agreements	14,368	16,556
Cash collateral on securities lent	-	-
	<b>14,368</b>	<b>16,556</b>

### Extract of other debt securities

R'million	30 Sept 2015	31 Mar 2015
Bonds	8,435	6,866
Commercial paper	55	121
Floating rate notes	2,496	1,880
Treasury bills	298	-
Other investments	-	170
	<b>11,284</b>	<b>9,037</b>

### Extract of securities arising from trading activities

R'million	30 Sept 2015	31 Mar 2015
Bonds	1,373	1,006
Floating rate notes	154	40
Listed equities	13,061	6,432
	<b>14,588</b>	<b>7,478</b>

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

R'million	30 Sept 2015	31 Mar 2015
Gross loans and advances to customers	191,056	175,133
Impairments of loans and advances to customers	(1,324)	(1,139)
Specific impairments	(1,111)	(969)
Portfolio impairments	(213)	(170)
<b>Net loans and advances to customers</b>	<b>189,732</b>	<b>173,994</b>
Gross other loans and advances to customers	445	490
Impairments of other loans and advances to customers	(42)	(18)
Specific impairments	(41)	(16)
Portfolio impairments	(1)	(2)
<b>Net other loans and advances to customers</b>	<b>403</b>	<b>472</b>

### Extract of securitised assets and liabilities arising on securitisation

R'million	30 Sept 2015	31 Mar 2015
Gross own originated loans and advances to customers securitised	9,715	8,069
Impairments of own originated loans and advances to customers securitised	(7)	(5)
Specific impairments	(1)	(3)
Portfolio impairments	(6)	(2)
<b>Net own originated loans and advances to customers securitised</b>	<b>9,708</b>	<b>8,064</b>
<b>Total other securitised assets</b>	<b>951</b>	<b>1,289</b>

### Other assets

R'million	30 Sept 2015	31 Mar 2015
Settlement debtors	3,426	3,293
Trading properties	1,993	1,623
Prepayments and accruals	320	517
Trading initial margins	903	503
Fee debtors	48	364
Blue Strata debtors	1,389	-
Other	5,584	2,667
	<b>13,663</b>	<b>8,967</b>

### Debt securities in issue

R'million	30 Sept 2015	31 Mar 2015
<b>Repayable in:</b>		
Less than three months	1,833	534
Three months to one year	1,240	2,685
One to five years	7,627	6,164
Greater than five years	-	43
	<b>10,700</b>	<b>9,426</b>

### Other liabilities

R'million	30 Sept 2015	31 Mar 2015
Settlement liabilities	4,177	2,758
Other creditors and accruals	3,304	3,617
Other non-interest-bearing liabilities	2,268	1,422
	<b>9,749</b>	<b>7,797</b>



## Additional note disclosures

Unaudited

### Extract of perpetual preference share capital

R'million	30 Sept 2015	31 Mar 2015
Perpetual preference share capital	-	-
Perpetual preference share premium	3,183	3,183
	<b>3,183</b>	<b>3,183</b>

\* Less than a million

### Extract of deferred taxation

R'million	30 Sept 2015	31 Mar 2015
Losses carried forward	92	67

### Extract of subordinated liabilities

R'million	30 Sept 2015	31 Mar 2015
Issued by Investec Bank Limited	10,408	10,449
<b>Remaining maturities:</b>		
In one year or less, or on demand	-	175
In more than one year, but not more than two years	-	-
In more than two years, but not more than five years	4,038	400
In more than five years	6,370	9,874
	<b>10,408</b>	<b>10,449</b>

### Offsetting

At 30 September 2015 R'million	Amounts subject to enforceable netting arrangements				
	Effects of offsetting on balance sheet			Related amounts not offset	
	Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Financial instruments (including non-cash collateral)	Net amount
<b>Assets</b>					
Cash and balances at central banks	6,698	-	6,698	-	6,698
Loans and advances to banks	39,772	(12,358)	27,414	-	27,414
Non-sovereign and non-bank cash placements	11,435	-	11,435	-	11,435
Reverse repurchase agreements and cash collateral on securities borrowed	28,621	-	28,621	(1,031)	27,590
Sovereign debt securities	34,850	-	34,850	(2,922)	31,928
Bank debt securities	16,874	-	16,874	(3,272)	13,602
Other debt securities	11,284	-	11,284	(4,643)	6,641
Derivative financial instruments	16,258	(1,775)	14,483	(6,488)	7,995
Securities arising from trading activities	14,588	-	14,588	(2,785)	11,803
Investment portfolio	11,204	-	11,204	-	11,204
Loans and advances to customers	190,178	(446)	189,732	-	189,732
Own originated loans and advances to customers securitised	9,708	-	9,708	-	9,708
Other loans and advances	403	-	403	-	403
Other securitised assets	951	-	951	-	951
Other assets	13,663	-	13,663	(1,336)	12,327
	<b>406,487</b>	<b>(14,579)</b>	<b>391,908</b>	<b>(22,477)</b>	<b>369,431</b>
<b>Liabilities</b>					
Deposits by banks	35,078	(1,775)	33,303	-	33,303
Derivative financial instruments	25,446	(12,358)	13,088	(6,488)	6,600
Other trading liabilities	21,849	-	21,849	-	21,849
Repurchase agreements and cash collateral on securities lent	14,368	-	14,368	(13,248)	1,120
Customer accounts (deposits)	250,545	(446)	250,099	-	250,099
Debt securities in issue	10,700	-	10,700	-	10,700
Liabilities arising on securitisation of own originated loans and advances	1,732	-	1,732	-	1,732
Liabilities arising on securitisation of other assets	-	-	-	-	-
Other liabilities	9,749	-	9,749	(2,741)	7,008
Subordinated liabilities	10,408	-	10,408	-	10,408
	<b>379,875</b>	<b>(14,579)</b>	<b>365,296</b>	<b>(22,477)</b>	<b>342,819</b>

At 31 March 2015 R'million	Amounts subject to enforceable netting arrangements				
	Effects of offsetting on balance sheet			Related amounts not offset	
	Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Financial instruments (including non-cash collateral)	Net amount
<b>Assets</b>					
Cash and balances at central banks	6,261	-	6,261	-	6,261
Loans and advances to banks	45,687	(9,820)	35,867	-	35,867
Non-sovereign and non-bank cash placements	10,540	-	10,540	-	10,540
Reverse repurchase agreements and cash collateral on securities borrowed	10,734	-	10,734	(561)	10,173
Sovereign debt securities	31,378	-	31,378	(8,220)	23,158
Bank debt securities	18,215	-	18,215	(4,144)	14,071
Other debt securities	9,037	-	9,037	(1,712)	7,325
Derivative financial instruments	15,891	(714)	15,177	(6,374)	8,803
Securities arising from trading activities	7,478	-	7,478	(1,494)	5,984
Investment portfolio	10,079	-	10,079	-	10,079
Loans and advances to customers	175,840	(1,846)	173,994	-	173,994
Own originated loans and advances to customers securitised	8,064	-	8,064	-	8,064
Other loans and advances	472	-	472	-	472
Other securitised assets	1,289	-	1,289	-	1,289
Other assets	8,967	-	8,967	(53)	8,914
	<b>359,932</b>	<b>(12,380)</b>	<b>347,552</b>	<b>(22,558)</b>	<b>324,994</b>
<b>Liabilities</b>					
Deposits by banks	31,276	(714)	30,562	-	30,562
Derivative financial instruments	22,221	(9,820)	12,401	(6,374)	6,027
Other trading liabilities	11,380	-	11,380	-	11,380
Repurchase agreements and cash collateral on securities lent	16,556	-	16,556	(15,222)	1,334
Customer accounts (deposits)	223,223	(1,846)	221,377	-	221,377
Debt securities in issue	9,426	-	9,426	-	9,426
Liabilities arising on securitisation of own originated loans and advances	1,976	-	1,976	-	1,976
Liabilities arising on securitisation of other assets	-	-	-	-	-
Other liabilities	7,797	-	7,797	(962)	6,835
Subordinated liabilities	10,449	-	10,449	-	10,449
	<b>334,304</b>	<b>(12,380)</b>	<b>321,924</b>	<b>(22,558)</b>	<b>299,366</b>



## Capital structure and capital adequacy

Unaudited

R'million

	30 Sept 2015	31 Mar 2015
<b>Tier 1 capital</b>		
Shareholders' equity	27,045	24,988
Shareholders' equity per balance sheet	30,228	28,811
Perpetual preference share capital and share premium	(3,183)	(3,183)
Equity holding in deconsolidated entities	-	(640)
Non-controlling interests	-	-
Non-controlling interests per balance sheet	4,778	4,631
Non-controlling interests excluded for regulatory purposes	(4,778)	(4,631)
Regulatory adjustments to the accounting basis	1,476	1,134
Cash flow hedging reserve	1,476	1,134
Deductions	(815)	(291)
Goodwill and intangible assets net of deferred tax	(815)	(291)
<b>Common equity tier 1 capital</b>	<b>27,706</b>	<b>25,831</b>
<b>Additional tier 1 capital</b>	<b>3,890</b>	<b>4,584</b>
Additional tier 1 instruments	5,267	5,267
Phase out of non-qualifying additional tier 1 instruments	(1,415)	(1,415)
Non-qualifying surplus capital attributable to non-controlling interests	(34)	(61)
Minority interest in non banking entities	72	793
<b>Tier 1 capital</b>	<b>31,596</b>	<b>30,415</b>
<b>Tier 2 capital</b>	<b>9,561</b>	<b>9,213</b>
Collective impairment allowances	212	169
Tier 2 instruments	10,408	10,449
Phase out of non-qualifying tier 2 instruments	(208)	(299)
Non-qualifying surplus capital attributable to non-controlling interests	(851)	(1,106)
<b>Total regulatory capital</b>	<b>41,157</b>	<b>39,628</b>
<b>Risk-weighted assets</b>	<b>290,301</b>	<b>269,466</b>
<b>Capital ratios</b>		
Common equity tier 1 ratio	9.5%	9.6%
Tier 1 ratio	10.9%	11.3%
Total capital ratio	14.2%	14.7%
Leverage ratio	7.4%	8.1%
<b>Capital requirements</b>	<b>29,030</b>	<b>26,946</b>
Credit risk - prescribed standardised exposure classes	21,178	19,826
Corporates	12,677	12,167
Secured on real estate property	2,292	1,923
Short-term claims on institutions and corporates	3,660	3,308
Retail	457	549
Institutions	1,076	872
Other exposure classes	415	302
Securitisation exposures	601	705
Equity risk - standardised approach	3,980	3,834
Listed equities	242	332
Unlisted equities	3,738	3,502
Counterparty credit risk	547	576
Credit valuation adjustment risk	274	32
Market risk	568	342
Interest rate	71	88
Foreign exchange	224	113
Commodities	3	10
Equities	270	131
Operational risk - standardised approach	2,483	2,336



## Capital structure and capital adequacy

Unaudited

### Capital adequacy

#### Risk-weighted assets (banking and trading)

	290,301	269,466
Credit risk - prescribed standardised exposure classes	211,772	198,255
Corporates	126,754	121,671
Secured on real estate property	22,924	19,230
Short-term claims on institutions and corporates	36,598	33,084
Retail	4,569	5,488
Institutions	10,763	8,717
Other exposure classes	4,150	3,020
Securitisation exposures	6,014	7,045
Equity risk - standardised approach	39,803	38,346
Listed equities	2,424	3,324
Unlisted equities	37,379	35,022
Counterparty credit risk	5,473	5,762
Credit valuation adjustment risk	2,740	324
Market risk	5,682	3,424
Interest rate	711	878
Foreign exchange	2,238	1,134
Commodities	28	96
Equities	2,705	1,316
Operational risk - standardised approach	24,831	23,355

### A summary of capital adequacy and leverage ratios

	30 Sept 2015*	31 Mar 2015
Common equity tier 1 (as reported)	9.5%	9.6%
Common equity tier 1 ('fully loaded') <sup>^^</sup>	9.5%	9.5%
Tier 1 (as reported)	10.9%	11.3%
Total capital adequacy ratio (as reported)	14.2%	14.7%
Leverage ratio <sup>**</sup> - permanent capital	7.8%	8.5%
Leverage ratio <sup>**</sup> - current	7.4%	8.1%
Leverage ratio <sup>**</sup> - ('fully loaded') <sup>^^</sup>	6.7%	7.2%

<sup>^^</sup> Based on the group's understanding of current regulations, 'fully loaded' is based on Basel III capital requirements as fully phased in by 2022.

\* Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from the capital information, Investec

Limited's tier 1 and capital adequacy ratio would be 9bps lower.

<sup>\*\*</sup> The leverage ratios are calculated on an end-quarter basis.

### Summary comparison of accounting assets versus leverage ratio exposure measure

Line #	R'million	30 Sept 2015	31 Mar 2015
1	Total consolidated assets as per published financial statements	520,279	473,633
	Adjustments for:		
2	Investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-	-
3	Fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	(115,764)	(113,905)
4	Derivative financial instruments	(2,649)	(2,761)
5	Securities financing transactions (i.e. repos and similar secured lending)	(8,240)	(3,420)
6	Off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	32,794	24,253
7	Other adjustments	(815)	(931)
8	<b>Leverage ratio exposure</b>	<b>425,605</b>	<b>376,869</b>

### Leverage ratio common disclosure template

Line #	R'million	30 Sept 2015	31 Mar 2015
	<b>Leverage ratio framework</b>		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	361,411	333,817
2	Asset amounts deducted in determining Basel III tier 1 capital	(815)	(931)
3	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)</b>	<b>360,596</b>	<b>332,886</b>
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	8,353	7,574
5	Add-on amounts for PFE associated with all derivatives transactions	3,481	4,842
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
7	Deductions of receivables assets for cash variation margin provided in derivatives transactions	-	-
8	Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-
10	Adjusted effective notional offsets and add-on deductions for written credit derivatives	-	-
11	<b>Total derivative exposures (sum of lines 4 to 10)</b>	<b>11,834</b>	<b>12,416</b>
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	19,926	6,648
13	Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	Counterparty Credit Risk (CCR) exposures for SFT assets	455	666
15	Agent transaction exposures	-	-
16	<b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	<b>20,381</b>	<b>7,314</b>
17	Off-balance sheet exposure at gross notional amount	81,903	79,412
18	Adjustments for conversion to credit equivalent amounts	(49,109)	(55,159)
19	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	<b>32,794</b>	<b>24,253</b>
20	Tier 1 capital	31,596	30,415
21	<b>Total exposures (sum of lines 3, 11, 16 and 19)</b>	<b>425,605</b>	<b>376,869</b>
22	<b>Basel III leverage ratio</b>	<b>7.4%</b>	<b>8.1%</b>





## Risk management

### Credit and counterparty risk management

Credit and counterparty risk is defined as the risk arising from an obligor's (typically a client or counterparty) failure to meet the terms of any agreement. Credit and counterparty risk arises when funds are extended, committed, invested, or otherwise exposed through contractual agreements, whether reflected on- or off-balance sheet.

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

- Lending transactions through loans and advances to clients and counterparties creates the risk that an obligor will be unable or unwilling to repay capital and/or interest on loans and advances granted to them. This category includes bank placements where we have placed funds with other financial institutions
- Issuer risk on financial instruments where payments due from the issuer of a financial instrument 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. Our definition of a settlement debtor is a short-term receivable (i.e. less than five days) which is excluded from credit and counterparty risk due to market guaranteed settlement mechanisms
  - Replacement risk is the financial cost of having to enter into a replacement contract with an alternative market counterparty following default by the original counterparty.

Credit and counterparty risk can be impacted by country risk where cross-border transactions are undertaken. This can include geopolitical risks, transfer and convertibility risks, and the impact on the borrower's credit profile due to local economic and political conditions.

Credit and counterparty risk may also arise in other ways and it is the role of the Global Risk Management functions and the various independent credit committees to identify risks falling outside these definitions.

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

### An analysis of gross credit and counterparty exposures

Credit and counterparty exposures increased by 10.1% to R417.2 billion largely as a result of an increase in core loans and advances and cash and near cash balances. Cash and near cash balances increased by 12.8% to R100.0 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 2015	31 March 2015	% change	Average*
Cash and balances at central banks	6 698	6 261	7.0%	6 480
Loans and advances to banks	27 414	35 867	(23.6%)	31 641
Non-sovereign and non-bank cash placements	11 435	10 540	8.5%	10 988
Reverse repurchase agreements and cash collateral on securities borrowed	28 621	10 734	>100%	19 678
Sovereign debt securities	34 850	31 378	11.1%	33 114
Bank debt securities	16 874	18 215	(7.4%)	17 545
Other debt securities	11 284	9 037	24.9%	10 161
Derivative financial instruments	14 195	14 878	(4.6%)	14 537
Securities arising from trading activities	1 536	1 046	46.8%	1 291
Loans and advances to customers (gross)	191 056	175 133	9.1%	183 095
Own originated loans and advances to customers securitised (gross)	9 715	8 069	20.4%	8 892
Other loans and advances (gross)	445	490	(9.2%)	468
Other assets	1 478	153	>100%	816
<b>Total on-balance sheet exposures</b>	<b>355 601</b>	<b>321 801</b>	<b>10.5%</b>	<b>338 701</b>
Guarantees ^	14 077	12 911	9.0%	13 494
Contingent liabilities, committed facilities and other	47 500	44 135	7.6%	45 818
<b>Total off-balance sheet exposures</b>	<b>61 577</b>	<b>57 046</b>	<b>7.9%</b>	<b>59 312</b>
<b>Total gross credit and counterparty exposures pre - collateral or other credit enhancements</b>	<b>417 178</b>	<b>378 847</b>	<b>10.1%</b>	<b>398 013</b>

\* Where the average is based on a straight-line average for period 1 April 2015 to 30 September 2015.

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



## Risk management

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

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

R'million	Total credit and counterparty exposure	Assets that we deem to have no legal credit exposure	Note reference	Total balance sheet
<b>At 30 September 2015</b>				
Cash and balances at central banks	6 698	-		6 698
Loans and advances to banks	27 414	-		27 414
Non-sovereign and non-bank cash placements	11 435	-		11 435
Reverse repurchase agreements and cash collateral on securities borrowed	28 621	-		28 621
Sovereign debt securities	34 850	-		34 850
Bank debt securities	16 874	-		16 874
Other debt securities	11 284	-		11 284
Derivative financial instruments	14 195	288	1	14 483
Securities arising from trading activities	1 536	13 052		14 588
Investment portfolio	-	11 204	1	11 204
Loans and advances to customers	191 056	(1 324)	2	189 732
Own originated loans and advances to customers securitised	9 715	( 7)	2	9 708
Other loans and advances	445	( 42)	2	403
Other securitised assets	-	951	3	951
Interest in associated undertakings	-	53		53
Deferred taxation assets	-	475		475
Other assets	1 478	12 185	4	13 663
Property and equipment	-	744		744
Investment properties	-	9 919		9 919
Goodwill	-	258		258
Intangible assets	-	557		557
Non-current assets classified as held for sale	-	601		601
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	-	115 764		115 764
<b>Total on-balance sheet exposures</b>	<b>355 601</b>	<b>164 678</b>		<b>520 279</b>
<b>At 31 March 2015</b>				
Cash and balances at central banks	6 261	-		6 261
Loans and advances to banks	35 867	-		35 867
Non-sovereign and non-bank cash placements	10 540	-		10 540
Reverse repurchase agreements and cash collateral on securities borrowed	10 734	-		10 734
Sovereign debt securities	31 378	-		31 378
Bank debt securities	18 215	-		18 215
Other debt securities	9 037	-		9 037
Derivative financial instruments	14 878	299	1	15 177
Securities arising from trading activities	1 046	6 432		7 478
Investment portfolio	-	10 079	1	10 079
Loans and advances to customers	175 133	(1 139)	2	173 994
Own originated loans and advances to customers securitised	8 069	(5)	2	8 064
Other loans and advances	490	(18)	2	472
Other securitised assets	-	1 289	3	1 289
Interest in associated undertakings	-	60		60
Deferred taxation assets	-	462		462
Other assets	153	8 814	4	8 967
Property and equipment	-	706		706
Investment properties	-	9 925		9 925
Goodwill	-	101		101
Intangible assets	-	190		190
Non-current assets classified as held for sale	-	732		732
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	-	113 905		113 905
<b>Total on-balance sheet exposures</b>	<b>321 801</b>	<b>151 832</b>		<b>473 633</b>

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

2. Largely relates to impairments.

3. Largely relates to cash in securitised vehicles.

4. Other assets include settlement debtors where we deem to have no credit risk exposure as they are settled on a delivery against payment basis.



## Risk management

### Gross credit and counterparty exposures by residual contractual maturity at 30 September 2015

R'million	Up to three months	Three to six months	Six months to one year	One to five years	Five to 10 years	>10 years	Total
Cash and balances at central banks	6 698	-	-	-	-	-	6 698
Loans and advances to banks	25 878	69	1	1 418	48	-	27 414
Non-sovereign and non-bank cash placements	11 435	-	-	-	-	-	11 435
Reverse repurchase agreements and cash collateral on securities borrowed	23 325	7	1 016	3 473	800	-	28 621
Sovereign debt securities	5 748	8 806	4 647	4 905	6 886	3 858	34 850
Bank debt securities	1 823	798	4 601	6 646	1 757	1 249	16 874
Other debt securities	1 391	337	-	4 098	5 159	299	11 284
Derivative financial instruments	1 298	1 568	1 768	6 229	3 096	236	14 195
Securities arising from trading activities	654	-	71	163	46	602	1 536
Loans and advances to customers (gross)	16 227	6 308	14 156	93 116	21 497	39 752	191 056
Own originated loans and advances to customers securitised (gross)	5	-	-	23	378	9 309	9 715
Other loans and advances (gross)	6	-	-	439	-	-	445
Other assets	1 478	-	-	-	-	-	1 478
<b>Total on-balance sheet exposures</b>	<b>95 966</b>	<b>17 893</b>	<b>26 260</b>	<b>120 510</b>	<b>39 667</b>	<b>55 305</b>	<b>355 601</b>
Guarantees <sup>^</sup>	4 925	36	300	6 232	2 352	232	14 077
Contingent liabilities, committed facilities and other	11 335	1 322	3 004	14 170	2 425	15 244	47 500
<b>Total off-balance sheet exposures</b>	<b>16 260</b>	<b>1 358</b>	<b>3 304</b>	<b>20 402</b>	<b>4 777</b>	<b>15 476</b>	<b>61 577</b>
<b>Total gross credit and counterparty exposures pre-collateral or other credit enhancements</b>	<b>112 226</b>	<b>19 251</b>	<b>29 564</b>	<b>140 912</b>	<b>44 444</b>	<b>70 781</b>	<b>417 178</b>

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



## Risk management

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

	Gross core loans and advances		Other credit and counterparty exposures		Total	
R'million	30 Sept 2015	31 March 2015	30 Sept 2015	31 March 2015	30 Sept 2015	31 March 2015
HNW and professional individuals	92 523	83 536	31 365	31 285	123 888	114 821
Lending collateralised by property-largely to private clients	40 433	38 031	5 962	6 890	46 395	44 921
Agriculture	1 831	869	571	474	2 402	1 343
Electricity, gas and water (utility services)	4 762	4 794	2 778	5 250	7 540	10 044
Public and non-business services	5 928	1 004	46 923	39 455	52 851	40 459
Business services	8 511	6 777	3 127	1 723	11 638	8 500
Finance and insurance	9 054	8 602	97 964	86 491	107 018	95 093
Retailers and wholesalers	2 400	2 140	4 092	3 060	6 492	5 200
Manufacturing and commerce	9 765	9 505	6 398	5 029	16 163	14 534
Construction	2 513	2 749	961	522	3 474	3 271
Corporate commercial real estate	6 009	6 441	902	975	6 911	7 416
Other residential mortgages	-	-	445	490	445	490
Mining and resources	5 476	4 010	8 155	6 489	13 631	10 499
Leisure, entertainment and tourism	1 933	1 605	40	80	1 973	1 685
Transport	4 617	7 088	2 088	3 949	6 705	11 037
Communication	5 016	6 051	4 636	3 483	9 652	9 534
<b>Total</b>	<b>200 771</b>	<b>183 202</b>	<b>216 407</b>	<b>195 645</b>	<b>417 178</b>	<b>378 847</b>

Private client loans account for 66.2% of total core loans and advances, as represented by the industry classification 'HNW and professional individuals' and 'lending collateralised by property'. A more detailed analysis of the private client loan portfolio is provided further on. The remainder of core loans and advances largely relate to corporate client lending and are evenly spread across industry sectors. A more detailed analysis of corporate client lending is provided further on.

Other credit and counterparty exposures are largely reflective of cash and near cash balances held with institutions and central banks, thus the large balance reflected in 'public and non-business services' and 'finance and insurance' sectors. These exposures also include off-balance sheet items such as guarantees, committed facilities and contingent liabilities, largely to our High net worth and professional individual clients.

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

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 services	Finance and insurance	Retailers and wholesalers	Manufacturing and commerce	Construction	Corporate commercial real estate	Other residential mortgages	Mining and resources	Leisure, entertainment and tourism	Transport	Communication	Total
<b>At 30 September 2015</b>																	
Cash and balances at central banks	-	-	-	-	6 698	-	-	-	-	-	-	-	-	-	-	-	6 698
Loans and advances to banks	-	-	-	-	-	-	27 414	-	-	-	-	-	-	-	-	-	27 414
Non-sovereign and non-bank cash placements	-	-	-	-	276	490	4 028	1 468	2 893	623	-	-	1 027	-	387	243	11 435
Reverse repurchase agreements and cash collateral on securities borrowed	631	-	-	-	-	1 670	25 522	-	770	-	-	-	-	-	28	-	28 621
Sovereign debt securities	-	-	-	-	34 850	-	-	-	-	-	-	-	-	-	-	-	34 850
Bank debt securities	-	-	-	-	-	-	16 874	-	-	-	-	-	-	-	-	-	16 874
Other debt securities	-	-	-	-	2 685	-	2 810	-	402	-	-	-	2 498	-	-	2 889	11 284
Derivative financial instruments	88	-	9	201	-	153	12 314	91	556	-	478	-	252	1	27	25	14 195
Securities arising from trading activities	-	-	-	59	329	-	922	30	47	-	-	-	-	-	135	14	1 536
Loans and advances to customers (gross)	82 808	40 433	1 831	4 762	5 928	8 511	9 054	2 400	9 765	2 513	6 009	-	5 476	1 933	4 617	5 016	191 056
Own originated loans and advances to customers securitised (gross)	9 715	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9 715
Other loans and advances (gross)	-	-	-	-	-	-	-	-	-	-	-	445	-	-	-	-	445
Other assets	-	-	-	-	-	-	68	1 073	134	22	-	-	-	22	-	159	1 478
<b>Total on-balance sheet exposures</b>	<b>93 242</b>	<b>40 433</b>	<b>1 840</b>	<b>5 022</b>	<b>50 766</b>	<b>10 824</b>	<b>99 006</b>	<b>5 062</b>	<b>14 567</b>	<b>3 158</b>	<b>6 487</b>	<b>445</b>	<b>9 253</b>	<b>1 956</b>	<b>5 194</b>	<b>8 346</b>	<b>355 601</b>
Guarantees <sup>^</sup>	3 571	976	-	663	1 798	24	4 068	362	685	-	-	-	1 756	-	12	162	14 077
Contingent liabilities, committed facilities and other	27 075	4 986	562	1 855	287	790	3 944	1 068	911	316	424	-	2 622	17	1 499	1 144	47 500
<b>Total off-balance sheet exposures</b>	<b>30 646</b>	<b>5 962</b>	<b>562</b>	<b>2 518</b>	<b>2 085</b>	<b>814</b>	<b>8 012</b>	<b>1 430</b>	<b>1 596</b>	<b>316</b>	<b>424</b>	<b>-</b>	<b>4 378</b>	<b>17</b>	<b>1 511</b>	<b>1 306</b>	<b>61 577</b>
<b>Total gross credit and counterparty exposures pre-collateral or other credit enhancements</b>	<b>123 888</b>	<b>46 395</b>	<b>2 402</b>	<b>7 540</b>	<b>52 851</b>	<b>11 638</b>	<b>107 018</b>	<b>6 492</b>	<b>16 163</b>	<b>3 474</b>	<b>6 911</b>	<b>445</b>	<b>13 631</b>	<b>1 973</b>	<b>6 705</b>	<b>9 652</b>	<b>417 178</b>

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



## Risk management

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

R'million	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 services	Finance and insurance	Retailers and wholesalers	Manufacturing and commerce	Construction	Corporate commercial real estate	Other residential mortgages	Mining and resources	Leisure, entertainment and tourism	Transport	Communication	Total
<b>At 31 March 2015</b>																	
Cash and balances at central banks	-	-	-	-	6 261	-	-	-	-	-	-	-	-	-	-	-	6 261
Loans and advances to banks	-	-	-	-	-	-	35 867	-	-	-	-	-	-	-	-	-	35 867
Non-sovereign and non-bank cash placements	-	-	-	-	-	544	3 527	1 769	2 189	350	-	-	479	-	1 209	473	10 540
Reverse repurchase agreements and cash collateral on securities borrowed	579	-	-	971	-	71	8 160	-	865	-	-	-	-	-	88	-	10 734
Sovereign debt securities	-	-	-	-	31 378	-	-	-	-	-	-	-	-	-	-	-	31 378
Bank debt securities	-	-	-	-	-	-	18 215	-	-	-	-	-	-	-	-	-	18 215
Other debt securities	-	-	-	1 097	-	-	2 500	1	-	-	-	-	2 268	-	956	2 215	9 037
Derivative financial instruments	90	-	10	368	-	178	12 469	126	575	2	711	-	276	15	40	18	14 878
Securities arising from trading activities	-	-	-	6	270	165	327	-	165	-	-	-	26	-	87	-	1 046
Loans and advances to customers (gross)	75 467	38 031	869	4 794	1 004	6 777	8 602	2 140	9 505	2 749	6 441	-	4 010	1 605	7 088	6 051	175 133
Own originated loans and advances to customers securitised (gross)	8 069	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8 069
Other loans and advances (gross)	-	-	-	-	-	-	-	-	-	-	-	490	-	-	-	-	490
Other assets	-	-	-	-	-	-	153	-	-	-	-	-	-	-	-	-	153
<b>Total on-balance sheet exposures</b>	<b>84 205</b>	<b>38 031</b>	<b>879</b>	<b>7 236</b>	<b>38 913</b>	<b>7 735</b>	<b>89 820</b>	<b>4 036</b>	<b>13 299</b>	<b>3 101</b>	<b>7 152</b>	<b>490</b>	<b>7 059</b>	<b>1 620</b>	<b>9 468</b>	<b>8 757</b>	<b>321 801</b>
Guarantees <sup>^</sup>	3 789	1 501	-	565	1 333	109	2 282	800	843	-	1	-	1 640	-	16	32	12 911
Contingent liabilities, committed facilities and other	26 827	5 389	464	2 243	213	656	2 991	364	392	170	263	-	1 800	65	1 553	745	44 135
<b>Total off-balance sheet exposures</b>	<b>30 616</b>	<b>6 890</b>	<b>464</b>	<b>2 808</b>	<b>1 546</b>	<b>765</b>	<b>5 273</b>	<b>1 164</b>	<b>1 235</b>	<b>170</b>	<b>264</b>	<b>-</b>	<b>3 440</b>	<b>65</b>	<b>1 569</b>	<b>777</b>	<b>57 046</b>
<b>Total gross credit and counterparty exposures pre-collateral or other credit enhancements</b>	<b>114 821</b>	<b>44 921</b>	<b>1 343</b>	<b>10 044</b>	<b>40 459</b>	<b>8 500</b>	<b>95 093</b>	<b>5 200</b>	<b>14 534</b>	<b>3 271</b>	<b>7 416</b>	<b>490</b>	<b>10 499</b>	<b>1 685</b>	<b>11 037</b>	<b>9 534</b>	<b>378 847</b>

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



## Risk management

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

R'million	30 Sept 2015	31 March 2015
Loans and advances to customers as per the balance sheet	189 732	173 994
Add: own originated loans and advances to customers securitised as per the balance sheet	9 708	8 064
<b>Net core loans and advances to customers</b>	<b>199 440</b>	<b>182 058</b>

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

R'million	30 Sept 2015	31 March 2015
<b>Gross core loans and advances to customers</b>	<b>200 771</b>	<b>183 202</b>
<b>Total impairments</b>	<b>(1 331)</b>	<b>(1 144)</b>
Specific impairments	(1 112)	(972)
Portfolio impairments	(219)	(172)
<b>Net core loans and advances to customers</b>	<b>199 440</b>	<b>182 058</b>
<b>Average gross core loans and advances to customers</b>	<b>191 987</b>	<b>170 662</b>
Current loans and advances to customers	196 082	178 265
Past due loans and advances to customers (1-60 days)	889	528
Special mention loans and advances to customers	244	666
Default loans and advances to customers	3 556	3 743
<b>Gross core loans and advances to customers</b>	<b>200 771</b>	<b>183 202</b>
Current loans and advances to customers	196 082	178 265
Default loans that are current and not impaired	148	787
Gross core loans and advances to customers that are past due but not impaired	2 181	1 756
Gross core loans and advances to customers that are impaired	2 360	2 394
<b>Gross core loans and advances to customers</b>	<b>200 771</b>	<b>183 202</b>
<b>Total income statement charge for impairments on core loans and advances</b>	<b>(264)</b>	<b>(483)</b>
Gross default loans and advances to customers	3 556	3 743
Specific impairments	(1 112)	(972)
Portfolio impairments	(219)	(172)
<b>Defaults net of impairments</b>	<b>2 225</b>	<b>2 599</b>
Aggregate collateral and other credit enhancements on defaults	3 722	3 732
<b>Net default loans and advances to customers (limited to zero)</b>	<b>-</b>	<b>-</b>
<b>Ratios</b>		
Total impairments as a % of gross core loans and advances to customers	0.66%	0.62%
Total impairments as a % of gross default loans	37.43%	30.56%
Gross defaults as a % of gross core loans and advances to customers	1.77%	2.04%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.12%	1.43%
Net defaults as a % of net core loans and advances to customers	-	-
Annualised credit loss ratio (i.e. income statement impairment charge on core loans as a % of average gross core loans and advances)	0.28%	0.28%



## Risk management

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

R'million	30 Sept 2015	31 March 2015
Default loans that are current	1 138	1 533
1 - 60 days	1 127	1 473
61 - 90 days	140	145
91 - 180 days	681	255
181 - 365 days	479	200
> 365 days	1 124	1 331
<b>Past due and default core loans and advances to customers (actual capital exposure)</b>	<b>4 689</b>	<b>4 937</b>
1 - 60 days	209	543
61 - 90 days	4	37
91 - 180 days	425	130
181 - 365 days	293	147
> 365 days	807	963
<b>Past due and default core loans and advances to customers (actual amount in arrears)</b>	<b>1 738</b>	<b>1 820</b>

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

R'million	Current watchlist						
	loans	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	> 365 days	Total
<b>At 30 September 2015</b>							
<b>Default loans that are current and not impaired</b>							
Total capital exposure	148	-	-	-	-	-	148
<b>Gross core loans and advances to customers that are past due but not impaired</b>							
Total capital exposure	-	1 040	67	579	257	238	2 181
Amount in arrears	-	197	3	400	159	142	901
<b>Gross core loans and advances to customers that are impaired</b>							
Total capital exposure	990	87	73	102	222	886	2 360
Amount in arrears	-	12	1	25	134	665	837
<b>At 31 March 2015</b>							
<b>Default loans that are current and not impaired</b>							
Total capital exposure	787	-	-	-	-	-	787
<b>Gross core loans and advances to customers that are past due but not impaired</b>							
Total capital exposure	-	1 055	105	175	132	289	1 756
Amount in arrears	-	390	32	108	94	172	796
<b>Gross core loans and advances to customers that are impaired</b>							
Total capital exposure	746	418	40	80	68	1 042	2 394
Amount in arrears	-	153	5	22	53	791	1 024



## Risk management

### An age analysis of past due and default core loans and advances to customers at 30 September 2015 (based on total capital exposure)

R'million	Current watchlist	loans	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	> 365 days	Total
<b>Past due (1 - 60 days)</b>		-	889	-	-	-	-	889
<b>Special mention</b>		-	124	59	26	9	26	244
Special mention (1 - 90 days)		-	124	3	26*	9*	26*	188
Special mention (61 - 90 days and item well secured)		-	-	56	-	-	-	56
<b>Default</b>		1 138	114	81	655	470	1 098	3 556
Sub-standard		148	30	8	553	249	212	1 200
Doubtful		990	84	73	102	221	886	2 356
<b>Total</b>		1 138	1 127	140	681	479	1 124	4 689

### An age analysis of past due and default core loans and advances to customers at 30 September 2015 (based on actual amount in arrears)

R'million	Current watchlist	loans	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	> 365 days	Total
<b>Past due (1 - 60 days)</b>		-	193	-	-	-	-	193
<b>Special mention</b>		-	2	2	1	1	7	13
Special mention (1 - 90 days)		-	2	-	1*	1*	7*	11
Special mention (61 - 90 days and item well secured)		-	-	2	-	-	-	2
<b>Default</b>		-	14	2	424	292	800	1 532
Sub-standard		-	2	1	399	158	135	695
Doubtful		-	12	1	25	134	665	837
<b>Total</b>		-	209	4	425	293	807	1 738

### An age analysis past due and default core loans and advances to customers at 31 March 2015 (based on total capital exposure)

R'million	Current watchlist	loans	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	> 365 days	Total
<b>Past due (1 - 60 days)</b>		-	528	-	-	-	-	528
<b>Special mention</b>		-	492	77	19	34	44	666
Special mention (1 - 90 days)		-	492	2	19*	34*	44*	591
Special mention (61 - 90 days and item well secured)		-	-	75	-	-	-	75
<b>Default</b>		1 533	453	68	236	166	1 287	3 743
Sub-standard		787	36	28	157	98	246	1 352
Doubtful		746	417	40	79	68	1 041	2 391
<b>Total</b>		1 533	1 473	145	255	200	1 331	4 937

### An age analysis of past due and default core loans and advances to customers at 31 March 2015 (based on actual amount in arrears)

R'million	Current watchlist	loans	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	> 365 days	Total
<b>Past due (1 - 60 days)</b>		-	49	-	-	-	-	49
<b>Special mention</b>		-	340	20	6	26	27	419
Special mention (1 - 90 days)		-	340	-	6*	26*	27*	399
Special mention (61 - 90 days and item well secured)		-	-	20	-	-	-	20
<b>Default</b>		-	154	17	124	121	936	1 352
Sub-standard		-	1	12	102	68	146	329
Doubtful		-	153	5	22	53	790	1 023
<b>Total</b>		-	543	37	130	147	963	1 820

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





## Risk management

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

R'million	Gross core loans and advances neither past due nor impaired	Gross core loans and advances that are past due but not impaired	Gross core loans and advances that are impaired	Total gross core loans and advances (actual capital exposure)	Specific impairments	Portfolio impairments	Total net core loans and advances (actual capital exposure)	Actual amount in arrears
<b>At 30 September 2015</b>								
<b>Current core loans and advances</b>	<b>196 082</b>	-	-	<b>196 082</b>	-	(216)	<b>195 866</b>	-
<b>Past due (1-60 days)</b>	-	<b>889</b>	-	<b>889</b>	-	(3)	<b>886</b>	<b>193</b>
<b>Special mention</b>	-	<b>244</b>	-	<b>244</b>	-	-	<b>244</b>	<b>13</b>
Special mention (1 - 90 days)	-	188	-	188	-	-	188	11
Special mention (61 - 90 days and item well secured)	-	56	-	56	-	-	56	2
<b>Default</b>	<b>148</b>	<b>1 048</b>	<b>2 360</b>	<b>3 556</b>	<b>(1 112)</b>	-	<b>2 444</b>	<b>1 532</b>
Sub-standard	148	1 048	4	1 200	-	-	1 200	695
Doubtful	-	-	2 356	2 356	(1 112)	-	1 244	837
<b>Total</b>	<b>196 230</b>	<b>2 181</b>	<b>2 360</b>	<b>200 771</b>	<b>(1 112)</b>	<b>(219)</b>	<b>199 440</b>	<b>1 738</b>
<b>At 31 March 2015</b>								
<b>Current core loans and advances</b>	<b>178 265</b>	-	-	<b>178 265</b>	-	(161)	<b>178 104</b>	-
<b>Past due (1-60 days)</b>	-	<b>528</b>	-	<b>528</b>	-	(3)	<b>525</b>	<b>49</b>
<b>Special mention</b>	-	<b>666</b>	-	<b>666</b>	-	(8)	<b>658</b>	<b>419</b>
Special mention (1 - 90 days)	-	591	-	591	-	(7)	584	399
Special mention (61 - 90 days and item well secured)	-	75	-	75	-	(1)	74	20
<b>Default</b>	<b>787</b>	<b>562</b>	<b>2 394</b>	<b>3 743</b>	<b>(972)</b>	-	<b>2 771</b>	<b>1 352</b>
Sub-standard	787	562	3	1 352	-	-	1 352	329
Doubtful	-	-	2 391	2 391	(972)	-	1 419	1 023
<b>Total</b>	<b>179 052</b>	<b>1 756</b>	<b>2 394</b>	<b>183 202</b>	<b>( 972)</b>	<b>(172)</b>	<b>182 058</b>	<b>1 820</b>



## Risk management

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

R'million	Private client, professional and HNW individuals	Corporate sector	Insurance, financial services (excluding sovereign)	Public and government sector (including central banks)	Trade finance and other	Total core loans and advances to customers
<b>At 30 September 2015</b>						
<b>Current core loans and advances</b>	<b>129 581</b>	<b>47 286</b>	<b>8 933</b>	<b>5 861</b>	<b>4 421</b>	<b>196 082</b>
<b>Past due (1 - 60 days)</b>	<b>647</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>159</b>	<b>889</b>
<b>Special mention</b>	<b>198</b>	<b>46</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>244</b>
Special mention (1 - 90 days)	142	46	-	-	-	188
Special mention (61 - 90 days and item well secured)	56	-	-	-	-	56
<b>Default</b>	<b>2 530</b>	<b>686</b>	<b>121</b>	<b>67</b>	<b>152</b>	<b>3 556</b>
Sub-standard	1 076	64	56	-	4	1 200
Doubtful	1 454	622	65	67	148	2 356
<b>Total gross core loans and advances to customers</b>	<b>132 956</b>	<b>48 101</b>	<b>9 054</b>	<b>5 928</b>	<b>4 732</b>	<b>200 771</b>
<b>Total impairments</b>	<b>(710)</b>	<b>(491)</b>	<b>(6)</b>	<b>-</b>	<b>(124)</b>	<b>(1 331)</b>
Specific impairments	(541)	(444)	(3)	-	(124)	(1 112)
Portfolio impairments	(169)	(47)	(3)	-	-	(219)
<b>Net core loans and advances to customers</b>	<b>132 246</b>	<b>47 610</b>	<b>9 048</b>	<b>5 928</b>	<b>4 608</b>	<b>199 440</b>
<b>At 31 March 2015</b>						
<b>Current core loans and advances</b>	<b>117 643</b>	<b>47 598</b>	<b>8 602</b>	<b>933</b>	<b>3 489</b>	<b>178 265</b>
<b>Past due (1 - 60 days)</b>	<b>476</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52</b>	<b>528</b>
<b>Special mention</b>	<b>639</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>666</b>
Special mention (1 - 90 days)	567	24	-	-	-	591
Special mention (61 - 90 days and item well secured)	72	-	-	-	3	75
<b>Default</b>	<b>2 809</b>	<b>692</b>	<b>-</b>	<b>71</b>	<b>171</b>	<b>3 743</b>
Sub-standard	1 285	64	-	-	3	1 352
Doubtful	1 524	628	-	71	168	2 391
<b>Total gross core loans and advances to customers</b>	<b>121 567</b>	<b>48 314</b>	<b>8 602</b>	<b>1 004</b>	<b>3 715</b>	<b>183 202</b>
<b>Total impairments</b>	<b>(655)</b>	<b>(363)</b>	<b>(4)</b>	<b>(7)</b>	<b>(115)</b>	<b>(1 144)</b>
Specific impairments	(521)	(330)	-	(6)	(115)	( 972)
Portfolio impairments	(134)	(33)	(4)	(1)	-	(172)
<b>Net core loans and advances to customers</b>	<b>120 912</b>	<b>47 951</b>	<b>8 598</b>	<b>997</b>	<b>3 600</b>	<b>182 058</b>



## Risk management

An analysis of core loans and advances by risk category at 30 September 2015

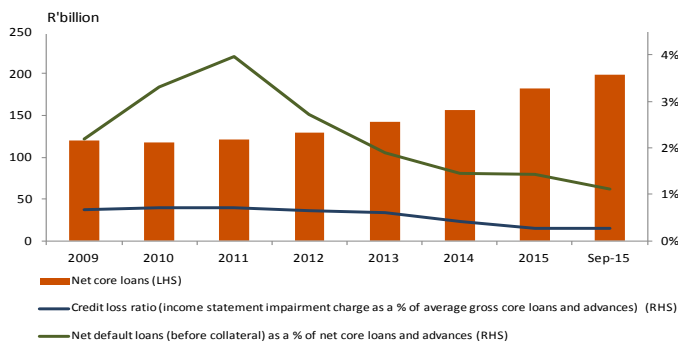
R'million	Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements on defaults	Balance sheet impairments	Income statement impairments <sup>^</sup>
<b>Lending collateralised by property</b>	<b>40 433</b>	<b>1 258</b>	<b>1 266</b>	<b>(447)</b>	<b>31</b>
<b>Commercial real estate</b>	<b>37 427</b>	<b>616</b>	<b>744</b>	<b>(249)</b>	<b>1</b>
Commercial real estate - investment	32 725	227	373	(94)	4
Commercial real estate - development	3 289	88	83	(26)	(19)
Commercial vacant land and planning	1 413	301	288	(129)	16
<b>Residential real estate</b>	<b>3 006</b>	<b>642</b>	<b>522</b>	<b>(198)</b>	<b>30</b>
Residential real estate - development	1 485	437	372	(117)	(65)
Residential vacant land and planning	1 521	205	150	(81)	95
<b>High net worth and other private client lending</b>	<b>92 523</b>	<b>1 272</b>	<b>1 847</b>	<b>(263)</b>	<b>(119)</b>
Mortgages	52 320	472	744	(64)	(16)
High net worth and specialised lending	40 203	800	1 103	(199)	(103)
<b>Corporate other lending</b>	<b>67 815</b>	<b>1 026</b>	<b>609</b>	<b>(621)</b>	<b>(176)</b>
Acquisition finance	15 493	503	396	(172)	(97)
Asset-based lending	4 741	152	103	(124)	(20)
Other corporates and financial institutions and governments	36 473	235	110	(163)	(56)
Asset finance	4 632	-	-	(26)	10
Small ticket asset finance	1 229	-	-	-	-
Large ticket asset finance	3 403	-	-	(26)	10
Project finance	5 922	-	-	-	123
Resource finance	554	136	-	(136)	(136)
<b>Total</b>	<b>200 771</b>	<b>3 556</b>	<b>3 722</b>	<b>(1 331)</b>	<b>(264)</b>

An analysis of core loans and advances by risk category at 31 March 2015

R'million	Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements on defaults	Balance sheet impairments	Income statement impairments <sup>^</sup>
<b>Lending collateralised by property</b>	<b>38 031</b>	<b>1 311</b>	<b>1 303</b>	<b>(430)</b>	<b>(179)</b>
<b>Commercial real estate</b>	<b>34 921</b>	<b>651</b>	<b>741</b>	<b>(251)</b>	<b>(144)</b>
Commercial real estate - investment	31 027	276	443	(93)	(38)
Commercial real estate - development	2 372	72	76	(7)	(4)
Commercial vacant land and planning	1 522	303	222	(151)	(102)
<b>Residential real estate</b>	<b>3 110</b>	<b>660</b>	<b>562</b>	<b>(179)</b>	<b>(35)</b>
Residential real estate - development	1 590	346	333	(52)	(1)
Residential vacant land and planning	1 520	314	229	(127)	(34)
<b>High net worth and other private client lending</b>	<b>83 536</b>	<b>1 498</b>	<b>1 912</b>	<b>(225)</b>	<b>(30)</b>
Mortgages	49 687	462	754	(74)	(7)
High net worth and specialised lending	33 849	1 036	1 158	(151)	(23)
<b>Corporate and other lending</b>	<b>61 635</b>	<b>934</b>	<b>517</b>	<b>(489)</b>	<b>(274)</b>
Acquisition finance	16 303	481	313	(198)	(186)
Asset-based lending	3 717	170	117	(115)	(36)
Other corporate and financial institutions and governments	31 067	265	86	(127)	(56)
Asset finance	4 434	-	1	(31)	(21)
Small ticket asset finance	1 228	-	1	1	(16)
Large ticket asset finance	3 206	-	-	(32)	(5)
Project finance	5 597	18	-	(18)	25
Resource finance	517	-	-	-	-
<b>Total</b>	<b>183 202</b>	<b>3 743</b>	<b>3 732</b>	<b>(1 144)</b>	<b>(483)</b>

<sup>^</sup> Where a positive number represents a recovery.

## Asset quality trends





## Risk management

### Collateral

A summary of total collateral is provided in the table below

R'million	Collateral held against		Total
	Core loans and advances	Other credit and counterparty exposures*	
<b>At 30 September 2015</b>			
<b>Eligible financial collateral</b>	<b>39 885</b>	<b>21 465</b>	<b>61 350</b>
Listed shares	35 808	9 176	44 984
Cash	2 557	2 951	5 508
Debt securities issued by sovereigns	1 520	9 338	10 858
<b>Property charge</b>	<b>250 840</b>	<b>753</b>	<b>251 593</b>
Residential property	126 361	645	127 006
Commercial property developments	8 265	108	8 373
Commercial property investments	116 214	-	116 214
<b>Other collateral</b>	<b>49 320</b>	<b>1 352</b>	<b>50 672</b>
Unlisted shares	6 477	-	6 477
Charges other than property	9 766	-	9 766
Debtors, stock and other corporate assets	4 083	-	4 083
Guarantees	21 609	23	21 632
Other	7 385	1 329	8 714
<b>Total collateral</b>	<b>340 045</b>	<b>23 570</b>	<b>363 615</b>
<b>At 31 March 2015</b>			
<b>Eligible financial collateral</b>	<b>34 400</b>	<b>31 522</b>	<b>65 922</b>
Listed shares	31 509	18 885	50 394
Cash	713	8 242	8 955
Debt securities issued by sovereigns	2 178	4 395	6 573
<b>Property charge</b>	<b>226 266</b>	<b>760</b>	<b>227 026</b>
Residential property	115 018	666	115 684
Commercial property developments	7 245	94	7 339
Commercial property investments	104 003	-	104 003
<b>Other collateral</b>	<b>51 727</b>	<b>494</b>	<b>52 221</b>
Unlisted shares	8 155	-	8 155
Charges other than property	9 464	-	9 464
Debtors, stock and other corporate assets	3 796	-	3 796
Guarantees	13 355	15	13 370
Other	16 957	479	17 436
<b>Total collateral</b>	<b>312 393</b>	<b>32 776</b>	<b>345 169</b>

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



## Risk management

### 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 with the intention to stimulate corporate activity. In South Africa, we also continue to pursue opportunities to help create and grow black-owned and controlled companies
- **Lending transactions:** the manner in which we structure certain transactions results in equity, warrant and profit shares being held predominantly within unlisted companies
- **Property activities:** We source development, investment and trading opportunities to create value and trade for profit within agreed risk parameters
- **Central Funding:** Central Funding is the custodian of certain equity and property investments, which have largely arisen from corporate acquisitions made.

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
<b>For the six months to 30 September 2015</b>					
Unlisted investments	636	310	163	1 109	4
Listed equities	83	(1)	33	115	2
Investment and trading properties^	(111)	180	-	69	-
Warrants, profit shares and other embedded derivatives	(10)	115	-	105	-
<b>Total</b>	<b>598</b>	<b>604</b>	<b>196</b>	<b>1 398</b>	<b>6</b>
<b>For the year ended 31 March 2015</b>					
Unlisted investments	541	456	348	1 345	-
Listed equities	56	(21)	94	129	(6)
Investment and trading properties^	(34)	346	-	312	-
Warrants, profit shares and other embedded derivatives	(107)	318	-	211	-
<b>Total</b>	<b>456</b>	<b>1 099</b>	<b>442</b>	<b>1 997</b>	<b>(6)</b>

^ 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 33.2% (March 2015: 33.1%). It is noted that the ultimate impact on the income statement reflects the group's net attributable earnings from the investment.



## Risk management

### Summary of investments held and stress testing analyses

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

R'million	On-balance sheet value of investments 30 Sep 2015	Valuation change stress test 30 Sep 2015*	On-balance sheet value of investments 31 March 2015	Valuation change stress test 31 March 2015*
Unlisted investments **	10 203	1 530	9 386	1 408
Listed equities	1 602	401	1 425	356
Investment and trading properties^^	6 889	888	6 450	807
Warrants, profit shares and other embedded derivatives	289	101	299	104
<b>Total</b>	<b>18 983</b>	<b>2 920</b>	<b>17 560</b>	<b>2 675</b>

\*\* Includes the investment portfolio and non-current assets classified as held-for-sale as per the balance sheet.

^^ 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 33.2% at September 2015 and 33.1% at March 2015.

\* 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%

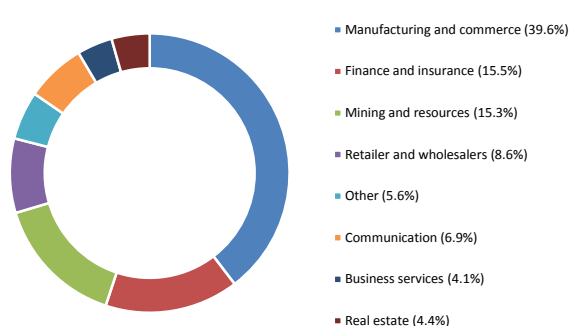
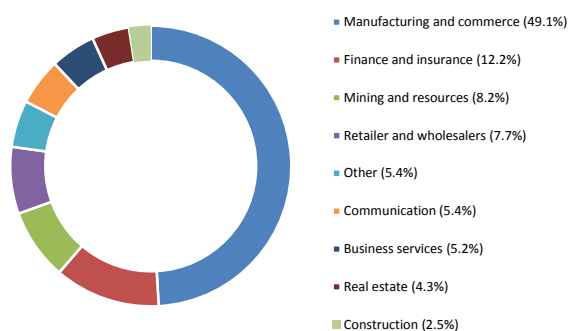
### Stress testing summary

Based on the information at 30 September 2015, as reflected above we could have a R2.9 billion reversal in revenue (which assumes a year in which there is a 'severe stress scenario' simultaneously across all asset classes). This would not cause the group to report a loss but could have a significantly negative impact on earnings for that period.

### An analysis of the investment portfolio, warrants, profit shares and other embedded derivatives by industry of exposure

30 September 2015 (R12.1 billion)

31 March 2015 (R11.1 billion)





## Risk management

### Securitisation/structured credit activities exposures

The group's definition of securitisation/structured credit activities (as explained below) is wider than the definition as applied for regulatory capital purposes, which largely focuses on those securitisations in which the group has achieved significant risk transfer. We, however, believe that the information provided below is meaningful in that it groups all these related activities that we have conducted in this space. Some of the information provided below overlaps with the group's credit and counterparty exposure information. Refer to prior page titled "A further analysis of our on-balance sheet credit and counterparty exposures" for the balance sheet and credit risk classification.

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.

The group applies the standardised approach in the assessment of regulatory capital for securitisation exposures within its banking book and trading book. The trading book exposures at 30 September 2015 are not regarded as material, and therefore no further information is disclosed for these exposures.

Our securitisation business was established over 15 years ago. Over this time, we have arranged a number of residential and commercial mortgage-backed programmes, asset-backed commercial paper conduits (ABCP) and third party securitisations.

Historically, we have also assisted in the development of select securitisation platforms with external third party originating intermediaries. Our exposure to these platforms has reduced and been sold down over the last few years and at present we have a single limited warehouse funding line to one platform.

Furthermore, we are sponsor to and provide a standby liquidity facility to Private Mortgages 1. This facility, which totalled R0.2 billion at 30 September 2015 (31 March 2015: R0.2 billion), has not been drawn on and is thus reflected as off-balance sheet contingent exposures in terms of our credit analysis.

We have also sought out select opportunities in the credit/debt markets and traded and purchased in structured credit. These have largely been rated instruments within the UK and Europe, totalling R1.7 billion at 30 September 2015 (31 March 2015: R1.4 billion). These investments are risk weighted for regulatory capital purposes.

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

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

Total assets that have been originated and securitised by the Private Client division amount to R9.7 billion (March 2015: R8.1 billion) and consist of residential mortgages (R9.7 billion). Within these securitisation vehicle loans greater than 90 days in arrears amounted to R21.8 million.

### Credit analysis

In terms of our analysis of our credit and counterparty risk, exposures arising from securitisation/structured credit activities reflect only those exposures to which we consider ourselves to be at risk. 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/structured credit exposures as we believe this reflects the true nature and intent of these exposures and activities.

Nature of exposure/activity	Exposure at 30 Sept 2015	Exposure at 31 March 2015	Balance sheet and credit risk classification	Asset quality - relevant comments
	R'million	R'million		
Structured credit (gross exposure)*	1 718	1 576		
Rated	1 663	1 420	Other debt securities	
Unrated	55	156		
Loans and advances to customers and third party intermediary originating platforms (mortgage loans) (with the potential to be securitised) (net exposure)	403	472	Other loans and advances	
Private client division assets which have been securitised	9 708	8 064	Own originated loans and advances to customers securitised	Analysed as part of the group's overall asset quality on core loans and advances
Liquidity facilities provided to third party corporate securitisation vehicles	200	200	Off-balance sheet credit exposure as these facilities have remained undrawn and reflect a contingent liability of the bank	

\* Analysis of rated and unrated structured credit

R'million	30 September 2015			31 March 2015		
	Rated**	Unrated	Total	Rated**	Unrated	Total
US corporate loans	41	-	41	35	-	35
UK and European RMBS	1 498	-	1 498	1 251	-	1 251
UK and European corporate loans	-	55	55	-	156	156
Australian RMBS	124	-	124	134	-	134
<b>Total</b>	<b>1 663</b>	<b>55</b>	<b>1 718</b>	<b>1 420</b>	<b>156</b>	<b>1 576</b>

\*\*A further analysis of rated structured credit at 30 September 2015

R'million	AAA	AA	A	BBB	BB	B	C and below	Total
US corporate loans	-	-	-	41	-	-	-	41
UK and European RMBS	106	243	714	238	197	-	-	1 498
Australian RMBS	-	124	-	-	-	-	-	124
<b>Total at 30 September 2015</b>	<b>106</b>	<b>367</b>	<b>714</b>	<b>279</b>	<b>197</b>	<b>-</b>	<b>-</b>	<b>1 663</b>
<b>Total at 31 March 2015</b>	<b>-</b>	<b>457</b>	<b>482</b>	<b>303</b>	<b>178</b>	<b>-</b>	<b>-</b>	<b>1 420</b>



## Risk management

### Market risk in the trading book

#### 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 from 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 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 foreign exchange, 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 and for the aggregate risk of the trading book.

The Market Risk Management teams review a profit attribution, where our daily traded revenue 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 (sVaR), 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, the December Rand crisis in 2001 and the Lehmans crisis. 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 backtesting. This involves comparing the hypothetical (clean) trading revenues arising from the previous day's closing positions with the one-day VaR calculated for the previous day on these same positions. If the revenue is negative and exceeds the one-day VaR, a 'backtesting breach' is considered to have occurred. Over time we expect the average rate of observed backtesting breaches to be consistent with the percentile of VaR statistic being tested.

In South Africa, we have internal model approval from the SARB and so trading capital is calculated as a function of the 99% 10-day VaR as well as the 99% 10-day sVaR. Backtesting results and a detailed stress testing pack are submitted to the regulator on a monthly basis.

#### VaR

	30 September 2015				31 March 2015			
R'million	Period end	Average	High	Low	Year end	Average	High	Low
(using 95% VaR)								
Commodities	0.1	0.1	0.2	-	-	0.1	0.5	-
Equities	2.4	2.4	5.8	1.2	1.7	2.7	6.7	0.7
Foreign exchange	3.2	2.8	6.4	1.4	3.0	3.1	5.9	1.1
Interest rates	1.3	1.3	3.0	0.6	2.7	1.6	3.5	0.9
Consolidated*	4.2	4.2	8.5	2.1	3.5	4.4	7.7	1.7

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





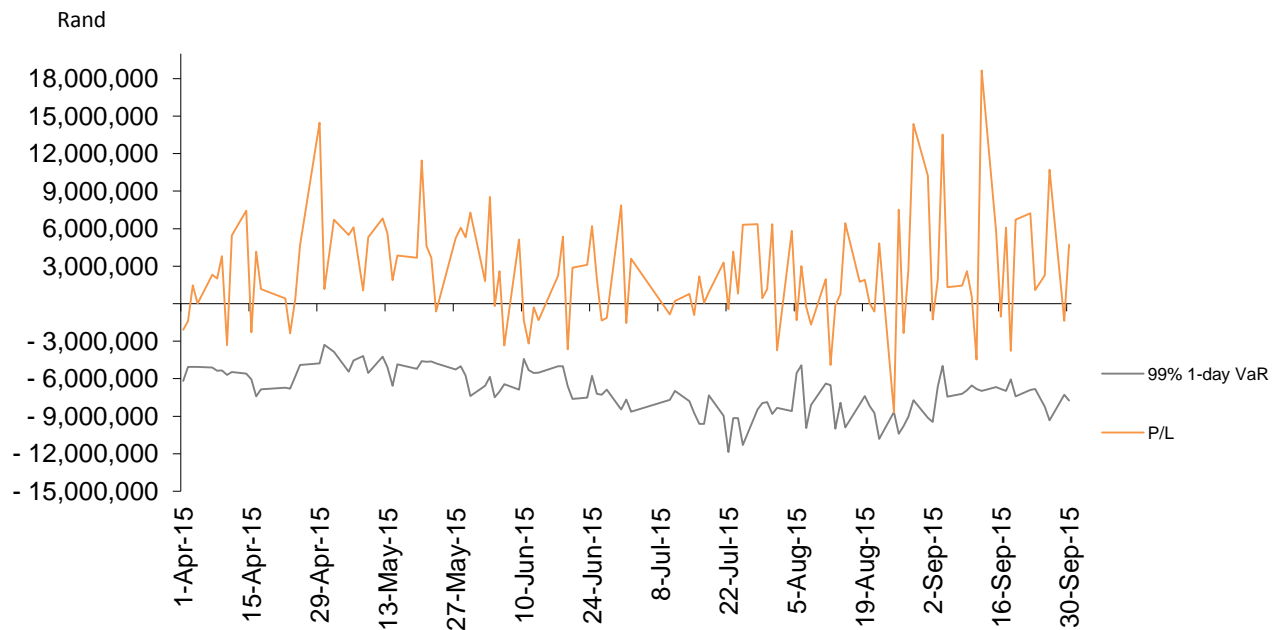
## Risk management

### Traded market risk management

The graph below shows the result of backtesting against total daily VaR against 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 be expected to lose more than the values depicted below. Based on this graph, we can gauge the accuracy of the VaR figures.

#### 99% one-day VaR backtesting

VaR for the six months to 30 September 2015 increased moderately during the period. Using hypothetical (clean) profit and loss data for backtesting resulted in one exception (as shown in the graph below), which is in line with the one exception that a 99% VaR implies. The exception was due to normal trading losses.





## Risk management

### ETL

95% (one-day) R'million	30 Sept 2015	31 March 2015
Equities	4.9	2.5
Foreign exchange	5.1	4.4
Interest rates	2.0	3.8
<b>Consolidated*</b>	<b>7.0</b>	<b>5.1</b>

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

### Stress testing

The table below indicates the potential losses that could arise if the portfolio is stress tested under extreme market conditions. The method used is known as extreme value theory (EVT), the reported stress scenario below calculates the 99% EVT which is a 1-in-8 year possible loss event. These numbers do not assume normality but rather rely on fitting a distribution to the tails of the distribution.

R'million	30 September 2015				31 March 2015
	Period end	Average	High	Low	Year end
<b>(using 99% EVT)</b>					
Commodities	0.1	0.2	1.9	-	0.1
Equities	9.5	7.2	29.0	3.0	9.6
Foreign exchange	13.0	13.5	72.2	4.4	16.2
Interest rates	4.5	5.4	9.5	2.1	7.7
<b>Consolidated**</b>	<b>12.3</b>	<b>13.7</b>	<b>53.9</b>	<b>5.2</b>	<b>13.5</b>

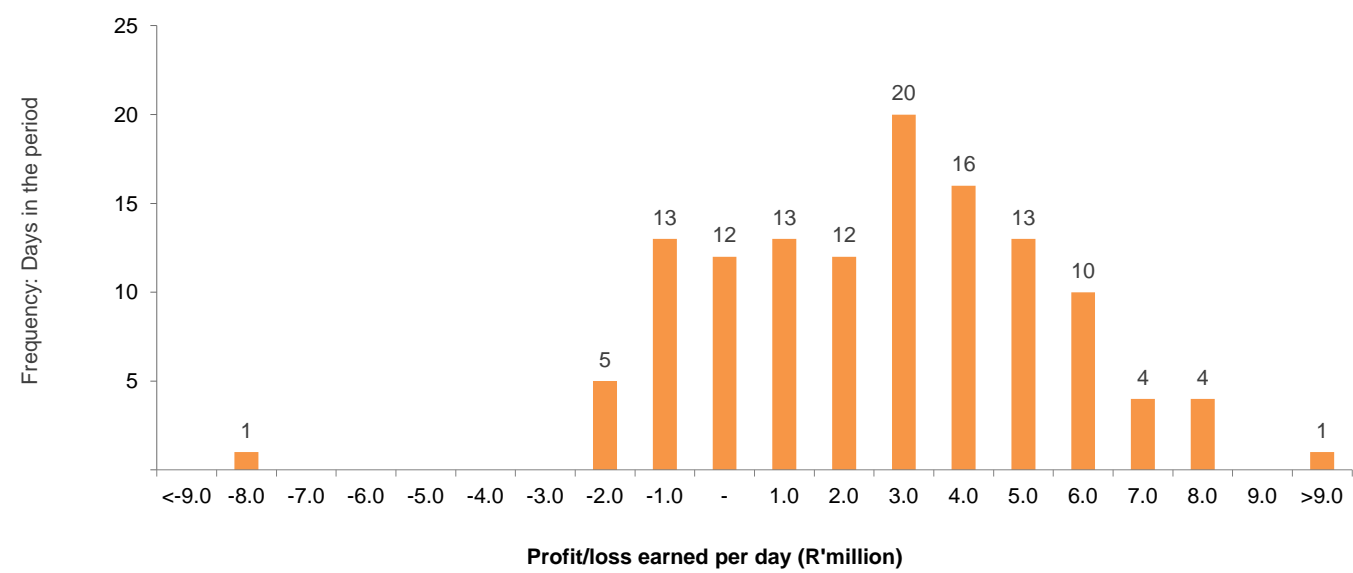
\*\* The consolidated stress test numbers are lower than the sum of the individual stress test numbers. This arises from the correlation offset between various asset classes (diversification).



Risk management

Profit and loss histogram

The histogram below illustrates the distribution in daily revenue during the period for our trading businesses. The distribution is skewed to the profit side and the graph shows that a positive trading revenue was realised on 93 days out of a total of 124 days in the trading business. The average daily trading revenue generated for the six months to 30 September 2015 was R2.1million (year ended March 2015: R1.5million)





## Risk management

### Balance sheet risk management

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

### 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
- **Embedded option risk:** we are not materially exposed to embedded option 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
- **Endowment risk:** refers to the interest rate risk exposure arising from the net differential between interest rate insensitive assets, interest rate insensitive liabilities and capital.

The above sources of interest rate risk affect the interest rate margin realised between lending income and borrowing costs, when applied to our rate sensitive asset and liability portfolios, which has a direct effect on future net interest income and the economic value of equity.



## Risk management

### Interest rate sensitivity gap

The table below shows our non-trading interest rate mismatch at 30 September 2015. These exposures affect the interest rate margin realised between lending income and borrowing costs assuming no management intervention.

R'million	Not > three months	> Three months but < six months	> Six months but < one year	> One year but < five years	> Five years	Non-rate	Total non-trading
Cash and short-term funds - banks	26 012	28	1	34	-	6 612	32 687
Cash and short-term funds - non-banks	11 408	24	-	-	-	3	11 435
Investment/trading assets and statutory liquids	33 377	11 032	7 344	13 783	13 020	30 683	109 239
Securitised assets	10 610	-	-	-	-	49	10 659
Advances	171 346	5 329	994	9 586	2 626	254	190 135
Other assets	2 637	-	-	-	-	12 000	14 637
<b>Assets</b>	<b>255 390</b>	<b>16 413</b>	<b>8 339</b>	<b>23 403</b>	<b>15 646</b>	<b>49 601</b>	<b>368 792</b>
Deposits - banks	(32 537)	(724)	-	-	-	(42)	(33 303)
Deposits - non-banks	(207 517)	(14 482)	(14 034)	(10 503)	(2 164)	(1 262)	(249 962)
Negotiable paper	(5 970)	(192)	(252)	(4 285)	(1)	-	(10 700)
Securitised liabilities	(410)	-	-	-	( 571)	(751)	(1 732)
Investment/trading liabilities	(2)	-	-	-	-	(19 827)	(19 829)
Subordinated liabilities	(7 447)	-	-	( 200)	(2 605)	(156)	(10 408)
Other liabilities	(138)	-	-	(6)	-	(10 493)	(10 637)
<b>Liabilities</b>	<b>(254 021)</b>	<b>(15 398)</b>	<b>(14 286)</b>	<b>(14 994)</b>	<b>(5 341)</b>	<b>(32 531)</b>	<b>(336 571)</b>
<b>Intercompany loans</b>	<b>10 672</b>	<b>( 239)</b>	<b>( 160)</b>	<b>( 239)</b>	<b>201</b>	<b>1 610</b>	<b>11 845</b>
<b>Shareholders' funds</b>	<b>(3 264)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 421)</b>	<b>(32 405)</b>	<b>(37 090)</b>
<b>Balance sheet</b>	<b>8 777</b>	<b>776</b>	<b>(6 107)</b>	<b>8 170</b>	<b>9 085</b>	<b>(13 725)</b>	<b>6 976</b>
<b>Off-balance sheet</b>	<b>10 995</b>	<b>(4 677)</b>	<b>4 757</b>	<b>(9 508)</b>	<b>(8 348)</b>	<b>(195)</b>	<b>(6 976)</b>
<b>Repricing gap</b>	<b>19 772</b>	<b>(3 901)</b>	<b>(1 350)</b>	<b>(1 338)</b>	<b>737</b>	<b>(13 920)</b>	<b>-</b>
Cumulative repricing gap	19 772	15 871	14 521	13 183	13 920	-	-

### Economic value sensitivity at 30 September 2015

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

'million	Sensitivity to the following interest rates (expressed in original currencies)						All (ZAR)
	ZAR	GBP	USD	EUR	AUD	Other (ZAR)	
200bps down	124.8	5.4	15.0	-	0.8	93.1	545.1
200bps up	(128.4)	(4.8)	(12.0)	0.1	(0.8)	(16.8)	(418.4)



## Risk management

### Balance sheet risk management

#### Liquidity risk

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

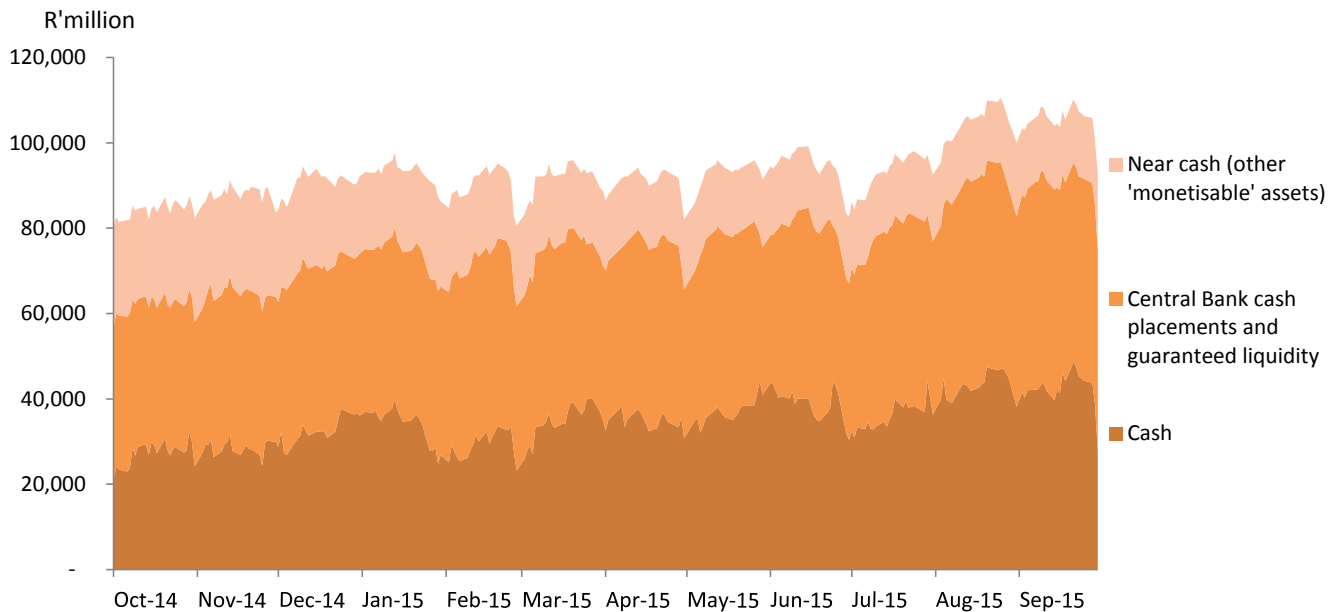
Liquidity risk is further broken down into:

- **Funding liquidity:** which relates to the risk that the bank will be unable to meet current and/or future cash flow or collateral requirements in the normal course of business, without adversely affecting its financial position or its reputation
- **Market liquidity:** 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
- A sudden increased demand for loans in the absence of corresponding funding inflows of appropriate maturity.

#### Cash and near cash trend

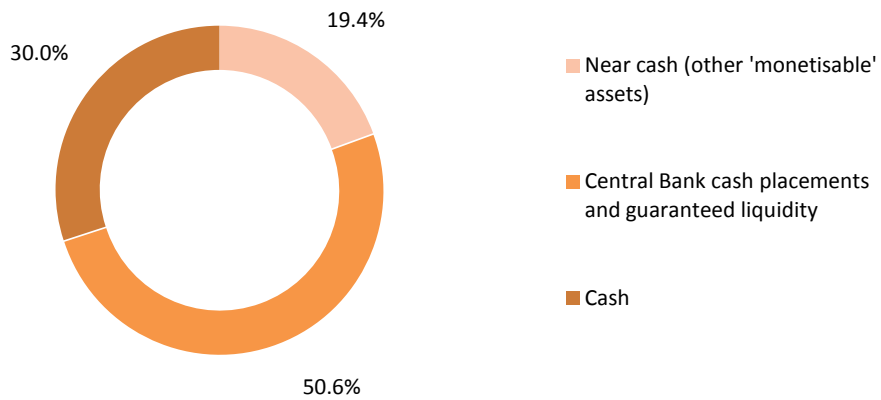




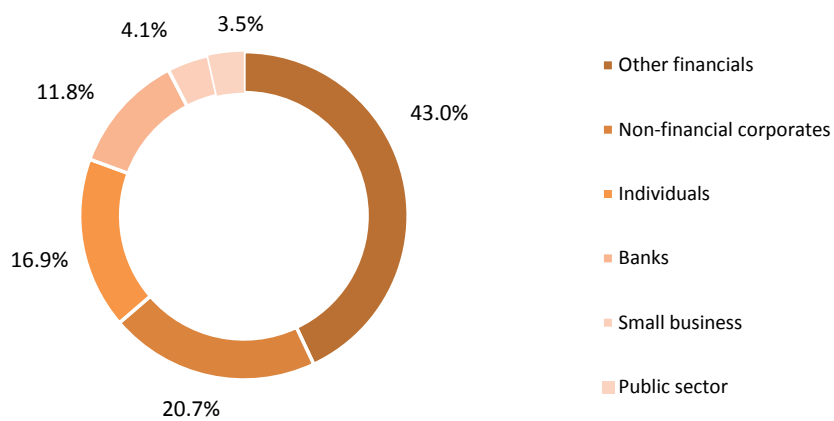
## Risk management

### Balance sheet risk management (continued)

#### An analysis of cash and near cash at 30 September 2015 (R100.0 billion)



#### Bank and non-bank depositor concentration by type at 30 September 2015 (R283.4 billion)





## Risk management

### Liquidity mismatch

The table that follows shows 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 each deal

- As an integral part of the broader liquidity generation strategy, we maintain a liquidity buffer in the form of unencumbered cash, government or rated securities and near cash against both expected and unexpected cash flows

- The actual contractual profile of this asset class is of little consequence, as practically Investec would meet any unexpected net cash outflows by repo'ing or selling these securities. We have:

- set the time horizon to 'on demand' to monetise our statutory liquid assets for which liquidity is guaranteed by the central bank;

- set the time horizon to one month to monetise our cash and near cash portfolio of 'available for sale' discretionary treasury assets, where there are deep secondary markets for this elective asset class; and

- reported the 'contractual' profile by way of a note to the tables.

With respect to the behavioural liquidity mismatch:

- Behavioural liquidity mismatch tends to display a fairly high probability, low severity liquidity position. Many retail deposits, which are included within customer accounts, are repayable on demand or at short notice on a contractual basis. In practice, these instruments form a stable base for the group's operations and liquidity needs because of the broad base of customers. To this end, behavioural profiling is applied to liabilities with an 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, reinvestment behaviour, with profile and attrition based on history, is applied to term deposits in the normal course of business.

### Contractual liquidity at 30 September 2015

R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Cash and short term funds - banks*	20 432	10 594	1 383	-	242	1 461	-	34 112
Cash and short term funds - non-banks	11 244	3	164	24	-	-	-	11 435
Investment/trading assets and statutory liquids**	38 785	28 719	3 606	4 557	5 731	26 305	34 774	142 477
Securitised assets	1 418	17	70	128	218	868	7 940	10 659
Advances	5 870	4 312	9 258	11 171	21 975	92 024	45 525	190 135
Other assets	4 371	2 911	1 005	105	-	3 245	4 060	15 697
<b>Assets</b>	<b>82 120</b>	<b>46 556</b>	<b>15 486</b>	<b>15 985</b>	<b>28 166</b>	<b>123 903</b>	<b>92 299</b>	<b>404 515</b>
Deposits - banks	(1 847)	(5 778)	(4 525)	(1 477)	(1 580)	(18 096)	-	(33 303)
Deposits - non banks	(105 083) <sup>^</sup>	(28 919)	(36 761)	(24 507)	(24 428)	(27 718)	(2 683)	(250 099)
Negotiable paper	-	(1 158)	(2 448)	(161)	(1206)	(5 713)	(14)	(10 700)
Securitized liabilities	-	-	-	-	-	(412)	(1 320)	(1 732)
Investment/trading liabilities	(780)	(23 817)	(9 303)	(4 128)	(4 330)	(6 422)	(525)	(49 305)
Subordinated liabilities	-	-	-	-	(665)	(400)	(9 343)	(10 408)
Other liabilities	(2 725)	(1 335)	(895)	(360)	(778)	(704)	(5 081)	(11 878)
<b>Liabilities</b>	<b>(110 435)</b>	<b>(61 007)</b>	<b>(53 932)</b>	<b>(30 633)</b>	<b>(32 987)</b>	<b>(59 465)</b>	<b>(18 966)</b>	<b>(367 425)</b>
Shareholders' funds	-	-	-	-	-	-	(37 090)	(37 090)
<b>Contractual liquidity gap</b>	<b>(28 315)</b>	<b>(14 451)</b>	<b>(38 446)</b>	<b>(14 648)</b>	<b>(4 821)</b>	<b>64 438</b>	<b>36 243</b>	<b>-</b>
Cumulative liquidity gap	(28 315)	(42 766)	(81 212)	(95 860)	(100 681)	(36 243)	-	-

<sup>^</sup> Includes call deposits of R102.3 billion and the balance reflects term deposits which have finally reached/are reaching contractual maturity.

Note: Contractual profile of 'cash and near cash' asset class

R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
*Cash and short term funds - banks	13 837	10 594	1 383	-	242	1 461	6 595	34 112
**Investment/trading assets and statutory liquids	-	34 046	10 365	13 613	10 597	29 103	44 753	142 477

### Behavioural liquidity

R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Behavioural liquidity gap	37 766	5 694	(7 199)	242	1 480	(112 034)	74 051	-
Cumulative	37 766	43 460	36 261	36 503	37 983	(74 051)	-	-